Unaudited Consolidated Interim Report to the shareholders for the three and nine months ended September 30, 2023

Contents

The following Management's Discussion and Analysis ("MD&A") prepared as at November 7, 2023 for Dexterra Group Inc. ("Dexterra" or the "Corporation") provides information concerning Dexterra's financial condition and results of operations. This MD&A is based on unaudited condensed consolidated interim financial statements ("Financial Statements") for the three and nine months ended September 30, 2023 ("Q3 2023") and September 30, 2022 ("Q3 2022"), respectively. Readers should also refer to Dexterra's most recent audited consolidated financial statements and MD&A for the years ended December 31, 2022 and 2021 and the Annual Information Form ("AIF") dated March 8, 2023 available on SEDAR at sedar.com and Dexterra's website at dexterra.com. Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Information" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors including those described elsewhere in this MD&A and AIF.

The accompanying Financial Statements of Dexterra are the responsibility of Dexterra's management and have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") and all amounts presented are in thousands of Canadian dollars unless otherwise indicated.

Financial Summary

	Three months ended September 30,		Nine months ended September 30,	
(000's except per share amounts)	2023	2022	2023	2022
Total Revenue	$ 310,754	$ 259,803	$ 846,671	$ 717,659
Adjusted EBITDA[(1)]	$ 39,632	$ 20,081	$ 87,985	$ 50,739
Adjusted EBITDA as a percentage of revenue[(1)]	13%	8%	10%	7%
Net earnings[(2)]	$ 13,875	$ 5,176	$ 27,053	$ 6,587
Earnings per share				
Basic and Diluted	$ 0.21	$ 0.08	$ 0.41	$ 0.10
Total assets	$ 664,073	$ 605,221	$ 664,073	$ 605,221
Total loans and borrowings	$ 133,876	$ 111,587	$ 133,876	$ 111,587
Adjusted Free Cash Flow[(1)]	$ 19,786	$ 23,556	$ 26,354	$ 17,090

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

(2) Non-recurring charges included in pre-tax earnings are described in the reconciliation of Non-GAAP measures and include $4.7 million and $7.2 million in the three and nine months ended September 30, 2023, respectively (three and nine months ended September 30, 2022 - $0.7 million and $5.0 million).

Non-GAAP measures

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

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

Management's Discussion and Analysis

Core Business

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

Third Quarter Overview

Highlights

- The Corporation generated strong results for Q3 2023 with consolidated revenue of $310.8 million, an increase of 20% compared to Q3 2022 and 16% compared to Q2 2023. The strong results in Q3 were primarily driven by high support services activity in the WAFES business unit supporting the continued and unprecedented wildfire activity in Alberta and British Columbia, as well as robust natural resources market activity;
- The Corporation's Adjusted EBITDA for Q3 2023 was $39.6 million which is a quarterly record for the Corporation. The increase from the prior year quarter reflects the high WAFES business activity level as well as a stronger IFM footprint which is well positioned for improving results in Q4 with new contracts coming on stream;
- The Corporation reported consolidated net earnings of $13.9 million for Q3 2023 compared to $5.2 million in Q3 2022 and $8.5 million in Q2 2023;
- For the three months ended September 30, 2023, Adjusted Free Cash Flow was $19.8 million compared to $23.6 million in Q3 2022 as the Corporation made investments in working capital associated with high business activity in the quarter and revised supplier payment arrangements. On a year-to-date basis, Adjusted Free Cash Flow is $26.4 million or 54% higher than the comparable period in 2022. Adjusted Free Cash Flow conversion of EBITDA is expected to continue to approximate 50% on an annual basis;
- In connection to the ongoing Normal Course Issuer Bid ("NCIB"), Dexterra repurchased 323,700 common shares in Q3 2023 at a weighted average price per share of $5.82 for a total cash cost of $1.9 million; and
- Dexterra declared a dividend for Q4 2023 of $0.0875 per share for shareholders of record at December 31, 2023, to be paid January 15, 2024.

Operational Analysis

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2023	2022	2023	2022
Revenue:				
IFM	$ 79,599	$ 71,418	$ 242,545	$ 200,811
WAFES	186,243	132,649	453,535	366,848
Modular Solutions	44,912	54,536	150,091	147,440
Corporate and Inter-segment eliminations	—	1,200	500	2,560
Total Revenue	$ 310,754	$ 259,803	$ 846,671	$ 717,659
Adjusted EBITDA:				
IFM	$ 4,492	$ 2,830	$ 14,263	$ 10,789
WAFES	39,549	20,875	83,038	53,134
Modular Solutions	1,428	872	4,778	(1,708)
Corporate costs and inter-segment eliminations	(5,837)	(4,496)	(14,094)	(11,476)
Total Adjusted EBITDA	$ 39,632	$ 20,081	$ 87,985	$ 50,739
Adjusted EBITDA as a % of Revenue				
IFM	6 %	4 %	6 %	5 %
WAFES	21 %	16 %	18 %	14 %
Modular Solutions	3 %	2 %	3 %	(1)%

IFM

For Q3 2023, IFM revenues were $79.6 million, an increase of 11% from Q3 2022 and a 4% increase compared to Q2 2023 despite the normal lower summer seasonal activity in the educational sector. The increase from Q3 2022 is primarily related to the mobilization of new contracts in higher education and the Hotel, Rail and Leisure areas over the past year.

IFM Adjusted EBITDA for the quarter was $4.5 million compared to $2.8 million for Q3 2022 and is consistent with Q2 2023. The increase from the same period of the prior year is primarily attributed to the aforementioned organic growth and continued margin improvement in the business. Adjusted EBITDA as a percentage of revenue in our recurring base business, with the ramp-up of new contracts in the education sector, is expected to approach our target of 7% in the near term.

For the nine months ended September 30, 2023, IFM revenues were $242.5 million, an increase of 21% and reflected strong organic growth. Adjusted EBITDA is 32% higher compared to the same period in the prior year as the Corporation continues to focus on margin improvement.

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 2023 were $73.2 million compared to $66.7 million for Q3 2022, an increase of $6.5 million. The increase reflects the continued growth of the business. Direct costs as a percentage of revenue of 92% in Q3 2023 is consistent with Q3 2022 and marginally higher than the 91% in Q2 2023. Direct costs as a percentage of revenue the nine months ended September 30, 2023 were 92% compared to 91% for the same period in 2022.

WAFES

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

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

For the three months ended September 30, 2023, WAFES support services activity accounted for 39% (61% asset-based services) of total WAFES revenue compared to 47% support services (53% asset-based services) for the same period in 2022 due to variability in the quarterly activity mix including wildfire activities.

Revenue from the WAFES business unit for Q3 2023 was $186.2 million, an increase of 40% compared to Q3 2022 and a 35% increase compared to Q2 2023. Adjusted EBITDA for Q3 2023 was $39.5 million compared to $20.9 million in Q3 2022 and $25.0 million in Q2 2023.The record results in WAFES are primarily due to the unprecedented wildfire support services activity that continued into Q3 with revenue of approximately $30 million primarily in Alberta and British Columbia combined with strong camp utilization, sales and rentals of access mats, and rentals of modular space equipment. These factors resulted in a higher than normal Adjusted EBITDA as a percentage of revenue for Q3 2023.

For the nine months ended September 30, 2023, revenue was $453.5 million, an increase of 24%, and Adjusted EBITDA was 56% higher compared to the same period in the prior year. Adjusted EBITDA as percentage of revenue was 18%, compared to 14% in 2022 due to the factors noted above.

Direct Costs

Direct costs are comprised of labour, materials, supplies and transportation, which vary directly with revenues, and a relatively fixed component, which includes rent and utilities. Direct costs in the WAFES business unit for Q3 2023 were $144.1 million and $110.4 million for Q3 2022. This increase in costs is commensurate with revenue levels. Direct costs as a percentage of revenue in Q3 2023 were 77% compared to 83% in Q3 2022 and 80% in Q2 2023. The decrease is mainly due to the mix of business and proactive cost management. Direct costs as a percentage of revenue for the nine months ended September 30, 2023 were 80% compared to 85% for the same period in 2022 and were impacted by the same factors noted above.

Modular Solutions

Modular Solutions revenues for Q3 2023 were $44.9 million, compared to $54.5 million in Q3 2022 and $53.1 million in Q2 2023. Adjusted EBITDA for Q3 2023 was $1.4 million, an increase of $0.6 million when compared to Q3 2022 and a decrease of $0.5 million compared to Q2 2023. Differences in the period-to-period comparative results are due primarily to modular manufacturing production levels and field construction activity. Revenue in Q3 2023 included $9 million for the completion of certain fixed price British Columbia ("BC") social affordable housing projects with the remaining $16 million backlog associated with these projects expected to be substantially complete by year-end. Adjusted EBITDA as a percentage of revenue related to the rest of the business is positive as management executes on its four-point business turnaround plan.

Revenue for the nine months ended September 30, 2023 was $150.1 million, an increase of 2% compared to the same period in 2022. Adjusted EBITDA for the nine months ended September 30, 2023 was $4.8 million, an increase of $6.5 million compared to the same period in the prior year when various business challenges were encountered.

The Modular backlog of $58.2 million for rapid affordable housing at the end of Q3 2023 is lower primarily due to the delayed timing of project funding approvals. Management is focused on increasing the backlog in the near term. The backlog also excludes $57.5 million for industrial projects, U.S. manufacturing supply projects and recurring modular 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 as a percentage of revenue in Q3 2023 were 93% compared to 95% in Q3 2022 and 94% in Q2 2023. Direct costs as a percentage of revenue for the nine months ended September 30, 2023 were 94% compared to 98% for the same period in 2022. The decrease in direct costs as a percentage of revenue reflects the execution of management's turnaround plan driving improved project performance.

Other Items

Non-recurring items

Non-recurring items recorded in direct costs for the three months ended September 30, 2023 include $2.0 million related to future losses on an onerous IFM contract which expires in June 2024. For the nine months ended September 30, 2023, non-recurring items include the onerous contract referenced above as well as other contract loss provisions, demobilization and restructuring costs of $1.1 million prior to the quarter.

Non-recurring items recorded in Selling, general & administrative ("SG&A") costs for the three and nine months ended September 30, 2023 include $0.5 million and $1.9 million, respectively, related to CFO and CEO transition costs.

The Corporation has entered into an agreement to sell excess camp assets and recorded a related impairment on these assets of $2.2 million in the quarter ended September 30, 2023.

Selling, General & Administrative Expense

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

SG&A expenses for Q3 2023 were $13.5 million, an increase of $3.4 million and $2.7 million when compared to Q3 2022 and Q2 2023, respectively. These increases are primarily driven by the growth and increased scale of the business, higher bonuses due to stronger year-to-date results, and CFO severance and recruitment costs. SG&A normalized expenses were 4.3% of total revenue in Q3 2023 which is consistent with Q3 2022 and Q2 2023.

SG&A expenses for the nine months ended September 30, 2023 were $36.0 million compared to $30.6 million for the same period last year. These increases are related to the items referenced above as well as CEO transition costs. SG&A expenses are 4% of total revenue year to date for 2023 which is consistent with the same period last year.

Depreciation and Amortization

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2023	2022	2023	2022
Depreciation of property, plant and equipment and right-of-use assets	$ 9,650	$ 7,908	$ 26,051	$ 25,357
Amortization of intangibles	1,373	1,371	4,176	4,152
Total depreciation and amortization	$ 11,023	$ 9,279	$ 30,227	$ 29,509

For Q3 2023, depreciation and amortization was $11.0 million, which is an increase of $1.7 million and $1.1 million compared to Q3 2022 and Q2 2023, respectively. The increase compared to prior quarterly periods is primarily due to the special matting investments made in the over the past year which are amortized over three years. For the nine months ended September 30, 2023, depreciation and amortization was $30.2 million, an increase of $0.7 million compared to the same period last year. The higher depreciation and amortization in 2023 compared to the last year is a result of the additional matting depreciation which was partially offset by assets becoming fully depreciated. The Corporation plans to continue to operate in a capital light model going forward and depreciation expense will continue to reduce as more assets become fully depreciated.

Finance costs

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

The effective interest rate on loans and borrowings for the nine months ended September 30, 2023 was 8.5%, compared to 4.0% for the same period last year, including amortization of financing costs. The interest rate has been impacted by the increases in the Bank of Canada rate in the past 12 months. The Corporation expects to pay interest on its bank facility of approximately 8.5% in Q4 2023 and expects the rate to approximate 8% in 2024 absent any changes to the Bank of Canada rate or acquisitions.

Goodwill

Goodwill at September 30, 2023 is $130.5 million which is an increase of $1.9 million compared to the $128.6 million at December 31, 2022. This is a result of the acquisition of VCI Controls Inc. in the first quarter of 2023.

Dexterra assesses indicators of impairment at the end of each reporting period and performs a detailed impairment test at least annually. An impairment test was performed at July 1, 2023 for all CGUs with allocated goodwill, which comprise IFM and Workforce Accommodation and Forestry. No impairment was identified. The Corporation concluded there were no indicators of impairment on its goodwill or intangibles as at September 30, 2023. See Note 9 of the Q3 2023 Financial Statements for more details.

Non-controlling interest

Dexterra Group holds a 49% ownership interest in Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik") and controls its operations. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra Group and a non-controlling interest is recognized. For Q3 2023, no income was attributed to the non-controlling interest which is a decrease of $0.01 million compared to the same period of the prior year.

Joint Venture

Dexterra Group holds a 49% ownership interest in Gitxaala Horizon North Services LP ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"). These equity investments represent operations of the WAFES business unit and generate earnings from providing workforce accommodations, rentals, and maintenance of relocatable structures. For the three and nine months ended September 30, 2023, earnings from equity investments were $0.6 million and $1.5 million, respectively which is consistent with the same periods in the prior year.

Income taxes

For the three and nine months ended September 30, 2023, the Corporation's effective income tax rate was 27.5% and 26.3%, respectively, compared to 26% for both periods in 2022. The effective tax rates for the three and nine months ended September 30, 2023 and 2022 are generally consistent with the combined federal and provincial income tax rates. The Corporation also continues to utilize its tax loss carryforwards to reduce any cash taxes paid and does not expect to pay significant cash taxes in the near term.

Outlook

Operations Outlook

Overall

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

IFM

The focus of the IFM business is on higher margin sales growth and continuing to improve Adjusted EBITDA margins through operational improvements, inflation management and contract price adjustment. New business wins in 2023 in excess of $60 million in annualized value are being mobilized and will enable profitability improvement in Q4 2023 and beyond. Management also continues to seek accretive IFM acquisitions.

WAFES

The WAFES business is expected to remain strong due to consistently high natural resource activity nationwide and Q4 2023 will have some fire support services activities. Adjusted EBITDA as a percentage of revenue will also return to more normal levels in Q4 2023. Sales progress has been strong with new contracts won that will mobilize in early 2024. These wins will offset several large projects including LNG Canada and the Coastal GasLink ("CGL") pipeline which are nearing completion. The Crossroads Lodge in Kitimat, British Columbia is currently experiencing high occupancy which is expected to continue in the near term.

Modular

Modular continues to progress through the backlog of BC-based fixed priced affordable housing contracts which are expected to be substantially complete by year-end with the remainder closed out in Q1 2024. A key focus is expanding the backlog in Q4 2023 and executing on the four point action plan.

Liquidity and Capital Resources

Effective August 15, 2023 the Corporation reached an agreement with its lenders to amend its credit facility and extend the maturity dates to September 7, 2026. The amended credit facility has an available limit of $260 million plus an uncommitted accordion of $150 million. See Note 11 of the Q3 2023 Financial Statements for more details.

Debt was $133.9 million at September 30, 2023, compared to $126.5 million at Q2 2023 and $94.0 million at December 31, 2022. The increase from Q2 2023 is primarily related to increased working capital demands associated with high activity levels and completion of the program to revise the payment practices for suppliers. On a year-to-date basis, the debt increase also reflected a one-time special investment in the matting business of $11.8 million. Debt levels are expected to be substantially lower by year end with a significant reduction in working capital and the impact from the normal seasonality of the business.

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

Capital Spending

For the three and nine months ended September 30, 2023, gross capital spending for property, plant and equipment was $4.6 million and $17.7 million, respectively, compared to the $1.5 million and $4.2 million, respectively, in the same periods of 2022. The 2023 spend includes a special access matting investment of $11.8 million under multi-year and advantageous contract terms. No further special access matting investments are anticipated at this time. Sustaining capital spending is typically below 1.5% of revenue on an annual basis.

Quarterly Summary of Results

(000's except per share amounts)	Three months ended 2023 September	2023 June	2023 March	2022 December
Revenue	$ 310,754	$ 267,830	$ 268,087	$ 253,858
Adjusted EBITDA	39,632	27,216	21,137	13,986
Net earnings (loss) attributable to shareholders	13,874	8,456	4,601	(2,939)
Net earnings per share, basic and diluted	$ 0.21	$ 0.13	$ 0.07	$ (0.04)

(000's except per share amounts)	Three months ended 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	$ 0.00	$ 0.01	$ 0.06

Reconciliation of non-GAAP measures

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

Adjusted EBITDA

(000's)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings	$ 13,875	$ 5,176	$ 27,053	$ 6,587
Add:				
Share based compensation	684	253	2,048	685
Depreciation & amortization	11,023	9,279	30,227	29,509
Gain on disposal of property, plant and equipment	(183)	(63)	(123)	(299)
Asset impairment(3)	2,210	—	2,210	—
Equity investment depreciation	439	294	1,175	878
Finance costs	3,834	2,577	10,763	5,978
Income tax expense	5,265	1,846	9,651	2,359
Contract loss provisions(1)	2,000	1,000	2,255	3,168
Restructuring and other costs(2)	485	(281)	2,726	1,874
Adjusted EBITDA	$ 39,632	$ 20,081	$ 87,985	$ 50,739

(1) Contract loss provisions for the three and nine months ended September 30, 2023 were $2.0 million and $2.3 million, respectively (2022 - $1.0 million and $3.2 million). The costs in 2022 include losses from a contractual dispute and remediation work on pre-acquisition contracts from the Acquisition of Horizon North Logistics Inc. in May 2020.

(2) Restructuring and other costs for the three months and nine months ended September 30, 2023 of $0.5 million and $2.7 million, respectively, include costs related to the CEO and CFO transition of $1.9 million (Q3 2023 - $0.5 million) and restructuring costs of $0.8 million (Q3 2023 - $nil). The three and nine months ended September 30, 2022 include a recovery of $0.3 million and costs of $1.9 million, respectively, including transaction costs related to the 2022 Acquisitions, restructuring costs and Canada Emergency Wage Subsidy clawback.

(3) For the three and nine months ended September 30, 2023, the Corporation recognized an asset impairment of $2.2 million on excess camp assets which it is selling.

Adjusted Free Cash Flow

(000's)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net cash flows from operating activities	$ 14,080	$ 29,803	$ 20,603	$ 33,198
Sustaining capital expenditures, net of proceeds, including intangibles	(730)	(1,138)	(2,156)	(2,837)
Finance costs paid	(4,434)	(2,601)	(10,754)	(5,793)
Lease payments	(2,840)	(2,508)	(8,047)	(7,478)
Non-recurring:				
Revised trade payable payment practice and growth working capital(1)	13,710	—	26,708	—
Adjusted Free Cash Flow	$ 19,786	$ 23,556	$ 26,354	$ 17,090

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

Accounting Policies

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

Outstanding Shares

Dexterra Group had 64,637,329 voting common shares issued and outstanding as at November 6, 2023, of which 49% or 31,957,781 are owned by subsidiaries of Fairfax Financial Holdings Limited.

See Note 13 of the Q3 Financial Statements for details on the Normal Course Issuer Bid. Dexterra will continue to be opportunistic in re-purchasing shares in Q4 2023.

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

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

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

Risks and Uncertainties

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

Critical Accounting Estimates and Judgements

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

Financial Instruments and Risk Management

In the normal course of business, the Corporation is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and interest rate risk. The Corporation's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Corporation's financial performance. The MD&A should be read in conjunction with the 2022 Annual Financial Statements.

Forward-Looking Information

Certain statements contained in this MD&A may constitute forward-looking information under applicable securities law. Forward-looking information may relate to Dexterra Group's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "continue"; "forecast"; "may"; "will"; "project"; "could"; "should"; "expect"; "plan"; "anticipate"; "believe"; "outlook"; "target"; "intend"; "estimate"; "predict"; "might"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding Dexterra Group's future operating results and economic performance; management market and inflationary environment expectations, lodge occupancy levels, its leverage, Adjusted Free Cash Flow, NRB Modular Solutions backlog and revenue, wildfire activity expectations and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions, including expected growth, market recovery, results of operations, performance and business prospects and opportunities regarding Dexterra Group, which Dexterra Group believes are reasonable as of the current date. While management considers these assumptions to be reasonable based on information currently available to Dexterra Group, they may prove to be incorrect. Forward-looking information is also subject to certain known and unknown risks, uncertainties and other factors that could cause Dexterra Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward- looking information, including, but not limited to: the ability to retain clients, renew existing contracts and obtain new business; an outbreak of contagious disease that could disrupt its business; the highly competitive nature of the industries in which Dexterra Group operates; reliance on suppliers and subcontractors; cost inflation; volatility of industry conditions could impact demand for its services; a reduction in the availability of credit could reduce demand for Dexterra Group's products and services; Dexterra Group's significant shareholder may substantially influence its direction and operations and its interests may not align with other shareholders; its significant shareholder's 49% ownership interest may impact the liquidity of the common shares; cash flow may not be sufficient to fund its ongoing activities at all times; loss of key personnel; the failure to receive or renew permits or security clearances; significant legal proceedings or regulatory proceedings/changes; environmental damage and liability is an operating risk in the industries in which Dexterra Group operates; climate changes could increase Dexterra Group's operating costs and reduce demand for its services; liabilities for failure to comply with public procurement laws and regulations; any deterioration in safety performance could result in a decline in the demand for its products and services; failure to realize anticipated benefits of acquisitions and dispositions; inability to develop and maintain relationships with Indigenous communities; the seasonality of Dexterra Group's business; inability to restore or replace critical capacity in a timely manner; reputational, competitive and financial risk related to cyber-attacks and breaches; failure to effectively identify and manage disruptive technology; economic downturns can reduce demand for Dexterra Group's services; its insurance program may not fully cover losses. Additional risks and uncertainties are described in Note 22 of the Corporation's Consolidated Financial Statements for the year ended December 31, 2022 and 2021 contained in its most recent Annual Report filed with securities regulatory authorities in Canada and available on SEDAR at sedar.com. The reader should not place undue importance on forward-looking information and should not rely upon this information as of any other date. Dexterra Group is under no obligation and does not undertake to update or alter this information at any time, except as may be required by applicable securities law.

Condensed consolidated statement of financial position (Unaudited)

(000's)	Note	September 30, 2023	December 31, 2022
Assets			
Current assets			
Trade and other receivables	5	$ 265,366	$ 211,397
Inventories	6	27,345	26,045
Prepaid expenses and other		8,806	5,324
Total current assets		301,517	242,766
Non-current assets			
Property, plant and equipment	7	151,195	156,608
Right-of-use assets	8	24,597	23,363
Intangible assets	9	32,291	35,375
Goodwill	9	130,502	128,607
Deferred income tax assets		7,364	8,118
Other assets	10	16,607	16,564
Total non-current assets		362,556	368,635
Total assets		$ 664,073	$ 611,401
Liabilities			
Current liabilities			
Trade and other payables		$ 172,015	$ 170,629
Deferred revenue		8,492	10,706
Income tax payable		1,092	381
Asset retirement obligations	12	4,967	8,478
Lease liabilities	8	8,156	7,783
Total current liabilities		194,722	197,977
Non-current liabilities			
Lease liabilities	8	20,672	20,311
Contingent consideration		697	697
Asset retirement obligations	12	2,597	3,164
Loans and borrowings	11	133,876	94,045
Other long term liabilities	13	738	640
Deferred income tax liabilities		15,962	7,584
Non-current liabilities		174,542	126,441
Total liabilities		369,264	324,418
Shareholders' Equity			
Share capital	13	232,300	233,968
Contributed surplus		3,042	2,236
Accumulated other comprehensive income		293	341
Retained earnings		59,005	50,245
Non-controlling interest		169	193
Total shareholders' equity		294,809	286,983
Total liabilities and shareholders' equity		$ 664,073	$ 611,401

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

Condensed consolidated statement of comprehensive income (Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
(000's except per share amounts)	Note	2023	2022	2023	2022
Revenue					
Revenue from operations		$ 310,754	$ 259,803	$ 846,671	$ 717,659
Operating expenses					
Direct costs	14	261,173	231,256	730,254	643,809
Selling, general and administrative expenses	15	13,471	10,051	36,049	30,580
Depreciation	7,8	9,650	7,908	26,051	25,357
Amortization of intangible assets	9	1,373	1,371	4,176	4,152
Share based compensation	13	684	253	2,048	685
Gain on disposal of property, plant and equipment		(183)	(63)	(123)	(299)
Asset impairment	7	2,210	—	2,210	—
Operating income		22,376	9,027	46,006	13,375
Finance costs		3,834	2,577	10,763	5,978
Earnings from equity investments		(598)	(572)	(1,461)	(1,549)
Earnings before income taxes		19,140	7,022	36,704	8,946
Income tax					
Income tax expense	16	5,265	1,846	9,651	2,359
Net Earnings		13,875	5,176	27,053	$ 6,587
Other comprehensive income					
Translation of foreign operations		114	—	(48)	—
Total comprehensive income for the period		$ 13,989	$ 5,176	$ 27,005	$ 6,587
Net Earnings (loss) Attributable to:					
Shareholders		$ 13,874	$ 5,164	$ 26,932	$ 6,371
Non-controlling interest		$ 1	$ 12	$ 121	$ 216
Earnings per common share:					
Net earnings per share, basic and diluted	18	$ 0.21	$ 0.08	$ 0.41	$ 0.10
Weighted average common shares outstanding:					
Basic	18	64,931	65,225	65,125	65,195
Diluted	18	65,168	65,479	65,356	65,498

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

Condensed consolidated statement of changes in equity
(Unaudited)

(000's)	Note	Share capital - Number of Shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Non-controlling interest	Total
Balance as at December 31, 2022		65,242	$ 233,968	$ 2,236	$ 341	$ 50,245	$ 193	$ 286,983
Dividends declared	19	—	—	—	—	(17,071)	(145)	(17,216)
Exercise of stock options	13	40	173	(51)	—	—	—	122
Share based compensation	13	—	—	857	—	—	—	857
Shares purchased and cancelled	13	(513)	(1,841)	—	—	(1,101)	—	(2,942)
Total comprehensive income		—	—	—	(48)	26,932	121	27,005
Balance as at September 30, 2023		**64,769**	**$ 232,300**	**$ 3,042**	**$ 293**	**$ 59,005**	**$ 169**	**$ 294,809**
Balance as at December 31, 2021		65,151	$ 233,541	$ 1,199	$ —	$ 69,639	$ (31)	$ 304,348
Dividends declared		—	—	—	—	(17,118)	(58)	(17,176)
Exercise of stock options		82	397	(106)	—	—	—	291
Share based compensation		—	—	825	—	—	—	825
Total comprehensive income		—	—	—	—	6,371	216	6,587
Balance as at September 30, 2022		**65,233**	**$ 233,938**	**$ 1,918**	**$ —**	**$ 58,892**	**$ 127**	**$ 294,875**

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	2023	2022	2023	2022
Cash provided by (used in):					
Operating activities:					
Net Earnings		$ 13,875	$ 5,176	$ 27,053	$ 6,587
Adjustments for:					
Depreciation	7,8	9,650	7,908	26,051	25,357
Amortization of intangible assets	9	1,373	1,371	4,176	4,152
Share based compensation	13	684	253	2,048	685
Gain on disposal of property, plant and equipment		(183)	(63)	(123)	(299)
Asset impairment	7	2,210	—	2,210	—
Net transfers between inventory and rental fleet	7	2,928	(384)	2,397	(2,432)
Earnings on equity investments		(598)	(572)	(1,461)	(1,549)
Asset retirement obligation settled	12	(2,013)	(378)	(5,087)	(720)
Finance costs		3,834	2,577	10,763	5,978
Income tax expense	16	5,265	1,846	9,651	2,359
Changes in non-cash working capital	17	(23,392)	13,051	(57,251)	(5,531)
Income taxes received (paid)	16	447	(982)	176	(1,389)
Net cash flows from operating activities		14,080	29,803	20,603	33,198
Investing activities:					
Purchase of property, plant and equipment	7	(4,623)	(1,529)	(17,708)	(4,198)
Purchase of intangible assets	9	—	(55)	(5)	(140)
Proceeds on sale of property, plant and equipment		345	203	898	456
Cash paid for acquisitions, net of cash acquired	4	(2,693)	—	(5,924)	(47,493)
Cash distributions from equity investments (net of contributions)	10	—	—	926	2,921
Net cash flows from (used in) investing activities		(6,971)	(1,381)	(21,813)	(48,454)
Financing activities:					
Issuance of common shares	13	56	40	122	291
Shares purchased and cancelled	13	(1,883)	—	(2,942)	—
Payments for lease liabilities		(2,840)	(2,508)	(8,047)	(7,478)
Advances (repayments) on loans and borrowings	11	8,018	(17,268)	40,274	45,973
Finance costs paid		(4,434)	(2,601)	(10,754)	(5,793)
Dividends paid to non-controlling interest		(331)	(378)	(331)	(626)
Dividends paid to shareholders	19	(5,695)	(5,707)	(17,112)	(17,111)
Net cash flows from (used in) financing activities		(7,109)	(28,422)	1,210	15,256
Change in cash position		—	—	—	—
Cash, beginning of period		—	—	—	—
Cash, end of period		$ —	$ —	$ —	$ —

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

1. Reporting entity

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

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as applicable to interim financial statements, including International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2022. The condensed consolidated interim financial statements do not include all of the information required for annual financial statements. These financial statements were approved by the Board of Directors of Dexterra Group on November 7, 2023.

3. Basis of Preparation

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

4. Business Combinations

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

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

Consideration:		**(000's)**
Cash consideration	$	3,793
Holdback, net of working capital adjustments		980
Total consideration	$	4,773
Fair value of assets acquired and liabilities assumed:		
Cash	$	589
Trade and other receivables		1,891
Prepaid expenses and other		171
Inventories		84
Property, plant and equipment		44
Right-of-use assets		211
Trade and other payables		(979)
Deferred income tax liabilities		(16)
Lease liabilities		(211)
Tangible net assets	**$**	**1,784**
Customer Relationships		1,088
Goodwill		1,901
Total identifiable net assets	**$**	**4,773**

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

During the three months ended September 30, 2023, the Corporation paid a holdback of $0.5 million to the previous owners in accordance with the purchase agreement.

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

2022 Business Combinations

On January 1, 2022, Dexterra Group acquired 100% of the issued and outstanding shares of FCPI Dana Investments Inc. (“Dana”), the General Partner and sole owner of Dana Hospitality Limited Partnership and Marek Hospitality Inc. for total cash consideration in the amount of $30.9 million net of working capital adjustments ($30.4 million net of cash acquired). This acquisition expanded the existing culinary services of the Corporation in its IFM segment.

On January 31, 2022, Dexterra Group acquired the business and certain assets of Tricom Building Maintenance, Tricom Service Corp., and Kwik Supply Inc. (“Tricom”) for a total consideration of $19.1 million. This acquisition increased the scale of the existing IFM business and provides access to new market sectors. During the period ended September 30, 2023, the Corporation paid a holdback of $2.0 million and related finance costs of $0.2 million to the previous owners in accordance with the purchase agreement.

5. Trade and other receivables

(000’s)	September 30, 2023	December 31, 2022
Trade receivables	$ 160,113	$ 135,972
Modular holdback receivables	16,605	9,738
Deferred trade receivables	12,765	5,756
Total trade and modular receivables	$ 189,483	$ 151,466
Accrued trade receivables	67,069	53,025
Other receivables	9,935	7,732
Allowance for expected credit losses	(1,121)	(826)
Total	$ 265,366	$ 211,397

Modular holdback receivables and deferred trade receivables of $29.4 million (December 31, 2022 - $15.5 million) represent amounts billed on contracts which are not due until the contract work is substantially complete and any lien period has expired. All Modular holdback receivables and deferred trade receivables are expected to be collected within 12 months.

6. Inventories

(000’s)	September 30, 2023	December 31, 2022
Raw materials	$ 9,885	$ 14,386
Food inventory	8,279	4,448
Modular work-in-progress	2,551	1,176
Finished goods and supplies	6,630	6,035
Inventories	$ 27,345	$ 26,045

7. Property, plant and equipment

Carrying Amounts *(000's)*		Camp equipment & mats		Land & buildings		Automotive & trucking equipment		Manufacturing & other equipment		Total
Cost										
Balance as at December 31, 2022	$	153,189	$	33,564	$	17,879	$	11,864	$	216,496
Additions		15,436		783		259		1,230		17,708
Acquisition of VCI (Note 4)		—		—		—		44		44
Change in asset retirement obligations (Note 12)		721		—		—		—		721
Net transfers from (to) inventory		(3,453)		—		—		—		(3,453)
Disposals		(667)		(332)		(258)		(374)		(1,631)
Asset impairment(1)		(2,210)		—		—		—		(2,210)
Balance as at September 30, 2023	$	163,016	$	34,015	$	17,880	$	12,764	$	227,675
Accumulated Depreciation										
Balance as at December 31, 2022	$	34,717	$	5,210	$	13,315	$	6,646	$	59,888
Depreciation		13,517		1,683		1,858		1,445		18,503
Net transfers from (to) inventory		(1,056)		—		—		—		(1,056)
Disposals		(471)		(116)		(238)		(30)		(855)
Balance as at September 30, 2023	$	46,707	$	6,777	$	14,935	$	8,061	$	76,480
Net book value										
Balance as at September 30, 2023	$	116,309	$	27,238	$	2,945	$	4,703	$	151,195
Balance as at December 31, 2022	$	118,472	$	28,354	$	4,564	$	5,218	$	156,608

(1) For the period ended September 30, 2023, the Corporation recognized an impairment of $2.2 million on camp assets which are held for sale. The loss has been included in the statement of comprehensive income.

8. Leases

(i) Right-of-use assets

(000's)		Camp equipment & mats		Land & buildings		Automotive & trucking equipment		Manufacturing & other equipment		Total
Cost										
Balance as at December 31, 2022	$	7,796	$	29,271	$	5,121	$	319	$	42,507
Acquisition of VCI (Note 4)		—		49		162		—		211
Additions		1,463		4,399		2,725		12		8,599
Disposals		(3,347)		(6,162)		(150)		—		(9,659)
Balance as at September 30, 2023	$	5,912	$	27,557	$	7,858	$	331	$	41,658
Accumulated Depreciation										
Balance as at December 31, 2022	$	4,256	$	12,646	$	1,999	$	243	$	19,144
Depreciation		2,798		3,591		1,105		54		7,548
Disposals		(3,347)		(6,162)		(122)		—		(9,631)
Balance as at September 30, 2023	$	3,707	$	10,075	$	2,982	$	297	$	17,061
Net book value										
Balance as at September 30, 2023	$	2,205	$	17,482	$	4,876	$	34	$	24,597
Balance as at December 31, 2022	$	3,540	$	16,625	$	3,122	$	76	$	23,363

(ii) Lease liabilities

Maturity Analysis – contractual undiscounted cash flows		(000's)
Year 1	$	9,610
Year 2		7,649
Year 3		5,886
Year 4		5,170
Year 5 and beyond		4,369
Total undiscounted lease payable as at September 30, 2023	$	32,684
Lease liabilities included in the statement of financial position at September 30, 2023	$	28,828
Current		8,156
Non-current		20,672

At September 30, 2023, the Corporation had a $1.3 million lease receivable related to sublet leased equipment (December 31, 2022 - $2.0 million). The lease and sub-lease expire in 2025. There were no restrictions or covenants imposed by leases of a material nature and there were no sale and leaseback transactions.

The amount of lease interest expense recognized during three and nine months ended September 30, 2023 is $0.4 million and $1.2 million respectively (2022 - $0.3 million and $1.0 million, respectively).

9. Intangibles and Goodwill

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

(000's)		Trade Names		Customer Relationships		Computer software and other		Total
Cost								
Balance as at December 31, 2022	$	4,550	$	40,657	$	4,767	$	49,974
Acquisition of VCI (Note 4)		—		1,088		—		1,088
Additions		—		—		5		5
Foreign Currency Translation[(1)]		—		(1)		—		(1)
Balance as at September 30, 2023	$	4,550	$	41,744	$	4,772	$	51,066
Accumulated Amortization								
Balance as at December 31, 2022	$	1,932	$	9,232	$	3,435	$	14,599
Amortization		676		2,764		736		4,176
Balance as at September 30, 2023	$	2,608	$	11,996	$	4,171	$	18,775
Net book value								
Balance as at September 30, 2023	$	1,942	$	29,748	$	601	$	32,291
Balance as at December 31, 2022	$	2,618	$	31,425	$	1,332	$	35,375

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

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

(000's)		September 30, 2023		December 31, 2022
Goodwill allocated to:				
Integrated Facilities Management[(1)]	$	95,917	$	94,022
Workforce Accommodations and Forestry		34,585		34,585
Balance, end of period	$	130,502	$	128,607

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

Goodwill impairment assessment

The Corporation assesses indicators of impairment at the end of each reporting period and performs a detailed impairment test at least annually. At July 1, 2023, an impairment test was performed for all CGUs with allocated goodwill, which comprise IFM and Workforce Accommodation and Forestry. No impairment was identified.

The recoverable amount of the CGUs was calculated based on fair value less costs of disposal ("FVLCOD") discounted cash flow models. The cash flows are derived from the Corporation's forecast, budget, strategy and business plan approved by the Board of Directors. The approved forecast, budget, strategy and business plan use current and anticipated contracts and market conditions to project revenue. Earnings before interest, taxes, depreciation, amortization, equity investment depreciation, share based compensation, gain/loss on disposal of property, plant and equipment ("EBITDA") is calculated using historical margins and additional operational factors. The calculation of the FVLCOD discounted cash flow model was based on the following key assumptions:

- The discount rate was estimated based on the Corporation's weighted average cost of capital, taking into account the nature of the assets being valued and their specific risk profile. The after-tax discount rates used in determining the recoverable amount for both CGUs was 14.0% (December 31, 2022 - 14.0%).
- The revenue growth rates are based on management's internal forecast and projections. Annual revenue growth rates for 2024 - 2028 were estimated to be up to 8% for WAF and 8% - 12% for IFM.
- The long-term growth rate after 5 years used in determining the recoverable amount is 2.5% (December 31, 2022 - 2.5%).
- EBITDA for the five years is based on management's internal forecast and projections. EBITDA margins were projected to be 7% to 8% for IFM and 11% to 12% for Workforce Accommodation and Forestry.

Sensitivities

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

10. Other assets

Other assets at September 30, 2023 include equity accounted investments in Gitxaala Horizon North Services Limited Partnership ("Gitxaala") and Big Spring Lodging Limited Partnership ("BSL LP"), both joint ventures that are 49% owned by the Corporation with carrying value of $13.3 million (December 31, 2022 - $13.1 million) and $2.2 million (December 31, 2022 - $1.9 million), respectively. During the three and nine months ended September 30, 2023, Gitxaala paid cash distributions of $nil and $0.9 million, respectively, (three and nine months ended September 30, 2022 -$nil and $3.4 million) to the Corporation. These equity investments are operations of the WAFES segment and generate earnings from providing services related to workforce accommodations, rentals, and maintenance of relocatable structures. In addition to the equity investments, other assets include long-term lease receivables of $1.1 million (December 31, 2022 - $1.6 million).

11. Loans and borrowings

(000's)	September 30, 2023	December 31, 2022
Committed credit facility	$ 135,096	$ 94,822
Unamortized financing costs	(1,220)	(777)
Total borrowings	$ 133,876	$ 94,045

Effective August 15, 2023, the Corporation reached an agreement with its lenders to amend its credit facility and extend the maturity date to September 7, 2026. The amended credit facility has an available limit of $260 million plus an uncommitted accordion of $150 million, and is secured by a $400 million first fixed and floating charge debenture over all assets of the Corporation and its wholly-owned subsidiaries. The interest rate is calculated on a grid pricing structure based on the Corporation's debt to EBITDA ratio. Amounts drawn on the credit facility incur interest at bank prime rate plus 0.50% to 1.75% or the Bankers' Acceptance rate plus 1.50% to 2.75%. The credit facility has a standby fee on the committed available limit ranging from 0.30% to 0.55% per annum.

As at September 30, 2023, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and had letters of credit outstanding in the amount of $16.7 million (December 2022 - $10.1 million). For the three and nine months ended September 30, 2023, the Corporation incurred finance costs relating to the loans and borrowings of $3.3 million and $9.1 million, respectively (2022 - $2.1 million and $4.5 million).

12. Asset retirement obligations

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

(000's)		September 30, 2023		December 31, 2022
Balance, beginning of period	$	11,642	$	10,560
Additions		—		1,599
Asset retirement obligations settled		(5,087)		(820)
Change in estimate		721		5
Accretion of provisions		288		298
Balance, end of period	$	7,564	$	11,642

(000's)		September 30, 2023		December 31, 2022
Current	$	4,967	$	8,478
Non-current		2,597		3,164
Balance, end of period	$	7,564	$	11,642

13. Share capital

(a) Authorized and issued

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

(In 000's, other than number of shares)	Total number of shares		Total share capital
Balance, December 31, 2022	65,241,628	$	233,968
Shares purchased and cancelled	(512,800)		(1,841)
Options exercised	40,001		173
Balance, September 30, 2023	64,768,829	$	232,300

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

For the three and nine months ended September 30, 2023, the Corporation purchased and cancelled 323,700 and 512,800 common shares respectively, at a weighted average price of $5.82 and $5.74 per share, respectively, for a total consideration of $1.9 million and $2.9 million under the terms of the NCIB.

(b) Long-term incentive plans

(i) Share option plan

	Outstanding options		Weighted average exercise price
Balance, December 31, 2022	1,632,000	$	5.90
Granted	841,615		5.35
Exercised	(40,001)		3.05
Forfeited	(167,738)		6.54
Balance, September 30, 2023	2,265,876	$	5.70

The exercise prices for options outstanding and exercisable at September 30, 2023 are as follows:

	Total options outstanding			Exercisable options	
Exercise price per share	Number	Weighted average exercise price per share	Weighted average remaining contractual life in years	Number	Weighted average exercise price per share
$3.05 to $5.95	1,366,538	$ 4.55	3.3	525,075	$ 3.21
$6.21 to $6.53	456,843	6.48	2.3	304,251	6.48
$6.54 to $8.50	442,495	8.45	3.3	147,487	8.45
	2,265,876	$ 5.70	3.1	976,813	$ 5.02

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, 2023	December 31, 2022
Fair value per option	$ 1.46	$ 2.45
Forfeiture rate	9.15 %	9.30 %
Grant price	$ 5.35	$ 8.01
Expected life	3.0 years	3.2 years
Risk free interest rate	3.74 %	1.57 %
Dividend yield rate	6.65 %	5.04 %
Volatility	54.94 %	58.80 %

For the three and nine months ended September 30, 2023, share based compensation for share options included in net earnings amounted to $0.2 million (2022 - $0.3 million) and $0.9 million (2022 - $0.8 million), respectively.

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

(a) RSUs

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

Under the terms of the RSU Plan, the awarded units vest in three equal portions on the first, second and third anniversary from the grant date, and will be settled in cash in the amount equal to the fair market value of the Corporation's share price on that date. All outstanding RSUs as at December 31, 2022 were granted to members of the Board of Directors. In 2023, RSUs were granted to the Board of Directors as well as officers and key employees.

The following table summarizes the RSU's outstanding:

	Number
Units outstanding at December 31, 2022	40,621
Granted	117,473
Vested and Exercised	(16,759)
Forfeited	(6,844)
Units outstanding at September 30, 2023	134,491

As at September 30, 2023, trade and other payables included $0.4 million (December 2022 - $0.2 million) for outstanding RSUs. For the three and nine months ended September 30, 2023, share based compensation for RSUs included in net earnings amounted to $0.1 million (Q3 2022 - $0.05 million) and $0.3 million (2022 - $0.08 million), respectively. The vested units were cash settled for $0.1 million.

(b) PSUs

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

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

The following table summarizes the PSU's outstanding:

	Number
Units outstanding at December 31, 2022	519,129
Granted	492,013
Forfeited	(103,788)
Units outstanding at September 30, 2023	907,354

As at September 30, 2023, trade and other payables included $0.8 million, and other long term liabilities included $0.7 million for outstanding PSUs (December 31, 2022 - $0.6 million in other long term liabilities). For the three and nine months ended September 30, 2023, net earnings included a share based compensation of $0.4 million and $0.9 million for PSUs (2022 - recovery of $0.1 million and $0.2 million, respectively).

14. Direct costs

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2023	2022	2023	2022
Cost of goods manufactured - materials and direct labour	$ 33,778	$ 43,736	$ 116,328	$ 121,697
Wages and benefits	106,294	91,425	302,022	260,450
Subcontracting	21,091	19,232	57,798	54,344
Product cost	66,826	49,249	167,395	131,310
Equipment and repairs	3,162	3,010	9,235	8,116
Transportation and travel	7,582	7,545	18,725	17,959
Partnership profit sharing	5,554	4,079	15,028	9,586
Utilities and occupancy costs	11,882	8,422	32,983	25,986
Corporate(1)	2,000	2,203	3,138	6,247
Other operating expense	3,004	2,355	7,602	8,114
	$ 261,173	$ 231,256	$ 730,254	$ 643,809

(1) Corporate had $2.0 million and $3.1 million direct costs in the three and nine months ended September 30, 2023, respectively, which related to the contract loss provision adjustments, contract demobilization and restructuring costs. For the three and nine months ended September 30, 2022, Corporate included direct expenses in the amount 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.

15. Selling, general and administrative expenses

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2023	2022	2023	2022
Wages and benefits(1)	$ 6,789	$ 5,165	$ 18,450	$ 15,901
Other selling and administrative expenses	6,682	4,886	17,599	14,679
	$ 13,471	$ 10,051	$ 36,049	$ 30,580

(1) Wages and benefits for the three and nine months ended September 30, 2023 includes CEO & CFO transition costs of $0.5 million and $1.9 million, respectively (2022 - $nil).

16. Income taxes

For the three and nine months ended September 30, 2023, the Corporation's effective income tax rate was 27.5% and 26.3%, respectively, compared to 26% for both periods in 2022. The effective tax rates for the three and nine months ended September 30, 2023 and 2022 are generally consistent with the combined federal and provincial income tax rates.

The Corporation has non-capital losses for Canadian tax purposes of $55.8 million at September 30, 2023 (December 31, 2022 - $92.4 million) available to reduce future taxable income in Canada. The Corporation expects to fully utilize these losses before their expiry.

The current and deferred tax expense breakdown is as follows:

	Three months ended September 30,		Nine months ended September 30,	
Income tax expense (recovery) (000's):	2023	2022	2023	2022
Current	$ (182)	$ 207	$ 535	$ 470
Deferred	5,447	1,639	9,116	1,889
	$ 5,265	$ 1,846	$ 9,651	$ 2,359

17. Cash flow information

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

	Three months ended September 30,		Nine months ended September 30,	
(000's)	2023	2022	2023	2022
Trade and other receivables	$ (45,376)	$ 17,115	$ (52,078)	$ (12,774)
Inventories	(236)	(1,071)	(1,216)	(7,044)
Prepaid expenses and other	1,262	105	(2,819)	(157)
Trade and other payables	17,988	1,217	1,076	7,667
Deferred revenue	2,970	(4,315)	(2,214)	6,777
	$ (23,392)	$ 13,051	$ (57,251)	$ (5,531)

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,		Nine months ended September 30,	
	2023	2022	2023	2022
Number of common shares, beginning of period	65,074,194	65,219,962	65,241,628	65,151,083
Common shares issued, weighted average	13,442	4,964	12,564	43,587
Shares cancelled under NCIB, weighted average	(156,191)	—	(129,385)	—
Weighted average common shares outstanding - basic	64,931,445	65,224,926	65,124,807	65,194,670
Effect of share purchase options(1)	236,503	254,357	230,962	303,731
Weighted average common shares outstanding - diluted	65,167,948	65,479,283	65,355,769	65,498,401

(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, 2023 and is recorded in trade and other payables as at September 30, 2023. The dividend was paid to shareholders of record at the close of business on October 13, 2023. A dividend of $0.0875 per share was declared for the quarters ended December 31, 2022, March 31 and June 30, 2023 and were paid in January, April, and July 2023, respectively.

20. Reportable segment information

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

Three months ended September 30, 2023 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 79,599	$ 186,243	$ 44,912	$ —	$ —	$ 310,754
Operating expenses:						
Direct costs(2)	73,151	144,145	41,877	2,000	—	261,173
Selling, general and administrative expenses(3)	1,956	3,585	1,607	6,323	—	13,471
Depreciation and amortization	1,804	7,634	1,294	291	—	11,023
Share based compensation (recovery)	103	65	(9)	525	—	684
Gain on disposal of property, plant and equipment	(6)	(161)	(16)	—	—	(183)
Asset impairment	—	2,210	—	—	—	2,210
Operating income (loss)	2,591	28,765	159	(9,139)	—	22,376
Finance costs	138	250	195	3,251	—	3,834
Earnings from equity investments	—	(598)	—	—	—	(598)
Earnings (loss) before income taxes	$ 2,453	$ 29,113	$ (36)	$ (12,390)	$ —	$ 19,140
Total assets	$ 188,343	$ 367,409	$ 97,856	$ 11,842	$ (1,377)	$ 664,073

Three months ended September 30, 2022 (000's)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue(1)	$ 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

Nine months ended September 30, 2023 (*000's*)	IFM	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue(1)	$ 242,545	$ 453,535	$ 150,091	$ 500	$ —	$ 846,671
Operating expenses:						
Direct costs(2)	222,455	363,852	140,809	3,138	—	730,254
Selling, general and administrative expenses(3)	5,827	9,280	4,504	16,438	—	36,049
Depreciation and amortization	5,331	20,018	3,931	947	—	30,227
Share based compensation	238	143	18	1,649	—	2,048
Gain on disposal of property, plant and equipment	(8)	(99)	(16)	—	—	(123)
Asset impairment	—	2,210	—	—	—	2,210
Operating income (loss)	8,702	58,131	845	(21,672)	—	46,006
Finance costs	225	664	565	9,309	—	10,763
Earnings from equity investments	—	(1,461)	—	—	—	(1,461)
Earnings (loss) before income taxes	$ 8,477	$ 58,928	$ 280	$ (30,981)	$ —	$ 36,704
Total assets	$ 188,343	$ 367,409	$ 97,856	$ 11,842	$ (1,377)	$ 664,073

Nine months ended September 30, 2022 (*000's*)		IFM		WAFES		Modular Solutions		Corporate		Inter-segment Eliminations		Total
Revenue[1]	$	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 investments		—		(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

(1) Corporate results for the nine months ended September 30, 2023 included revenue in the amount of $0.5 million related to contract restructuring. The three and nine months ended September 30, 2022 included revenue in the amount of $1.2 million and $3.1 million, respectively, from contractual disputes and remediation work related to contracts in place at the time of the Acquisition of Horizon North Logistics Inc. in May 2020.
(2) Corporate results for the three and nine months ended September 30, 2023 also included direct expenses in the amount of $2.0 million and $3.1 million, respectively, related to contract demobilization costs and restructuring. The three and nine months ended September 30, 2022 include direct cost in the amount of $2.2 million and $6.2 million, respectively, related to the contractual disputes and remediation work noted above.
(3) Wages and benefits for the three and nine months ended September 30, 2023 includes CEO & CFO transition costs of $0.5 million and $1.9 million, respectively (2022 - $nil).

21. Financial risk management

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

22. Related parties

For the three and nine months ended September 30, 2023 the Corporation charged $0.2 million and $0.5 million, respectively (2022 - $0.1 million and $0.4 million) in management fees for administrative overhead related to accounting and management services to Gitxaala, a joint venture in which the Corporation has a 49% interest. As at September 30, 2023, other receivables included $5.8 million owed from Gitxaala (December 31, 2022 - $0.5 million) to the Corporation. The amount is paid as billings to customers are collected.

For the three and nine months ended September 30, 2023 the Corporation earned revenue of $0.4 million and $1.0 million, respectively (2022 - $0.3 million and $0.8 million) for catering services and equipment rentals provided to Big Springs JV, a joint venture in which the Corporation has a 49% interest. As at September 30, 2023, BSL LP owed $0.8 million (December 31, 2022 - $1.0 million) in payables to the Corporation which are considered to be part of normal course of operations.

Net earnings for the three and nine months ended September 30, 2023 included CEO and CFO transition costs in the amount of $0.5 million and $1.9 million, respectively.

As at September 30, 2023 Dexterra Group has performance and labour bonds outstanding with Northbridge General Insurance Corporation (“Northbridge”), a company with the same controlling shareholder as Dexterra Group, totaling $28.0 million (December 31, 2022 - $28.3 million). Fees in the amount of $0.04 million and $0.1 million for these bonds were incurred for the three and nine months ended September 30, 2023 (2022 - $0.07 million and $0.2 million).

Dexterra Group has certain property insurance policies with Northbridge. This insurance coverage started on September 29, 2023 and the premiums paid were $0.3 million for coverage through the subsequent 12 month period and are at normal commercial rates.

dexterra
GROUP