Unaudited Condensed Interim Report to the shareholders for the three and six months ended June 30, 2022

Contents

The following Management's Discussion and Analysis ("MD&A") prepared as at August 9, 2022 for Dexterra Group Inc. ("Dexterra Group" or the "Corporation"), provides information concerning Dexterra Group's financial condition and results of operations. This MD&A is based on unaudited condensed consolidated interim financial statements ("Financial Statements") for the three and six months ended June 30, 2022 ("Q2 2022") and June 30, 2021 ("Q2 2021") respectively. Readers should also refer to Dexterra Group's most recent audited consolidated financial statements and MD&A for the years ended December 31, 2021 and 2020 and Annual Information Form ("AIF") available on SEDAR at sedar.com and Dexterra Group's website at dexterra.com. Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Information" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors including those described elsewhere in this MD&A and AIF.

The accompanying Q2 2022 Financial Statements of Dexterra Group as at and for the three and six months ended June 30, 2022 and June 30, 2021 are the responsibility of Dexterra Group's management and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and all amounts presented are in thousands of Canadian dollars unless otherwise indicated.

Financial Summary

	Three months ended June 30,		Six months ended June 30,	
(000's except per share amounts)	2022	2021	2022	2021
Total Revenue	$ 233,896	$ 173,627	$ 457,856	$ 329,031
Adjusted EBITDA[(1)(2)]	$ 13,642	$ 22,502	$ 30,658	$ 40,327
Adjusted EBITDA excluding CEWS as a % of revenue[(1)]	5.8%	10.5%	6.7%	9.5%
Net earnings[(2)]	$ 350	$ 8,213	$ 1,410	$ 12,687
Earnings per share				
Basic and Diluted	$ 0.00	$ 0.13	$ 0.02	$ 0.19
Total assets	$ 622,029	$ 522,884	$ 622,029	$ 522,884
Total loans and borrowings	$ 128,732	$ 71,900	$ 128,732	$ 71,900
Free Cash Flow[(1)]	$ 5,240	$ 14,949	$ (6,551)	$ 27,341

(1) Please refer to the "Non-GAAP measures" section for the definition of Adjusted EBITDA, Adjusted EBITDA excluding CEWS as a % of revenue and Free Cash Flow and to the "Reconciliation of non-GAAP measures" section for the related calculations.
(2) Includes nil of Canada Emergency Wage Subsidy for the three and six months ended June 30, 2022 (2021 - $4.2 million and $9.1 million, respectively).

Non-GAAP measures

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

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

Management's Discussion and Analysis

Core Business

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

Second Quarter Results and Overview

Highlights

- The Corporation generated consolidated revenue of $233.9 million for Q2 2022 which increased $60.3 million, or 35%, compared with Q2 2021 and $9.9 million or 4% compared to Q1 2022. The increase of revenue in Q2 2022 is primarily attributed to the execution of growth plans in IFM and WAFES, including the additional revenue of $24.9 million generated through the acquisitions of FCPI Dana Investments Inc. ("Dana") and Tricom Group ("Tricom") as well as an increase in WAFES revenue due to increased activity levels in the energy sector and successful rebids on contracts;
- The Corporation's Adjusted EBITDA for Q2 2022 was $13.6 million compared to $17.0 million in Q1 2022 and $22.5 million in Q2 2021, which had $4.2 million of CEWS funding. IFM and WAFES continued to perform well in Q2 2022 and exceeded results from Q2 2021. The Q2 variance is due to the challenges in the Modular Solutions business which recorded an Adjusted EBITDA loss of $3.0 million for Q2 2022 compared to $4.7 million Adjusted EBITDA in Q2 2021 for a decline of $7.7 million.
- The IFM business had Q2 2022 revenue of $65.2 million, which has increased $26.4 million or 68% from Q2 2021 and $0.9 million or 1% as compared to Q1 2022. Adjusted EBITDA for Q2 2022 was $4.0 million, which was consistent with Q1 2022 and Q2 2021. Margins were lower due to cost inflation and will improve in the back half of the year as escalation clauses are phased in under commercial agreements. The revenue increase versus the prior year was attributable to the acquisitions and incremental new business. During the quarter, the Corporation announced the appointment of Sanjay Gomes as President, IFM effective June 13, 2022;
- The WAFES business had Q2 2022 revenue of $119.1 million, which is up $31.6 million or 36% compared to Q2 2021 and $4.0 million or 3% increase as compared to Q1 2022. Adjusted EBITDA for WAFES in Q2 2022 was $16.3 million which is consistent with $16.0 million in Q1 2022 and lower than $17.8 million in Q2 2021 which included $2.9 million of CEWS. Margins were lower due to cost inflation and will improve in the back half of the year as escalation clauses are phased in under commercial agreements. The revenue increase in Q2 2022 when compared to Q2 2021 is primarily due to contract wins during 2021 and 2022 which offset lower fire support business. During the quarter, the Corporation announced the appointment of Jeff Litchfield as President, WAFES on May 26, 2022;
- The Modular Solutions business had Q2 2022 revenue of $49.6 million and an Adjusted EBITDA loss of $3.0 million, compared to revenue of $48.2 million and Adjusted EBITDA of $4.7 million in Q2 2021. Revenue and Adjusted EBITDA for Q1 2022 was $43.3 million and $0.4 million, respectively. The decrease in profitability in Q2 2022 is due to the rapid and significant inflation of raw material and subcontractors costs which exceeded 10% under existing fixed price contracts. Executive changes were announced during the quarter including implementing the execution of a four point plan to return the business to profitability starting in the back half of 2022;
- The Corporation reported consolidated net earnings of $0.4 million for Q2 2022 compared to consolidated net earnings of $8.2 million in Q2 2021. The consolidated net earnings for the six months ended June 30, 2022 were $1.4 million compared to consolidated net earnings of $12.7 million in 2021. The decreases are mainly attributable to the Modular EBITDA reduction and the non-recurring acquisition related expenses for the Tricom earn-out;
- Net debt decreased to $128.7 million at Q2 2022 compared to $130.7 million at Q1 2022. Debt will be reduced with Free Cash Flow as we move through the year and execute the improvements for the Modular segment and reduce our working capital investments, including negotiation of collection of Holdbacks under long term contracts approximating $15 million;
- For the three months ended June 30, 2022, Free Cash Flow was $5.2 million compared to $14.9 million for Q2 2021. The Free Cash flow reduction for Q2 and year to date 2022 versus 2021 is due to the weak Modular result and a higher investment in accounts receivable over the first six months of the year as business activity levels began returning to more normal levels. The Corporation expects its Free Cash Flow conversion to EBITDA to approximate 50% for fiscal 2022; and

- Dexterra Group declared a dividend for Q3 2022 of $0.0875 per share for shareholders of record at September 30, 2022, to be paid on October 14, 2022.

Operational Analysis

	Three months ended June 30,		Six months ended June 30,	
(000's)	2022	2021	2022	2021
Revenue:				
IFM	$ 65,168	$ 38,785	$ 129,393	$ 76,807
WAFES	119,104	87,536	234,199	163,193
Modular Solutions	49,627	48,225	92,904	90,173
Corporate and Inter-segment eliminations	(3)	(919)	1,360	(1,142)
Total Revenue	$ 233,896	$ 173,627	$ 457,856	$ 329,031
Adjusted EBITDA:				
IFM	$ 3,997	$ 4,177	$ 7,959	$ 7,641
WAFES	16,275	17,788	32,260	32,931
Modular Solutions	(3,020)	4,730	(2,580)	7,618
Corporate costs and Inter-segment eliminations	(3,610)	(4,193)	(6,981)	(7,863)
Total Adjusted EBITDA[(1)]	$ 13,642	$ 22,502	$ 30,658	$ 40,327
Adjusted EBITDA excluding CEWS as a % of Revenue				
IFM	6.1 %	8.6 %	6.2 %	7.7 %
WAFES	13.7 %	17.0 %	13.8 %	16.1 %
Modular Solutions	(6.1)%	9.2 %	(2.8)%	7.8 %

(1) Includes CEWS of $4.2 million for the three months ended Q2 2021: IFM- $0.9 million, WAFES - $2.9 million, Modular Solutions -$0.3 million, Corporate - $0.1 million and CEWS of $9.1 million for the six months ended Q2 2021: Facilities Management $1.7 million, WAFES $6.6 million, Modular Solutions $0.6 million, Corporate $0.2 million. There was no CEWS received for the three and six month periods ended June 30, 2022.

IFM

For Q2 2022, IFM revenues were $65.2 million and increased by $26.4 million, or 68%, from the $38.8 million in Q2 2021. The increase primarily reflects the acquisitions of Dana and Tricom, which contributed $24.9 million in revenue in Q2 2022. Excluding the acquisitions, revenue increased by $1.5 million compared to Q2 2021. The recovery in the aviation sector has been gradual. Although our revenue for the aviation sector is not directly correlated to passenger volumes, passenger traffic has increased from 50% of pre-COVID-19 volumes in Q1 2022 to 75% at the end of Q2 2022. The IFM business unit continues to be focused on growth from recent new business wins and the increased traffic in airports in the back half of 2022. The segment continues to build on the increased scale of operations with the acquisitions and new business won which will commence services in upcoming quarters.

Adjusted EBITDA, excluding CEWS as a percentage of revenue, was 6.1% for Q2 2022, which is lower than the 8.6% recorded in Q2 2021 and is consistent with Q1 2022. The decrease in margin is due to Dana's lower margins which will improve as the education sector returns to its new normal in the fall and its operations are fully integrated. Increased product costs and labour shortages has resulted in downward pressure on EBITDA margins in 2022. The majority of our IFM contracts include inflation clauses but there is often a lag before these costs are passed into the client. Rapid inflation resulted in lower margins in Q2 2022 and will improve in the back half of the year as escalation clauses are phased in under commercial contracts.

For the six months ended June 30, 2022, IFM revenues were $129.4 million and increased primarily due to the acquisitions which contributed $50.1 million year to date in revenue and the Adjusted EBITDA excluding CEWS as a percentage of revenue for this segment was 6.2% which is lower than 7.7% in the same period in 2021 for the same reasons as outlined above.

Direct Costs

Direct costs are comprised of labour, materials, supplies and transportation, which vary directly with revenues, and have a relatively fixed component that includes rent and utilities. Direct Costs for Q2 2022 were $59.2 million compared to $32.9 million in Q2 2021, an increase of $26.3 million. The increase of costs is due to the acquisitions of Dana and Tricom. Direct Costs as a % of revenue in Q2 2022 were 91% which is higher than 87% in Q2 2021 (after adjusting for CEWS) and 90% for Q1 2022. The variance from Q2 2021 is partially due to the change in the revenue mix of the segment with the addition of Dana which has higher direct costs than the legacy IFM business. After excluding the impact of acquisitions, IFM direct costs for Q2 2022 were 89% which is consistent with Q1 2022. In comparison to Q2 2021, direct costs were higher by 2% of revenue in Q2 2022 due to increasing product cost and increased overtime and outsourcing as discussed above.

For the six months ended June 30, 2022, direct costs were 90%, compared to 86% in 2021. This 4% increase is primarily due to the acquisition of Dana, which had direct costs of 96% during the period. The remaining increase was consistent with the factors driving the increase in 2022 volume.

WAFES

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

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

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

Revenue from the WAFES segment for Q2 2022 was $119.1 million, an increase of $31.6 million compared to Q2 2021 and a $4.0 million increase compared to Q1 2022. WAFES revenue performance was strong in Q2 2022 due to the $23.8 million increase in catering, infrastructure install, and rental activities in Western Canada which resulted in increased occupancy and utilization across all services and a $7.8 million increase in revenue in Energy Services from higher mat sales and increased trucking and install work, with a partial offset from lower fire support activity. This growth represents a recovery from the abnormally low activity levels in 2021 due to the COVID-19 pandemic and the 2022 resurgence in the energy sector.

Revenue from the WAFES segment for the six months ended June 30, 2022 was $234.2 million with the increase attributable to growth in catering, infrastructure and install activities in the WAFES segment primarily in Western Canada. Energy service revenue more than doubled when compared to the same period in 2021. The stronger Q2 year to date 2022 results reflect overall strong activity in the natural resources sector and new client wins.

The Q2 2022 Adjusted EBITDA excluding CEWS as a percentage of revenue is 14%, compared to 17% in Q2 2021 and 14% for the year to date results. The decrease in 2022 is primarily due to inflationary impacts resulting from increased costs for food, fuel and utilities which are passed on to customers but there is a lag in our ability to pass on these costs immediately which resulted in lower margins. For the quarter ended June 30, 2022, support services constituted 47% of the total revenue mix as compared to 41% in Q1 2022.

Adjusted EBITDA margins for the business segment are expected to improve significantly in the second half of 2022, as management manages the inflation inputs in this business unit, and the revenue mix becomes more favourable with improved occupancy at Kitimat lodge and stronger matting sales.

Forestry is a seasonal business with its activities taking place in Q2 and Q3 each year. Forestry year-to-date revenue for 2022 was $8.5 million as compared to $9.3 million in 2021 due to a slower seasonal start to planting of trees and fire activities caused by weather.

Revenues from Energy Services were $14.2 million and $24.7 million for the three and six months ended June 30, 2022, respectively. Q2 2022 revenues were up from the $10.6 million in Q1 2022 and the $6.4 million in Q2 2021. Much of this growth came from matting sales. Both the relocatable structures and matting business are expected to continue to experience increasing utilization throughout 2022.

Direct Costs

Direct costs are comprised of labour, materials, supplies and transportation, which vary directly with revenues, and a relatively fixed component, that includes rent and utilities. Direct costs in the WAFES business unit for Q2 2022 were $101.7 million or 85% of revenue, compared to $72.1 million or 82% of revenue (after excluding the CEWS impact) for Q2 2021 and $98.3 million or 85% in Q1 2022. These percentages are similar in the year-to-date periods. The increase of direct costs as a percentage of revenue over the year is due to the revenue mix in the services provided and increasing food, fuel and utility costs.

Management continues to be focused on improving contract pricing, managing these costs and labour shortages and its supply chain.

Modular Solutions

Modular Solutions segment revenues for Q2 2022 were $49.6 million compared to $48.2 million in Q2 2021 and $43.3 million in Q1 2022 .

Adjusted EBITDA for Q2 2022 was a loss of $3.0 million, compared to $4.7 million in Q2 2021 and $0.4 million in Q1 2022. The size of the $7.7 million decline in the Q2 results was unexpected as Q2 costs continued to escalate for fixed price contracts given significant material costs inflation, supply chain impacts, subcontractor cost increases approximating 30% and labour shortages which required premium costs of overtime or outsourcing to contractors. This inflation impact will dissipate as old contracts in the backlog are completed in Q3 and Q4 of 2022.

As announced in May 2022, Modular Solutions has undergone a restructuring such that Dexterra's COO has become the interim President and implemented significant immediate changes. We are also completing an external search for a new President. Management has initiated a four point action plan to improve profitability to more normal levels over the back half of the year and expects to start to be profitable in Q3 2022. Key points of the plan include: improving project management and contract pricing; building in inflation clauses into contracts and revising terms with existing suppliers to create more revenue and cost certainty; increasing the project pipeline to improve throughput volumes and optimize overhead absorption at our plants and implementing revenue diversification strategies to reduce concentration risk with large clients. The latter two points will take more time to achieve lasting results.

Revenue for the six months ended June 30, 2022 was $92.9 million, an increase of $2.7 million compared to last year and the year to date EBITDA was impacted by the inflationary pressures discussed above plus development and start-up costs for new U.S. duplex housing modules which resulted in $1.8 million of negative Adjusted EBITDA.

A key metric for the Modular Solutions segment is the backlog of projects. The backlog was $117 million for rapid affordable housing at the end of Q2 2022, which excludes backlog of $48 million for Industrial and U.S. manufacturing supply projects. Additionally, Modular Solutions has recurring modular business beyond the projects above worth approximately $40 million per annum, which consists of education modules, retail stores and kiosks. The segment has won bids for approximately $20 million modular supply of multi-family duplex units in the U.S. that are expected to be completed in second half of 2022 and early 2023.

Direct Costs

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

Direct costs for the three and six months ended June 30, 2022 were 103% and 99% of revenue, respectively, as compared to the 87% and 88% of revenue in three and six months ended June 30, 2021, respectively. The increase in direct costs as a percentage of revenue reflects the lower overhead absorption in Q2 2022 and the inflationary impacts on the business and new product start-up costs as discussed above.

Other Items

Selling, General & Administrative Expense

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

SG&A expenses for Q2 2022 were $10.6 million, an increase of $1.9 million when compared to Q2 2021, and a $0.7 million increase as compared to the $9.9 million in Q1 2022. The Q2 increase is due to $0.6 million in Tricom acquisition earn-out expense, $0.7 million of severance and CEWS costs as well as an increase in headcount related to investments in people as we deliver on our growth strategy. SG&A expenses were 5% of total revenue in Q2 2022, which is consistent with Q2 2021 and Q1 2022.

SG&A expenses for the six months ended June 30, 2022 were $20.5 million and in addition to the items noted above included $0.6 million in acquisitions costs. As a percentage of revenue, SG&A expenses were 4% of total revenue year to date for 2022 which is improved as compared to 5% in 2021, due to the growth in the business.

Depreciation and Amortization

	Three months ended June 30,		Six months ended June 30,	
(000's)	2022	2021	2022	2021
Depreciation of property, plant and equipment and right-of-use assets	$ 8,560	$ 8,833	$ 17,449	$ 18,078
Amortization of intangibles	1,325	864	2,781	1,687
Total depreciation and amortization	$ 9,885	$ 9,697	$ 20,230	$ 19,765

For Q2 2022, depreciation and amortization was $9.9 million, an increase of $0.2 million compared to Q2 2021 and up from $9.7 million in Q2 2021. For the six months ended June 30, 2022, depreciation and amortization was $20.2 million, a $0.5 million of increase compared to 2021. The increase in amortization aligns with the increase in intangible assets from the acquisitions of Dana and Tricom in Q1 2022, which is partially offset by fully depreciated assets and the sales of excess equipment in the WAFES business. The Corporation plans to continue to operate in a capital light model going forward.

Finance costs

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

The effective interest rate on loans and borrowings for Q2 2022 was 3.19%. The interest rate is impacted by the debt level and tiered variable interest rate structure of the credit facility. The rate ranges from bank prime rate plus 0.5% to 2.75% per annum. The effective rate will increase in future quarters as central banks have increased interest rates.

Goodwill

Goodwill increased from $98.6 million at Q4 2021 to $128.5 million at Q2 2022 due to the acquisitions of Dana and Tricom. $93.9 million of the Goodwill is attributable to the IFM segment and $34.6 million is attributable to the WAFES segment. The Corporation concluded there were no indicators of impairment on its goodwill or intangibles as at June 30, 2022.

Gain/Loss on disposal

For the three and six months ended June 30, 2022, the gain on disposals were $0.2 million, compared to a gain on disposals of $0.7 million and $0.5 million for the three and six months ended June 30, 2021, respectively. The gains and losses on disposals are typically generated from rationalization of excess WAFES assets for conversion to cash.

Non-controlling interest

Dexterra Group owns 49% of Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik") and controls its operations. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra Group and a non-controlling interest is recognized. For Q2 2022, earnings of $0.04 million were attributed to the non-controlling interest which is consistent with the earnings in the same period of the prior year.

Joint Venture

Dexterra Group owns 49% of Gitxaala Horizon North Services LP ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"). These equity investments represent operations of the WAFES segment and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. For three and six months ended June 30, 2022, earnings from equity investments were $0.5 million and $1.0 million, respectively (2021 - $0.5 million and $1.3 million). In addition, for the three months ended June 30, 2022, Gitxaala paid cash distributions of $3.4 million (2021 - $nil) to the Corporation for its share of cumulative profit.

Income taxes

For the three and six months ended June 30, 2022, the Corporation's effective income tax rate was 26%, compared to 19% in 2021. The effective tax rate for the three months ended June 30, 2022 is consistent with the combined federal and provincial income tax rates. In 2021, the effective tax rate was lower than the combined federal and provincial income tax rate primarily due to recognizing the tax benefit from non-capital loss carryforwards in the amount of $1.1 million that met the recognition criteria as a result of tax planning efforts and the future expected profitability of the related business.

COVID-19 Pandemic

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

Outlook

Operations Outlook

Overall

The Corporation expects stronger results for the back half of 2022 and is poised for continued revenue growth in 2022 and 2023 as the economy moves into a post-pandemic environment. Management is proactively managing inflationary and supply chain pressures and labour availability across all business units. Management is also looking to drive organic and M&A related growth using a capital light service model. The acquisition strategy is focused on expanding IFM service offerings and geographical coverage.

IFM

The focus of the IFM business is on organic growth, executing on our M&A strategy and improving profit margins while providing excellent service to existing clients. In addition, the first quarter acquisitions provide us a new base of clients in hospitality and other verticals with new skills to execute on expansion opportunities. These acquisitions will produce more cross-selling opportunities over time. The IFM business unit will also benefit from increased traffic in airports in the back half of

2022, the education business entering the back to school peak period in September and inflation escalation clauses taking hold in client contracts.

WAFES

The WAFES business is expected to significantly improve in the back half of 2022 given increased natural resource activity nationwide. The Corporation is well positioned to take advantage in this highly competitive environment and has a strong track record of winning new contracts and renewing existing business. Significant matting sales for Q3 and Q4 were already contracted at June 30, 2022. The Crossroads Lodge in Kitimat, British Columbia reopened in Q2 2022. This facility with 736 beds had limited occupancy in Q2 and is expected to increase in Q3 and be at full capacity in Q4 2022.

The seasonal forestry business also has a strong book of business in place for the summer with contracts to plant over 37 million trees which is well underway at the end of Q2 2022. The Corporation has contracts in place to also respond and assist in fire-fighting efforts in various provinces, should the need arise.

EBITDA margin is expected to significantly increase in the second half of 2022 due to higher occupancy at the Kitimat lodge, strong matting sales and proactive management actions to enable inflation increase in costs to be passed on to clients.

Modular

The demand for affordable housing in urban centers continues to accelerate and government programs are seeking to address this need including modular housing solutions. Favorable conditions for the development of affordable multi-unit housing (both public and private) are expected to continue for the foreseeable future in both Canada and the U.S. Labour shortages, client driven project delays and increasing prices of materials due to record inflation have created challenges. Recent changes in leadership at multiple levels has delivered new talent and capabilities into the business. Leadership, focus and the strong action plan should assist this business unit in returning to profitability in Q3 with EBITDA expected to be 3% to 4% of revenue and a more normalized level of 6% profitability in 2023 as it works through the backlog of fixed price contracts.

Liquidity and Capital Resources

For the three and six months ended June 30, 2022, cash generated by operating activities was $11.1 million and $3.4 million, respectively, compared to cash generated of $20.2 million and $38.1 million in the same periods of 2021. The decrease represents reduced funds flow due to weak Modular results of approximately $9.6 million for the six-month period ended June 30, 2022, additional working capital investment of approximately $18.9 million due to the increase in scale of operations with increased revenue in WAFES. The incremental investments in accounts receivable is partially offset by deferred revenue which are prepayments received from certain customers. Cash flows from operating activities in the same period of 2021 were also positively impacted by the CEWS of $9.1 million. Debt will be reduced with Free Cash Flow generated by operations in the back half of the year as expected due to normal course seasonality in various lines of business, including the collection of Holdbacks under long term contracts of approximately $15 million, with the conversion of EBITDA to Free Cash Flow for 2022 expected to approximate 50%. Net debt level is expected to approximate $100 million at year end and leverage should approximate 1.2x Adjusted EBITDA for 2022.

Debt was $128.7 million and decreased slightly when compared to $130.7 million at Q1 2022 which included approximately $50 million for the first quarter acquisitions. The Corporation's financial position and liquidity remain strong with $61.2 million unused capacity on its credit lines at June 30, 2022.

Capital Spending

For the three and six months ended June 30, 2022, gross capital spending for property, plant and equipment was $1.5 million and $2.7 million, respectively, a decrease of $1.1 million and $1.6 million compared to the $2.6 million and $4.3 million in the same period of 2021. Capital spending in 2022 primarily relates to sustaining capital whereas the majority of first half of 2021 spending was for NRB Cambridge plant expansion ($3.2 million).

Quarterly Summary of Results

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

	Three months ended			
(000's except per share amounts)	2021 June	2021 March	2020 December	2020 September(1)
Revenue	$ 173,627	$ 155,404	$ 164,418	$ 176,918
Adjusted EBITDA	22,502	17,825	17,477	27,085
Net earnings (loss) attributable to shareholders	8,206	4,277	(103)	16,131
Net earnings per share, basic	$ 0.13	$ 0.07	$ —	$ 0.25
Net earnings per share, diluted	$ 0.13	$ 0.07	$ —	$ 0.24

(1) Revenue and Adjusted EBITDA for the third quarter of 2020 includes $6.6 million related to amounts awarded on two legal proceedings with former customers.

Reconciliation of non-GAAP measures

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

(000's)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net earnings	$ 350	$ 8,213	$ 1,410	$ 12,687
Add:				
Share based compensation (recovery)	(105)	467	432	1,061
Depreciation & amortization	9,885	9,697	20,230	19,765
Equity investment depreciation	299	173	585	328
Finance costs	1,960	1,351	3,404	2,654
Gain on disposal of property, plant and equipment	(234)	(706)	(237)	(545)
Income tax expense	124	3,307	512	4,377
EBITDA(1)	$ 12,279	$ 22,502	$ 26,336	$ 40,327
Restructuring and settlement costs(2)	763	—	763	—
Acquisition costs	—	—	592	—
Contract loss provisions(3)	—	—	2,167	—
Earn-out expense(4)	600	—	800	—
Adjusted EBITDA(1)	$ 13,642	$ 22,502	$ 30,658	$ 40,327

(1) Includes CEWS of nil for the three and six months ended June 30, 2022 (Includes CEWS of $4.2 million for the three month period ended Q2 2021: IFM- $0.9 million, WAFES - $2.9 million, Modular Solutions -$0.3 million, Corporate - $0.1 million and CEWS of $9.1 million for the six months ended Q2 2021: Facilities Management $1.7 million, WAFES $6.6 million, Modular Solutions $0.6 million, Corporate $0.2 million).

(2) Includes settlement of a prior period CEWS claim and severance costs.

(3) Contract loss provisions are related to a contractual dispute and remediation work on pre-acquisition contracts and claims from the Acquisition of Horizon North Logistics Inc. in May 2020. There were no corresponding amounts in the other periods.

(4) The Tricom acquisition includes a performance-based incentive payment (the "Earn-out") to a maximum of $5 million which is based upon the actual results over the two years ending January 31, 2024, including the continuing employment of certain key employees. This Earn-out is recorded in the consolidated statement of comprehensive income as an expense as incurred.

(000's)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net cash flows from operating activities	$ 11,142	$ 20,197	$ 3,394	$ 38,063
Sustaining capital expenditures, net of proceeds	(702)	(376)	(1,699)	(782)
Purchase of intangible assets	(81)	(724)	(85)	(1,429)
Finance costs paid	(1,946)	(1,186)	(3,191)	(2,384)
Lease payments	(3,173)	(2,962)	(4,970)	(6,127)
Free Cash Flow	$ 5,240	$ 14,949	$ (6,551)	$ 27,341

(000's)	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Total Adjusted EBITDA	$ 13,642	$ 22,502	$ 30,658	$ 40,327
CEWS by Segment:				
IFM	—	(859)	—	(1,712)
WAFES	—	(2,944)	—	(6,608)
Modular Solutions	—	(290)	—	(576)
Corporate costs and Inter-segment eliminations	—	(101)	—	(203)
Adjusted EBITDA excluding CEWS	$ 13,642	$ 18,308	$ 30,658	$ 31,228
Adjusted EBITDA excluding CEWS as a % of revenue	5.8%	10.5%	6.7%	9.5%

Accounting Policies

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

Outstanding Shares

Dexterra Group had 65,219,962 voting common shares issued and outstanding as at August 9, 2022, of which 49% or 31,957,781 are owned by subsidiaries of Fairfax Financial Holdings Limited.

Off-Balance Sheet Financing

Dexterra Group has no off-balance sheet financing.

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

Disclosure Controls and Procedures

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

Internal Controls over Financial Reporting

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

There were no changes to the Corporation's ICFR during the period ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

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

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

Risks and Uncertainties

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

Critical Accounting Estimates and Judgements

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

Financial Instruments and Risk Management

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

Forward-Looking Information

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

Condensed consolidated statement of financial position (Unaudited)

(000's)	Note		June 30, 2022		December 31, 2021
Assets					
Current assets					
Trade and other receivables	5	$	222,146	$	184,776
Inventories	6		24,541		16,998
Prepaid expenses and other			5,779		4,948
Income tax receivable			2,445		2,213
Total current assets			254,911		208,935
Non-current assets					
Property, plant and equipment	7		158,880		161,981
Right-of-use assets	8		21,370		22,057
Intangible assets	9		37,950		21,777
Goodwill	9		128,478		98,640
Deferred income tax assets			4,524		2,081
Other assets	10		15,916		18,158
Total non-current assets			367,118		324,694
Total assets		$	622,029	$	533,629
Liabilities					
Current liabilities					
Trade and other payables		$	137,735	$	121,868
Deferred revenue			13,038		1,946
Asset retirement obligations	12		5,392		5,277
Lease liabilities	8		7,736		7,346
Total current liabilities			163,901		136,437
Non-current liabilities					
Lease liabilities	8		16,865		17,722
Contingent consideration			747		1,142
Asset retirement obligations	12		6,649		5,283
Loans and borrowings	11		128,732		65,320
Other long term liabilities	4,13		3,439		769
Deferred income tax liabilities			6,633		2,608
Non-current liabilities			163,065		92,844
Total liabilities		$	326,966	$	229,281
Shareholders' Equity					
Share capital	13		233,882		233,541
Contributed surplus			1,632		1,199
Retained earnings			59,434		69,639
Non-controlling interest			115		(31)
Total shareholders' equity			295,063		304,348
Total liabilities and shareholders' equity		$	622,029	$	533,629

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

Condensed consolidated statement of comprehensive income (Unaudited)

		Three months ended June 30,		Six months ended June 30,	
(000's except per share amounts)	Note	2022	2021	2022	2021
Revenue					
Revenue from operations		$ 233,896	$ 173,627	$ 457,856	$ 329,031
Operating expenses					
Direct costs	14	211,817	143,141	412,553	273,451
Selling, general and administrative expenses	15	10,601	8,705	20,529	16,881
Depreciation	7,8	8,560	8,833	17,449	18,078
Amortization of intangible assets	9	1,325	864	2,781	1,687
Share based compensation (recovery)	13	(105)	467	432	1,061
Gain on disposal of property, plant and equipment		(234)	(706)	(237)	(545)
Operating income		1,932	12,323	4,349	18,418
Finance costs		1,960	1,351	3,404	2,654
Earnings from equity investments		(502)	(548)	(977)	(1,300)
Earnings before income taxes		474	11,520	1,922	17,064
Income tax					
Income tax expense	16	124	3,307	512	4,377
Net earnings		$ 350	$ 8,213	$ 1,410	$ 12,687
Net Earnings Attributable to:					
Shareholders		$ 310	$ 8,206	$ 1,206	$ 12,483
Non-controlling interest		$ 40	$ 7	$ 204	$ 204
Earnings per common share:					
Net earnings per share, basic and diluted	18	$ 0.00	$ 0.13	$ 0.02	$ 0.19
Weighted average common shares outstanding:					
Basic	18	65,202	65,082	65,179	65,000
Diluted	18	65,494	65,389	65,517	65,325

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

Condensed consolidated statement of changes in equity (Unaudited)

(000's)	Note	Share capital - Number of Shares	Share capital	Contributed surplus	Retained earnings	Non-controlling interest		Total
Balance as at December 31, 2021		65,151	233,541	1,199	69,639	(31)	$	304,348
Dividends	19	—	—	—	(11,411)	(58)		(11,469)
Exercise of stock options	13	69	341	(90)	—	—		251
Share based compensation	13	—	—	523	—	—		523
Net income		—	—	—	1,206	204		1,410
Balance as at June 30, 2022		**65,220**	**233,882**	**1,632**	**59,434**	**115**	**$**	**295,063**
Balance as at December 30, 2020		64,869	232,348	354	66,451	1,823	$	300,976
Dividends	19	—	—	—	(9,764)	(1,890)		(11,654)
Exercise of stock options	13	264	1,116	(313)	—	—		803
Share based compensation	13	—	—	707	—	—		707
Net income		—	—	—	12,483	204		12,687
Balance as at June 30, 2021		**65,133**	**233,464**	**748**	**69,170**	**137**	**$**	**303,519**

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

Condensed consolidated statement of cash flows (Unaudited)

(000's)	Note	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash provided by (used in):					
Operating activities:					
Net earnings		$ 350	$ 8,213	$ 1,410	$ 12,687
Adjustments for:					
Depreciation	7,8	8,560	8,833	17,449	18,078
Amortization of intangible assets	9	1,325	864	2,781	1,687
Share based compensation (recovery)	13	(105)	467	432	1,061
Gain on disposal of property, plant and equipment		(234)	(706)	(237)	(545)
Book value of used fleet transferred to inventory upon sale	7	1,079	2,017	2,118	3,651
Transferred from inventory to rental fleet	7	(1,318)	(2,257)	(4,166)	(2,257)
Earnings on equity investments		(502)	(548)	(977)	(1,300)
Asset retirement obligation settled	12	(343)	(513)	(343)	(849)
Finance costs		1,960	1,351	3,404	2,654
Income tax expense	16	124	3,307	512	4,377
Changes in non-cash working capital	17	288	(231)	(18,582)	2,949
Income taxes paid	16	(42)	(600)	(407)	(4,130)
Net cash flows from (used in) operating activities		11,142	20,197	3,394	38,063
Investing activities:					
Purchase of property, plant and equipment	7	(1,467)	(2,590)	(2,669)	(4,301)
Purchase of intangible assets	9	(81)	(724)	(85)	(1,429)
Acquisition of Dana	4(a)	(333)	—	(30,357)	—
Acquisition of Tricom	4(b)	—	—	(17,136)	—
Cash received from equity investments (net of capital contributions)	10	3,393	(697)	2,921	(899)
Proceeds on sale of property, plant and equipment		253	282	253	309
Net cash flows used in investing activities		1,765	(3,729)	(47,073)	(6,320)
Financing activities:					
Issuance of common shares	13	172	193	251	803
Payments for lease liabilities		(3,173)	(2,962)	(4,970)	(6,127)
Advances (repayments) on loans and borrowings	11	(2,009)	(7,105)	63,241	(13,721)
Finance costs paid		(1,946)	(1,186)	(3,191)	(2,385)
Dividends paid to non-controlling interest		(248)	(528)	(248)	(568)
Dividends paid to shareholders	19	(5,703)	(4,880)	(11,404)	(9,745)
Net cash flows from (used in) financing activities		(12,907)	(16,468)	43,679	(31,743)
Change in cash position		—	—	—	—
Cash, beginning of period		—	—	—	—
Cash, end of period		$ —	$ —	$ —	$ —

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

1. Reporting entity

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

2. Statement of compliance

These financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2021. The condensed consolidated interim financial statements do not include all of the information required for annual financial statements. These financial statements were approved by the board of directors of Dexterra Group on August 9, 2022.

3. Basis of Preparation

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

4. Business Combinations

On January 1, 2022, Dexterra Group acquired 100% of the issued and outstanding shares of FCPI Dana Investments Inc. ("Dana"), the General Partner and sole owner of Dana Hospitality Limited Partnership and Marek Hospitality Inc. for total cash consideration in the amount of $30.9 million net of working capital adjustments. This acquisition expands the existing culinary services of the Corporation in its IFM segment.

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

From the dates of the acquisitions to June 30, 2022, the acquired operations contributed $50.1 million of revenue and $0.4 million of earnings before tax to the Corporation. If both business combinations had been completed on January 1, 2022, the revenue and income before income tax for the six-month period ending June 30, 2022 would not have been materially different.

The Corporation incurred costs related to the acquisitions of $0.8 million relating to legal, restructuring, due diligence and external advisory fees. As of December 31, 2021, $0.2 million of these costs were included in selling, general & administrative expenses on the consolidated statement of comprehensive income with the remaining costs incurred in the six-month period ended June 30, 2022.

(a) Dana

The following summarizes the assets acquired and liabilities assumed:

Consideration:		**(000's)**
Cash consideration	$	30,913
Fair value of assets acquired and liabilities assumed:		
Cash	$	556
Trade & other receivables		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**

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

(b) Tricom

The following summarizes the assets acquired and liabilities assumed:

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

The primary factors that contributed to the residual purchase price allocation and resulted in the recognition of goodwill are: the assembled workforce of Tricom; access to growth opportunities with existing customers; and access to opportunities in the United States.

The acquisition also includes a performance-based incentive payment (the “Earn-out”) to a maximum of $5 million which is based upon the actual results over two years, ending January 31, 2024, and continuing employment of certain key employees. This Earn-out will be recorded in the consolidated statement of comprehensive income as an expense as incurred. For the period ended June 30, 2022, the Corporation recorded $0.8 million in Earn-out expense and this amount is included in other long term liabilities.

In addition, the acquisition includes a holdback that will be released to the previous owners eighteen months after the closing date of the transaction less any amounts paid. As at June 30, 2022, the amount of $2.0 million has been included in other long term liabilities.

5. Trade and other receivables

(000's)	June 30, 2022	December 31, 2021
Trade receivables	$ 138,086	$ 115,265
Modular holdbacks receivables	13,417	10,297
Deferred trade receivables	5,709	12,428
Total trade and modular receivables	$ 157,212	$ 137,990
Accrued trade receivables	54,497	43,504
Other receivables	11,260	4,460
Allowance for expected credit losses	(823)	(1,178)
Total	$ 222,146	$ 184,776

Modular holdback receivables and deferred trade receivables of $19.1 million (December 31, 2021 - $22.7 million) represent amounts billed on contracts which are not due until the contract work is substantially complete and any lien period has expired. All Modular holdback receivables and deferred trade receivables are expected to be collected within 12 months.

6. Inventories

(000's)	June 30, 2022	December 31, 2021
Raw materials	$ 13,822	$ 5,632
Food inventory	3,649	1,832
Modular work-in-progress	1,676	3,444
Finished goods and supplies	5,394	6,090
Inventories	$ 24,541	$ 16,998

7. Property, plant and equipment

Carrying Amounts (000's)	Camp equipment & mats	Land & buildings	Automotive & trucking equipment	Manufacturing & other equipment	Total
Cost					
Balance as at December 31, 2021	$ 145,713	$ 29,603	$ 17,701	$ 9,336	$ 202,353
Additions	864	741	296	768	2,669
Acquisition of Dana (Note 4 (a))	—	2,426	—	—	2,426
Acquisition of Tricom (Note 4 (b))	—	—	190	123	313
Asset retirement obligations (Note 12)	1,718	—	—	—	1,718
Transferred from inventory	4,166	—	—	—	4,166
Transferred to inventory for sale	(2,428)	—	—	—	(2,428)
Disposals	(1,991)	—	(177)	—	(2,168)
Balance as at June 30, 2022	$ 148,042	$ 32,770	$ 18,010	$ 10,227	$ 209,049
Accumulated Depreciation					
Balance as at December 31, 2021	$ 23,149	$ 2,359	$ 9,990	$ 4,874	$ 40,372
Depreciation	7,398	1,494	2,360	984	12,236
Transferred to inventory for sale	(310)	—	—	—	(310)
Disposals	(1,957)	—	(172)	—	(2,129)
Balance as at June 30, 2022	$ 28,280	$ 3,853	$ 12,178	$ 5,858	$ 50,169
Net book value					
Balance as at June 30, 2022	$ 119,762	$ 28,917	$ 5,832	$ 4,369	$ 158,880
December 31, 2021	$ 122,564	$ 27,244	$ 7,711	$ 4,462	$ 161,981

8. Leases

(i) Right-of-use assets

(000's)		Camp equipment & mats		Land & buildings		Automotive & trucking equipment		Manufacturing & other equipment		Total
Cost										
Balance as at December 31, 2021	$	5,554	$	25,926	$	2,701	$	520	$	34,701
Acquisition of Dana (Note 4 (a))		—		236		—		—		236
Acquisition of Tricom (Note 4 (b))		—		179		96		—		275
Additions		4,298		85		836		—		5,219
Disposals		(2,283)		(671)		(15)		—		(2,969)
Balance as at June 30, 2022	$	7,569	$	25,755	$	3,618	$	520	$	37,462
Accumulated Depreciation										
Balance as at December 31, 2021	$	2,743	$	8,436	$	1,111	$	354	$	12,644
Depreciation		1,873		2,840		433		67		5,213
Disposals		(1,086)		(671)		(8)		—		(1,765)
Balance as at June 30, 2022	$	3,530	$	10,605	$	1,536	$	421	$	16,092
Net book value										
June 30, 2022	$	4,039	$	15,150	$	2,082	$	99	$	21,370
December 31, 2021	$	2,811	$	17,490	$	1,590	$	166	$	22,057

(ii) Lease liabilities

Maturity Analysis – contractual undiscounted cash flows		(000's)
Year 1	$	8,750
Year 2		5,473
Year 3		3,843
Year 4		3,196
Year 5 and beyond		6,551
Total undiscounted lease payable as at June 30, 2022	$	27,813
Lease liabilities included in the statement of financial position at June 30, 2022	$	24,601
Current		7,736
Non-current		16,865

At June 30, 2022, the Corporation has not sub-leased any right-of-use assets. There were no restrictions or covenants imposed by leases of a material nature and there were no sale and leaseback transactions.

The amount of lease interest expense recognized during the three and six months ended June 30, 2022 is $0.4 million and $0.7 million, respectively (2021 - $0.3 million and $0.6 million, respectively).

9. Intangibles and Goodwill

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

(000's)	Trade Names	Customer Relationships	Computer software and other	Total
Cost				
Balance as at December 31, 2021	$ 3,800	$ 22,483	$ 4,580	$ 30,863
Acquisition of Dana (Note 4(a))	750	12,600	—	13,350
Acquisition of Tricom (Note 4(b))	—	5,500	—	5,500
Foreign currency translation[1]	—	19	—	19
Additions	—	—	85	85
Balance as at June 30, 2022	$ 4,550	$ 40,602	$ 4,665	$ 49,817
Accumulated Amortization				
Balance as at December 31, 2021	$ 1,031	$ 5,760	$ 2,295	$ 9,086
Amortization	451	1,726	604	2,781
Balance as at June 30, 2022	$ 1,482	$ 7,486	$ 2,899	$ 11,867
Net book value				
June 30, 2022	$ 3,068	$ 33,116	$ 1,766	$ 37,950
December 31, 2021	$ 2,769	$ 16,723	$ 2,285	$ 21,777

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

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

(000's)	June 30, 2022	December 31, 2021
Goodwill allocated to:		
Integrated Facilities Management[1]	$ 93,893	$ 64,055
Workforce Accommodations and Forestry	34,585	34,585
Balance, end of period	$ 128,478	$ 98,640

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

10. Other assets

Other assets at June 30, 2022 include equity accounted investments in Gitxaala Horizon North Services Limited Partnership ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"), both joint ventures that are 49% owned by the Corporation with carrying value of $13.3 million (December 31, 2021 - $15.2 million) and $1.8 million (December 31, 2021 - $1.9 million) respectively. During the three months ended June 30, 2022, Gitxaala paid cash distributions of $3.4 million (2021 - $nil) to the Corporation for its share of cumulative profit. These equity investments represent operations of the WAFES segment and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. In addition to the equity investments, the other assets include long-term lease receivables of $0.8 million (December 31, 2021 - $1.1 million).

11. Loans and borrowings

(000's)	June 30, 2022	December 31, 2021
Committed credit facility	$ 129,710	$ 66,469
Unamortized financing costs	(978)	(1,149)
Total borrowings	$ 128,732	$ 65,320

Effective September 7, 2021, the Corporation reached an agreement with its lenders to amend its credit facility and extend the maturity date to September 7, 2024. The amended credit facility has an available limit of $200 million plus an uncommitted accordion of $125 million and is secured by a $400 million first fixed and floating charge debenture over all assets of the Corporation and its wholly-owned subsidiaries. The interest rate for the credit facility is calculated on a grid pricing structure based on the Corporation's debt to EBITDA ratio. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee ranging from 0.30% to 0.55% per annum.

As at June 30, 2022, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and available borrowing capacity was $61.2 million (2021 - $124.5 million), after adjusting for $9.1 million (2021 - $9.1

million) in letters of credit outstanding at June 30, 2022. For the three and six months ended June 30, 2022, the Corporation incurred finance costs relating to the loans and borrowings of $1.4 million (June 2021 - $0.7 million) and $2.4 million (June 2021 - $1.6 million) respectively.

12. Asset retirement obligations

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

(000's)		June 30, 2022		December 31, 2021
Balance, beginning of period	$	10,560	$	11,629
Additions		1,580		—
Asset retirement obligations settled		(343)		(2,041)
Change in estimate		138		914
Accretion of provisions		106		58
Balance, end of period	$	12,041	$	10,560

The estimated present value of rehabilitating the sites at the end of their useful lives has been estimated using existing technology, adjusted for inflation and discounted using a risk-free rate. The future value amount of $12.6 million at June 30, 2022 (December 31, 2021 - $10.7 million) was determined using a risk free interest rate of 3.27% and an inflation rate of 1.86%. 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)		June 30, 2022		December 31, 2021
Current	$	5,392	$	5,277
Non-current		6,649		5,283
Balance, end of period	$	12,041	$	10,560

13. Share capital

(a) Authorized and issued

The Corporation is authorized to issue an unlimited number of voting common shares without nominal or par value and an unlimited number of preferred shares issuable in series, of which no preferred shares are outstanding. The number of common shares and share capital are presented in the table below:

(In 000's, other than number of shares)	Total number of shares		Total share capital
Balance, December 31, 2021	65,151,083	$	233,541
Options exercised	68,879		341
Balance, June 30, 2022	65,219,962	$	233,882

(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	557,271		8.27
Exercised	(68,879)		3.64
Forfeited	(104,866)		6.30
Balance, June 30, 2022	1,583,666	$	5.86

The exercise prices for options outstanding and exercisable at June 30, 2022 are as follows:

	Total options outstanding			Exercisable options	
Exercise price per share	Number	Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
$3.05	561,333	$ 3.05	2.9	326,338	$ 3.05
$6.21 to $6.53	532,746	6.45	3.6	175,383	6.48
$7.55 to $8.50	489,587	8.45	4.5	—	—
	1,583,666	$ 5.86	3.7	501,721	$ 4.25

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

	June 30, 2022	December 31, 2021
Fair value per option	$ 2.51	$ 2.08
Forfeiture rate	9.28 %	10.00 %
Grant price	$ 8.27	$ 6.49
Expected life	3 years	3 years
Risk free interest rate	1.34 %	0.25 %
Dividend yield rate	4.93 %	4.62 %
Volatility	58.90 %	62.92 %

For the three and six months ended June 30, 2022, share based compensation for share options included in net earnings amounted to $0.2 million (2021 - $0.2 million) and $0.5 million (2021 - $0.7 million) respectively.

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

(a) RSUs

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

Under the terms of the RSU Plan, the awarded units vest in three equal portions on the first, second and third anniversary from the grant date, and will be settled in cash in the amount equal to the fair market value of the Corporation's share price on that date. All outstanding RSUs have been granted to members of the Board of Directors.

The following table summarizes the RSU’s outstanding:

	Number
Units outstanding at December 31, 2021	28,970
Granted	21,307
Exercised	(9,656)
Units outstanding at June 30, 2022	40,621

(b) PSUs

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

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

The following table summarizes the PSU’s outstanding:

	Number
Units outstanding at December 31, 2021	291,762
Granted	281,479
Forfeited	(54,112)
Units outstanding at June 30, 2022	519,129

As at June 30, 2022, trade and other payables included $0.1 million (December 2021 - $0.1 million) for outstanding RSUs. For the three and six months ended June 30, 2022, share based compensation for RSUs included in net earnings amounted to $nil and $0.03 million, respectively (2021 - $0.02 million and $0.03 million, respectively).

As at June 30, 2022, other long-term liabilities included $0.6 million for outstanding PSUs (December 31, 2021 - $0.8 million). For the three and six months ended June 30, 2022, share based compensation included a recovery of $0.3 million and $0.1 million for PSUs in net earnings, respectively (2021 - $0.2 million and $0.3 million of expense, respectively).

14. Direct costs

	Three months ended June 30,		Six months ended June 30,	
(000's)	2022	2021	2022	2021
Cost of goods manufactured - materials and direct labour	$ 42,842	$ 36,526	$ 77,962	$ 68,416
Wages and benefits	86,315	55,447	169,025	103,283
Subcontracting	17,633	11,836	35,112	24,408
Product cost	41,790	24,203	82,103	44,898
Equipment and repairs	2,796	2,179	5,106	4,129
Transportation and travel	6,119	3,422	10,414	5,945
Partnership profit sharing	2,582	2,411	5,507	5,426
Utilities and occupancy costs	8,944	5,217	17,522	12,491
Corporate	—	—	4,050	—
Other operating expense	2,796	1,900	5,752	4,455
	$ 211,817	$ 143,141	$ 412,553	$ 273,451

Included in wages and benefits is the impact of the Canada Emergency Wage Subsidy (“CEWS”), which reduced wages and benefits by $nil for the three and six months ended June 30, 2022 (2021 - $4.1 million and $8.9 million, respectively).

15. Selling, general and administrative expenses

	Three months ended June 30,		Six months ended June 30,	
(000's)	2022	2021	2022	2021
Wages and benefits	$ 5,805	$ 5,598	$ 10,736	$ 10,115
Other selling and administrative expenses	4,796	3,107	9,793	6,766
	$ 10,601	$ 8,705	$ 20,529	$ 16,881

Included in wages and benefits is the impact of CEWS, which reduced wages and benefits by nil for the three and six months ended June 30, 2022 (2021 - $0.1 million and $0.2 million, respectively).

16. Income taxes

For the three and six months ended June 30, 2022, the Corporation's effective income tax rate was 26%, compared to 19% in 2021. The effective tax rate for the three months ended June 30, 2022 is consistent with the combined federal and provincial income tax rates. In 2021, the effective tax rate was lower than the combined federal and provincial income tax rate primarily due to recognizing the tax benefit from non-capital loss carryforwards in the amount of $1.1 million that met the recognition criteria as a result of tax planning efforts and the future expected profitability of the related business.

The Corporation has non-capital losses for Canadian tax purposes of $76.5 million at June 30, 2022 (December 31, 2021 - $79.9 million) available to reduce future taxable income in Canada. The Corporation expects to fully utilize these losses before their expiry.

The Corporation paid $0.04 million and $0.4 million in income taxes for the three and six months ended June 30, 2022. Payment of taxes for the year ended December 31, 2021 of approximately $2 million will be refunded based on the tax reorganization completed in late 2021.

The current and deferred tax expense breakdown is as follows:

	Three months ended June 30,		Six months ended June 30,	
Income tax expense (000's):	2022	2021	2022	2021
Current	$ 51	$ 2,325	$ 175	$ 2,840
Deferred	73	982	337	1,537
	$ 124	$ 3,307	$ 512	$ 4,377

17. Cash flow information

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

	Three months ended June 30,		Six months ended June 30,	
(000's)	2022	2021	2022	2021
Trade and other receivables	$ (1,528)	$ (16,631)	$ (29,889)	$ (14,623)
Inventories	(3,612)	(72)	(5,973)	(2,180)
Prepaid expenses and other	(112)	161	(262)	384
Trade and other payables	(1,776)	16,161	6,450	18,179
Deferred revenue	7,316	150	11,092	1,189
	$ 288	$ (231)	$ (18,582)	$ 2,949

18. Net earnings per share

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

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Number of common shares, beginning of period	65,174,850	65,069,417	65,151,083	64,869,417
Common shares issued, weighted average	27,229	12,949	28,209	130,267
Weighted average common shares outstanding - basic	65,202,079	65,082,366	65,179,292	64,999,684
Effect of share purchase options(1)	291,988	306,973	337,847	325,314
Weighted average common shares outstanding - diluted	65,494,067	65,389,339	65,517,139	65,324,998

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

19. Dividends

A dividend of $0.0875 per share was declared for the quarter ended June 30, 2022 and has been accrued in trade and other payables as at June 30, 2022. The dividend is payable to shareholders of record at the close of business on June 30, 2022 and was paid on July 15, 2022. A dividend of $0.0875 per share was declared for the quarters ended December 31, 2021 and March 31, 2022 and were paid in January and April 2022, respectively.

20. Reportable segment information

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

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

Three months ended June 30, 2021 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 38,785	$ 87,536	$ 48,225	$ —	$ (919)	$ 173,627
Operating expenses						
Direct costs[(1)]	32,927	69,189	41,861	—	(836)	143,141
Selling, general and administrative expenses[(1)]	1,682	1,281	1,634	4,108	—	8,705
Depreciation and amortization	804	6,984	1,322	587	—	9,697
Share based compensation	35	75	52	305	—	467
Loss (gain) on disposal of property, plant and equipment	—	(730)	27	(3)	—	(706)
Operating income (loss)[(1)]	3,337	10,737	3,329	(4,997)	(83)	12,323
Finance costs	—	89	340	922	—	1,351
Earnings from equity investment	—	(548)	—	—	—	(548)
Earnings (loss) before income taxes	$ 3,337	$ 11,196	$ 2,989	$ (5,919)	$ (83)	$ 11,520
Total assets	$ 109,152	$ 310,699	$ 98,255	$ 6,094	$ (1,316)	$ 522,884

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

Six months ended June 30, 2021 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 76,807	$ 163,193	$ 90,173	$ —	$ (1,142)	$ 329,031
Operating expenses						
Direct costs(1)	65,800	129,106	79,583	—	(1,038)	273,451
Selling, general and administrative expenses(1)	3,366	2,784	2,972	7,759	—	16,881
Depreciation and amortization	1,644	14,566	2,499	1,056	—	19,765
Share based compensation	65	161	95	740	—	1,061
Loss (gain) on disposal of property, plant and equipment	—	(436)	(106)	(3)	—	(545)
Operating income (loss)(1)	5,932	17,012	5,130	(9,552)	(104)	18,418
Finance costs	—	184	550	1,920	—	2,654
Earnings from equity investment	—	(1,300)	—	—	—	(1,300)
Earnings (loss) before income taxes	$ 5,932	$ 18,128	$ 4,580	$ (11,472)	$ (104)	$ 17,064
Total assets	$ 109,152	$ 310,699	$ 98,255	$ 6,094	$ (1,316)	$ 522,884

(1) Includes CEWS of $nil for the three and six months ended June 30, 2022 and CEWS of $4.2 million and $9.1 million for the three and six months ended June 30, 2021, respectively (IFM - $0.9 million ($1.7 million), WAFES - $2.9 million ($6.6 million), Modular Solutions -$0.3 million ($0.6 million) , Corporate - $0.1 million ($0.2 million).

(2) Corporate results for the six months ended June 30, 2022 include revenue and direct expenses in the amount of $1.9 million and $4.0 million, respectively from contractual disputes and remediation work related to contracts in place at the time of the Acquisition of Horizon North Logistics Inc. in May 2020. There were no corresponding amounts in the three and six months ended June 30, 2021.

21. Financial risk management

Overview

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosure required in the annual financial statements. The annual consolidated financial statements for the year ended December 31, 2021 present information about the Corporation’s exposure to each of the business and financial risks and the Corporation’s objectives, policies and processes for measuring and managing risk. There were no significant changes to the Corporation’s risk exposures, including credit risk, liquidity risk, and market risk, and risks related to the COVID-19 pandemic or the processes used by the Corporation for managing those risk exposures at June 30, 2022 compared to those identified and discussed in the Corporation’s annual consolidated financial statements for the year ended December 31, 2021.

22. Related parties

As at June 30, 2022 Dexterra Group has performance and labour bonds outstanding with Northbridge General Insurance Corporation (“Northbridge”), a company with the same controlling shareholder as Dexterra Group, totaling $29.3 million (December 31, 2021 - $44.0 million). No fees for these bonds were incurred for the three and six months ended June 30, 2022 (June 30, 2021 - $nil).

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

23. Comparatives

For the period ended June 30, 2022, certain prior year amounts on the statement of financial position have been amended to conform to the current period's presentation, including reclassification of $2.1 million from deferred tax liabilities to deferred tax assets.

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