dexterra GROUP

Unaudited Condensed Interim Report to the shareholders for the three and nine months ended September 30, 2022

Contents

The following Management's Discussion and Analysis ("MD&A") prepared as at November 8, 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 nine months ended September 30, 2022 ("Q3 2022") and September 30, 2021 ("Q3 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 Q3 2022 Financial Statements of Dexterra Group as at and for the three and nine months ended September 30, 2022 and September 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 September 30,		Nine months ended September 30,	
(000's except per share amounts)	2022	2021	2022	2021
Total Revenue	$ 259,803	$ 202,760	$ 717,659	$ 531,792
Adjusted EBITDA(1)(2)	$ 20,081	$ 22,372	$ 50,739	$ 62,701
Adjusted EBITDA as a % of revenue(1)	8%	11%	7%	10%
Net earnings(2)	$ 5,176	$ 7,764	$ 6,587	$ 20,451
Earnings per share				
Basic and Diluted	$ 0.08	$ 0.12	$ 0.10	$ 0.31
Total assets	$ 605,221	$ 540,477	$ 605,221	$ 540,477
Total loans and borrowings	$ 111,587	$ 79,635	$ 111,587	$ 79,635
Free Cash Flow(1)	$ 23,556	$ (2,748)	$ 17,090	$ 24,592

(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. Adjusted EBITDA as a % of revenue for the nine months ended September 30, 2021 excludes CEWS of $9.1 million.

(2) Includes CEWS of $9.1 million for the nine months ended September 30, 2021.

Non-GAAP measures

Certain measures and ratios in this MD&A do not have any standardized meaning as prescribed by GAAP and, therefore, are considered non-GAAP measures. Non-GAAP measures include "Adjusted EBITDA", calculated as earnings before interest, taxes, depreciation, amortization, equity investment depreciation, share based compensation, gain/loss on disposal of property, plant and equipment and non-recurring items; "Adjusted EBITDA excluding CEWS", calculated as Adjusted EBITDA less CEWS; "Adjusted EBITDA as a percentage of revenue", calculated as Adjusted EBITDA excluding CEWS divided by revenue; "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 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.

Third Quarter Results and Overview

Highlights

- The Corporation generated consolidated revenue of $259.8 million for Q3 2022 which increased $57.0 million, or 28%, compared with Q3 2021 and $25.9 million or 11% compared to Q2 2022. The increase of revenue in Q3 2022 is primarily attributed to the continued growth in IFM and WAFES, including the additional revenue of $25.2 million generated through the acquisitions of FCPI Dana Investments Inc. ("Dana") and Tricom Group ("Tricom") or collectively the "Q1 IFM Acquisitions" compared to Q3 2021 as well as an increase in WAFES revenue due to increased activity levels and successful rebids on contracts;

- The Corporation's Adjusted EBITDA for Q3 2022 was $20.1 million compared to $13.6 million in Q2 2022 and $22.4 million in Q3 2021. The Q3 2022 results primarily reflect the $3.9 million improvement in Modular results compared to Q2 2022 and increased WAFES activity levels. The EBITDA decrease in Q3 2022 compared to Q3 2021 is primarily related to lower Modular results of $1.9 million. The results also reflect the impact of inflation on all business units which is being actively managed;

- The IFM business unit had Q3 2022 revenue of $71.4 million, which has increased $32.3 million or 83% from Q3 2021 and $6.2 million or 10% as compared to Q2 2022. Adjusted EBITDA for Q3 2022 was $2.8 million, which is a decrease of $0.3 million and $1.2 million respectively when compared to Q3 2021 and Q2 2022. Margins were lower primarily due to the inflationary impacts on the business unit, the seasonality of Dana's education business and the full integration of the Q1 IFM businesses. The lower margins are expected to be temporary in nature;

- The WAFES business unit had Q3 2022 revenue of $132.6 million, which is up $14.0 million or 12% compared to Q3 2021 and $13.5 million or 11% increase as compared to Q2 2022. Adjusted EBITDA for WAFES in Q3 2022 was $20.9 million which is up by $4.6 million compared to Q2 2022 and was consistent with Q3 2021. The revenue increase in Q3 2022 when compared to Q3 2021 is primarily due to contract wins during 2021 and 2022 which offset lower forestry and fire support business in 2022. Management continues to manage the inflation impacts on this business unit and there are timing delays in our ability to pass costs onto customers;

- The Modular Solutions business unit had Q3 2022 revenue of $54.5 million and Adjusted EBITDA of $0.9 million, compared to revenue of $45.1 million and Adjusted EBITDA of $2.8 million in Q3 2021. Revenue and Adjusted EBITDA loss for Q2 2022 was $49.6 million and $3.0 million, respectively. Execution of the business improvement plan resulted in a return to profitability during Q3 with further margin improvements expected in upcoming quarters with margins expected to normalize by mid-2023. During the quarter, the Corporation announced the appointment of Robert Johnston as President of Modular Solutions;

- The Corporation reported consolidated net earnings of $5.2 million for Q3 2022 compared to consolidated net earnings of $7.8 million in Q3 2021. The consolidated net earnings for the nine months ended September 30, 2022 were $6.6 million compared to consolidated net earnings of $20.5 million in 2021. The decrease is mainly attributable to the lower Modular results and the inclusion of $9.1 million in CEWS for the nine-month period ended September 30, 2021;

- Net debt decreased to $111.6 million at Q3 2022 compared to $128.7 million at Q2 2022. For the three months ended September 30, 2022, Free Cash Flow was $23.6 million and reflected improved collection of accounts receivable balances including customer holdbacks. The Corporation expects its Free Cash Flow conversion to EBITDA to exceed 50% for fiscal 2022; and

- Dexterra Group declared a dividend for Q4 2022 of $0.0875 per share for shareholders of record at December 31, 2022, to be paid January 16, 2023.

Operational Analysis

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2022	2021	2022	2021
Revenue:				
IFM	$ 71,418	$ 39,073	$ 200,811	$ 115,880
WAFES	132,649	118,680	366,848	281,874
Modular Solutions	54,536	45,055	147,440	135,228
Corporate and Inter-segment eliminations	1,200	(48)	2,560	(1,190)
Total Revenue	$ 259,803	$ 202,760	$ 717,659	$ 531,792
Adjusted EBITDA:				
IFM	$ 2,830	$ 3,133	$ 10,789	$ 10,774
WAFES	20,875	20,915	53,134	53,846
Modular Solutions	872	2,782	(1,708)	10,400
Corporate costs and Inter-segment eliminations	(4,496)	(4,458)	(11,476)	(12,319)
Total Adjusted EBITDA(1)	$ 20,081	$ 22,372	$ 50,739	$ 62,701
Adjusted EBITDA as a % of Revenue(2)				
IFM	4.0 %	8.0 %	5.4 %	7.8 %
WAFES	15.7 %	17.6 %	14.5 %	16.8 %
Modular Solutions	1.6 %	6.2 %	(1.2) %	7.3 %

(1) Includes CEWS of $9.1 million for the nine months ended September 30, 2021.
(2) YTD 2021 excludes CEWS of $9.1 million.

IFM

For Q3 2022, IFM revenues were $71.4 million and increased by $32.3 million, or 83%, from the $39.1 million in Q3 2021. The increase primarily reflects the Q1 IFM Acquisitions, which contributed $25.2 million in revenue in Q3 2022. Excluding the acquisitions, revenue increased by $7.2 million or 18% compared to Q3 2021 due to new business wins and increased service activities at airports. The business unit was also successful in rebids of significant contracts. In addition, business is expected to increase in Q4 2022 due to the resurgence in the education sector to post pandemic levels which started in September 2022.

Adjusted EBITDA, as a percentage of revenue, was 4.0% for Q3 2022, which is lower than the 8.0% recorded in Q3 2021 and 6.1% in Q2 2022. The decrease in margin is primarily a result of continued inflationary pressures for which there is a lag in passing on costs to the customer, the seasonality of the education sector business and integration of the Q1 IFM Acquisitions which resulted in lower profitability by approximately $1.5 million in Q3.

The business unit is also actively managing increased product costs, labour shortage causing increased overtime and/or subcontracting, and increased supply chain costs which resulted in decreased EBITDA margins in the period. The majority of our IFM contracts include price adjustment and/or inflationary clauses but there is a lag before these costs are passed onto the client. Lower margins in Q3 2022 should improve in Q4 of 2022 and Q1 2023 to normal levels as escalation clauses are phased in under commercial contracts.

For the nine months ended September 30, 2022, IFM revenues were $200.8 million and increased primarily due to the Q1 IFM Acquisitions which contributed $75.3 million year to date in revenue. Adjusted EBITDA as a percentage of revenue for this business unit was 5.4% on a year-to-date basis which is lower than 7.8% in the same period in 2021 for the same reasons outlined above. The lower margins in Q3 2022 are expected to be temporary in nature.

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 Q3 2022 were $66.7 million compared to $34.7 million in Q3 2021, an increase of $32 million. The increase of costs is due to the Q1 IFM Acquisitions. Direct Costs as a % of revenue in Q3 2022 were 93% which is higher than 91% in Q3 2021 (after adjusting for CEWS) and 91% for Q2 2022. After excluding the impact of acquisitions, IFM direct costs for Q3 2022 were 89% which is consistent with 89% Q2 2022. In comparison to Q3 2021, direct costs were higher by 2% of revenue in Q3 2022 due to increasing product cost and increased overtime and subcontracting as discussed above.

For the nine months ended September 30, 2022, direct costs were 91% of revenue compared to 87% in 2021. This 4% increase is primarily due to the impacts of inflation and the Q1 IFM Acquisitions as described above. 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 unit.

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 business unit for Q3 2022 was $132.6 million, an increase of $13.9 million compared to Q3 2021 and a $13.5 million increase compared to Q2 2022. WAFES revenue performance was strong in Q3 2022 compared to Q3 2021 due to the $6.9 million increase in catering, infrastructure install, and rental activities in Western Canada which resulted in increased occupancy and utilization across all services and a $7.0 million increase in revenue in Energy Services from higher mat sales and increased trucking and install work. Increases were partially offset by a $4 million reduction in fire support activity in 2022 due to lower activity. This growth reflects our strong brand and high service levels.

Revenue from the WAFES business unit for the nine months ended September 30, 2022 was $366.8 million with the increase attributable to growth in catering, infrastructure and install activities. Revenues from Energy Services were $19.6 million and $44.4 million for the three and nine months ended September 30, 2022. The stronger Q3 year-to-date 2022 results reflect overall strong activity in the natural resources sector and new client wins.

The Q3 2022 Adjusted EBITDA as a percentage of revenue is 15.7%, compared to 17.6% in Q3 2021 and 14.5% on a year-to-date basis. The lower margin as compared to Q3 2021 is primarily due to the reduction in fire support activity, revenue mix and inflationary impacts resulting from increased cost of food, fuel, and utilities which are passed onto customers over time. For the quarter ended September 30, 2022, support services constituted 47% of the total revenue mix which was consistent with Q2 2022.

Adjusted EBITDA margins for the business unit are expected to improve further in the last quarter of 2022, as management manages the cost inputs in this business unit as upcoming contract anniversaries allow for price adjustments, and the revenue mix becomes more favourable with stronger matting sales.

Forestry is a seasonal business with its activities taking place in Q2 and Q3 each year. Forestry activities in the current quarter added revenue of $9.8 million as compared to $13.3 million for the same period in the prior year. The variance in forestry revenue from prior period is mainly due to lower firefighting services in the current year.

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 Q3 2022 were $110.4 million or 83% of revenue, compared to $96.8 million or 82% of revenue (after excluding the CEWS impact) for Q3 2021 and $101.7 million or 85% in Q2 2022. The decrease of direct costs as a percentage of revenue in Q3 2022 compared to Q2 2022 is due management's continued focused on improving contract pricing, managing costs and its supply chain.

Modular Solutions

Modular Solutions business unit revenues for Q3 2022 were $54.5 million compared to $45.1 million in Q3 2021 and $49.6 million in Q2 2022.

Adjusted EBITDA for Q3 2022 was $0.9 million, compared to $2.8 million in Q3 2021 and a loss of $3.0 million in Q2 2022 that was primarily related to material and subcontractor cost increases on fixed priced contracts and $1.8 million of start-up costs for new products. Modular generated 2% EBITDA margin in Q3 2022. Margins are expected to continue to improve in Q4 2022 and return to normal levels by mid-2023 through business turnaround initiatives and as the impact of inflationary pressures experienced throughout 2022 is expected to dissipate as contracts in the backlog are completed in the remainder of 2022 and new contracts reflect current market prices.

As announced in September 2022, Modular Solutions has appointed Robert Johnston as President of the Modular business unit. Execution of the business unit turnaround plan and improvement in profitability are a key focus for management. The increase in revenue from Q2 2022 is primarily due to management efforts to increase throughput volumes and optimize overhead absorption at our manufacturing plants. In addition, the revenue diversification strategy has resulted in US destination supply projects now representing 15% of total revenue for the business unit with rapid affordable housing comprising of 50% of total revenue for the quarter ended September 30, 2022. In comparison, for Q3 2021 and Q2 2022, rapid affordable housing comprised 72% and 57% of total revenue for each quarter respectively.

Revenue for the nine months ended September 30, 2022 was $147.4 million, an increase of $12.2 million over the prior year period. YTD EBITDA for 2022 was impacted by the same items as noted above.

A key metric for the Modular Solutions is the backlog of projects. The backlog was $147.6 million for rapid affordable housing, which excludes backlog of $63.4 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 educational, commercial and industrial modules as well as kiosks. The backlog increase of $30.6 million from Q2 2022 is associated with continued federal funding for rapid affordable housing and may be impacted by large projects.

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 nine months ended September 30, 2022 were 95% and 98% of revenue, respectively, as compared to the 91% and 89% of revenue in three and nine months ended September 30, 2021, respectively. The increase in direct costs as a percentage of revenue reflects inflationary impacts on the business unit 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 Q3 2022 were $10.1 million, an increase of $1.6 million when compared to Q3 2021, and a $0.5 decrease compared to the $10.6 million in Q2 2022. The increase from Q3 2021 is due to the increased head-count from the increased scale of operations with the Q1 IFM Acquisitions. The decrease from Q2 is due to an adjustment in the Tricom earn-out expense, which was partially offset by restructuring costs. SG&A expenses were 4% of total revenue in Q3 2022, which is consistent with Q2 2022 and Q3 2021.

SG&A expenses for the nine months ended September 30, 2022 were $30.6 million compared to $25.3 million for the same period last year, which also included severance and acquisition costs incurred earlier in 2022. As a percentage of revenue, SG&A expenses were 4% of total revenue year to date for 2022 which decreased from 5% in 2021.

Depreciation and Amortization

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2022	2021	2022	2021
Depreciation of property, plant and equipment and right-of-use assets	$ 7,908	$ 8,516	$ 25,357	$ 26,594
Amortization of intangibles	1,371	867	4,152	2,554
Total depreciation and amortization	$ 9,279	$ 9,383	$ 29,509	$ 29,148

For Q3 2022, depreciation and amortization was $9.3 million, a decrease of $0.1 million compared to Q3 2021 and down from $9.9 million in Q2 2022. For the nine months ended September 30, 2022, depreciation and amortization was $29.5 million, a $0.4 million of increase compared to 2021. The Corporation plans to continue to operate in a capital light model going forward with lower depreciation expense as 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 three and nine months ended September 30, 2022 was 5.81% and 4.01% respectively, as compared to 3.33% and 3.50% for three and nine months ended September 30, 2021, respectively. The interest rate has been impacted by the increases in the Bank of Canada rate in 2022. The interest rate ranges from bank prime rate plus 0.5% to 1.75% per annum depending on the debt level. The effective rate may rise in future quarters as central banks increase interest rates.

Goodwill

Goodwill of $128.7 million is an increase from the $98.6 million in 2021 due to the Q1 IFM Acquisitions. $94.1 million of the Goodwill is attributable to the IFM business unit and $34.6 million is attributable to the WAFES business unit. The Corporation concluded there were no indicators of impairment on its goodwill or intangibles as at September 30, 2022.

Gain/Loss on disposal

For the three and nine months ended September 30, 2022, the gain on disposals were $0.06 million and $0.3 million compared to a loss on disposal of $0.4 million and a gain of $0.1 million for the three and nine months ended September 30, 2021, respectively. The gains and losses on disposals are 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 the three and nine months ended September 30, 2022, earnings of $0.01 million and $0.2 million were attributed to the non-controlling interest, respectively, compared to loss of $0.02 million and earnings of $0.2 million in the same periods 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 business unit and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. For three and nine months ended September 30, 2022, earnings from equity investments were $0.6 million and $1.5 million, respectively (2021 - $0.4 million and $1.7 million).

Income taxes

For the three and nine months ended September 30, 2022, the Corporation's effective income tax rate was 26%, compared to 27% and 26%, respectively, in 2021. The effective tax rate for the three and nine months ended September 30, 2022 and 2021 are consistent with the combined federal and provincial income tax rates.

Inflation and COVID-19 Pandemic

Inflation and recent disruptions to the supply chain and hiring and retaining talent continue to be challenges. We are actively managing our human capital resources and managing costs across all business units. 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, the impact of the pandemic is not expected to be significant on the business.

Outlook

Operations Outlook

Overall

Management is proactively managing inflationary and supply chain pressures and labour availability across all business units and is also looking to drive profitable 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 profitable organic growth, executing on our M&A strategy and bringing adjusted EBITDA as a percentage of revenue to normalized levels, while continuing to provide excellent service to clients. In addition, the Q1 IFM 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 and following the integration and restructuring completed in Q3 2022 will have positive impacts to EBITDA starting in Q4 2022. The IFM business unit will also benefit from the inflation escalation clauses in client contracts.

WAFES

The WAFES business is expected to remain strong for Q4 2022 and 2023 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. The Crossroads Lodge in Kitimat, British Columbia reopened in Q2 2022 with limited occupancy. Recent conversations with the client constructing the LNG Canada facility suggest that the timing and scope of occupancy are difficult to predict given labour and product challenges. We do not expect any significant increase in our Kitimat occupancy levels in Q4 2022 and continue to proactively monitor the situation.

Modular

The demand for affordable housing in urban centers continues 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. A strong action plan has enabled the business unit to return to profitability. Our goal is to reach a more normalized EBITDA margin of 6% by mid 2023 as the business unit works through the backlog of fixed price contracts and executes on production efficiency initiatives.

Liquidity and Capital Resources

Debt was $111.6 million at September 30, 2022 and decreased when compared to $128.7 million at Q2 2022. Debt increased in 2022 by approximately $50 million for the Q1 IFM Acquisitions. The Corporation's financial position and liquidity remain strong with $77.0 million unused capacity on its credit lines at September 30, 2022.

For the three and nine months ended September 30, 2022, cash generated by operating activities was $29.8 million and $33.2 million, respectively, compared to cash generated of $1.8 million and $39.9 million in the same periods of 2021 (nine months ended September 30, 2021 included CEWS of $9.1 million). The results for the quarter represent improved cash collections and release of significant customer holdbacks. Debt will be reduced with Free Cash Flow generated by operations in Q4 2022. The conversion of EBITDA to Free Cash Flow for 2022 is expected to exceed 50%.

Capital Spending

For the three and nine months ended September 30, 2022, gross capital spending for property, plant and equipment was $1.5 million and $4.2 million, respectively, compared to the $0.9 million and $5.2 million in the same period of 2021. Capital spending in 2022 primarily relates to sustaining capital whereas the majority 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 September	2022 June	2022 March	2021 December
Revenue	$ 259,803	$ 233,896	$ 223,960	$ 201,588
Adjusted EBITDA	20,081	13,642	17,018	18,054
Net earnings attributable to shareholders	5,164	310	894	4,093
Net earnings per share, basic and diluted	$ 0.08	$ —	$ 0.01	$ 0.06

	Three months ended			
(000's except per share amounts)	2021 September	2021 June	2021 March	2020 December
Revenue	$ 202,760	$ 173,627	$ 155,404	$ 164,418
Adjusted EBITDA	22,372	22,502	17,825	17,477
Net earnings (loss) attributable to shareholders	7,780	8,206	4,277	(103)
Net earnings per share, basic and diluted	$ 0.12	$ 0.13	$ 0.07	$ —

Reconciliation of non-GAAP measures

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

(000's)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net earnings	$ 5,176	$ 7,764	$ 6,587	$ 20,451
Add:				
Share based compensation	253	522	685	1,582
Depreciation & amortization	9,279	9,383	29,509	29,148
Equity investment depreciation	294	190	878	518
Finance costs	2,577	1,224	5,978	3,880
Loss (gain) on disposal of property, plant and equipment	(63)	428	(299)	(117)
Income tax expense	1,846	2,861	2,359	7,239
Restructuring and other costs[(2)]	(281)	—	1,282	—
Acquisition costs	—	—	592	—
Contract loss provisions[(3)]	1,000	—	3,168	—
Adjusted EBITDA[(1)]	$ 20,081	$ 22,372	$ 50,739	$ 62,701

(1) Includes CEWS of $9.1 million for the nine months ended September 30, 2021.
(2) Includes settlement of a CEWS claim, severance costs and the Tricom earn-out.
(3) Contract loss provisions are related to contractual dispute and remediation work on pre-acquisition contracts and claims from the Acquisition of Horizon North Logistics Inc. in May 2020 and are recorded on a net basis. The work on these contracts is substantially complete with final payments to be negotiated. There were no corresponding amounts in prior periods ended September 30, 2021.

(000's)	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net cash flows from operating activities	$ 29,803	$ 1,819	$ 33,198	$ 39,883
Sustaining capital expenditures, net of proceeds	(1,083)	(524)	(2,697)	(1,307)
Purchase of intangible assets	(55)	(151)	(140)	(1,579)
Finance costs paid	(2,601)	(1,814)	(5,793)	(4,200)
Lease payments	(2,508)	(2,078)	(7,478)	(8,205)
Free Cash Flow	$ 23,556	$ (2,748)	$ 17,090	$ 24,592

(000's)	Nine months ended September 30, 2021
Total Adjusted EBITDA	$ 62,701
CEWS by Segment:	
IFM	(1,712)
WAFES	(6,608)
Modular Solutions	(576)
Corporate costs and Inter-segment eliminations	(203)
Adjusted EBITDA excluding CEWS	$ 53,602
Adjusted EBITDA as a % of revenue	10.1%

No CEWS was recorded in Q3 2021 or in 2022 so the Adjusted EBITDA and Adjusted EBITDA excluding CEWS numbers are the same.

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 65,233,295 voting common shares issued and outstanding as at November 8, 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 September 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 2021 Annual Financial Statements.

Financial Instruments and Risk Management

In the normal course of business, the Corporation is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and interest rate risk. The Corporation's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Corporation's financial performance. The MD&A should be read in conjunction with the 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 Q1 IFM Acquisitions; management expectations of market sector recoveries, its leverage, Free Cash Flow, NRB Modular Solutions backlog and revenue, and its objectives and strategies are forward-looking 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	September 30, 2022	December 31, 2021
Assets			
Current assets			
Trade and other receivables	5	$ 205,031	$ 184,776
Inventories	6	25,612	16,998
Prepaid expenses and other		5,650	4,948
Income tax receivable		3,132	2,213
Total current assets		239,425	208,935
Non-current assets			
Property, plant and equipment	7	155,222	161,981
Right-of-use assets	8	22,904	22,057
Intangible assets	9	36,703	21,777
Goodwill	9	128,652	98,640
Deferred income tax assets		5,803	2,081
Other assets	10	16,512	18,158
Total non-current assets		365,796	324,694
Total assets		$ 605,221	$ 533,629
Liabilities			
Current liabilities			
Trade and other payables		$ 141,409	$ 121,868
Deferred revenue		8,723	1,946
Asset retirement obligations	12	5,024	5,277
Lease liabilities	8	7,356	7,346
Total current liabilities		162,512	136,437
Non-current liabilities			
Lease liabilities	8	18,815	17,722
Contingent consideration		747	1,142
Asset retirement obligations	12	6,667	5,283
Loans and borrowings	11	111,587	65,320
Other long term liabilities	13	554	769
Deferred income tax liabilities		9,464	2,608
Non-current liabilities		147,834	92,844
Total liabilities		$ 310,346	$ 229,281
Shareholders' Equity			
Share capital	13	233,938	233,541
Contributed surplus		1,918	1,199
Retained earnings		58,892	69,639
Non-controlling interest		127	(31)
Total shareholders' equity		294,875	304,348
Total liabilities and shareholders' equity		$ 605,221	$ 533,629

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

Condensed consolidated statement of comprehensive income (Unaudited)

(000's except per share amounts)	Note	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Revenue					
Revenue from operations		$ 259,803	$ 202,760	$ 717,659	$ 531,792
Operating expenses					
Direct costs	14	231,256	172,538	643,809	445,988
Selling, general and administrative expenses	15	10,051	8,424	30,580	25,305
Depreciation	7,8	7,908	8,516	25,357	26,594
Amortization of intangible assets	9	1,371	867	4,152	2,554
Share based compensation	13	253	522	685	1,582
(Gain) loss on disposal of property, plant and equipment		(63)	428	(299)	(117)
Operating income		9,027	11,465	13,375	29,886
Finance costs		2,577	1,224	5,978	3,880
Earnings from equity investments		(572)	(384)	(1,549)	(1,684)
Earnings before income taxes		7,022	10,625	8,946	27,690
Income tax					
Income tax expense	16	1,846	2,861	2,359	7,239
Net Earnings		$ 5,176	$ 7,764	$ 6,587	$ 20,451
Net Earnings (loss) Attributable to:					
Shareholders		$ 5,164	$ 7,780	$ 6,371	$ 20,263
Non-controlling interest		$ 12	$ (16)	$ 216	$ 188
Earnings per common share:					
Net earnings per share, basic and diluted	18	$ 0.08	$ 0.12	$ 0.10	$ 0.31
Weighted average common shares outstanding:					
Basic	18	65,225	65,145	65,195	65,049
Diluted	18	65,479	65,476	65,498	65,374

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	—	—	—	(17,118)	(58)	(17,176)
Exercise of stock options	13	82	397	(106)	—	—	291
Share based compensation	13	—	—	825	—	—	825
Net Earnings		—	—	—	6,371	216	6,587
Balance as at September 30, 2022		**65,233**	**233,938**	**1,918**	**58,892**	**127**	**$ 294,875**
Balance as at December 31, 2020		64,869	232,348	354	66,451	1,823	$ 300,976
Dividends	19	—	—	—	(15,466)	(2,125)	(17,591)
Exercise of stock options	13	282	1,193	(334)	—	—	859
Share based compensation	13	—	—	935	—	—	935
Net Earnings		—	—	—	20,263	188	20,451
Balance as at September 30, 2021		**65,151**	**233,541**	**955**	**71,248**	**(114)**	**$ 305,630**

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

Condensed consolidated statement of cash flows (Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
(000's)	Note	2022	2021	2022	2021
Cash provided by (used in):					
Operating activities:					
Net earnings		$ 5,176	$ 7,764	$ 6,587	$ 20,451
Adjustments for:					
Depreciation	7,8	7,908	8,516	25,357	26,594
Amortization of intangible assets	9	1,371	867	4,152	2,554
Share based compensation	13	253	522	685	1,582
(Gain) loss on disposal of property, plant and equipment		(63)	428	(299)	(117)
Net transfers between inventory and rental fleet	7	(384)	(1,392)	(2,432)	3
Earnings on equity investments		(572)	(384)	(1,549)	(1,684)
Asset retirement obligation settled	12	(378)	(242)	(720)	(1,091)
Finance costs		2,577	1,224	5,978	3,880
Income tax expense	16	1,846	2,861	2,359	7,239
Changes in non-cash working capital	17	13,051	(13,782)	(5,531)	(10,834)
Income taxes paid	16	(982)	(4,563)	(1,389)	(8,694)
Net cash flows from (used in) operating activities		29,803	1,819	33,198	39,883
Investing activities:					
Purchase of property, plant and equipment	7	(1,529)	(923)	(4,198)	(5,225)
Purchase of intangible assets	9	(55)	(151)	(140)	(1,579)
Acquisition of Dana	4(a)	—	—	(30,357)	—
Acquisition of Tricom Assets	4(b)	—	—	(17,136)	—
Cash received from equity investments (net of capital contributions)	10	—	—	2,921	(899)
Proceeds on sale of property, plant and equipment		203	21	456	330
Net cash flows used in investing activities		(1,381)	(1,053)	(48,454)	(7,373)
Financing activities:					
Issuance of common shares	13	40	56	291	859
Payments for lease liabilities		(2,508)	(2,078)	(7,478)	(8,205)
Advances (repayments) on loans and borrowings	11	(17,268)	8,101	45,973	(5,620)
Finance costs paid		(2,601)	(1,814)	(5,793)	(4,200)
Dividends paid to non-controlling interest		(378)	(147)	(626)	(715)
Dividends paid to shareholders	19	(5,707)	(4,884)	(17,111)	(14,629)
Net cash flows from (used in) financing activities		(28,422)	(766)	15,256	(32,510)
Change in cash position		—	—	—	—
Cash, beginning of period		—	—	—	—
Cash, end of period		$ —	$ —	$ —	$ —

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

1. Reporting entity

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

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial statements, including International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 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 November 8, 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. This acquisition increases the scale of the existing IFM business and provides access to new market sectors.

From the dates of the acquisitions to September 30, 2022, the acquired operations contributed $75.3 million of revenue. If both business combinations had been completed on January 1, 2022, the revenue for the nine-month period ending September 30, 2022 would not have been materially different.

The Corporation incurred costs related to the acquisitions of $1.3 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 nine-month period ended September 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.

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 September 30, 2022, the amount of $2.0 million has been included in trade and other payables.

5. Trade and other receivables

(000's)	September 30, 2022	December 31, 2021
Trade receivables	$ 125,030	$ 115,265
Modular holdbacks receivables	14,608	10,297
Deferred trade receivables	5,011	12,428
Total trade and modular receivables	$ 144,649	$ 137,990
Accrued trade receivables	51,385	43,504
Other receivables	9,907	4,460
Allowance for expected credit losses	(910)	(1,178)
Total	$ 205,031	$ 184,776

Modular holdback receivables and deferred trade receivables of $19.6 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)	September 30, 2022	December 31, 2021
Raw materials	$ 13,207	$ 5,632
Food inventory	4,733	1,831
Modular work-in-progress	1,404	3,444
Finished goods and supplies	6,268	6,091
Inventories	$ 25,612	$ 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	2,025	610	391	1,172	4,198
Acquisition of Dana (Note 4 (a))	—	2,426	—	—	2,426
Acquisition of Tricom Assets (Note 4 (b))	—	—	190	123	313
Asset retirement obligations (Note 12)	1,651	—	—	—	1,651
Transferred from (to) inventory	1,730	—	—	—	1,730
Disposals	(2,090)	(97)	(192)	—	(2,379)
Balance as at September 30, 2022	$ 149,029	$ 32,542	$ 18,090	$ 10,631	$ 210,292
Accumulated Depreciation					
Balance as at December 31, 2021	$ 23,149	$ 2,359	$ 9,990	$ 4,874	$ 40,372
Depreciation	10,836	2,292	3,068	1,405	17,601
Transferred from (to) inventory	(702)	—	—	—	(702)
Disposals	(2,001)	(12)	(188)	—	(2,201)
Balance as at September 30, 2022	$ 31,282	$ 4,639	$ 12,870	$ 6,279	$ 55,070
Net book value					
Balance as at September 30, 2022	$ 117,747	$ 27,903	$ 5,220	$ 4,352	$ 155,222
Balance as at 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))	—	105	131	—	236
Acquisition of Tricom Assets (Note 4 (b))	—	179	96	—	275
Additions	4,300	3,497	1,507	—	9,304
Disposals	(2,480)	(1,294)	(15)	(230)	(4,019)
Balance as at September 30, 2022	$ 7,374	$ 28,413	$ 4,420	$ 290	$ 40,497
Accumulated Depreciation					
Balance as at December 31, 2021	$ 2,743	$ 8,436	$ 1,111	$ 354	$ 12,644
Depreciation	2,713	4,280	672	91	7,756
Disposals	(1,278)	(1,294)	(8)	(227)	(2,807)
Balance as at September 30, 2022	$ 4,178	$ 11,422	$ 1,775	$ 218	$ 17,593
Net book value					
September 30, 2022	$ 3,196	$ 16,991	$ 2,645	$ 72	$ 22,904
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	$ 8,526
Year 2	6,037
Year 3	4,576
Year 4	4,034
Year 5 and beyond	6,559
Total undiscounted lease payable as at September 30, 2022	$ 29,732
Lease liabilities included in the statement of financial position at September 30, 2022	$ 26,171
Current	7,356
Non-current	18,815

At September 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 nine months ended September 30, 2022 is $0.3 million and $1.0 million, respectively (2021 - $0.2 million and $0.8 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 Assets (Note 4(b))		—		5,500		—		5,500
Additions		—		—		140		140
Foreign Currency Translation(1)		—		93		—		93
Balance as at September 30, 2022	$	4,550	$	40,676	$	4,720	$	49,946
Accumulated Amortization								
Balance as at December 31, 2021	$	1,031	$	5,760	$	2,295	$	9,086
Amortization		676		2,598		878		4,152
Foreign Currency Translation(1)		—		5		—		5
Balance as at September 30, 2022	$	1,707	$	8,363	$	3,173	$	13,243
Net book value								
September 30, 2022	$	2,843	$	32,313	$	1,547	$	36,703
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 which has a functional currency of US dollars.

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

(000's)		September 30, 2022		December 31, 2021
Goodwill allocated to:				
Integrated Facilities Management(1)	$	94,067	$	64,055
Workforce Accommodations and Forestry		34,585		34,585
Balance, end of period	$	128,652	$	98,640

(1) See Note 4 for additions to goodwill of $29.8 million related to acquisitions completed in 2022. The fluctuations from foreign currency translation relates to the Goodwill balances related to US operations..

10. Other assets

Other assets at September 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 $14.0 million (December 31, 2021 - $15.2 million) and $1.9 million (December 31, 2021 - $1.9 million) respectively. These equity investments represent operations of the WAFES segment and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. In addition to the equity investments, the other assets include long-term lease receivables of $0.6 million (December 31, 2021 - $1.1 million).

11. Loans and borrowings

(000's)		September 30, 2022		December 31, 2021
Committed credit facility	$	112,442	$	66,469
Unamortized financing costs		(855)		(1,149)
Total borrowings	$	111,587	$	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 September 30, 2022, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and available borrowing capacity was $77.0 million (2021 - $124.5 million), after adjusting for $10.5 million (2021 - $9.1 million) in letters of credit outstanding at September 30, 2022. For the three and nine months ended September 30, 2022, the Corporation incurred finance costs relating to the loans and borrowings of $2.1 million (September 2021 - $0.8 million) and $4.5 million (September 2021 - $2.4 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)	9 months ended September 30, 2022	12 months ended December 31, 2021
Balance, beginning of period	$ 10,560	$ 11,629
Additions	1,573	—
Asset retirement obligations settled	(720)	(2,041)
Change in estimate	78	914
Accretion of provisions	200	58
Balance, end of period	11,691	$ 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 undiscounted value of $12.2 million at September 30, 2022 (December 31, 2021 - $10.7 million) was determined using an average risk free interest rate of 3.64% and an inflation rate of 1.86% (December 31, 2021 - 1.23% and 1.27%, respectively). 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)	September 30, 2022	December 31, 2021
Current	$ 5,024	$ 5,277
Non-current	6,667	5,283
Balance, end of period	$ 11,691	$ 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	82,212	397
Balance, September 30, 2022	65,233,295	$ 233,938

(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	(82,212)	3.55
Forfeited	(104,866)	6.30
Balance, September 30, 2022	1,640,333	$ 5.89

The exercise prices for options outstanding and exercisable at September 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 to $5.95	639,227	$ 3.45	3.0	321,338	$ 3.05
$6.21 to $6.53	511,519	6.48	3.3	175,383	6.48
$6.54 to $8.50	489,587	8.45	4.3	—	—
	1,640,333	$ 5.89	3.5	496,721	$ 4.26

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:

	September 30, 2022	December 31, 2021
Fair value per option	$ 2.45	$ 2.08
Forfeiture rate	9.30 %	10.00 %
Grant price	$ 8.01	$ 6.49
Expected life	3.2 years	3 years
Risk free interest rate	1.57 %	0.25 %
Dividend yield rate	5.04 %	4.62 %
Volatility	58.80 %	62.92 %

For the three and nine months ended September 30, 2022, share based compensation for share options included in net earnings amounted to $0.3 million (2021 - $0.3 million) and $0.8 million (2021 - $0.9 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 September 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 September 30, 2022	519,129

As at September 30, 2022, trade and other payables included $0.1 million (December 2021 - $0.1 million) for outstanding RSUs. For the three and nine months ended September 30, 2022, share based compensation for RSUs included in net earnings amounted to $0.05 and $0.08 million, respectively (2021 - $0.05 million and $0.2 million, respectively).

As at September 30, 2022, other long-term liabilities included $0.6 million for outstanding PSUs (December 31, 2021 - $0.8 million). For the three and nine months ended September 30, 2022, net earnings included a share based compensation recovery of $0.1 and $0.2 million for PSUs, respectively (2021 expense - $0.2 million and $0.5 million, respectively).

14. Direct costs

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2022	2021	2022	2021
Cost of goods manufactured - materials and direct labour	$ 43,736	$ 33,129	$ 121,697	$ 101,545
Wages and benefits	91,425	70,092	260,450	173,376
Subcontracting	19,232	16,434	54,344	40,842
Product cost	49,249	33,363	131,310	78,217
Equipment and repairs	3,010	2,199	8,116	6,327
Transportation and travel	7,545	5,684	17,959	11,629
Partnership profit sharing	4,079	4,091	9,586	9,517
Utilities and occupancy costs	8,422	5,957	25,986	18,491
Corporate	2,203	—	6,247	—
Other operating expense	2,355	1,589	8,114	6,044
	$ 231,256	$ 172,538	$ 643,809	$ 445,988

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 nine months ended September 30, 2022 (2021 - $nil and $8.9 million, respectively).

15. Selling, general and administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2022	2021	2022	2021
Wages and benefits	$ 5,165	$ 4,575	$ 15,901	$ 14,690
Other selling and administrative expenses	4,886	3,849	14,679	10,615
	$ 10,051	$ 8,424	$ 30,580	$ 25,305

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

16. Income taxes

For the three and nine months ended September 30, 2022, the Corporation's effective income tax rate was 26%, compared to 27% and 26%, respectively, in 2021. The effective tax rate for the three and nine months ended September 30, 2022 and 2021 are consistent with the combined federal and provincial income tax rates.

The Corporation has non-capital losses for Canadian tax purposes of $80.0 million at September 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 $1.0 million and $1.4 million in income taxes for the three and nine months ended September 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 and is included in income tax receivable.

The current and deferred tax expense breakdown is as follows:

Income tax expense (000's):	Three months ended September 30, 2022	2021	Nine months ended September 30, 2022	2021
Current	$ 207	$ 2,494	$ 470	$ 5,335
Deferred	1,639	367	1,889	1,904
	$ 1,846	$ 2,861	$ 2,359	$ 7,239

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 assets acquisitions:

(000's)	Three months ended September 30, 2022	2021	Nine months ended September 30, 2022	2021
Trade and other receivables	$ 17,115	$ (21,189)	$ (12,774)	$ (35,812)
Inventories	(1,071)	(1,592)	(7,044)	(3,772)
Prepaid expenses and other	105	1,300	(157)	1,684
Trade and other payables	1,217	9,017	7,667	27,195
Deferred revenue	(4,315)	(1,318)	6,777	(129)
	$ 13,051	$ (13,782)	$ (5,531)	$ (10,834)

18. Net earnings per share

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

	Three months ended September 30, 2022	2021	Nine months ended September 30, 2022	2021
Number of common shares, beginning of period	65,219,962	65,132,750	65,151,083	64,869,417
Common shares issued, weighted average	4,964	12,391	43,587	179,286
Weighted average common shares outstanding - basic	65,224,926	65,145,141	65,194,670	65,048,703
Effect of share purchase options(1)	254,357	330,737	303,731	325,779
Weighted average common shares outstanding - diluted	65,479,283	65,475,878	65,498,401	65,374,482

(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 September 30, 2022 and has been accrued in trade and other payables as at September 30, 2022. The dividend is payable to shareholders of record at the close of business on September 30, 2022 and was paid on October 14, 2022. A dividend of $0.0875 per share was declared for the quarters ended December 31, 2021, March 31, 2022 and June 30, 2022 and were paid in January, April and July 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 September 30, 2022 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue[2]	$ 71,418	$ 132,649	$ 54,536	$ 1,200	$ —	$ 259,803
Operating expenses						
Direct costs[2]	66,653	110,353	52,047	2,203	—	231,256
Selling, general and administrative expenses	1,935	2,287	1,617	4,212	—	10,051
Depreciation and amortization	1,848	5,786	1,283	362	—	9,279
Share based compensation (recovery)	(83)	(76)	(33)	445	—	253
Gain on disposal of property, plant and equipment	(1)	(27)	(35)	—	—	(63)
Operating income (loss)	1,066	14,326	(343)	(6,022)	—	9,027
Finance costs	18	182	198	2,179	—	2,577
Earnings from equity investments	—	(572)	—	—	—	(572)
Earnings (loss) before income taxes	$ 1,048	$ 14,716	$ (541)	$ (8,201)	$ —	$ 7,022
Total assets	$ 180,058	$ 314,552	$ 95,852	$ 16,135	$ (1,376)	$ 605,221

Three months ended September 30, 2021 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 39,073	$ 118,680	$ 45,055	$ —	$ (48)	$ 202,760
Operating expenses						
Direct costs[1]	34,725	96,807	41,050	—	(44)	172,538
Selling, general and administrative expenses[1]	1,215	1,547	1,224	4,438	—	8,424
Depreciation and amortization	850	6,629	1,411	493	—	9,383
Share based compensation	41	95	61	325	—	522
Loss on disposal of property, plant and equipment	—	424	4	—	—	428
Operating income (loss)	2,242	13,178	1,305	(5,256)	(4)	11,465
Finance costs	22	141	200	861	—	1,224
Earnings from equity investment	—	(384)	—	—	—	(384)
Earnings (loss) before income taxes	$ 2,220	$ 13,421	$ 1,105	$ (6,117)	$ (4)	$ 10,625
Total assets	$ 109,050	$ 333,828	$ 93,501	$ 5,418	$ (1,320)	$ 540,477

Nine months ended September 30, 2022 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue[2]	$ 200,811	$ 366,848	$ 147,440	$ 3,082	$ (522)	$ 717,659
Operating expenses						
Direct costs[2]	183,695	310,321	144,021	6,247	(475)	643,809
Selling, general and administrative expenses	6,327	5,820	5,127	13,306	—	30,580
Depreciation and amortization	5,018	19,255	4,064	1,172	—	29,509
Share based compensation (recovery)	13	(95)	(38)	805	—	685
Loss (gain) on disposal of property, plant and equipment	(1)	(525)	(34)	261	—	(299)
Operating income (loss)	5,759	32,072	(5,700)	(18,709)	(47)	13,375
Finance costs	43	455	627	4,853	—	5,978
Earnings from equity investment	—	(1,549)	—	—	—	(1,549)
Earnings (loss) before income taxes	$ 5,716	$ 33,166	$ (6,327)	$ (23,562)	$ (47)	$ 8,946
Total assets	$ 180,058	$ 314,552	$ 95,852	$ 16,135	$ (1,376)	$ 605,221

Nine months ended September 30, 2021 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 115,880	$ 281,874	$ 135,228	$ —	$ (1,190)	$ 531,792
Operating expenses						
Direct costs(1)	100,525	225,912	120,633	—	(1,082)	445,988
Selling, general and administrative expenses(1)	4,581	4,316	4,196	12,212	—	25,305
Depreciation and amortization	2,494	21,195	3,910	1,549	—	29,148
Share based compensation	106	256	156	1,064	—	1,582
Loss (gain) on disposal of property, plant and equipment	—	(12)	(102)	(3)	—	(117)
Operating income (loss)(1)	8,174	30,207	6,435	(14,822)	(108)	29,886
Finance costs	22	322	750	2,786	—	3,880
Earnings from equity investment	—	(1,684)	—	—	—	(1,684)
Earnings (loss) before income taxes	$ 8,152	$ 31,569	$ 5,685	$ (17,608)	$ (108)	$ 27,690
Total assets	$ 109,050	$ 333,828	$ 93,501	$ 5,418	$ (1,320)	$ 540,477

(1) Includes CEWS of $nil for the three and nine months ended September 30, 2022 and CEWS of $nil and $9.1 million for the three and nine months ended September 30, 2021, respectively (IFM - $1.7 million, WAFES - $6.6 million, Modular Solutions - $0.6 million , Corporate - $0.2 million).

(2) Corporate results for the three and nine months ended September 30, 2022 include revenue of $1.2 million and $3.1 million, and direct costs of $2.2 million and $6.2 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. The work on these contracts is substantially complete with final payments to be negotiated. There were no corresponding amounts in the three and nine months ended September 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. Inflation risk is a heightened risk in today's business environment.

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 September 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 September 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 $29.6 million (December 31, 2021 - $44.0 million). No fees for these bonds were incurred for the three and nine months ended September 30, 2022 (September 30, 2021 - $nil).

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. The policy was renewed as of September 29, 2022, with premiums of $0.3 million.

23. Comparatives

For the period ended September 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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