# Unaudited Consolidated Interim Report to the shareholders for the three and six months ended June 30, 2023

# Contents

The following Management's Discussion and Analysis ("MD&A") prepared as at August 8, 2023 for Dexterra Group Inc. ("Dexterra" or the "Corporation") provides information concerning Dexterra's financial condition and results of operations. This MD&A is based on unaudited condensed consolidated interim financial statements ("Financial Statements") for the three and six months ended June 30, 2023 ("Q2 2023") and June 30, 2022 ("Q2 2022"), respectively. Readers should also refer to Dexterra's most recent audited consolidated financial statements and MD&A for the years ended December 31, 2022 and 2021 and the Annual Information Form ("AIF") dated March 8, 2023 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 AIF.

The accompanying Financial Statements of Dexterra 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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| *(000's except per share amounts)* | 2023 | 2022 | 2023 | 2022 |
| Total Revenue | $ 267,830 | $ 233,896 | $ 535,917 | $ 457,856 |
| Adjusted EBITDA(1) | $ 27,216 | $ 13,642 | $ 48,354 | $ 30,658 |
| Adjusted EBITDA as a percentage of revenue(1) | 10% | 6% | 9% | 7% |
| Net earnings(2) | $ 8,494 | $ 350 | $ 13,177 | $ 1,410 |
| Earnings per share | | | | |
| Basic and Diluted | $ 0.13 | $ 0.00 | $ 0.20 | $ 0.02 |
| Total assets | $ 626,863 | $ 622,029 | $ 626,863 | $ 622,029 |
| Total loans and borrowings | $ 126,524 | $ 128,732 | $ 126,524 | $ 128,732 |
| Adjusted Free Cash Flow(1) | $ 4,011 | $ 5,240 | $ 6,569 | $ (6,551) |

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

*(2) Non-recurring charges included in pre-tax earnings are described in the reconciliation of Non-GAAP measures and include $0.7 million and $2.5 million in the three and six months ended June 30, 2023 (three and six months ended June 30, 2022 - $1.4 million and $4.3 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 as a percentage of revenue", calculated as Adjusted EBITDA divided by revenue; "Adjusted Free Cash Flow", calculated as net cash flows from (used in) operating activities, less sustaining capital expenditures, lease payments and finance costs plus proceeds on the sale of property, plant and equipment and excluding revised trade payable payment practice and for growth working capital; 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 Group, as evidenced by an executed letter of award or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured and expects to be recognized in the next 12 months. These measures and ratios provide investors with supplemental measures of Dexterra Group's operating performance and highlight trends in its core businesses that may not otherwise be apparent when relying solely on GAAP financial measures. Dexterra Group also believes that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Dexterra Group's management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

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

# Management's Discussion and Analysis

## Core Business

Dexterra 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.

# Second Quarter Overview

## Highlights

- The Corporation generated strong results in Q2 2023 including consolidated revenue of $267.8 million which was an increase of 15% compared to Q2 2022. Q2 revenue increases are primarily related to IFM growth and continued strong performance in WAFES, including significant wildfire support and robust natural resources market activity;
- The Corporation's Adjusted EBITDA for Q2 2023 was $27.2 million, a significant improvement over Q2 2022 and a 29% increase compared to Q1 2023, reflecting better performance in all business units;
- The Corporation reported consolidated net earnings of $8.5 million for Q2 2023 compared to $0.4 million in Q2 2022 and $4.7 million in Q1 2023;
- For the three months ended June 30, 2023, Adjusted Free Cash Flow was $4.0 million compared to $5.2 million in Q2 2022. Adjusted Free Cash Flow conversion of EBITDA is expected to approximate 40% to 50% on an annual basis;
- Debt was $126.5 million at Q2 2023 compared to $110.6 million at Q1 2023 and $94 million at Q4 2022. The increase reflects a special access matting investment of $4.6 million as well as $8.3 million for revised payment practice for trade payables and growth working capital. The Corporation also renegotiated its long term debt agreement which was approved by the Board of Directors and is expected to close in August 2023 with a maturity date of September 7, 2026. It includes an expanded available credit limit of $260 million plus an uncommitted accordion of $150 million;
- In connection to the previously announced Normal Course Issuer Bid ("NCIB"), Dexterra repurchased in Q2 2023 189,100 common shares at a weighted average price per share of $5.60 for a total of $1.1 million; and
- Dexterra declared a dividend for Q3 2023 of $0.0875 per share for shareholders of record at September 29, 2023, to be paid October 13, 2023.

## Operational Analysis

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| *(000's)* | 2023 | 2022 | 2023 | 2022 |
| **Revenue:** | | | | |
| IFM | $ 76,538 | $ 65,168 | $ 162,945 | $ 129,393 |
| WAFES | 137,671 | 119,104 | 267,293 | 234,199 |
| Modular Solutions | 53,121 | 49,627 | 105,179 | 92,904 |
| Corporate and Inter-segment eliminations | 500 | (3) | 500 | 1,360 |
| Total Revenue | $ 267,830 | $ 233,896 | $ 535,917 | $ 457,856 |
| **Adjusted EBITDA:** | | | | |
| IFM | $ 4,539 | $ 3,997 | $ 9,772 | $ 7,959 |
| WAFES | 25,034 | 16,275 | 43,489 | 32,260 |
| Modular Solutions | 1,977 | (3,020) | 3,351 | (2,580) |
| Corporate costs and inter-segment eliminations | (4,334) | (3,610) | (8,258) | (6,981) |
| Total Adjusted EBITDA | $ 27,216 | $ 13,642 | $ 48,354 | $ 30,658 |
| **Adjusted EBITDA as a % of Revenue** | | | | |
| IFM | 6 % | 6 % | 6 % | 6 % |
| WAFES | 18 % | 14 % | 16 % | 14 % |
| Modular Solutions | 4 % | (6)% | 3 % | (3)% |

## IFM

For Q2 2023, IFM revenues were $76.5 million, an increase of 17% from Q2 2022 related to continued strong organic growth, and 11% lower than Q1 2023, due primarily to the seasonality of the education and leisure sectors where Q2 and Q3 are slower periods.

IFM Adjusted EBITDA for the quarter was $4.5 million compared to $4.0 million for Q2 2022 and $5.2 million for Q1 2023 due to the lower revenue and seasonality factors discussed above. Adjusted EBITDA as a percentage of revenue, excluding certain loss contracts with revenues of $3.8 million, continued to improve in Q2 2023 compared to prior periods and is tracking towards our near-term target of 7%. Contract price management and optimization of the IFM portfolio remains a focus to continue to improve margins.

For the six months ended June 30, 2023, IFM revenues were $162.9 million, an increase of 26% and Adjusted EBITDA was 23% higher compared to the same period in the prior year.

### Direct Costs

Direct costs are comprised of labour, materials, supplies and transportation, which vary directly with revenues, and have a relatively fixed component that includes rent and utilities. Direct costs for Q2 2023 were $69.9 million compared to $59.2 million for Q2 2022, an increase of $10.7 million. The increase reflects the continued growth of the business and is commensurate with the increase in revenue from Q2 2022. Direct costs as a percentage of revenue of 91% in Q2 2023 is consistent with Q2 2022 and marginally better than the 92% in Q1 2023.

Direct costs for the six months ended June 30, 2023 were 92% compared to 90% in the same period in 2022.

## WAFES

WAFES is comprised of three revenue streams: Workforce Accommodations, Forestry and Energy Services. A significant portion of the WAFES business is support services related, capital light and aligns closely with our IFM business unit.

WAFES support services includes food and facilities services on-site at client owned remote facilities. Forestry is a seasonal business with its activities 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 Group as part of an equipment supply contract or bundled with food and facilities services as in the case of turn-key camp contracts or the Corporation's open lodge operations. This category also includes Energy Services, where the Corporation owns access matting and relocatable structures, which are rented or sold to clients.

For the three months ended June 30, 2023, WAFES support services activity accounted for 44% (56% asset supply services) of total WAFES revenue compared to 47% support services (53% asset-based services) for the same period in 2022 due to variability in sales mix.

Revenue from the WAFES business unit for Q2 2023 was $137.7 million, an increase of 16% compared to Q2 2022 and a 6% increase compared to Q1 2023. Adjusted EBITDA for Q2 2023 was $25.0 million compared to $16.3 million in Q2 2022 and $18.5 million in Q1 2023. Adjusted EBITDA as a percentage of revenue was 18% in Q2 2023, which is higher than the 14% in both Q2 2022 and Q1 2023. The overall positive Q2 results in WAFES are the result of abnormally high service activity in support of unprecedented wildfires in Quebec, Ontario, Alberta and British Columbia, and generally robust market activity in workforce accommodations and energy services. This includes high camp occupancy and rental equipment activity levels, as well as a contract change order related to the recovery of inflationary costs on a major project. The non-recurring items increased Adjusted EBITDA by approximately $5 million in Q2 2023.

For the six months ended June 30, 2023 compared to the same period in 2022, revenue was $267.3 million, an increase of 14%, and Adjusted EBITDA was 35% higher compared to the same period in the prior year. Adjusted EBITDA as percentage of revenue was 16%, compared to 14% in 2022 due to the factors noted above.

### Direct Costs

Direct costs are comprised of labour, materials, supplies and transportation, which vary directly with revenues, and a relatively fixed component, which includes rent and utilities. Direct costs in the WAFES business unit for Q2 2023 were $110.5 million and $101.7 million for Q2 2022. This cost increase is due to the increase in revenue and was partially offset by proactive cost management and the mix of business. Direct costs as a percentage of revenue in Q2 2023 were 80% compared to 85% in Q2 2022 and 84% in Q1 2023.

Direct costs for the six months ended June 30, 2023 were 82% compared to 85% for the same period in 2022 and were impacted by the same factors noted above.

## Modular Solutions

Modular Solutions revenues for Q2 2023 were $53.1 million an increase of 7% compared to Q2 2022 and a 2% increase compared to Q1 2023. Adjusted EBITDA for Q2 2023 was $2.0 million, which is an increase of $5.0 million when compared to a loss of $3.0 million in Q2 2022 and a $0.6 million increase compared to Q1 2023. Revenue in Q2 2023 included $11.0 million for the completion of certain fixed price British Columbia ("BC") social affordable housing projects. The remaining $24 million backlog associated with these projects is expected to be substantially complete by year-end. Adjusted EBITDA as a percentage of revenue related to the rest of the business continued to improve in Q2 2023 as management executed the four-point business turnaround plan.

Revenue for the six months ended June 30, 2023 was $105.2 million, an increase of 13% compared to the same period in 2022. Adjusted EBITDA for the six months ended June 30, 2023 was $3.4 million, an increase of $5.9 million compared to the same period in the prior year.

The Modular backlog of $73.8 million for rapid affordable housing at the end of Q2 2023 is lower than Q1 2023 by $25.7 million primarily due to the timing of project funding approvals from the Canadian federal government to municipalities and other project proponents. The business has a robust pipeline of affordable housing projects awaiting funding approvals that we expect will increase the backlog in the coming months. The backlog also excludes $23.7 million for industrial projects and $5 million for U.S. manufacturing supply projects. Additionally, Modular Solutions has recurring modular business beyond these projects worth approximately $40 million per annum, which consists of educational, commercial, and industrial modules as well as kiosks.

### 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 the Modular business unit for Q2 2023 were $49.9 million and $50.9 million for Q2 2022. Direct costs as a percentage of revenue in Q2 2023 were 94% compared to 103% in Q2 2022 and are consistent with Q1 2023. The decrease in direct costs as a percentage of revenue reflects the execution of management's turnaround plan driving improved project performance, including inflation management.

Direct costs for the six months ended June 30, 2023 were 94% compared to 99% for the same period in 2022.

# Other Items

## Selling, General & Administrative Expense

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

SG&A expenses for Q2 2023 were $10.8 million (an increase of $0.2 million when compared to Q2 2022 and a $1.0 million decrease compared to Q1 2023 which included $1.4 million in CEO transition costs). SG&A expenses were 4% of total revenue in Q2 2023 which decreased from the 5% in Q2 2022 and is consistent with Q1 2023.

SG&A expenses for the six months ended June 30, 2023 were $22.6 million compared to $20.5 million for the same period last year. The increase is a result of the increase scale of business compared to the same period last year and the CEO transition costs in Q1 2023. SG&A expenses were 4% of total revenue year to date for 2023 which is consistent with the same period last year.

## Depreciation and Amortization

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (000's) | 2023 | 2022 | 2023 | 2022 |
| Depreciation of property, plant and equipment and right-of-use assets | $ 8,526 | $ 8,560 | $ 16,401 | $ 17,449 |
| Amortization of intangibles | 1,403 | 1,325 | 2,803 | 2,781 |
| Total depreciation and amortization | $ 9,929 | $ 9,885 | $ 19,204 | $ 20,230 |

For Q2 2023, depreciation and amortization were $9.9 million, which is consistent with Q2 2022 and an increase of $0.7 million compared to Q1 2023. The increase compared to last quarter is due to the special matting investments in 2023. For the six months ended June 30, 2023, depreciation and amortization was $19.2 million, a decrease of $1.0 million compared to the same period last year. The lower depreciation and amortization in 2023 compared to the last year is a result of more assets being fully depreciated which was partially offset by the additional matting depreciation. The Corporation plans to continue to operate in a capital light model going forward and depreciation expense will continue to reduce as more assets become fully depreciated.

## Finance costs

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

The effective interest rate on loans and borrowings for the six months ended June 30, 2023 was 8.2%, as compared to 3.2% for the same period last year, including amortization of financing costs. The interest rate has been impacted by the increases in the Bank of Canada rate in the past 12 months. The Company expects to pay interest on its bank facility at approximately 8.5% in Q3 2023.

## Goodwill

Goodwill at June 30, 2023 is $130.4 million which is an increase of $1.8 million compared to the $128.6 million at December 31, 2022. This is a result of the acquisition of VCI Controls Inc. in the first quarter of 2023. The Corporation concluded there were no indicators of impairment on its goodwill or intangibles as at June 30, 2023.

## Non-controlling interest

Dexterra Group holds a 49% ownership interest in Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik") and controls its operations. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra Group and a non-controlling interest is recognized. For Q2 2023, earnings of $0.04 million were attributed to the non-controlling interest which was consistent with the same period of the prior year.

## Joint Venture

Dexterra Group holds a 49% ownership interest in Gitxaala Horizon North Services LP ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"). These equity investments represent operations of the WAFES business unit and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. For the three and six months ended June 30, 2023, earnings from equity investments were $0.4 million and $0.9 million, respectively (three and six months ended June 30, 2022 - $0.5 million and $1.0 million).

### Income taxes

For the three and six months ended June 30, 2023, the Corporation's effective income tax rate was 28% and 25%, respectively, compared to 26% for both periods in 2022. The effective tax rates for the three and six months ended June 30, 2023 and 2022 are generally consistent with the combined federal and provincial income tax rates.

## Outlook

#### Operations Outlook

#### Overall

The Canadian and global economies continue to experience inflationary pressures, higher interest rates and reduced labour availability along with concerns around recession. We are actively managing the impact of inflation through proactive pricing adjustments on contracts, cost management and other operational initiatives across all business units as we work to execute our business plan through the back half of 2023. Key components of our business plan include driving strong execution, improving profitability and capturing profitable new sales opportunities.

#### IFM

The focus of the IFM business is on new sales growth and continuing to improve Adjusted EBITDA margins in 2023 through operational improvements, inflation management and contract rationalization. New business wins of approximately $50 million in annualized value are expected to be mobilized primarily in Q4 2023. Our contracts serving the education and leisure sectors will experience normal seasonal variability over the next two quarters with stronger Q4 results as the new business comes on stream.

#### WAFES

The WAFES business is expected to remain strong due to continued high natural resource activity nationwide. The forestry business while reduced somewhat due to the wildfires, is still expected to provide a seasonal positive impact to Q3 2023 revenues and profitability. Wildfire support activity will continue into Q3 but at reduced levels compared to Q2.

#### Modular

The demand for social and affordable housing in Canada continues to grow. The pipeline of modular projects is expected to expand as new projects are approved and funding is released under the most recent federal government programs. The timing of approvals and securing new contracts may impact the utilization at our plants in the short term. Business activity from educational portables and other Canadian modular business segments remains positive. US supply only activity is more muted due to the high interest rate environment impacting real estate and other developments. The business unit continues to progress through the backlog of BC-based fixed priced affordable housing contracts which are expected to be substantially complete by year-end. Modular is expected to continue to be profitable in 2023.

## Liquidity and Capital Resources

Subsequent to quarter-end, the Board of Directors approved a new credit facility which is expected to close in August 2023 with a maturity date of September 7, 2026, including an expanded available limit of $260 million plus an uncommitted accordion of $150 million. The new facility will provide expanded flexibility to pursue accretive acquisitions.

Debt was $126.5 million at June 30, 2023, compared to $110.6 million at Q1 2023 and $94.0 million at Q4 2022. The increase from Q1 2023 is primarily due to special access matting capital investments of $4.6 million as well as $8.3 million related to implementing revised payment practice for trade payables and growth working capital. The Corporation's financial position and liquidity remain strong. See Note 11 of the Q2 2023 Financial Statements for more details.

The conversion of Adjusted EBITDA to Adjusted Free Cash Flow for 2023 is expected to be between 40% to 50%.

## Capital Spending

For the three and six months ended June 30, 2023, gross capital spending for property, plant and equipment was $6.7 million and $13.1 million, compared to the $1.5 million and $2.7 million in the same period of 2022. The 2023 spend includes a special access matting investment of $4.6 million in Q2 ($10.5 million for the first half of 2023) under multi-year and advantageous contract terms. No further special access matting investments are anticipated at this time.

## Quarterly Summary of Results

| | Three months ended | | | |
|---|---|---|---|---|
| *(000's except per share amounts)* | 2023 June | 2023 March | 2022 December | 2022 September |
| Revenue | $ 267,830 | $ 268,087 | $ 253,858 | $ 259,803 |
| Adjusted EBITDA | 27,216 | 21,137 | 13,986 | 20,081 |
| Net earnings (loss) attributable to shareholders | 8,456 | 4,601 | (2,939) | 5,164 |
| Net earnings per share, basic and diluted | $ 0.13 | $ 0.07 | $ (0.04) | $ 0.08 |

| | Three months ended | | | |
|---|---|---|---|---|
| *(000's except per share amounts)* | 2022 June | 2022 March | 2021 December | 2021 September |
| Revenue | $ 233,896 | $ 223,960 | $ 201,588 | $ 202,760 |
| Adjusted EBITDA | 13,642 | 17,018 | 18,054 | 22,372 |
| Net earnings attributable to shareholders | 310 | 894 | 4,093 | 7,780 |
| Net earnings per share, basic and diluted | $ 0.00 | $ 0.01 | $ 0.06 | $ 0.12 |

## 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 June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Net earnings | $ 8,494 | $ 350 | $ 13,177 | $ 1,410 |
| Add: | | | | |
| Share based compensation (recovery) | 730 | (105) | 1,365 | 432 |
| Depreciation & amortization | 9,929 | 9,885 | 19,204 | 20,230 |
| Equity investment depreciation | 435 | 299 | 737 | 585 |
| Finance costs | 3,505 | 1,960 | 6,929 | 3,404 |
| Loss (gain) on disposal of property, plant and equipment | 42 | (234) | 60 | (237) |
| Income tax expense | 3,338 | 124 | 4,386 | 512 |
| Non-recurring: | | | | |
| Contract loss provisions(1) | — | — | 255 | 2,167 |
| Restructuring and other costs(2) | 743 | 1,363 | 2,241 | 2,155 |
| Adjusted EBITDA | $ 27,216 | $ 13,642 | $ 48,354 | $ 30,658 |

*(1) Contract loss provisions for the three and six months ended June 30, 2023 were $nil and $0.3 million (2022 - $nil and $2.2 million). These costs relate to a contractual dispute and remediation work on pre-acquisition contracts from the Acquisition of Horizon North Logistics Inc. in May 2020.*

*(2) Restructuring and other costs for the six months ended June 30, 2023 of $2.2 million includes CEO transition costs of $1.4 million (Q2 - $nil) and contract demobilization and restructuring costs of $0.8 million (Q2 2023 - $0.7 million). Restructuring and other costs for six months ended June 30, 2022 of $2.2 million included costs related to 2022 IFM Acquisitions, CEWS clawback and severance costs (Q2 2022 - $1.4 million).*

### Adjusted Free Cash Flow

| (000's) | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Net cash flows from operating activities | $ 2,798 | $ 11,142 | $ 6,522 | $ 3,394 |
| Sustaining capital expenditures, net of proceeds, including intangibles | (1,261) | (783) | (1,426) | (1,784) |
| Finance costs paid | (3,232) | (1,946) | (6,318) | (3,191) |
| Lease payments | (2,635) | (3,173) | (5,207) | (4,970) |
| Non-recurring: | | | | |
| Revised trade payable payment practice and growth working capital(1) | 8,341 | — | 12,998 | — |
| Adjusted Free Cash Flow | $ 4,011 | $ 5,240 | $ 6,569 | $ (6,551) |

*(1) Adjusted Free Cash Flow is not adjusted for growth working capital in the 2022 comparative periods.*

## Accounting Policies

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

## Outstanding Shares

Dexterra Group had 64,951,694 voting common shares issued and outstanding as at August 4, 2023, of which 49% or 31,957,781 are owned by subsidiaries of Fairfax Financial Holdings Limited.

On May 15, 2023, Dexterra commenced an Normal Course Issuer Bid ("NCIB") under which the Corporation can repurchase for cancellation up to a maximum of 1,300,000 shares, representing approximately 2% of the 65,241,628 common shares outstanding as at May 9, 2023, subject to certain restrictions under the securities laws. The NCIB will end on May 14, 2024, or such earlier date in accordance with its terms. For the quarter end June 30, 2023, the Corporation repurchased 189,100 common shares at a weighted average price of $5.60 per share for a total consideration of $1.1 million under the terms of the NCIB. See Note 13 of the Q2 2023 Financial Statements for more details. Dexterra will continue to be opportunistic in re-purchasing shares in the coming quarters.

## Off-Balance Sheet Financing

Dexterra Group has no off-balance sheet financing.

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

### Disclosure Controls and Procedures

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

### 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 June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

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

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

## Risks and Uncertainties

The financial risks, critical accounting estimates and judgements, and risk factors related to Dexterra Group and its business, which should be carefully considered, are disclosed in the Annual Information Form under "Risk Factors" and in the Corporation's Consolidated Financial Statements for the year ended December 31, 2022 under Note 21, dated March 08, 2023, and this MD&A should be read in conjunction with them. Such risks may not be the only risks facing Dexterra Group. Additional risks not currently known may also impair Dexterra Group's business operations and results of operation.

## Critical Accounting Estimates and Judgements

This MD&A of Dexterra Group's financial condition and results of operations is based on its consolidated financial statements, which are prepared in accordance with IFRS. The preparation of the consolidated financial statements requires management to make estimates and judgements about the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The MD&A should be read in conjunction with the 2022 Annual 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 Annual Financial Statements.

## Forward-Looking Information

Certain statements contained in this MD&A may constitute forward-looking information under applicable securities law. Forward-looking information may relate to Dexterra Group's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "continue"; "forecast"; "may"; "will"; "project"; "could"; "should"; "expect"; "plan"; "anticipate"; "believe"; "outlook"; "target"; "intend"; "estimate"; "predict"; "might"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding Dexterra Group's future operating results and economic performance; management expectations of market sector recoveries, its leverage, Adjusted Free Cash Flow, NRB Modular Solutions backlog and revenue, extension/expansion of its credit facility and its objectives and strategies are forward-looking 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 Group, which Dexterra Group believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to Dexterra Group, they may prove to be incorrect. Forward-looking information is also subject to certain known and unknown risks, uncertainties and other factors that could cause Dexterra Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward- looking information, including, but not limited to: the ability to retain clients, renew existing contracts and obtain new business; an outbreak of contagious disease that could disrupt its business; the highly competitive nature of the industries in which Dexterra Group operates; reliance on suppliers and subcontractors; cost inflation; volatility of industry conditions could impact demand for its services; a reduction in the availability of credit could reduce demand for Dexterra Group's products and services; Dexterra Group's significant shareholder may substantially influence its direction and operations and its interests may not align with other shareholders; its significant shareholder's 49% ownership interest may impact the liquidity of the common shares; cash flow may not be sufficient to fund its ongoing activities at all times; loss of key personnel; the failure to receive or renew permits or security clearances; significant legal proceedings or regulatory proceedings/changes; environmental damage and liability is an operating risk in the industries in which Dexterra Group operates; climate changes could increase Dexterra Group's operating costs and reduce demand for its services; liabilities for failure to comply with public procurement laws and regulations; any deterioration in safety performance could result in a decline in the demand for its products and services; failure to realize anticipated benefits of acquisitions and dispositions; inability to develop and maintain relationships with Indigenous communities; the seasonality of Dexterra Group's business; inability to restore or replace critical capacity in a timely manner; reputational, competitive and financial risk related to cyber-attacks and breaches; failure to effectively identify and manage disruptive technology; economic downturns can reduce demand for Dexterra Group's services; its insurance program may not fully cover losses. Additional risks and uncertainties are described in Note 22 of the Corporation's Consolidated Financial Statements for the year 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. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Dexterra Group is under no obligation and does not undertake to update or alter this information at any time, except as may be required by applicable securities law.

## Condensed consolidated statement of financial position (Unaudited)

| *(000's)* | Note | June 30, 2023 | December 31, 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Trade and other receivables | 5 | $ 219,990 | $ 211,397 |
| Inventories | 6 | 27,109 | 26,045 |
| Prepaid expenses and other | | 9,828 | 5,324 |
| Total current assets | | 256,927 | 242,766 |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 159,002 | 156,608 |
| Right-of-use assets | 8 | 23,250 | 23,363 |
| Intangible assets | 9 | 33,642 | 35,375 |
| Goodwill | 9 | 130,440 | 128,607 |
| Deferred income tax assets | | 7,353 | 8,118 |
| Other assets | 10 | 16,249 | 16,564 |
| Total non-current assets | | 369,936 | 368,635 |
| Total assets | | $ 626,863 | $ 611,401 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | $ 157,041 | $ 170,629 |
| Deferred revenue | | 5,521 | 10,706 |
| Income tax payable | | 827 | 381 |
| Asset retirement obligations | 12 | 6,694 | 8,478 |
| Lease liabilities | 8 | 8,762 | 7,783 |
| Total current liabilities | | 178,845 | 197,977 |
| **Non-current liabilities** | | | |
| Lease liabilities | 8 | 18,968 | 20,311 |
| Contingent consideration | | 697 | 697 |
| Asset retirement obligations | 12 | 2,863 | 3,164 |
| Loans and borrowings | 11 | 126,524 | 94,045 |
| Other long term liabilities | 13 | 346 | 640 |
| Deferred income tax liabilities | | 10,504 | 7,584 |
| Non-current liabilities | | 159,902 | 126,441 |
| Total liabilities | | 338,747 | 324,418 |
| **Shareholders' Equity** | | | |
| Share capital | 13 | 233,383 | 233,968 |
| Contributed surplus | | 2,866 | 2,236 |
| Accumulated other comprehensive income | | 180 | 341 |
| Retained earnings | | 51,520 | 50,245 |
| Non-controlling interest | | 167 | 193 |
| Total shareholders' equity | | 288,116 | 286,983 |
| Total liabilities and shareholders' equity | | $ 626,863 | $ 611,401 |

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

## Condensed consolidated statement of comprehensive income (Unaudited)

| (000's except per share amounts) | Note | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| Revenue from operations | | $ 267,830 | $ 233,896 | $ 535,917 | $ 457,856 |
| **Operating expenses** | | | | | |
| Direct costs | 14 | 231,414 | 211,817 | 469,081 | 412,553 |
| Selling, general and administrative expenses | 15 | 10,756 | 10,601 | 22,578 | 20,529 |
| Depreciation | 7,8 | 8,526 | 8,560 | 16,401 | 17,449 |
| Amortization of intangible assets | 9 | 1,403 | 1,325 | 2,803 | 2,781 |
| Share based compensation (recovery) | 13 | 730 | (105) | 1,365 | 432 |
| Loss (gain) on disposal of property, plant and equipment | | 42 | (234) | 60 | (237) |
| Operating income | | 14,959 | 1,932 | 23,629 | 4,349 |
| Finance costs | | 3,505 | 1,960 | 6,929 | 3,404 |
| Earnings from equity investments | | (378) | (502) | (863) | (977) |
| Earnings before income taxes | | 11,832 | 474 | 17,563 | 1,922 |
| **Income tax** | | | | | |
| Income tax expense | 16 | 3,338 | 124 | 4,386 | 512 |
| Net Earnings | | 8,494 | 350 | 13,177 | $ 1,410 |
| **Other comprehensive income** | | | | | |
| Translation of foreign operations | | (118) | — | (161) | — |
| Total comprehensive income for the period | | $ 8,376 | $ 350 | $ 13,016 | $ 1,410 |
| **Net Earnings Attributable to:** | | | | | |
| Shareholders | | $ 8,456 | $ 310 | $ 13,058 | $ 1,206 |
| Non-controlling interest | | $ 38 | $ 40 | $ 119 | $ 204 |
| **Earnings per common share:** | | | | | |
| Net earnings per share, basic and diluted | 18 | $ 0.13 | $ 0.00 | $ 0.20 | $ 0.02 |
| **Weighted average common shares outstanding:** | | | | | |
| Basic | 18 | 65,205 | 65,202 | 65,223 | 65,179 |
| Diluted | 18 | 65,431 | 65,494 | 65,453 | 65,517 |

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

## Condensed consolidated statement of changes in equity
## (Unaudited)

| *(000's)* | Note | Share capital - Number of Shares | | Share capital | | Contributed surplus | | Accumulated other comprehensive income | | Retained earnings | | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at December 31, 2022 | | 65,242 | $ | 233,968 | $ | 2,236 | $ | 341 | $ | 50,245 | $ | 193 | $ 286,983 |
| Dividends | 19 | — | | — | | — | | — | | (11,403) | | (145) | (11,548) |
| Exercise of stock options | 13 | 22 | | 94 | | (28) | | — | | — | | — | 66 |
| Share based compensation | 13 | — | | — | | 658 | | — | | — | | — | 658 |
| Shares purchased and cancelled | 13 | (189) | | (679) | | — | | — | | (380) | | — | (1,059) |
| Total comprehensive income | | — | | — | | — | | (161) | | 13,058 | | 119 | 13,016 |
| **Balance as at June 30, 2023** | | **65,075** | **$** | **233,383** | **$** | **2,866** | **$** | **180** | **$** | **51,520** | **$** | **167** | **$ 288,116** |
| | | | | | | | | | | | | | |
| Balance as at December 31, 2021 | | 65,151 | $ | 233,541 | $ | 1,199 | $ | — | $ | 69,639 | $ | (31) | $ 304,348 |
| Dividends | | — | | — | | — | | — | | (11,411) | | (58) | (11,469) |
| Exercise of stock options | 13 | 69 | | 341 | | (90) | | — | | — | | — | 251 |
| Share based compensation | 13 | — | | — | | 523 | | — | | — | | — | 523 |
| Total comprehensive income | | — | | — | | — | | — | | 1,206 | | 204 | 1,410 |
| **Balance as at June 30, 2022** | | **65,220** | **$** | **233,882** | **$** | **1,632** | **$** | **—** | **$** | **59,434** | **$** | **115** | **$ 295,063** |

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

## Condensed consolidated statement of cash flows (Unaudited)

| | | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|---|
| *(000's)* | Note | 2023 | 2022 | 2023 | 2022 |
| **Cash provided by (used in):** | | | | | |
| **Operating activities:** | | | | | |
| Net Earnings | | $ 8,494 | $ 350 | $ 13,177 | $ 1,410 |
| Adjustments for: | | | | | |
| Depreciation | 7,8 | 8,526 | 8,560 | 16,401 | 17,449 |
| Amortization of intangible assets | 9 | 1,403 | 1,325 | 2,803 | 2,781 |
| Share based compensation (recovery) | 13 | 730 | (105) | 1,365 | 432 |
| Loss (gain) on disposal of property, plant and equipment | | 42 | (234) | 60 | (237) |
| Net transfers between inventory and rental fleet | 7 | 713 | (239) | (531) | (2,048) |
| Earnings on equity investments | | (378) | (502) | (863) | (977) |
| Asset retirement obligation settled | 12 | (1,969) | (343) | (3,074) | (343) |
| Finance costs | | 3,505 | 1,960 | 6,929 | 3,404 |
| Income tax expense | 16 | 3,338 | 124 | 4,386 | 512 |
| Changes in non-cash working capital | 17 | (21,213) | 288 | (33,860) | (18,582) |
| Income taxes paid | 16 | (393) | (42) | (271) | (407) |
| Net cash flows from operating activities | | 2,798 | 11,142 | 6,522 | 3,394 |
| **Investing activities:** | | | | | |
| Purchase of property, plant and equipment | 7 | (6,668) | (1,467) | (13,085) | (2,669) |
| Purchase of intangible assets | 9 | — | (81) | (5) | (85) |
| Proceeds on sale of property, plant and equipment | | 207 | 253 | 553 | 253 |
| Cash paid for acquisitions, net of cash acquired | 4 | — | (333) | (3,231) | (47,493) |
| Cash distributions from equity investments (net of contributions) | 10 | 382 | 3,393 | 926 | 2,921 |
| Net cash flows from (used in) investing activities | | (6,079) | 1,765 | (14,842) | (47,073) |
| **Financing activities:** | | | | | |
| Issuance of common shares | 13 | 66 | 172 | 66 | 251 |
| Share purchased and cancelled | 13 | (1,059) | — | (1,059) | — |
| Payments for lease liabilities | | (2,635) | (3,173) | (5,207) | (4,970) |
| Advances (repayments) on loans and borrowings | 11 | 15,850 | (2,009) | 32,256 | 63,241 |
| Finance costs paid | | (3,232) | (1,946) | (6,318) | (3,191) |
| Dividends paid to non-controlling interest | | — | (248) | — | (248) |
| Dividends paid to shareholders | 19 | (5,709) | (5,703) | (11,418) | (11,404) |
| Net cash flows from (used in) financing activities | | 3,281 | (12,907) | 8,320 | 43,679 |
| Change in cash position | | — | — | — | — |
| Cash, beginning of period | | — | — | — | — |
| Cash, end of period | | $ — | $ — | $ — | $ — |

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

## 1. Reporting entity

Dexterra Group Inc. ("Dexterra Group" or the "Corporation") is a corporation registered and domiciled in Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol DXT. Dexterra Group is a diversified support services organization delivering quality solutions for the creation, management, and operation of infrastructure across Canada. Our Integrated Facilities Management ("IFM") business delivers a suite of operation and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defence, education, rail, healthcare, and leisure. Our Workforce Accommodations, Forestry and Energy Services ("WAFES") business provides a full range of workforce accommodations solutions, forestry services and access solutions to clients in the energy, mining, forestry and construction sectors among others. Our Modular Solutions business integrates modern design concepts with off-site manufacturing processes to produce high-quality building solutions for rapid affordable housing, commercial, residential and industrial clients.

## 2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial statements, including International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2022. The condensed consolidated interim financial statements do not include all of the information required for annual financial statements. These financial statements were approved by the Board of Directors of Dexterra Group on August 8, 2023.

## 3. Basis of Preparation

The basis of preparation, accounting policies and methods of their application, and critical accounting estimates and judgements in these condensed consolidated interim financial statements, including comparatives, are consistent with those used in Dexterra Group's audited annual consolidated financial statements for the year ended December 31, 2022, and should be read in conjunction with those annual consolidated financial statements. The Corporation's functional currency, and the preparation currency of the condensed consolidated interim financial statements is the Canadian dollar.

## 4. Business Combinations

On January 31, 2023, Dexterra Group acquired 100% of the issued and outstanding shares of VCI Controls Inc. ("VCI") for net consideration of $4.2 million, after cash acquired and the holdback net of working capital adjustments. As at June 30, 2023, the Corporation has finalized the purchase price equation for the acquisition.

The following summarizes the assets acquired and liabilities assumed on VCI acquisition:

| **Consideration:** | | **(000's)** |
|---|---|---|
| Cash consideration | $ | 3,820 |
| Holdback, net of working capital adjustments | | 953 |
| Total consideration | $ | 4,773 |
| **Fair value of assets acquired and liabilities assumed:** | | |
| Cash | $ | 589 |
| Trade and other receivables | | 1,891 |
| Prepaid expenses and other | | 171 |
| Inventories | | 84 |
| Property, plant and equipment | | 44 |
| Right-of-use assets | | 211 |
| Trade and other payables | | (979) |
| Deferred income tax liabilities | | (16) |
| Lease liabilities | | (211) |
| **Tangible net assets** | **$** | **1,784** |
| Customer Relationships | | 1,088 |
| Goodwill | | 1,901 |
| **Total identifiable net assets** | **$** | **4,773** |

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

The acquisition includes a holdback that will be released to the previous owners on satisfaction of certain conditions within a year after the closing date of the transaction. As at June 30, 2023, the amount of holdback is included in trade and other payables.

The Corporation incurred certain legal and advisory fees of $0.3 million related to the acquisition which were included in selling, general & administrative expenses on the consolidated statement of comprehensive income for the year ended December 31, 2022.

### 2022 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 ($30.4 million net of cash acquired). This acquisition expanded 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 increased the scale of the existing IFM business and provides access to new market sectors. 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 June 30, 2023, the holdback of $2.0 million and related finance costs of $0.2 million has been included in trade and other payables.

## 5. Trade and other receivables

| *(000’s)* | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Trade receivables | $ 128,453 | $ 135,972 |
| Modular holdback receivables | 16,177 | 9,738 |
| Deferred trade receivables | 9,022 | 5,756 |
| Total trade and modular receivables | $ 153,652 | $ 151,466 |
| | | |
| Accrued trade receivables | 56,297 | 53,025 |
| Other receivables | 11,179 | 7,732 |
| Allowance for expected credit losses | (1,138) | (826) |
| Total | $ 219,990 | $ 211,397 |

Modular holdback receivables and deferred trade receivables of $25.2 million (December 31, 2022 - $15.5 million) represent amounts billed on contracts which are not due until the contract work is substantially complete and any lien period has expired. All Modular holdback receivables and deferred trade receivables are expected to be collected within 12 months.

## 6. Inventories

| *(000’s)* | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Raw materials | $ 12,314 | $ 14,386 |
| Food inventory | 4,784 | 4,448 |
| Modular work-in-progress | 2,509 | 1,176 |
| Finished goods and supplies | 7,502 | 6,035 |
| Inventories | $ 27,109 | $ 26,045 |

## 7. Property, plant and equipment

| Carrying Amounts *(000's)* | | Camp equipment & mats | | Land & buildings | | Automotive & trucking equipment | | Manufacturing & other equipment | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| Balance as at December 31, 2022 | $ | 153,189 | $ | 33,564 | $ | 17,879 | $ | 11,864 | $ | 216,496 |
| Additions | | 11,418 | | 778 | | 211 | | 678 | | 13,085 |
| Acquisition of VCI (Note 4) | | — | | — | | — | | 44 | | 44 |
| Change in asset retirement obligations (Note 12) | | 792 | | — | | — | | — | | 792 |
| Net transfers from (to) inventory | | (324) | | — | | — | | — | | (324) |
| Disposals | | (416) | | (133) | | (224) | | (350) | | (1,123) |
| Balance as at June 30, 2023 | $ | 164,659 | $ | 34,209 | $ | 17,866 | $ | 12,236 | $ | 228,970 |
| **Accumulated Depreciation** | | | | | | | | | | |
| Balance as at December 31, 2022 | $ | 34,717 | $ | 5,210 | $ | 13,315 | $ | 6,646 | $ | 59,888 |
| Depreciation | | 8,084 | | 1,132 | | 1,290 | | 938 | | 11,444 |
| Net transfers from (to) inventory | | (855) | | — | | — | | — | | (855) |
| Disposals | | (232) | | (66) | | (204) | | (7) | | (509) |
| Balance as at June 30, 2023 | $ | 41,714 | $ | 6,276 | $ | 14,401 | $ | 7,577 | $ | 69,968 |
| **Net book value** | | | | | | | | | | |
| Balance as at June 30, 2023 | $ | 122,945 | $ | 27,933 | $ | 3,465 | $ | 4,659 | $ | 159,002 |
| Balance as at December 31, 2022 | $ | 118,472 | $ | 28,354 | $ | 4,564 | $ | 5,218 | $ | 156,608 |

## 8. Leases

(i) Right-of-use assets

| *(000's)* | | Camp equipment & mats | | Land & buildings | | Automotive & trucking equipment | | Manufacturing & other equipment | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | | | | |
| Balance as at December 31, 2022 | $ | 7,796 | $ | 29,271 | $ | 5,121 | $ | 319 | $ | 42,507 |
| Acquisition of VCI (Note 4) | | — | | 49 | | 162 | | — | | 211 |
| Additions | | 1,332 | | 1,187 | | 2,136 | | 5 | | 4,660 |
| Disposals | | (62) | | (1,583) | | (93) | | — | | (1,738) |
| Balance as at June 30, 2023 | $ | 9,066 | $ | 28,924 | $ | 7,326 | $ | 324 | $ | 45,640 |
| **Accumulated Depreciation** | | | | | | | | | | |
| Balance as at December 31, 2022 | $ | 4,256 | $ | 12,646 | $ | 1,999 | $ | 243 | $ | 19,144 |
| Depreciation | | 1,860 | | 2,390 | | 655 | | 52 | | 4,957 |
| Disposals | | (62) | | (1,583) | | (66) | | — | | (1,711) |
| Balance as at June 30, 2023 | $ | 6,054 | $ | 13,453 | $ | 2,588 | $ | 295 | $ | 22,390 |
| **Net book value** | | | | | | | | | | |
| Balance as at June 30, 2023 | $ | 3,012 | $ | 15,471 | $ | 4,738 | $ | 29 | $ | 23,250 |
| Balance as at December 31, 2022 | $ | 3,540 | $ | 16,625 | $ | 3,122 | $ | 76 | $ | 23,363 |

(ii) Lease liabilities

| Maturity Analysis – contractual undiscounted cash flows | | (000's) |
|---|---|---|
| Year 1 | $ | 9,751 |
| Year 2 | | 7,108 |
| Year 3 | | 5,158 |
| Year 4 | | 4,418 |
| Year 5 and beyond | | 4,013 |
| Total undiscounted lease payable as at June 30, 2023 | $ | 30,448 |
| Lease liabilities included in the statement of financial position at June 30, 2023 | $ | 27,730 |
| Current | | 8,762 |
| Non-current | | 18,968 |

At June 30, 2023, the Corporation had a $1.6 million lease receivable related to sublet leased equipment (Q4 2022 - $2.0 million). 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 three and six months ended June 30, 2023 is $0.4 million and $0.8 million respectively (2022 - $0.4 million and $0.7 million, respectively).

## 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** | | | | | | | | |
| Balance as at December 31, 2022 | $ | 4,550 | $ | 40,657 | $ | 4,767 | $ | 49,974 |
| Acquisition of VCI (Note 4) | | — | | 1,088 | | — | | 1,088 |
| Additions | | — | | — | | 5 | | 5 |
| Foreign Currency Translation(1) | | — | | (26) | | — | | (26) |
| Balance as at June 30, 2023 | $ | 4,550 | $ | 41,719 | $ | 4,772 | $ | 51,041 |
| **Accumulated Amortization** | | | | | | | | |
| Balance as at December 31, 2022 | $ | 1,932 | $ | 9,232 | $ | 3,435 | $ | 14,599 |
| Amortization | | 451 | | 1,836 | | 516 | | 2,803 |
| Foreign Currency Translation(1) | | — | | (3) | | — | | (3) |
| Balance as at June 30, 2023 | $ | 2,383 | $ | 11,065 | $ | 3,951 | $ | 17,399 |
| **Net book value** | | | | | | | | |
| Balance as at June 30, 2023 | $ | 2,167 | $ | 30,654 | $ | 821 | $ | 33,642 |
| Balance as at December 31, 2022 | $ | 2,618 | $ | 31,425 | $ | 1,332 | $ | 35,375 |

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

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

| *(000's)* | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| **Goodwill allocated to:** | | | | |
| Integrated Facilities Management(1) | $ | 95,855 | $ | 94,022 |
| Workforce Accommodations and Forestry | | 34,585 | | 34,585 |
| Balance, end of period | $ | 130,440 | $ | 128,607 |

*(1) See note 4 for additions to Goodwill of $1.9 million related to the acquisition completed in Q1 2023. The fluctuations in goodwill balances are from foreign currency translation of US operations.*

## 10. Other assets

Other assets at June 30, 2023 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 $12.9 million (December 31, 2022 - $13.1 million) and $2.0 million (December 31, 2022 - $1.9 million), respectively. During the three and six months ended June 30, 2023, Gitxaala paid cash distributions of $0.4 million and $0.9 million, respectively, (three and six months ended June 30, 2022 - $3.4 million) to the Corporation. These equity investments are operations of the WAFES segment and generate earnings from providing services related to workforce accommodations, rentals, and maintenance of relocatable structures. In addition to the equity investments, other assets include long-term lease receivables of $1.3 million (December 31, 2022 - $1.6 million).

## 11. Loans and borrowings

| *(000's)* | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Committed credit facility | $ 127,078 | $ 94,822 |
| Unamortized financing costs | (554) | (777) |
| Total borrowings | $ 126,524 | $ 94,045 |

The credit facility has a maturity date of September 7, 2024, 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 is calculated on a grid pricing structure based on the Corporation's debt to EBITDA ratio. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee on the committed available limit ranging from 0.30% to 0.55% per annum.

As at June 30, 2023, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and had letters of credit outstanding in the amount of $15.0 million (December 2022 - $10.1 million). For the three and six months ended June 30, 2023, the Corporation incurred finance costs relating to the loans and borrowings of $3.1 million and $5.8 million (2022 - $1.4 million and $2.4 million, respectively).

Subsequent to quarter-end, a new credit facility was approved by the Board of Directors and is expected to close in August 2023 with a maturity date of September 7, 2026, an expanded available limit of $260 million plus an uncommitted accordion of $150 million. The new facility does not change the security or grid pricing structure.

## 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)* | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Balance, beginning of period | $ 11,642 | $ 10,560 |
| Additions | — | 1,599 |
| Asset retirement obligations settled | (3,074) | (820) |
| Change in estimate | 792 | 5 |
| Accretion of provisions | 197 | 298 |
| Balance, end of period | $ 9,557 | $ 11,642 |

| *(000's)* | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Current | $ 6,694 | $ 8,478 |
| Non-current | 2,863 | 3,164 |
| Balance, end of period | $ 9,557 | $ 11,642 |

## 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, 2022 | 65,241,628 | $ | 233,968 |
| Shares purchased and cancelled | (189,100) | | (679) |
| Options exercised | 21,666 | | 94 |
| Balance, June 30, 2023 | 65,074,194 | $ | 233,383 |

On May 15, 2023, Dexterra commenced an Normal Course Issuer Bid ("NCIB") under which the Corporation can purchase up to a maximum of 1,300,000 shares over the period to May 14, 2024, representing approximately 2% of the common shares outstanding, subject to certain restrictions under the securities laws. The shares purchased and cancelled are accounted for as a reduction in the Corporation's equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase and cancellation of treasury shares under the terms of the NCIB. The total consideration paid includes any commissions or fees is recognized directly in equity.

For the quarter end June 30, 2023, the Corporation purchased 189,100 common shares at a weighted average price of $5.60 per share for a total consideration of $1.1 million under the terms of the NCIB.

(b) Long-term incentive plans

(i) Share option plan

| | Outstanding options | | Weighted average exercise price |
|---|---|---|---|
| Balance, December 31, 2022 | 1,632,000 | $ | 5.90 |
| Granted | 826,615 | | 5.34 |
| Exercised | (21,666) | | 3.05 |
| Forfeited | (59,589) | | 6.17 |
| Balance, June 30, 2023 | 2,377,360 | $ | 5.73 |

The exercise prices for options outstanding and exercisable at June 30, 2023 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 | 1,405,224 | $ | 4.54 | 3.5 | 518,410 | $ | 3.13 |
| $6.21 to $6.53 | 496,053 | | 6.48 | 2.6 | 323,136 | | 6.48 |
| $6.54 to $8.50 | 476,083 | | 8.45 | 3.5 | 158,683 | | 8.45 |
| | 2,377,360 | $ | 5.73 | 3.3 | 1,000,229 | $ | 5.06 |

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

| | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| Fair value per option | $ | 1.46 | $ | 2.45 |
| Forfeiture rate | | 9.15 % | | 9.30 % |
| Grant price | $ | 5.34 | $ | 8.01 |
| Expected life | | 3.0 years | | 3.2 years |
| Risk free interest rate | | 3.73 % | | 1.57 % |
| Dividend yield rate | | 6.66 % | | 5.04 % |
| Volatility | | 55.25 % | | 58.80 % |

For the three and six months ended June 30, 2023, share based compensation for share options included in net earnings amounted to $0.3 million (2022 - $0.2 million) and $0.7 million (2022 - $0.5 million), respectively.

(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 as at December 31, 2022 were granted to members of the Board of Directors. In 2023, RSUs were granted to the Board of Directors as well as officers and key employees.

The following table summarizes the RSU’s outstanding:

| | Number |
|---|---|
| Units outstanding at December 31, 2022 | 40,621 |
| Granted | 117,473 |
| Vested | (16,759) |
| Units outstanding at June 30, 2023 | 141,335 |

As at June 30, 2023, trade and other payables included $0.3 million (December 2022 - $0.2 million) for outstanding RSUs. For the three and six months ended June 30, 2023, share based compensation for RSUs included in net earnings amounted to $0.1 million (Q2 2022 - $nil) and $0.2 million (2022 - $0.03 million), respectively. The vested units were cash settled for $0.1 million.

(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.

The following table summarizes the PSU’s outstanding:

| | Number |
|---|---|
| Units outstanding at December 31, 2022 | 519,129 |
| Granted | 492,013 |
| Forfeited | (29,566) |
| Units outstanding at June 30, 2023 | 981,576 |

As at June 30, 2023, trade and other payables included $0.8 million, and other long term liabilities included $0.3 million for outstanding PSUs (December 31, 2022 - $0.6 million in other long term liabilities). For the three and six months ended June 30, 2023, net earnings included a share based compensation of $0.3 million and $0.5 million for PSUs (2022 - recovery of $0.3 million and $0.1 million, respectively).

## 14. Direct costs

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| *(000's)* | 2023 | 2022 | 2023 | 2022 |
| Cost of goods manufactured - materials and direct labour | $ 41,760 | $ 42,842 | $ 82,550 | $ 77,962 |
| Wages and benefits | 98,702 | 86,315 | 195,728 | 169,025 |
| Subcontracting | 17,515 | 17,633 | 36,707 | 35,112 |
| Product cost | 47,581 | 41,790 | 100,569 | 82,103 |
| Equipment and repairs | 3,331 | 2,796 | 6,073 | 5,106 |
| Transportation and travel | 5,912 | 6,119 | 11,143 | 10,414 |
| Partnership profit sharing | 4,021 | 2,582 | 9,473 | 5,507 |
| Utilities and occupancy costs | 9,350 | 8,944 | 21,105 | 17,522 |
| Corporate(1) | 1,138 | — | 1,138 | 4,050 |
| Other operating expense | 2,104 | 2,796 | 4,595 | 5,752 |
| | $ 231,414 | $ 211,817 | $ 469,081 | $ 412,553 |

*(1) Corporate had $1.1 million direct costs in the three and six months ended June 30, 2023 which related to contract loss provision adjustments, contract demobilization and restructuring costs. For the three and six months ended June 30, 2022, Corporate included direct expenses in the amount of $nil and $4.1 million, respectively, from contractual disputes and remediation work related to contracts in place at the time of the Acquisition of Horizon North Logistics Inc. in May 2020.*

## 15. Selling, general and administrative expenses

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| *(000's)* | 2023 | 2022 | 2023 | 2022 |
| Wages and benefits(1) | $ 5,255 | $ 5,805 | $ 11,660 | $ 10,736 |
| Other selling and administrative expenses | 5,501 | 4,796 | 10,918 | 9,793 |
| | $ 10,756 | $ 10,601 | $ 22,578 | $ 20,529 |

*(1) Wages and benefits for the three months ended March 31, 2023 and the six months ended June 30, 2023 includes CEO transition costs of $1.4 million (2022 - $nil).*

## 16. Income taxes

For the three and six months ended June 30, 2023, the Corporation's effective income tax rate was 28% and 25%, respectively, compared to 26% for both periods in 2022. The effective tax rates for the three and six months ended June 30, 2023 and 2022 are generally consistent with the combined federal and provincial income tax rates.

The Corporation has non-capital losses for Canadian tax purposes of $75.6 million at June 30, 2023 (December 31, 2022 - $92.4 million) available to reduce future taxable income in Canada. The Corporation expects to fully utilize these losses before their expiry.

For the three and six months ended June 30, 2023 the Corporation made payments for income taxes, net of refunds, in the amount of $0.4 million and $0.3 million, respectively.

The current and deferred tax expense breakdown is as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| Income tax expense (000's): | 2023 | 2022 | 2023 | 2022 |
| Current | $ 362 | $ 51 | $ 717 | $ 175 |
| Deferred | 2,976 | 73 | 3,669 | 337 |
| | $ 3,338 | $ 124 | $ 4,386 | $ 512 |

## 17. Cash flow information

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| *(000's)* | 2023 | 2022 | 2023 | 2022 |
| Trade and other receivables | $ 1,425 | $ (1,528) | $ (6,702) | $ (29,889) |
| Inventories | 2,507 | (3,612) | (980) | (5,973) |
| Prepaid expenses and other | (1,833) | (112) | (4,081) | (262) |
| Trade and other payables | (23,356) | (1,776) | (16,912) | 6,450 |
| Deferred revenue | 44 | 7,316 | (5,185) | 11,092 |
| | $ (21,213) | $ 288 | $ (33,860) | $ (18,582) |

## 18. Net earnings per share

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Number of common shares, beginning of period | 65,241,628 | 65,174,850 | 65,241,628 | 65,151,083 |
| Common shares issued, weighted average | 2,198 | 27,229 | 1,105 | 28,209 |
| Shares cancelled under NCIB, weighted average | (39,068) | — | (19,642) | — |
| Weighted average common shares outstanding - basic | 65,204,758 | 65,202,079 | 65,223,091 | 65,179,292 |
| Effect of share purchase options(1) | 226,039 | 291,988 | 229,576 | 337,847 |
| Weighted average common shares outstanding - diluted | 65,430,797 | 65,494,067 | 65,452,667 | 65,517,139 |

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

## 19. Dividends

A dividend of $0.0875 per share was declared for the quarter ended June 30, 2023 and is recorded in trade and other payables as at June 30, 2023. The dividend was paid to shareholders of record at the close of business on July 17, 2023. A dividend of $0.0875 per share was declared for the quarters ended December 31, 2022 and March 31, 2023 and were paid in January and April 2023, respectively.

## 20. Reportable segment information

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

| Three months ended June 30, 2023 *(000's)* | IFM | WAFES | Modular Solutions | Corporate | Inter-segment Eliminations | Total |
|---|---|---|---|---|---|---|
| Revenue(1) | $ 76,538 | $ 137,671 | $ 53,121 | $ 500 | $ — | $ 267,830 |
| *Operating expenses:* | | | | | | |
| Direct costs(1) | 69,930 | 110,486 | 49,860 | 1,138 | — | 231,414 |
| Selling, general and administrative expenses | 2,069 | 2,965 | 1,284 | 4,438 | — | 10,756 |
| Depreciation and amortization | 1,755 | 6,546 | 1,312 | 316 | — | 9,929 |
| Share based compensation (recovery) | 72 | 44 | (5) | 619 | — | 730 |
| Loss (gain) on disposal of property, plant and equipment | (83) | 125 | — | — | — | 42 |
| Operating income (loss) | 2,795 | 17,505 | 670 | (6,011) | — | 14,959 |
| Finance costs | 46 | 234 | 182 | 3,043 | — | 3,505 |
| Earnings from equity investments | — | (378) | — | — | — | (378) |
| Earnings (loss) before income taxes | $ 2,749 | $ 17,649 | $ 488 | $ (9,054) | $ — | $ 11,832 |
| Total assets | $ 186,492 | $ 327,514 | $ 100,413 | $ 13,820 | $ (1,376) | $ 626,863 |

| Three months ended June 30, 2022 (000's) | IFM | WAFES | Modular Solutions | Corporate | Inter-segment Eliminations | Total |
|---|---|---|---|---|---|---|
| Revenue | $ 65,168 | $ 119,104 | $ 49,627 | $ — | $ (3) | $ 233,896 |
| *Operating expenses:* | | | | | | |
| Direct costs | 59,210 | 101,672 | 50,938 | — | (3) | 211,817 |
| Selling, general and administrative expenses | 1,962 | 1,951 | 1,709 | 4,979 | — | 10,601 |
| Depreciation and amortization | 1,566 | 6,582 | 1,367 | 370 | — | 9,885 |
| Share based compensation (recovery) | 90 | (61) | (94) | (40) | — | (105) |
| Gain on disposal of property, plant and equipment | — | (234) | — | — | — | (234) |
| Operating income (loss) | 2,340 | 9,194 | (4,293) | (5,309) | — | 1,932 |
| Finance costs | 8 | 179 | 209 | 1,564 | — | 1,960 |
| Earnings from equity investments | — | (502) | — | — | — | (502) |
| Earnings (loss) before income taxes | $ 2,332 | $ 9,517 | $ (4,502) | $ (6,873) | $ — | $ 474 |
| Total assets | $ 172,244 | $ 326,758 | $ 108,040 | $ 16,363 | $ (1,376) | $ 622,029 |

| Six months ended June 30, 2023 (*000's*) | IFM | WAFES | Modular Solutions | Corporate | Inter-segment Eliminations | Total |
|---|---|---|---|---|---|---|
| Revenue(1) | $ 162,945 | $ 267,293 | $ 105,179 | $ 500 | $ — | $ 535,917 |
| *Operating expenses:* | | | | | | |
| Direct costs(1) | 149,303 | 219,708 | 98,932 | 1,138 | — | 469,081 |
| Selling, general and administrative expenses | 3,870 | 5,696 | 2,897 | 10,115 | — | 22,578 |
| Depreciation and amortization | 3,527 | 12,383 | 2,637 | 657 | — | 19,204 |
| Share based compensation | 136 | 78 | 27 | 1,124 | — | 1,365 |
| Loss (gain) on disposal of property, plant and equipment | (2) | 62 | — | — | — | 60 |
| Operating income (loss) | 6,111 | 29,366 | 686 | (12,534) | — | 23,629 |
| Finance costs | 88 | 413 | 370 | 6,058 | — | 6,929 |
| Earnings from equity investments | — | (863) | — | — | — | (863) |
| Earnings (loss) before income taxes | $ 6,023 | $ 29,816 | $ 316 | $ (18,592) | $ — | 17,563 |
| Total assets | $ 186,492 | $ 327,514 | $ 100,413 | $ 13,820 | $ (1,376) | $ 626,863 |

| Six months ended June 30, 2022 (*000's*) | IFM | WAFES | Modular Solutions | Corporate | Inter-segment Eliminations | Total |
|---|---|---|---|---|---|---|
| Revenue(1) | $ 129,393 | $ 234,199 | $ 92,904 | $ 1,882 | $ (522) | $ 457,856 |
| *Operating expenses:* | | | | | | |
| Direct costs(1) | 117,042 | 199,962 | 91,974 | 4,050 | (475) | 412,553 |
| Selling, general and administrative expenses | 4,392 | 3,533 | 3,510 | 9,094 | — | 20,529 |
| Depreciation and amortization | 3,170 | 13,469 | 2,780 | 811 | — | 20,230 |
| Share based compensation (recovery) | 96 | (20) | (4) | 360 | — | 432 |
| Loss (gain) on disposal of property, plant and equipment | — | (499) | 1 | 261 | — | (237) |
| Operating income (loss) | 4,693 | 17,754 | (5,357) | (12,694) | (47) | 4,349 |
| Finance costs | 26 | 274 | 430 | 2,674 | — | 3,404 |
| Earnings from equity investments | — | (977) | — | — | — | (977) |
| Earnings (loss) before income taxes | $ 4,667 | $ 18,457 | $ (5,787) | $ (15,368) | $ (47) | $ 1,922 |
| Total assets | $ 172,244 | $ 326,758 | $ 108,040 | $ 16,363 | $ (1,376) | $ 622,029 |

*(1) Corporate results for the three and six months ended June 30, 2023 included revenue and direct expenses in the amount of $0.5 million and $1.1 million, respectively, related to contract demobilization costs and restructuring. Six months ended June 30, 2022 included revenue and direct expenses in the amount of $1.9 million and $4.0 million, respectively, from contractual disputes and remediation work related to contracts in place at the time of the Acquisition of Horizon North Logistics Inc. in May 2020.*

## 21. Financial risk management

### Overview

There were no significant changes to the Corporation's risk exposures, including credit risk, liquidity risk, and market risk, or the processes used by the Corporation for managing those risk exposures at June 30, 2023 compared to those identified and discussed in the Corporation's annual consolidated financial statements for the year ended December 31, 2022.

## 22. Related parties

The Corporation charged $0.2 million (2022 - $0.1 million) in management fees for administrative overhead related to accounting and management services to Gitxaala, a joint venture in which the Corporation has a 49% interest. As at June 30, 2023, Gitxaala owed $1.8 million (December 31, 2022 - $0.5 million) in payables to the Corporation which are considered to be part of normal course of operations and have no fixed terms of repayment.

For the three and six months ended June 30, 2023 the Corporation earned revenue of $0.3 million (2022 - $0.3 million) for catering services and equipment rentals provided to Big Springs JV, a joint venture in which the Corporation has a 49% interest. As at June 30, 2023, BSL LP owed $1.7 million (December 31, 2022 - $1.0 million) in payables to the Corporation which are considered to be part of normal course of operations.

Net earnings for the three months ended March 31, 2023 and six months ended June 30, 2023 included CEO transition costs in the amount of $1.4 million.

As at June 30, 2023 Dexterra Group has performance and labour bonds outstanding with Northbridge General Insurance Corporation (“Northbridge”), a company with the same controlling shareholder as Dexterra Group, totaling $28.0 million (December 31, 2022 - $28.3 million). Fees in the amount of $0.04 million and $0.1 million for these bonds were incurred for the three and six months ended June 30, 2023 (2022 - $0.07 million and $0.1 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 for coverage through the subsequent 12 month period and are at normal commercial rates.

dexterra

GROUP