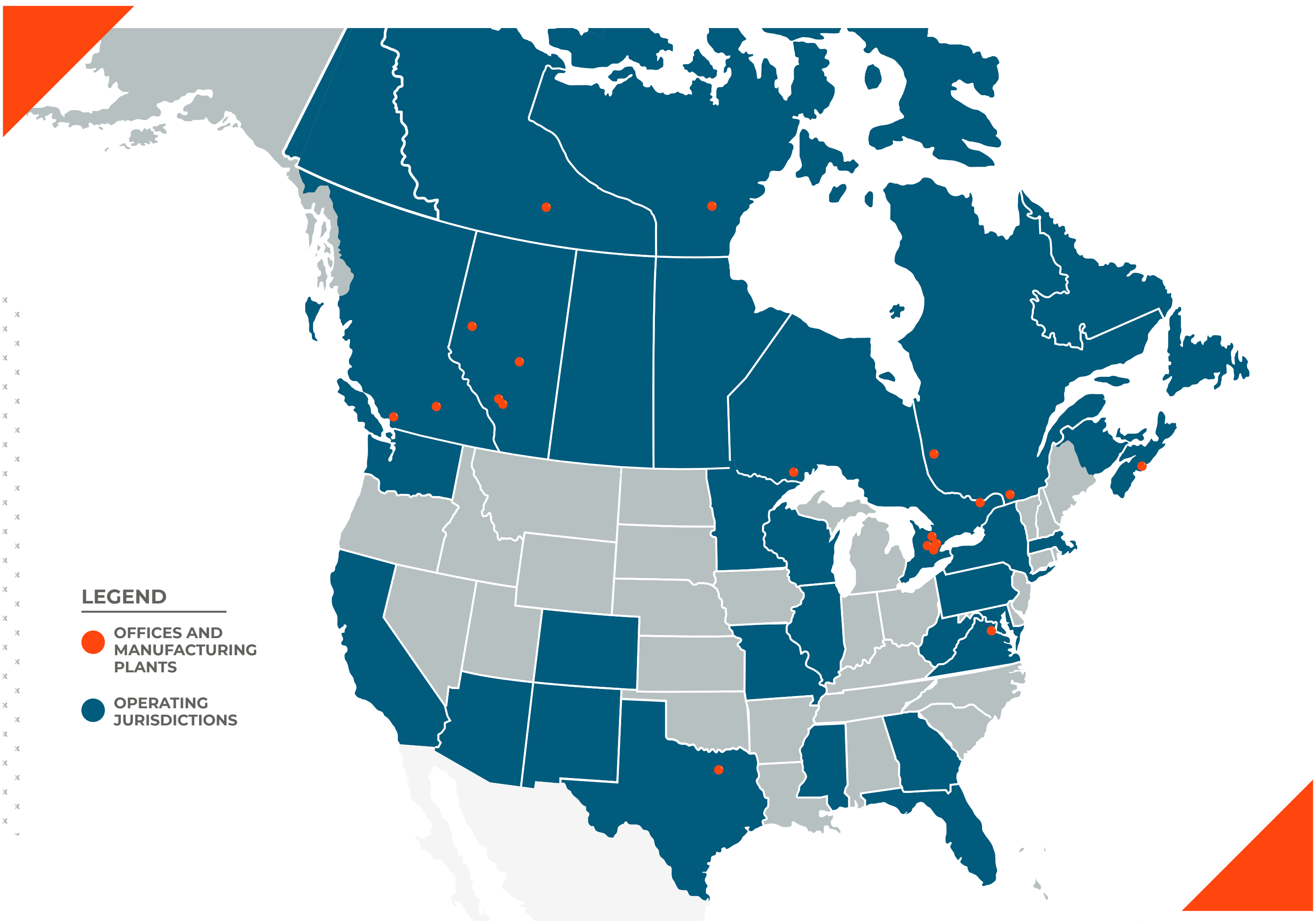
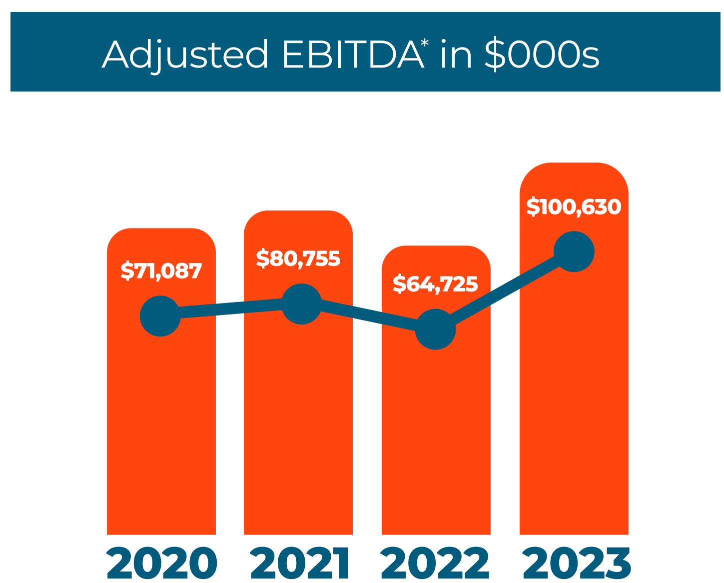
dexterra GROUP

2023 Annual Report

PAN-CANADIAN INFRASTRUCTURE SUPPORT SERVICES





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

TABLE OF CONTENTS

LETTER FROM THE CHAIR OF THE BOARD

To our shareholders:

2023 was a year of transition for Dexterra Group with Mark Becker becoming our CEO in May and the company delivering on its near-term goal of $100 million in EBITDA and over $1 billion in revenue in 2023. The workforce accommodations, forestry and energy services business delivered exceptional results and the integrated facilities management business took an important step forward in improving its profitability. The board and management also completed a strategic review of the modular business and decided to exit that business. This decision allows us to simplify our business and allocate capital to our higher margin and growth businesses. We also believe this will be a good decision for our modular customers and employees.

The leadership team and employees are energized about the future and business opportunities ahead. At the same time, we want to maintain our strong financial position given higher persistent levels of inflation, a higher interest rate environment and other macro economic factors. The 2024 focus is to execute the business operating plans with excellence and invest smartly and in a disciplined manner in people, technology, and accretive M&A opportunities and in the process continue to build a business for the long term that is competitive, delivers strong shareholder returns and provides exceptional customer experiences.

We hope you will join us virtually for our shareholders meeting on May 8, 2024 and look forward to answering your questions.

Bill McFarland

Bill McFarland
Chair of the Board

LETTER FROM THE CEO

To our Dexterra Group stakeholders:

2023 was a benchmark year for Dexterra Group, the strongest and most profitable in the company's history. With this momentum, I am very excited as we begin the next phase of Dexterra's journey of profitable growth and success for all stakeholders – clients, employees, shareholders, business partners, and communities.

Our strategy remains focused on building our support services business portfolio. We are focused on continuing to support and grow our significant foundation in workforce accommodations, forestry and energy services. Our primary growth engine is centred around Integrated Facility Management (IFM) related to infrastructure, healthy and efficient facilities across a range of complementary service lines. In addition to achieving substantial organic growth in IFM in segments such as post-secondary education, we have an opportunistic acquisition strategy, exploring accretive IFM opportunities in Canada and the U.S. We expanded our technical and trades service offerings in 2023 by welcoming VCI Controls (VCI) into our IFM business. VCI has brought capabilities in building automation systems to our Dexterra. Additionally, in Q1 of 2024, we welcomed CMI Facilities Management to Dexterra. CMI is a U.S.-based IFM provider, servicing federal government agencies for over 38 years. The addition of the CMI team is complementary and builds our presence and platform in the U.S. We expect to continue to leverage the strength of our balance sheet to pursue strategic acquisition opportunities with an overarching goal of delivering a 15% return on equity to our shareholders.

One of last year's defining events was the intense wildfires that raged across Canada. We provided a range of services, including mobile fire camps, auxiliary support labour, equipment and maintenance, and evacuee camps. We were proud to support the provincial agencies and affected communities during these times of crisis and natural disasters.

We earn our social licence as a vital and growing business through the support and engagement of the communities in which we operate. Through our Stronger Communities initiative, we supported 25 non-profit organizations and charities through employee volunteering and direct financial contributions. Our Outland Youth Employment Program provided 156 Indigenous young people with development and experiential opportunities through six structured programs held across Canada in 2023.

Our relationships with Indigenous businesses continue to grow with more than 85 partnerships now in place that are vital to the success of our business. In 2023, our Workforce Accommodations, Forestry, and Energy Services business unit received Bronze-level re-certification from the Canadian Council for Aboriginal Business' Progressive Aboriginal Relations™ program. This recognition is a testament to these efforts and the mutually beneficial impact of these partnerships.

We are a people driven business, and I would like to extend a sincere thank-you to all of our nearly 9,000 employees across the company. Growth and business success does not occur by happenstance – it takes the drive, dedication, and determination of everyone at every level of the business. You have all played a critical role in our growth and success this past year for that I am sincerely grateful.

In addition to our business success in 2023, our safety and environmental performance was the best ever in the history of the company. Lee-Anne Lyon-Bartley, Executive Vice President and Shawneen Abrams, Director were both recognized on the 2023 Top Women in Safety list by Canadian Occupational Safety (COS) magazine. In addition, COS named rising star Tobore Adagha Systems Coordinator, a Top Safety Leader Under 35. It is really terrific to see our employees recognized by the industry at large. It demonstrates the strength of our people and leadership teams and the value they bring to our clients and the industries in which we operate.

Also in 2023, Dexterra was a recipient of the Employment Equity Achievement Awards in the Sector Distinction category. This is recognition of our commitment to fostering diversity, equity, and inclusion by implementing employment equity practices company wide. I was also very pleased that Dexterra was recognized as a Top Growing Company in The Globe and Mail Report on Business for the second year in a row in 2023.

As we enter 2024, my focus, and the focus of the entire organization, is to continue to drive strong execution and to deliver long-term, profitable and sustainable growth and superior returns to our shareholders. I hope you share my enthusiasm as we continue on this journey.

Mark Becker
Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2023

This MD&A has been prepared as at March 7, 2024.

The following Management's Discussion and Analysis ("MD&A") prepared as at March 7, 2024 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 for the years ended December 31, 2023 and 2022 ("Financial Statements"). For additional information, readers should also refer to Dexterra's Annual Information Form ("AIF") available on SEDAR at sedarplus.ca 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 Financial Statements of Dexterra are the responsibility of Dexterra's management and have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IFRS Accounting Standards") and all amounts presented are in thousands of Canadian dollars unless otherwise indicated.

Financial Summary

	Three months ended December 31,		Years ended December 31,	
(000's except per share amounts)	2023	2022	2023	2022
Total Revenue	$ 270,527	$ 253,858	$ 1,117,198	$ 971,517
Adjusted EBITDA(1)	$ 12,645	$ 13,986	$ 100,630	$ 64,725
Adjusted EBITDA as a % of revenue(1)	4.7%	5.5%	9.0%	5.7%
Net earnings (loss)	$ (301)	$ (2,873)	$ 26,750	$ 3,715
Earnings (loss) per share				
Basic and Diluted	$ 0.00	$ (0.04)	$ 0.41	$ 0.05
Total assets	$ 607,088	$ 611,401	$ 607,088	$ 611,401
Total loans and borrowings ("Net Debt")	$ 89,615	$ 94,045	$ 89,615	$ 94,045
Free Cash Flow(1)	$ 53,416	$ 23,117	$ 53,062	$ 40,252

(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.

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; "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 "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. Sustaining capital expenditures included in the definition of Free Cash Flow are replacement expenditures and/or leases necessary to maintain existing business.

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.

Results for 2023

Highlights

- The Corporation generated strong results for the 2023 year with consolidated revenue of $1.1 billion, an increase of 15.0% or $145.7 million compared to $971.5 million in the prior year. The increase in revenue was due to continued growth in IFM and WAFES including the positive impact of the unprecedented wildfire activity in 2023;
- Adjusted EBITDA for 2023 was $100.6 million which is a record for the Corporation and an increase in Adjusted EBITDA of $35.9 million or 55% compared to the prior year. This was driven primarily by higher business activity in WAFES as well as significantly improved profitability in IFM due to new sales growth and operational improvements;
- Consolidated net earnings were $26.8 million for 2023 compared to $3.7 million in 2022 and included non-recurring items of $6.5 million (2022 - $12.1 million). Earnings per diluted share were 41 cents per share in 2023 compared to 5 cents per diluted share in 2022;
- Free Cash Flow ("FCF") was $53.1 million for the year ended December 31, 2023, compared to $40.3 million in 2022. The Adjusted EBITDA conversion to FCF for 2023 met expectations at 52.7% as compared to 62.2% in the prior year. FCF is expected to be approximately 50% of Adjusted EBITDA in 2024;
- Net debt decreased to $89.6 million at December 31, 2023 from $94.0 million at December 31, 2022. In 2023, the credit facility was amended and provides $260 million of available credit plus an accordion of $150 million and the maturity date was extended until September 2026;
- In connection to the ongoing Normal Course Issuer Bid ("NCIB"), Dexterra repurchased 855,100 common shares in 2023 at a weighted average price per share of $5.73 for a total cash cost of $4.9 million;
- Dexterra declared a dividend for Q1 2024 of $0.0875 per share for shareholders of record at March 29, 2024, to be paid April 15, 2024;
- On February 29, 2024, the Corporation acquired CMI Management, LLC ("CMI"), an IFM business based in Alexandria, Virginia serving federal government agencies and commercial clients across the United States ("US"). This acquisition expands our IFM platform in the US. The purchase price was USD $23 million. CMI has approximately USD $50 million in annual contracts with a strong backlog of business; and
- The Board and Management recently completed a strategic review of the Modular business and are currently in discussions with a potential buyer for the sale of the business unit. We believe our decision to pursue a sale of the Modular business will be a positive for our Modular employees, customers and shareholders and will allow the Corporation to simplify its business and deploy capital in areas of the business with stronger returns.

Fourth Quarter Results

Highlights

- The Corporation generated consolidated revenue of $270.5 million for Q4 2023 which increased $16.6 million, or 6.6%, compared to Q4 2022. This was mainly driven by the mobilization of new wins in IFM, and robust workforce accommodations activity in WAFES despite the normal holiday season slowdown period. These increases were partially offset by lower modular revenue related to delays in completing certain social affordable housing projects due to manufacturing quality, subcontractor challenges and remediation work. Revenue in Q4 2023 decreased by $40.2 million or 12.9% compared to Q3 2023 primarily due to the wind-down of wildfire support services;
- Adjusted EBITDA for Q4 2023 was $12.6 million and $14.0 million in Q4 2022. Increased profitability in the WAFES and IFM business units for Q4 2023 as compared to Q4 2022 was offset by an EBITDA loss of $10.9 million in the Modular business

including a provision of $5.7 million to cover 2024 rework and remediation related to manufacturing quality and third-party design and subcontractor issues;

- Consolidated net loss was $0.3 million for Q4 2023 compared to a net loss of $2.9 million in Q4 2022 and included project rework and remediation costs in Modular of approximately $9 million; and
- Q4 2023 experienced strong FCF of $53.4 million as management reduced its investment in accounts receivable significantly as the business moved out of its normal seasonal peak activity period in Q3.

Operational Analysis

	Three months ended December 31,		Years ended December 31,	
(000's)	2023	2022	2023	2022
Revenue:				
IFM	$ 89,332	$ 78,543	$ 331,877	$ 279,354
WAFES	141,864	123,148	595,399	489,996
Modular Solutions	39,331	52,171	189,422	199,611
Corporate, Other and Inter-segment eliminations	—	(4)	500	2,556
Total Revenue	$ 270,527	$ 253,858	$ 1,117,198	$ 971,517
Adjusted EBITDA:				
IFM	$ 4,756	$ 2,764	$ 19,019	$ 13,553
WAFES	23,043	21,391	106,082	74,526
Modular Solutions	(10,922)	(6,622)	(6,144)	(8,331)
Corporate, Other and Inter-segment eliminations	(4,232)	(3,547)	(18,327)	(15,023)
Total Adjusted EBITDA	$ 12,645	$ 13,986	$ 100,630	$ 64,725
Adjusted EBITDA as a % of Revenue				
IFM	5.3%	3.5%	5.7%	4.9%
WAFES	16.2%	17.4%	17.8%	15.2%
Modular Solutions	(27.8)%	(12.7)%	(3.2)%	(4.2)%

IFM

Our 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. Services for the IFM business include management of facilities including maintenance, repair, utilities and energy performance. In addition, ancillary services such as customer care services, waste management, food services, parking and security services are also provided depending upon customer needs and requirements. Within the IFM segment, Dexterra delivers both single service and complex multi-service contracts.

For the year ended December 31, 2023, IFM revenues were $331.9 million, an increase of $52.5 million or 18.8% compared to $279.4 million in 2022. The increase is primarily attributable to new sales growth in post-secondary education food services as well as the Hotel, Rail and Leisure division continued to show strong growth.

Adjusted EBITDA for the year ended December 31, 2023 was $19.0 million, which increased by $5.4 million or 40.2% compared to $13.6 million in 2022. The increased profitability was driven by new sales, contract pricing adjustments to the existing portfolio and a continued focus on execution and cost management. Adjusted EBITDA as a percentage of revenue was 5.7% for the year ended December 31, 2023 compared to 4.9% in the prior year.

For Q4 2023, IFM revenues were $89.3 million, an increase of $10.8 million, or 13.7%, from Q4 2022 and $9.7 million or 12.2% higher than Q3 2023. The revenue growth reflects the mobilization of new contract wins. IFM Adjusted EBITDA for the quarter was $4.8 million compared to $2.8 million for Q4 2022 and $4.5 million for Q3 2023. Adjusted EBITDA as a percentage of revenue was 5.3% in Q4 2023 compared to 3.5% in Q4 2022 and was impacted by lower margins on the onboarding of contracts. Certain contracts continue to be impacted by higher labour costs as a result of inflation which we expect to recover over time, through pricing adjustments and operational improvements.

Direct Costs

Direct costs are comprised of labour, food costs, materials, supplies and transportation, which vary directly with revenues, and have a relatively fixed component that includes rent and utilities. Direct costs for Q4 2023 were $82.4 million compared to $73.6 million for Q4 2022, an increase of $8.8 million as a result of new contracts and the increased work volume. Direct costs as a percentage of revenue were 92.2% in Q4 2023 which is improved compared to 93.7% in Q4 2022 and reflects management's focus on managing inflationary costs. However, we are still impacted by delays in passing on inflationary impacts to clients which is especially prevalent in the food services business.

WAFES

WAFES is comprised of three revenue streams: Workforce Accommodations, Forestry and Energy Services. A significant portion of the WAFES business is support services, has longer term contracts and is similar to our IFM business. It is capital light and is a growing segment of the platform.

WAFES support services includes food and facilities services on-site at client owned remote facilities and our owned camps. Forestry is a seasonal business with its activities taking place primarily in Q2 and Q3 each year and is reported in WAFES support services. The Forestry operations results in 2023 were reduced due to wildfire activities. The Energy Services business includes access matting and relocatable structures, rented or sold to clients, that continue to deliver strong results.

For the year ended December 31, 2023, WAFES support services activity accounted for 41% of total WAFES revenue compared to 44% last year, with the remaining revenue derived from asset-based services like accommodation and equipment rentals, etc. The increase in asset-based services percentage is due to increased camp activity levels and significantly stronger equipment utilization.

Revenue from WAFES for the year ended December 31, 2023 was $595.4 million which is an increase of $105.4 million or 21.5% compared to 2022. The increase was due to strong activity in workforce accommodations, price adjustments on client contracts to combat inflationary pressures, strong access matting sales and rentals, and high revenue from fire support services as a result of the unprecedented wildfire season nationwide. Adjusted EBITDA was $106.1 million and 42.3% higher compared to the prior year due to the factors noted above. For the year ended December 31, 2023, fire support services generated revenue of $55.6 million (2022 - $9.1 million).

Adjusted EBITDA as percentage of revenue was 17.8%, which is higher compared to the 15.2% in 2022 primarily due to higher occupancy for multiple large camps, successful price negotiations with clients, strong Energy Services margins and higher fire support services.

Revenue from the WAFES business for Q4 2023 was $141.9 million, an increase of $18.7 million or 15.2% compared to Q4 2022. WAFES revenue growth was stronger in Q4 2023 compared to Q4 2022 due to continued high occupancy at turn-key and open lodges and strength in the access matting business.

Adjusted EBITDA for Q4 2023 increased to $23.0 million compared to $21.4 million for the same quarter last year (Q3 2023 - $39.5 million). Adjusted EBITDA as a percentage of revenue of 16.2% is largely consistent with the 17.4% in Q4 2022, excluding one-time retroactive price increases in Q4 2022.

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 Q4 2023 were $116.3 million and $100.5 million for Q4 2022. This increase in costs is primarily due to the higher activity levels. Direct costs as a percentage of revenue for the year ended December 31, 2023 were 80.6% compared to 83.8% for 2022 as management continues to manage inflationary costs and work with our customers.

Modular Solutions

Revenue for the year ended December 31, 2023 was $189.4 million, a decrease of $10.2 million or 5.1% compared to 2022 due to reduced backlog including delays in approvals for social affordable housing projects. Adjusted EBITDA for the year ended December 31, 2023 was a loss of $6.1 million, compared to an Adjusted EBITDA loss of $8.3 million in the prior year. Factors impacting 2023 results include rework and remediation on social affordable housing projects of $15.0 million, due to third-party design, manufacturing quality and subcontractor errors as well as a subcontractor insolvency. This includes an additional $1.6 million of additional costs related to certain fixed price BC housing projects impacted by delays (in excess of the provision taken in Q4 2022). The education portables and commercial/industrial modular business continues to deliver positive growth and solid profitability.

Modular Solutions revenues for Q4 2023 were $39.3 million compared to $52.2 million in Q4 2022. The Adjusted EBITDA loss of $10.9 million was due to the project rework required on the projects mentioned above. A provision of $5.7 million was recorded in Q4 related to the estimated 2024 costs to complete the remediation work. Adjusted EBITDA in Q4 2022 included a provision of $6.0 million, to cover the cost impact and future losses on social affordable housing projects still under construction. Plant staffing reductions were undertaken in Q4 2023 to help mitigate the temporary softness in the social affordable housing backlog.

The Modular Solutions backlog of projects was $55 million at the end of the 2023 year. The backlog includes $38 million (Q3 2023 - $58 million) for rapid affordable housing projects and $17 million primarily related to commercial and industrial modular builds. The education portables and commercial/industrial modular business typically provides an additional recurring business of approximately $55 million per annum.

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 as a percentage of revenue for the year ended December 31, 2023 were 100.4% compared to 100.8% for 2022 due to the issues described above.

Other Items

Selling, General & Administrative Expense

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 the year ended December 31, 2023 were $47.4 million compared to $41.1 million for 2022. SG&A expenses primarily increased in 2023 due to the growth and increased scale of the business along with non-recurring items including $1.9 million in CEO and CFO transition costs and $0.5 million in other restructuring costs. There were $2.9 million non-recurring expenses related to restructuring costs and acquisition costs for the year ended December 31, 2022. SG&A expenses as a percentage of revenue were 4.2% of total revenue for 2023 which is consistent with 2022.

SG&A expenses for Q4 2023 were $11.4 million, an increase of $0.9 million and a decrease of $2.1 million when compared to Q4 2022 and Q3 2023, respectively.

Other non-recurring items

For the year ended December 31, 2023, non-recurring items recorded in Corporate direct costs include an onerous contract loss provision of $1.6 million as the IFM portfolio was right sized and restructuring costs of $0.9 million. For the year ended December 31, 2022, Corporate had direct costs of $12.2 million which included $6.9 million related to contractual disputes and remediation work related to 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, $2.0 million related to the restructuring and systems implementation for a business unit being integrated with VCI and $0.5 million in other items. Non-recurring items included in Corporate direct costs for Q4 2023 include a $0.7 million recovery on the losses for an onerous IFM contract due to a customer settlement.

During the year ended December 31, 2023, the Corporation also entered into an agreement to sell excess camp assets and recorded a related impairment on these assets of $2.2 million in Q3. The sale is expected to close in the first half of 2024.

Depreciation and Amortization

	Years ended December 31,	
(000's)	2023	2022
Depreciation of property, plant and equipment and right-of-use assets	$ 34,695	$ 33,092
Amortization of intangibles	5,549	5,513
Total depreciation and amortization	$ 40,244	$ 38,605

For the year ended December 31, 2023, depreciation and amortization was $40.2 million, a $1.6 million increase compared to 2022. The higher depreciation in 2023 compared to last year is a result of the additional access matting depreciation related to the investment made in late 2022 and Q1 2023. 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 and accretion of debt financing costs.

The effective interest rate on loans and borrowings for the year ended December 31, 2023 was 8.8% (December 31, 2022 - 5.1%), 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 Corporation has a strong balance sheet and expects to have an interest rate near the lower end of the range in its banking agreement.

Goodwill

Goodwill at December 31, 2023 was $130.4 million which is an increase of $1.8 million compared to the $128.6 million at December 31, 2022. The increase is a result of the acquisition of VCI in the first quarter of 2023.

Dexterra assesses indicators of impairment at the end of each reporting period and performs a detailed impairment test at least annually. An impairment test was performed at July 1, 2023 for all CGUs with allocated goodwill, which comprise IFM and Workforce Accommodation and Forestry. No impairment was identified. The Corporation concluded there were no indicators of impairment on its goodwill or intangibles as at December 31, 2023. See Note 9 of the Financial Statements for more details.

Non-controlling interest

Dexterra owns 49% of Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik") and controls its operations which relate to the WAFES business. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra and a non-controlling interest is recognized. For the year ended December 31, 2023, earnings of $0.1 million (2022 - $0.3 million) were attributed to the non-controlling interest.

Joint Ventures

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 year ended December 31, 2023, earnings from equity investments were $2.0 million which is consistent with the prior year.

Income taxes

For the year ended December 31, 2023, the effective income tax rate was 24.1%, compared to a 15.4% recovery for 2022. The effective tax rates for the year ended December 31, 2023 are generally consistent with the combined federal and provincial income tax rates. The Corporation also expects to continue to utilize its tax loss carryforwards to reduce any cash taxes paid and does not expect to pay significant cash taxes in 2024.

Outlook

Strategic Outlook

Dexterra's strategic focus is on profitable growth of IFM and to continue to support and grow our strong WAFES business. The acquisition of CMI is a good strategic fit as it expands our US IFM capabilities.

Operations Outlook

Overall

The Canadian and global economies continue to experience inflationary pressures, higher interest rates and reduced labour availability. 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. Key components of our business plan include driving strong execution, improving profitability and new sales opportunities that meet margin profitability targets.

IFM

The focus of the IFM business is on profitable growth through continued strong sales, acquisitive opportunities, and margin improvement. The combination of strong execution and operational improvements along with organic and acquisitive growth at target margins is expected to support Adjusted EBITDA margins of our base business in the 6.0 to 6.5% range in the second half of 2024. The addition of CMI will also help us achieve higher margins.

WAFES

The WAFES business is expected to remain strong as activity levels remain high across the natural resources and infrastructure sectors nationwide in 2024. Sales progress has been strong with new contracts mobilizing in the first half of 2024 offsetting several large projects. which are nearing completion, including LNG Canada and the Coastal GasLink ("CGL") pipeline. Forestry is a seasonal business with its activities taking place in Q2 and Q3 each year and as a result, those two quarters have the highest revenue and variability depending on the fire fighting needs. Adjusted EBITDA margins as a percentage of revenue are dependent on sales mix and activity levels and are expected to continue to approximate 15%.

Modular

Following a strategic review completed by the Board and management, we believe our decision to pursue a sale of the Modular business will be a positive for our Modular employees, customers and shareholders. It will allow the Corporation to simplify its business model and deploy capital in areas of the business with stronger returns.

We expect the backlog to build as 2024 progresses. Our pipeline is active and developing including social affordable and indigenous community housing projects as well as manufacturing of commercial/industrial modular units. The recurring education portables business continues to grow and deliver strong profitability.

Liquidity and Capital Resources

Effective August 15, 2023 the Corporation reached an agreement with its lenders to amend its credit facility and extend the maturity date to September 7, 2026. The amended credit facility has an available limit of $260 million plus an uncommitted accordion of $150 million. See Note 11 of the Financial Statements for more details.

Debt was $89.6 million at December 31, 2023, compared to $133.9 million at September 30, 2023. The decrease in debt from Q3 2023 was expected as our accounts receivable were converted into cash as the business moved out of its normal seasonal peak activity period in Q3 2023. Adjusted EBITDA conversion to FCF met expectations at 52.7% for the 2023 year as compared to 62.2% in 2022. Adjusted EBITDA conversion to FCF in 2024 is expected to be approximately 50.0%, with Q3 and Q4 experiencing the highest conversions to FCF as a result of the seasonality of the WAFES and IFM business units.

For a summary of contractual obligations including payments due for each of the next five years see the Liquidity Risk section of Note 22 of the Financial Statements.

Capital Spending

For the three months and year ended December 31, 2023, gross capital spending for property, plant and equipment was $2.9 million and $20.6 million, respectively, compared to the $2.7 million and $6.9 million, respectively, in the same periods of 2022. The 2023 spend includes a special access matting investment of $11.8 million under multi-year advantageous contract terms. Sustaining capital expenditures are replacement expenditures and/or leases necessary to maintain existing business and are expected to be approximately 1.5% of revenue on an annualized basis. Actual amounts may vary depending on the timing of expenditures. Growth capital expenditures are incurred when highly accretive and advantageous opportunities are identified.

Quarterly Summary of Results

	Three months ended			
(000's except per share amounts)	2023 December	2023 September	2023 June	2023 March
Revenue	$ 270,527	$ 310,754	$ 267,830	$ 268,087
Adjusted EBITDA	12,645	39,632	27,216	21,137
Net earnings (loss) attributable to shareholders	(313)	13,874	8,456	4,601
Net earnings (loss) per share, basic and diluted	$ 0.00	$ 0.21	$ 0.13	$ 0.07

	Three months ended			
(000's except per share amounts)	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 (loss) per share, basic and diluted	$ (0.04)	$ 0.08	$ 0.00	$ 0.01

Selected Annual Information

	Years ended December 31,		
(000's except per share amounts)	2023	2022	2021
Revenue	$ 1,117,198	$ 971,517	$ 733,380
Net earnings attributable to shareholders	$ 26,750	$ 3,715	$ 24,628
Net earnings per share, basic and diluted	$ 0.41	$ 0.05	$ 0.37
Total assets	$ 607,088	$ 611,401	$ 533,629
Loans and borrowings	$ 89,615	$ 94,045	$ 65,320
Dividends declared per share	$ 0.350	$ 0.350	$ 0.325

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

	Three months ended December 31,		Years ended December 31,	
(000's)	2023	2022	2023	2022
Net earnings (loss)	$ (301)	$ (2,873)	$ 26,750	$ 3,715
Add:				
Share based compensation (recovery)	(236)	426	1,812	1,112
Depreciation & amortization	10,017	9,096	40,244	38,605
Equity investment depreciation	439	303	1,614	1,181
Finance costs	3,507	2,975	14,270	8,953
Loss (gain) on disposal of property, plant and equipment	1,042	(117)	919	(417)
Asset impairment(3)	—	—	2,210	—
Income tax expense (recovery)	(1,163)	(2,854)	8,488	(495)
Contract loss provisions (recovery)(1)	(660)	3,510	1,596	6,678
Restructuring and other costs(2)	—	3,520	2,727	5,394
Adjusted EBITDA	$ 12,645	$ 13,986	$ 100,630	$ 64,725

(1) Contract loss provisions for the three months and year ended December 31, 2023 were a $0.7 million recovery and $1.6 million expense, respectively (Q4 2022 and 2022 - $2.9 million). The costs in 2022 also included losses from a contractual dispute and remediation work on pre-acquisition contracts from the Acquisition of Horizon North Logistics Inc. in May 2020 of $3.8 million (Q4 2022 - $0.6 million).

(2) Restructuring and other costs for the three months and year ended December 31, 2023 of $nil and $2.7 million, respectively include costs related to the CEO and CFO transitions of $1.9 million and demobilization and restructuring costs of $0.8 million for the year. The three months and year ended December 31, 2022 items included restructuring, system implementation and acquisition costs of $3.5 million and $5.4 million respectively.

(3) For the year ended December 31, 2023, the Corporation recognized an asset impairment of $2.2 million on excess camp assets which it is selling (2022 - $nil).

Free Cash Flow

	Three months ended December 31,		Years ended December 31,	
(000's)	2023	2022	2023	2022
Net cash flows from operating activities	$ 59,942	$ 30,794	$ 80,545	$ 63,991
Sustaining capital expenditures, net of proceeds, including intangibles	(636)	(1,764)	(2,792)	(4,556)
Finance costs paid	(3,659)	(2,739)	(14,413)	(8,531)
Lease payments	(2,231)	(3,174)	(10,278)	(10,652)
Free Cash Flow	$ 53,416	$ 23,117	$ 53,062	$ 40,252

Accounting Policies

Dexterra's IFRS Accounting Standards policies are provided in Note 3 of the Financial Statements for the year ended December 31, 2023.

Outstanding Shares

Dexterra had 64,177,529 voting common shares issued and outstanding as at March 7, 2024, of which 49% or 31,957,781 are owned by subsidiaries of Fairfax Financial Holdings Limited.

See Note 13 of the Financial Statements for details on the NCIB. Dexterra will continue to be opportunistic in re-purchasing shares in 2024.

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.

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 Accounting Standards.

Based on the evaluation of the design and operating effectiveness of the Company's DC&P and ICFR the Chief Executive Officer and the Chief Financial Officer concluded that the Company's DC&P and ICFR were effective as at December 31, 2023. There have been no changes in Dexterra's DC&P or ICFR that occurred during the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, Dexterra's DC&P or 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 dated March 7, 2024 under "Risk Factors", 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 operations.

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 Accounting Standards. 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 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 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's future operating results and economic performance, management market and inflationary environment expectations, lodge occupancy levels, its leverage, Free Cash Flow, the strategic review and potential sale of the NRB Modular Solutions business, NRB Modular Solutions backlog and revenue, and wildfire activity expectations 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, a reasonable valuation and other satisfactory terms being obtained for a potential sale of the NRB Modular Business, 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 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 49.0% 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, 2023 and 2022 contained in its most recent Annual Report filed with securities regulatory authorities in Canada and available on SEDAR at sedarplus.ca. 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.

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 five 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.

Mark Becker
President and Chief Executive Officer

Denise Achonu
Chief Financial Officer

March 7, 2024

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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- 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 material 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.

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, 2023. These matters were

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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 presentation, note 3 – Material accounting policies and determination of fair values and note 9 – Intangibles and goodwill to the consolidated financial statements.* The Corporation had goodwill of $130.4 million as at December 31, 2023 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. The significant assumptions used in the discounted cash flow models included 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. Management concluded that there was no impairment of goodwill as at July 1, 2023, the date of the annual assessment. We considered this a key audit matter due to the significant judgment applied by management in determining the recoverable amounts of the CGUs, including the development of significant assumptions. This, in turn, led to a high degree of auditor judgment, subjectivity and effort in	Our approach to addressing the matter involved the following procedures, amongst others: • Evaluated how management determined the recoverable amounts of the CGUs, which included the following: − 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 CGU’s 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.

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.

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 Accounting Standards, 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.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 7, 2024

CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and December 31, 2022

Consolidated statement of financial position

(000's)	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Trade and other receivables	5	$ 212,572	$ 211,397
Inventories	6	28,690	26,045
Prepaid expenses and other		6,482	5,324
Total current assets		$ 247,744	$ 242,766
Non-current assets			
Property, plant and equipment	7	145,550	156,608
Right-of-use assets	8	23,370	23,363
Intangible assets	9	30,988	35,375
Goodwill	9	130,436	128,607
Deferred income tax assets	17	12,532	8,118
Other assets	10	16,468	16,564
Total non-current assets		$ 359,344	$ 368,635
Total assets		$ 607,088	$ 611,401
Liabilities			
Current liabilities			
Trade and other payables		$ 163,158	$ 170,629
Deferred revenue	14	10,618	10,706
Income tax payable		430	381
Asset retirement obligations	12	3,768	8,478
Lease liabilities	8	7,988	7,783
Total current liabilities		$ 185,962	$ 197,977
Non-current liabilities			
Lease liabilities	8	19,700	20,311
Contingent consideration		704	697
Asset retirement obligations	12	2,586	3,164
Loans and borrowings	11	89,615	94,045
Other long term liabilities	13	939	640
Deferred income tax liabilities	17	20,567	7,584
Non-current liabilities		$ 134,111	$ 126,441
Total liabilities		$ 320,073	$ 324,418
Shareholders' Equity			
Share capital	13	231,071	233,968
Contributed surplus		3,268	2,236
Accumulated other comprehensive income		174	341
Retained earnings		52,322	50,245
Non-controlling interest		180	193
Total shareholders' equity		$ 287,015	$ 286,983
Total liabilities and shareholders' equity		$ 607,088	$ 611,401

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

Mary Garden
Director, Audit Committee Chair

Mark Becker
Director, Chief Executive Officer

Consolidated statement of comprehensive income

(000's except for earnings per share amounts)	Note	Years ended December 31, 2023	2022
Revenue			
Revenue from operations	14	$ 1,117,198	$ 971,517
Operating expenses			
Direct costs	15	977,028	880,966
Selling, general and administrative expenses	16	47,434	41,103
Depreciation	7,8	34,695	33,092
Amortization of intangible assets	9	5,549	5,513
Share based compensation	13	1,812	1,112
Loss (gain) on disposal of property, plant and equipment		919	(417)
Asset impairment	7	2,210	—
Operating income		$ 47,551	$ 10,148
Finance costs	8,11	14,270	8,953
Earnings from equity investments	10	(1,957)	(2,025)
Earnings before income taxes		$ 35,238	$ 3,220
Income tax			
Income tax expense (recovery)	17	8,488	(495)
Net Earnings		$ 26,750	$ 3,715
Other comprehensive income			
Translation (loss) gain on foreign operations		(167)	341
Total comprehensive income for the year		$ 26,583	$ 4,056
Net Earnings Attributable to:			
Shareholders		$ 26,618	$ 3,433
Non-controlling interest		$ 132	$ 282
Earnings per common share:			
Net earnings per share, basic and diluted	19	$ 0.41	$ 0.05
Weighted average common shares outstanding:			
Basic	19	64,993	65,205
Diluted	19	65,221	65,489

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, 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**
Dividends	20	—	—	—	—	(22,708)	(145)	(22,853)
Exercise of stock options	13	40	173	(51)	—	—	—	122
Share based compensation	13	—	—	1,083	—	—	—	1,083
Shares purchased and cancelled	13	(855)	(3,070)	—	—	(1,833)	—	(4,903)
Total comprehensive income		—	—	—	(167)	26,618	132	26,583
Balance as at December 31, 2023		**64,427**	**$ 231,071**	**$ 3,268**	**$ 174**	**$ 52,322**	**$ 180**	**$ 287,015**

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

Consolidated statement of cash flows

		Years ended December 31,	
(000's)	Note	2023	2022
Cash provided by (used in):			
Operating activities:			
Net Earnings		$ 26,750	$ 3,715
Adjustments for:			
Depreciation	7,8	34,695	33,092
Amortization of intangible assets	9	5,549	5,513
Share based compensation	13	1,812	1,112
Loss (gain) on disposal of property, plant and equipment		919	(417)
Asset impairment	7	2,210	—
Net transfers between inventory and rental fleet	7	3,382	(6,630)
Earnings on equity investments	10	(1,957)	(2,025)
Non-cash revaluation of contingent consideration		7	(445)
Asset retirement obligation settled	12	(6,299)	(820)
Finance costs		14,270	8,953
Income tax expense (recovery)	17	8,488	(495)
Changes in non-cash working capital	18	(9,395)	21,655
Income taxes refunded		114	783
Net cash flows from operating activities		$ 80,545	$ 63,991
Investing activities:			
Purchase of property, plant and equipment	7	(20,560)	(6,940)
Purchase of intangible assets	9	(96)	(187)
Proceeds on sale of property, plant and equipment		963	709
Acquisition of VCI	4(a)	(3,704)	—
Acquisition of Dana	4(b)	—	(30,357)
Acquisition of Tricom Assets	4(c)	(2,220)	(17,136)
Capital contributions in equity investments		—	(479)
Cash distributions received from equity investments	10	1,572	4,553
Net cash flows used in investing activities		$ (24,045)	$ (49,837)
Financing activities:			
Issuance of common shares	13	122	310
Shares purchased and cancelled	13	(4,903)	—
Payments for lease liabilities		(10,278)	(10,652)
Drawings (repayments) on loans and borrowings	11	(3,918)	28,353
Finance costs paid		(14,413)	(8,531)
Dividends paid to non-controlling interest		(331)	(815)
Dividends paid to shareholders	20	(22,779)	(22,819)
Net cash flows used in financing activities		$ (56,500)	$ (14,154)
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 with 49% of voting common shares owned by subsidiaries of Fairfax Financial Holdings Limited resulting in de facto control over the Corporation as its largest equity and voting shareholder. 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 as issued by the International Accounting Standard Board (“IFRS Accounting Standards”). The consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2024.

b. 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.

c. 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 (“FVLCOD”) and its value in use (“VIU”). The FVLCOD calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs for disposing of the asset. If no such transactions can be identified, an appropriate valuation model is used. Management applied significant judgement in determining the recoverable amounts. The recoverable amounts of the CGUs were based on the FVLCOD 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. Material 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. See Note 24 for details.

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, 2023, 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 net earnings ("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 net earnings. 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. No gain or loss is recognized in the consolidated statement of comprehensive income for shares repurchased and cancelled.

(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 net earnings.

iii. Depreciation

Depreciation is calculated using the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognized in net earnings 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 net earnings 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. For the year ended December 31, 2023, the timing of the annual impairment test was changed to July 1, 2023.

The recoverable amount of an asset is the greater of its value in use (“VIU”) and its fair value less costs of disposal (“FVLCOD”). 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 net earnings. 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 Direct and Selling, general and administrative expenses 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 net earnings.

(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.

(j) Revenue

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 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 change 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 net earnings, 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 net earnings 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 income tax expense(recovery) in the consolidated statement of comprehensive income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

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

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

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

(n) Earnings per share

The Corporation presents basic and diluted earnings per share (“EPS”) data for its common shares. Basic EPS is calculated by dividing the net earnings attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the 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 net earnings. 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) New standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations not yet effective for the year ended December 31, 2023, and not applied in preparing these consolidated financial statements are disclosed below. The Corporation intends to adopt these standards, when they become effective.

i. 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 does not expect this standard to have any impact on its consolidated financial statements.

4. Business Combinations

(a) VCI

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. As at December 31, 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	$	3,793
Holdback, net of working capital adjustments		980
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.

During the year ended December 31, 2023, the Corporation paid a holdback of $0.5 million to the previous owners in accordance with the purchase agreement.

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. 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.

(b) 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.

(c) 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. No earn-out is payable based as the results for the two years ended January 31, 2024.

In addition, the acquisition included a holdback to be released to the previous owners eighteen months after the closing date of the transaction less any amounts paid to third parties. During the year ended December 31, 2023, the Corporation paid the holdback of $2.0 million and related finance costs of $0.2 million to the previous owners in accordance with the purchase agreement (2022 - $nil).

5. Trade and other receivables

(000's)	December 31, 2023	December 31, 2022
Trade receivables	$ 133,897	$ 135,972
Modular holdback receivables	13,657	9,738
WAFES Deferred trade receivables	15,304	5,756
Total trade receivables	$ 162,858	$ 151,466
Accrued trade receivables	42,406	53,025
Other receivables	8,837	7,732
Allowance for expected credit losses	(1,529)	(826)
Total	$ 212,572	$ 211,397

Modular holdback receivables and WAFES deferred trade receivables of $29.0 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 WAFES deferred trade receivables are expected to be collected within 12 months. Credit risks are further described in Note 22.

6. Inventories

(000's)	December 31, 2023	December 31, 2022
Raw materials	$ 9,419	$ 14,386
Food inventory	9,477	4,448
Modular work-in-progress	1,150	1,176
Finished goods and supplies	8,644	6,035
Inventories	$ 28,690	$ 26,045

7. Property, plant and equipment

Carrying Amounts *(000's)*	Camp equipment & mats	Land & buildings	Automotive & trucking equipment	Manufacturing & other equipment	Total
Cost					
December 31, 2021	$ 145,713	$ 29,603	$ 17,701	$ 9,336	$ 202,353
Additions	2,660	1,642	425	2,213	6,940
Acquisition of Dana (Note 4 (b))	—	2,426	—	—	2,426
Acquisition of Tricom Assets (Note 4 (c))	—	—	190	123	313
Asset retirement obligations (Note 12)	1,604	—	—	—	1,604
Net transfers from (to) 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
Additions	14,920	3,599	375	1,666	20,560
Acquisition of VCI (Note 4 (a))	—	—	—	44	44
Asset retirement obligations (Note 12)	642	—	—	—	642
Net transfers from (to) inventory	(4,439)	—	—	—	(4,439)
Disposals	(1,179)	(1,348)	(378)	(464)	(3,369)
Asset impairment(1)	(2,210)	—	—	—	(2,210)
December 31, 2023	$ 160,923	$ 35,815	$ 17,876	$ 13,110	$ 227,724
Accumulated Depreciation					
December 31, 2021	$ 23,149	$ 2,359	$ 9,990	$ 4,874	$ 40,372
Depreciation	14,607	2,629	3,920	1,812	22,968
Net transfers from (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
Depreciation	18,301	2,231	2,361	1,935	24,828
Net transfers from (to) inventory	(1,057)	—	—	—	(1,057)
Disposals	(893)	(116)	(357)	(119)	(1,485)
December 31, 2023	$ 51,068	$ 7,325	$ 15,319	$ 8,462	$ 82,174
Net book value					
December 31, 2023	$ 109,855	$ 28,490	$ 2,557	$ 4,648	$ 145,550
December 31, 2022	$ 118,472	$ 28,354	$ 4,564	$ 5,218	$ 156,608

(1) For the year ended December 31, 2023, the Corporation recognized an impairment of $2.2 million on camp assets which are held for sale. The loss has been included in the statement of comprehensive income.

8. Leases

(i) Right-of-use assets

(000's)		Camp equipment & mats		Land & buildings		Automotive & trucking equipment		Manufacturing & other equipment		Total
Cost										
December 31, 2021	$	5,554	$	25,926	$	2,701	$	520	$	34,701
Acquisition of Dana (Note 4 (b))		—		105		131		—		236
Acquisition of Tricom Assets (Note 4 (c))		—		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
Acquisition of VCI (Note 4 (a))		—		49		162		—		211
Additions		1,463		4,536		3,530		162		9,691
Disposals		(4,809)		(6,198)		(178)		(290)		(11,475)
December 31, 2023	$	4,450	$	27,658	$	8,635	$	191	$	40,934
Accumulated Depreciation										
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
Depreciation		3,350		4,832		1,610		75		9,867
Disposals		(4,809)		(6,198)		(150)		(290)		(11,447)
December 31, 2023	$	2,797	$	11,280	$	3,459	$	28	$	17,564
Net book value										
December 31, 2023	$	1,653	$	16,378	$	5,176	$	163	$	23,370
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	$	9,337
Year 2		7,520
Year 3		5,891
Year 4		4,970
Year 5 and beyond		3,418
Total undiscounted lease payable as at December 31, 2023	$	31,136
Lease liabilities included in the statement of financial position at December 31, 2023	$	27,688
Current		7,988
Non-current		19,700

For the year ended December 31, 2023, the Corporation had a $1.1 million lease receivable related to sublet leased equipment (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 the year ended December 31, 2023 was $1.6 million (2022 - $1.6 million).

9. Intangibles and Goodwill

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

(000's)	Trade Names	Customer Relationships	Computer software and other	Total
Cost				
December 31, 2021	$ 3,800	$ 22,483	$ 4,580	$ 30,863
Acquisition of Dana (Note 4(b))	750	12,600	—	13,350
Acquisition of Tricom Assets (Note 4(c))	—	5,500	—	5,500
Additions	—	—	187	187
Foreign Currency Translation(1)	—	74	—	74
December 31, 2022	$ 4,550	$ 40,657	$ 4,767	$ 49,974
Acquisition of VCI (Note 4(a))	—	1,088	—	1,088
Additions	91	—	5	96
Foreign Currency Translation(1)	—	(22)	—	(22)
December 31, 2023	$ 4,641	$ 41,723	$ 4,772	$ 51,136
Accumulated Amortization				
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
Amortization	902	3,691	956	5,549
December 31, 2023	$ 2,834	$ 12,923	$ 4,391	$ 20,148
Net book value				
December 31, 2023	$ 1,807	$ 28,800	$ 381	$ 30,988
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)	December 31, 2023	December 31, 2022
Goodwill allocated to:		
Integrated Facilities Management(1)	$ 95,851	$ 94,022
Workforce Accommodations and Forestry	34,585	34,585
Balance, end of year	$ 130,436	$ 128,607

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

Goodwill impairment assessment

The Corporation assesses indicators of impairment at the end of each reporting period and performs a detailed impairment test at least annually. At July 1, 2023, 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 FVLCOD discounted cash flow models. The cash flows are derived from the Corporation's forecast, budget, strategy and business plan approved by the Board of Directors. The approved forecast, budget, strategy and business plan use current and anticipated contracts and market conditions to project revenue. EBITDA is calculated using historical margins and additional operational factors. The calculation of the FVLCOD discounted cash flow model was based on the following key assumptions:

- The discount rate was estimated based on the Corporation's weighted average cost of capital, taking into account the nature of the assets being valued and their specific risk profile. The after-tax discount rates used in determining the recoverable amount for both CGUs was 14.0% (December 31, 2022 - 14.0%).
- The revenue growth rates are based on management's internal forecast and projections. Annual revenue growth rates for 2024 - 2028 were estimated to be up to 8% for WAF on a normalized basis and 8% to 12% for IFM.
- The long-term growth rate after 5 years used in determining the recoverable amount is 2.5% (December 31, 2022 - 2.5%).

- EBITDA for the five years is based on management's internal forecast and projections. EBITDA margins were projected to be 7% to 8% for IFM and 11% to 12% for WAF.

Sensitivities

The most sensitive inputs to the discounted cash flow model are in the IFM segment and relate to the discount rate, the revenue growth rate, and EBITDA margins. All else being equal, a 100 basis points decrease in the revenue growth rates, a 25 basis points decrease in EBITDA margin, or a 50 basis points increase in the discount rate would, on an individual basis, result in an immaterial impairment in the IFM CGU.

10. Other assets

Other assets at December 31, 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 $13.1 million (December 31, 2022 - $13.1 million) and $2.2 million (December 31, 2022 - $1.9 million), respectively. During the year ended December 31, 2023, Gitxaala and BSL LP paid cash distributions of $1.4 million and $0.2 million, respectively, (December 31, 2022 - $4.5 million and $nil, respectively) 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 $1.1 million (December 31, 2022 - $1.6 million).

11. Loans and borrowings

(000’s)	December 31, 2023	December 31, 2022
Committed credit facility	$ 90,904	$ 94,822
Unamortized financing costs	(1,289)	(777)
Total borrowings	$ 89,615	$ 94,045

Effective August 15, 2023, the Corporation reached an agreement with its lenders to amend its credit facility and extend the maturity date to September 7, 2026. The amended credit facility has an available limit of $260 million plus an uncommitted accordion of $150 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 December 31, 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 $16.7 million (2022 - $10.1 million). For the year ended December 31, 2023, the Corporation incurred finance costs relating to the loans and borrowings of $12.2 million (2022 - $7.3 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, 2023	December 31, 2022
Balance, beginning of year	$ 11,642	$ 10,560
Additions	—	1,599
Asset retirement obligations settled	(6,299)	(820)
Change in estimate	642	5
Accretion of provisions	369	298
Balance, end of year	$ 6,354	$ 11,642

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, 2023 to be $6.4 million (December 31, 2022 - $11.6 million) based on a total future liability of $6.6 million (December 31, 2022 - $12.3 million). The Corporation used an average risk free interest rate of 3.88% and an inflation rate of 1.72% (December 31, 2022 - 3.94% and 2.06%, respectively) to calculate the net present value of its asset retirement obligations as at December 31, 2023. The timing of these payments is dependent on various factors, such as the estimated lives of the equipment and industry activity in the region but is anticipated to occur up to 2028.

(000's)		December 31, 2023		December 31, 2022
Current	$	3,768	$	8,478
Non-current		2,586		3,164
Balance, end of year	$	6,354	$	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, 2021	65,151,083	$	233,541
Options exercised	90,545		427
Balance, December 31, 2022	65,241,628	$	233,968
Shares purchased and cancelled	(855,100)		(3,070)
Options exercised	40,001		173
Balance, December 31, 2023	64,426,529	$	231,071

On May 15, 2023, Dexterra commenced a 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. The total consideration paid includes any commissions or fees.

For the year ended December 31, 2023, the Corporation purchased and cancelled 855,100 common shares at a weighted average price of $5.73 per share for a total consideration of $4.9 million (2022 - $nil) of which $1.8 million was charged to retained earnings.

(b) Long-term incentive plans

(i) Share option plan

	Outstanding options		Weighted average exercise price
Balance, December 31, 2021	1,200,140		4.66
Granted	627,271		8.01
Exercised	(90,545)		3.42
Forfeited	(104,866)		6.30
Balance, December 31, 2022	1,632,000	$	5.90
Granted	841,615		5.35
Exercised	(40,001)		3.05
Forfeited	(246,956)		6.52
Balance, December 31, 2023	2,186,658	$	5.67

The exercise prices for options outstanding and exercisable at December 31, 2023 were 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	1,315,776	$ 4.52	3.0	525,075	$ 3.21
$5.96 to $6.53	456,843	6.48	2.1	312,585	6.48
$6.54 to $8.50	414,039	8.45	3.0	138,003	8.45
	2,186,658	$ 5.67	2.8	975,663	$ 5.00

The exercise prices for options outstanding and exercisable at December 31, 2022 were 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
$5.96 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

The Corporation calculated the fair value of the share options granted using the Black-Scholes pricing model 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, 2023	December 31, 2022
Fair value per option	$ 1.46	$ 2.45
Forfeiture rate	9.15 %	9.30 %
Grant price	$ 5.35	$ 8.01
Expected life	3.0 years	3.2 years
Risk free interest rate	3.74 %	1.57 %
Dividend yield rate	6.65 %	5.04 %
Volatility	54.94 %	58.80 %

For the year ended December 31, 2023, share based compensation for share options included in net earnings amounted to $1.1 million (2022 - $1.2 million). Subsequent to year-end, the Corporation issued 1,005,806 share options under the plan with an exercise price of $5.87 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 had been granted to members of the Board of Directors as at December 31, 2022. In 2023, RSUs were granted to members of the Board of Directors as well as officers and key employees.

The following table summarizes the RSU’s outstanding:

	December 31, 2023	December 31, 2022
Units outstanding at beginning of year	40,621	28,970
Granted	117,473	21,307
Vested and exercised	(16,759)	(9,656)
Forfeited	(6,844)	—
Units outstanding at end of year	134,491	40,621

As at December 31, 2023, trade and other payables included $0.5 million (December 2022 - $0.2 million) for outstanding RSUs. For the year ended December 31, 2023, share based compensation for RSUs included in net earnings amounted to $0.4 million (2022 - $0.1 million). Subsequent to year-end, the Corporation issued an additional 230,314 RSUs under the plan to its Board of Directors, key management and officers of the Corporation and settled 38,066 vested units for $0.3 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:

	December 31, 2023	December 31, 2022
Units outstanding at beginning of year	519,129	291,762
Granted	492,013	281,479
Forfeited	(143,618)	(54,112)
Units outstanding at end of year	867,524	519,129

As at December 31, 2023, other long term liabilities included $0.9 million for outstanding PSUs (December 31, 2022 - $0.6 million in other long term liabilities). For the year ended December 31, 2023, net earnings included a share based compensation of $0.3 million for PSUs (2022 - recovery of $0.1 million). Subsequent to year-end, the Corporation issued an additional 379,963 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, 2023	December 31, 2022
Contract assets, which are included in total trade and accrued receivables	$ 45,548	$ 32,887
Contract liabilities, which are included in deferred revenue	$ 10,618	$ 10,706

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 total trade and accrued 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 $16.6 million (2022 - $17.4 million) in accrued trade receivables for Modular Solutions and $29.0 million in Modular holdback and WAFES deferred trade receivables (2022 - $15.5 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 mainly relate to payments received from customers, and for which revenue is recognized over time and is excluded from revenue from operations.

The amount of $10.7 million recognized in contract liabilities at the beginning of the year has been recognized as revenue for the year ended December 31, 2023 (2022 - $1.9 million).

As the Corporation's 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, 2023.

15. Direct costs

	Years ended December 31,	
(000's)	2023	2022
Cost of goods manufactured - materials and direct labour	$ 154,921	$ 171,044
Wages and benefits	403,109	352,250
Subcontracting	86,396	70,767
Product cost	226,305	181,655
Equipment and repairs	13,058	9,829
Transportation and travel	23,827	23,234
Partnership profit sharing	17,712	13,263
Utilities and occupancy costs	41,026	35,611
Corporate[1]	2,480	12,240
Other direct costs	8,194	11,073
	$ 977,028	$ 880,966

(1) Corporate direct costs of $2.5 million for the year ended December 31, 2023 related to contract loss provisions, contract demobilization and restructuring costs. For the year ended December 31, 2022, Corporate had direct costs of $12.2 million which included $6.9 million related to contractual disputes and remediation work related to 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, $2.0 million related to the restructuring and systems implementation for a business unit being integrated with VCI Controls Inc. and $0.5 million in other items.

The amount of inventory recognized as an expense during the year ended December 31, 2023 was $154.9 million (2022 - $171.0 million).

16. Selling, general and administrative expenses

	Years ended December 31,	
(000's)	2023	2022
Wages and benefits[1]	$ 24,264	$ 23,084
Other selling and administrative expenses	23,170	18,019
	$ 47,434	$ 41,103

(1) Wages and benefits for the year ended December 31, 2023 include CEO & CFO transition costs of $1.9 million (2022 - $nil).

17. Income taxes

For the year ended December 31, 2023, the Corporation's effective income tax rate was 24%, compared to a recovery of 15% in 2022. The effective tax rate for the year ended December 31, 2023 is generally consistent with the combined federal and provincial income tax rates. 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.

The Corporation has non-capital losses for Canadian tax purposes of $54.2 million at December 31, 2023 (December 31, 2022 - $92.4 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 current and deferred tax expense breakdown is as follows:

	Years ended December 31,	
Income tax expense (recovery) (000's):	2023	2022
Current	$ (59)	$ 1,811
Deferred	8,547	(2,306)
	$ 8,488	$ (495)

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

	Years ended December 31,			
(000's)		2023		2022
Earnings before income tax	$	35,238	$	3,220
Combined federal and provincial income tax rate		25 %		26 %
Expected income tax expense	$	8,810	$	837
Changes from tax reassessments		—		830
Non-deductible items		628		169
Changes in tax rates		512		(291)
Tax rate differential on certain transactions		(901)		(969)
Adjustments related to prior periods		(738)		(285)
Other items		177		(786)
Income tax expense (recovery)	$	8,488	$	(495)

18. Cash flow information

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

	Years ended December 31,			
(000's)		2023		2022
Trade and other receivables	$	716	$	(19,140)
Inventories		(2,561)		(7,477)
Prepaid expenses and other		(505)		1,714
Trade and other payables		(6,956)		37,798
Deferred revenue		(89)		8,760
	$	(9,395)	$	21,655

19. Net earnings per share

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

	Years ended December 31,	
	2023	2022
Number of common shares, beginning of year	65,241,628	65,151,083
Common shares issued, weighted average	19,479	54,099
Shares cancelled under NCIB, weighted average	(268,496)	—
Weighted average common shares outstanding - basic	64,992,611	65,205,182
Effect of share purchase options(1)	228,796	283,664
Weighted average common shares outstanding - diluted	65,221,407	65,488,846

(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, 2023 and has been accrued in trade and other payables as at December 31, 2023. The dividend is payable to shareholders of record at the close of business on December 31, 2023 and was paid on January 15, 2024. Subsequent to December 31, 2023, Dexterra declared a dividend of $0.0875 per share for shareholders of record at March 29, 2024, to be paid April 15, 2024.

(000's except per share amounts)	2023		2022	
	Amount per share	Dividend declared	Amount per share	Dividend declared
March 31	$ 0.0875	$ 5,708	$ 0.0875	$ 5,703
June 30	0.0875	5,695	0.0875	5,707
September 30	0.0875	5,667	0.0875	5,708
December 31	0.0875	5,638	0.0875	5,709
Total dividends declared	$ 0.350	$ 22,708	$ 0.350	$ 22,827

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, 2023 *(000's)*	IFM	WAFES	Modular Solutions	Corporate and Other	Inter-segment Eliminations	Total
Revenue[(1)]	$ 331,877	$ 595,399	$ 189,422	$ 500	$ —	$ 1,117,198
Operating expenses						
Direct costs[(2)]	304,858	480,172	190,276	1,722	—	977,028
Selling, general and administrative expenses[(3)]	7,999	12,717	5,292	21,426	—	47,434
Depreciation and amortization	7,164	26,590	5,269	1,221	—	40,244
Share based compensation	115	152	35	1,510	—	1,812
Loss (Gain) on disposal of property, plant and equipment	(17)	(163)	(16)	1,115	—	919
Asset Impairment[(4)]	—	2,210	—	—	—	2,210
Operating income (loss)	11,758	73,721	(11,434)	(26,494)	—	47,551
Finance costs	282	897	832	12,259	—	14,270
Earnings from equity investments	—	(1,957)	—	—	—	(1,957)
Earnings (loss) before income taxes	$ 11,476	$ 74,781	$ (12,266)	$ (38,753)	$ —	$ 35,238
Total assets	$ 178,129	$ 311,341	$ 107,402	$ 11,593	$ (1,377)	$ 607,088

Year ended December 31, 2022 *(000's)*	IFM	WAFES	Modular Solutions	Corporate and Other	Inter-segment Eliminations	Total
Revenue[(1)]	$ 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 investment	—	(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

(1) Corporate results for the year ended December 31, 2023 included revenue in the amount of $0.5 million related to contract restructuring. The year ended December 31, 2022 included revenue in the amount of $3.1 million, 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.
(2) Corporate results for the year ended December 31, 2023 included direct expenses in the amount of $2.5 million related to contract demobilization costs and restructuring. The year ended December 31, 2022 include direct cost in the amount of $12.2 million related to the contractual disputes and remediation work noted in Note 15.
(3) Selling, general and administrative expenses incorporate CEO & CFO transition costs of $1.9 million for the year ended December 31, 2023 (2022 - $nil).
(4) For the year ended December 31, 2023, the Corporation recognized an asset impairment of $2.2 million on excess camp assets which are held for sale (2022 - $nil).

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, 2023	December 31, 2022
Trade receivables		
Neither impaired nor past due	$ 132,761	127,513
Outstanding 31-60 days	15,623	9,500
Outstanding 61-90 days	2,885	7,798
Outstanding more than 90 days	11,589	6,655
Total trade receivables	162,858	151,466
Accrued receivables	42,406	53,025
Other receivables	8,837	7,732
Provision for expected credit losses	(1,529)	(826)
Total trade and other receivables	$ 212,572	$ 211,397

As at December 31, 2023, the Corporation provided for expected credit losses in the amount of $1.5 million (2022 - $0.8 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 2023 (2022 - none).

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, 2023			December 31, 2022		
(*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	$ 163,588	$ 9,337	$ —	$ 171,010	$ 9,082	$ —
Year 2	—	7,520	—	640	7,069	94,822
Year 3	1,643	5,891	90,904	—	5,335	—
Year 4	—	4,970	—	697	4,259	—
Year 5 and beyond	—	3,418	—	—	6,023	—
	$ 165,231	$ 31,136	$ 90,904	$ 172,347	$ 31,768	$ 94,822

(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.

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%, the impact on the Corporation's net earnings and shareholder's equity would be immaterial. 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 and shareholder's equity would have decreased by approximately $1.4 million for the year ended December 31, 2023 (2022 - $1.4 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, 2023	December 31, 2022
Joint Ventures		
Revenue	$ 1,399	$ 547
Management fee	625	575
Included in accounts receivable	2,421	1,514

Joint Ventures and Affiliates

The Corporation earned revenue of $nil (2022 - $0.5 million) for the year ended December 31, 2023 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 (2022 - $0.6 million) in management fees for administrative overhead related to accounting and management services. As at December 31, 2023, Gitxaala owed $2.0 million (2022 - $0.5 million) in payables to the Corporation which comprised of flow-through revenue generated from providing catering and workforce accommodation services to third parties through Gitxaala LP. The amount is paid to the Corporation as Gitxaala billings to customers are collected.

The Corporation earned revenue of $1.4 million (2022 - $1.0 million) for the year ended December 31, 2023 for catering services and equipment rentals provided to BSL LP, a joint venture in which the Corporation has a 49% interest. As at December 31, 2023, BSL LP owed $0.4 million (2022 - $1.0 million) in payables to the Corporation which are considered to be part of normal course of operations.

Insurance and bonds

As at December 31, 2023 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 $24.5 million (December 31, 2022 - $28.3 million). Fees in the amount of $0.2 million were incurred for the year ended December 31, 2023 (December 31, 2022 - $0.3 million).

Dexterra Group has certain property insurance policies with Northbridge. The premiums paid in both years are approximately $0.3 million annually at normal commercial rates.

Key management personnel

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.

Key management personnel compensation for the year ended December 31, 2023 and 2022 is comprised as follows:

	Years ended December 31,	
(000's)	2023	2022
Short-term employee benefits	$ 4,171	$ 2,752
Post-employment benefits	203	239
CEO and CFO transition costs	1,854	—
Share based compensation	1,230	805
	$ 7,458	$ 3,796

24. Subsidiaries

		Ownership Interest (%)	
Subsidiary Name	Country of Incorporation	December 31, 2023	December 31, 2022
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	100
Deninu Kue Horizon North Camp & Catering Limited Partnership ("DKHN")	Canada	49	49
Dexterra Community Initiatives (“DCI”)	Canada	100	100
Dexterra Group USA Inc.	USA	100	100
Dexterra Services LLC	USA	100	100
Eclipse Camp Solutions Incorporated ("Eclipse")	Canada	40	40
FCPI Dana Investments Inc.	Canada	100	100
Halfway River Horizon North Camp Services Limited Partnership (“HRHN”)	Canada	49	49
HN Pituvvik Camp Services Ltd. (“Pituvvik”)	Canada	49	—
Horizon North Camp & Catering Partnership (“HNCCP”)	Canada	100	100
Horizon North Kapewin Inc. (“Kapewin”)	Canada	49.5	100
Kitikmeot Camp Solutions Limited (“Kitikmeot”)	Canada	49	49
Marek Hospitality Inc. (“Marek”)	Canada	100	100
NRB Inc.	Canada	100	100
Pioneer Site Service Ltd. (“Pioneer”)	Canada	100	100
Powerful Group of Companies (“PGC”)[1]	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
VCI Controls Inc. (“VCI”)[1]	Canada	100	—

(1) Subsequent to December 31, 2023, PGC and VCI were amalgamated into one combined entity named Dexterra On Demand Inc.

(a) Special purpose entities

The Corporation has an equity interest in Kitikmeot, Acho, Secwepemc, HRHN, TLHN, Tahltan, Acden, Sekui, Eclipse, DKHN, STHN, Pituvvik, Kapewin 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 and have limited assets with the only non-flow through expenses being management fees paid to the partners. Indigenous participation in the governance of these SPEs is required to secure projects in specific regions of Canada.

(b) Dexterra Community Initiatives

DCI is a not-for-profit entity through which Dexterra promotes and supports community and environment initiatives. One of these programs is providing training and work opportunities for indigenous youth.

25. Subsequent event

In Q1 2024, the Board and management completed a strategic review of the Modular Solutions segment and initiated a process to sell the business. This business will be reported as held for sale starting in the Q1 2024 financial statements.

On February 29, 2024 Dexterra Group acquired 100% of CMI Management, LLC ("CMI") for approximately $31 million in cash, subject to normal closing adjustments. CMI is an IFM company based in Alexandria, Virginia serving a number of federal agencies and commercial clients across the United States. The purchase price was financed through the Corporation's existing credit facility and is expected to be mainly allocated to goodwill and intangible assets. CMI will be reported as part of the IFM segment.

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

Mark Becker
Toronto, Ontario

Kevin Nabholz[2][3]
Calgary, Alberta

Russell Newmark[1][3]
Inuvik, Northwest Territories

Tabatha Bull[2][3]
Toronto, Ontario

Toni Rossi[1][3]
Toronto, Ontario

(1) Audit Committee Member
(2) Corporate Governance and Compensation Committee Member
(3) Enterprise Risk Management Committee Member

Senior Leadership Team

Mark Becker
Chief Executive Officer

Denise Achonu
Chief Financial Officer

Sanjay Gomes
President, Integrated Modular Facilities Management

Rob Johnston
President, Modular Solutions

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

JD MacCuish
Executive Vice President, Strategy & Corporate Planning

Lee-Anne Lyon-Bartley
Executive Vice President, Health, Safety, Sustainability, Quality & Community

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 8, 2024 at 11:00 a.m. EST
Live Webcast: https://web.lumiagm.com/229327636

Head Office

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Stock Exchange Listing

Toronto Stock Exchange
Symbol: DXT

Website

dexterra.com

dexterra GROUP

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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