Condensed Consolidated Interim Financial Statements of

dexterra GROUP

Three months ended March 31, 2024 and 2023

Condensed consolidated statement of financial position (Unaudited)

(000's)	Note	March 31, 2024	December 31, 2023
Assets			
Current assets			
Trade and other receivables	6	$ 165,362	$ 212,572
Inventories	7	19,093	28,690
Prepaid expenses and other		6,874	6,482
Assets held for sale	5	101,538	—
Income tax receivable		296	—
Total current assets		293,163	247,744
Non-current assets			
Property, plant and equipment	8	136,555	145,550
Right-of-use assets	9	10,484	23,370
Intangible assets	10	39,153	30,988
Goodwill	10	146,460	130,436
Deferred income tax assets		15,355	12,532
Other assets	11	14,916	16,468
Total non-current assets		362,923	359,344
Total assets		$ 656,086	$ 607,088
Liabilities			
Current liabilities			
Trade and other payables		$ 130,970	$ 163,158
Deferred revenue		12,430	10,618
Income tax payable		—	430
Asset retirement obligations	13	3,564	3,768
Lease liabilities	9	4,893	7,988
Liabilities directly associated with assets held for sale	5	59,364	—
Total current liabilities		211,221	185,962
Non-current liabilities			
Lease liabilities	9	6,773	19,700
Contingent consideration		704	704
Asset retirement obligations	13	2,763	2,586
Loans and borrowings	12	132,656	89,615
Other long term liabilities	4, 14	4,478	939
Deferred income tax liabilities		21,032	20,567
Non-current liabilities		168,406	134,111
Total liabilities		379,627	320,073
Shareholders' Equity			
Share capital	14	230,068	231,071
Contributed surplus		3,508	3,268
Accumulated other comprehensive income		207	174
Retained earnings		42,447	52,322
Non-controlling interest		229	180
Total shareholders' equity		276,459	287,015
Total liabilities and shareholders' equity		$ 656,086	$ 607,088

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

Condensed consolidated statement of comprehensive income (loss) (Unaudited)

		Three months ended March 31,			
(000's except per share amounts)	Note		2024		2023
Revenue					
Revenue from operations		$	231,635	$	216,029
Operating expenses					
Direct costs	15		200,531		188,596
Selling, general and administrative expenses	16		12,536		10,209
Depreciation	8,9		6,890		6,714
Amortization of intangible assets	10		1,213		1,237
Share based compensation	14		713		603
Loss on disposal of property, plant and equipment			20		19
Operating income			9,732		8,651
Finance costs			3,830		3,236
Earnings from equity investments			(212)		(485)
Earnings before income taxes			6,114		5,900
Income tax					
Income tax expense	17		1,677	2	1,218
Net earnings from continuing operations			4,437		4,682
Net loss from discontinued operations, net of income taxes	5		(8,003)		—
Net earnings (loss) for the period			(3,566)		4,682
Other comprehensive income					
Translation of foreign operations			33		(43)
Total comprehensive income (loss) for the period		$	(3,533)	$	4,639
Net earnings (loss) Attributable to:					
Net earnings from continuing operations		$	4,388	$	4,602
Net loss from discontinued operations			(8,003)		—
Net earnings (loss) attributed to shareholders		$	(3,615)	$	4,602
Net earnings attributed to non-controlling interest		$	49	$	81
Earnings per common share					
Net earnings from continuing operations per share, basic and diluted	19	$	0.07	$	0.07
Net loss from discontinued operations per share, basic and diluted	19	$	(0.12)	$	0.00
Total net earnings (loss) per share, basic and diluted	19	$	(0.06)	$	0.07
Weighted average common shares outstanding:					
Basic	19		64,268		65,242
Diluted	19		64,505		65,476

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		—		—		—		—		(5,709)		—	(5,709)
Share based compensation	14	—		—		327		—		—		—	327
Total comprehensive income		—		—		—		(43)		4,601		81	4,639
Balance as at March 31, 2023		**65,242**	**$**	**233,968**	**$**	**2,563**	**$**	**298**	**$**	**49,137**	**$**	**274**	**$ 286,240**
Balance as at December 31, 2023		64,427	$	231,071	$	3,268	$	174	$	52,322	$	180	$ 287,015
Dividends declared	20	—		—		—		—		(5,613)		—	(5,613)
Share based compensation	14	—		—		240		—		—		—	240
Shares purchased and cancelled	14	(279)		(1,003)		—		—		(647)		—	(1,650)
Total comprehensive income		—		—		—		33		(3,615)		49	(3,533)
Balance as at March 31, 2024		**64,147**	**$**	**230,068**	**$**	**3,508**	**$**	**207**	**$**	**42,447**	**$**	**229**	**$ 276,459**

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

Condensed consolidated statement of cash flows (Unaudited)

		Three months ended March 31,	
(000's)	Note	2024	2023
Cash provided by (used in):			
Operating activities:			
Net earnings from continuing operations		$ 4,437	$ 4,682
Adjustments for:			
Depreciation	8,9	6,890	6,714
Amortization of intangible assets	10	1,213	1,237
Share based compensation	14	713	603
Loss on disposal of property, plant and equipment		20	19
Net transfers between inventory and rental fleet	8	(3,087)	(1,243)
Earnings on equity investments		(212)	(485)
Asset retirement obligation settled	13	(54)	(1,106)
Finance costs		3,830	3,236
Income tax expense	17	1,677	1,218
Changes in non-cash working capital	18	2,340	(14,974)
Income taxes paid		(994)	(40)
Net cash flows from (used in) continuing operating activities		16,773	(139)
Net cash flows from (used in) discontinued operating activities		(20,109)	3,864
Investing activities:			
Purchase of property, plant and equipment	8	(2,338)	(6,391)
Purchase of intangible assets	10	—	(5)
Proceeds on sale of property, plant and equipment		75	345
Cash paid for acquisitions, net of cash acquired	4	(24,499)	(3,231)
Cash distributions from equity investments (net of contributions)	11	660	544
Net cash flows used in continuing investing activities		(26,102)	(8,738)
Net cash flows used in discontinued investing activities		(89)	(26)
Financing activities:			
Shares purchased and cancelled	14	(1,650)	—
Payments for lease liabilities		(1,532)	(1,912)
Advances on loans and borrowings	12	42,928	16,406
Finance costs paid		(3,932)	(2,904)
Dividends paid to shareholders	20	(5,637)	(5,709)
Net cash flows from continuing financing activities		30,177	5,881
Net cash flows used in discontinued financing activities		(650)	(842)
Changes in continuing operations cash position		20,848	(2,996)
Changes in discontinued operations cash position		(20,848)	2,996
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 ("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.

During the period ended March 31, 2024, the Corporation completed a strategic review of the Modular business and initiated a plan for the sale of the Modular business unit. As a result, the assets and liabilities of Modular have been presented as held for sale in the condensed consolidated statement of financial position and the operating results have been presented as discontinued operations in the condensed consolidated statement of comprehensive income. Comparatives in the condensed consolidated statement of comprehensive income have been reclassified to conform with current year presentation for discontinued operations. Refer to note 5 of these financial statements for further details.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2023. 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 May 14, 2024.

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, 2023, 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.

New standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations effective on January 1, 2024 and applied in preparing these consolidated financial statements are disclosed below.

i. Classification of liabilities with covenants as current or non-current (Amendments to IAS 1)

   With the introduction of the two amendments to IAS 1 in 2024, for a liability to be classified as non-current, a company must have the right to defer settlement of the liability for at least twelve months after the reporting period. The right must have substance and exist at the end of the reporting period and the classification of the liability must be unaffected by the likelihood that the company will exercise that right. If a company is required to comply with covenants on or before the end of the reporting period, these covenants will affect whether such a right exists at the end of the reporting period. The amendments are effective for annual periods beginning on or after January 1, 2024 and do not have a significant impact on the Corporation's consolidated financial statements.

4. Business Combinations

On February 29, 2024, Dexterra acquired 100% of the issued and outstanding shares of CMI Management LLC ("CMI") for $28.4 million (consideration of $31.9 million less $3.5 million cash acquired). CMI is based in Alexandria, Virginia and provides capital light IFM services to a number of federal agencies and commercial clients across the United States. The purchase price includes a holdback that will be released to the previous owners 18 months after the closing date of the transaction on the assumption that certain standard warranties expire with no payments required. As at March 31, 2024, the holdback amount of $3.1 million has been included in other long term liabilities on the statement of financial position.

Acquisitions are accounted for using the acquisition method whereby the assets acquired, and the liabilities assumed are recorded at their fair values with the surplus of the aggregate consideration relative to the fair value of the identifiable net assets recorded as goodwill. The results of operations are included in the Corporation's consolidated financial statements from the respective date of acquisition.

The primary factors that resulted in the recognition of goodwill and intangible assets are: contracts with existing customers and the strategic value to the Corporation's platform, people and growth plan. The goodwill recognized is not deductible for income tax purposes.

The Corporation incurred certain legal and advisory fees of $0.4 million related to the acquisition which were included in selling, general & administrative expenses in the condensed consolidated statement of comprehensive income for Q1 2024.

As at March 31, 2024, the Corporation has not finalized the purchase price equation.

The following summarizes the assets acquired and liabilities assumed related to the CMI acquisition:

Consideration:		**(000's)**
Cash consideration	$	27,954
Holdback Payable		3,126
Working capital adjustment		819
Total consideration	$	31,899
Fair value of assets acquired and liabilities assumed:		
Cash	$	3,455
Trade and other receivables		6,609
Prepaid expenses and other		370
Property, plant and equipment		620
Right-of-use assets		38
Trade and other payables		(6,021)
Lease liabilities		(38)
Tangible net assets	**$**	**5,033**
Customer Relationships and Goodwill		26,866
Total identifiable net assets	**$**	**31,899**

2023 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. This acquisition provided the Corporation with access to growth opportunities with new customers and increased additive service offerings to existing customers. The acquisition is reported as part of the IFM segment.

5. Discontinued Operations

As at March 31, 2024, the Corporation determined that the Modular segment has met the accounting criteria for assets held for sale and as a result, the assets and liabilities of Modular Solutions have been presented as held for sale in the condensed consolidated statement of financial position as at March 31, 2024. The operating results of Modular Solutions have been presented as discontinued operations in the condensed consolidated statements of comprehensive income for the three months ended March 31, 2024 and 2023 and related prior year amounts have been revised accordingly.

Assets & Liabilities classified as held for sale

The value of the assets held for sale are presented at the lower of the carrying amount and fair value less costs to sell. As at March 31, 2024 the assets held for sale and liabilities directly associated with the assets held for sale are recorded at carrying value and comprised the following:

(000's)	Note	March 31, 2024
Assets		
Trade and other receivables	6	$ 66,703
Inventories	7	11,188
Prepaid expenses and other		1,036
Property, plant and equipment	8	9,212
Right-of-use assets	9	12,031
Intangible assets	10	1,368
Total assets classified as held for sale		$ 101,538
Liabilities		
Trade and other payables		$ 38,892
Deferred revenue		4,500
Lease liabilities	9	14,889
Deferred income tax liabilities		1,049
Other long term liabilities	14	34
Total liabilities directly associated with assets held for sale		$ 59,364

Loss from Discontinued Operations

The following table summarizes the operating results of Modular which have been aggregated and presented as discontinued operations for the three months ended March 31, 2024 and 2023:

Three months ended (000's)	Note	March 31, 2024	March 31, 2023
Revenue		$ 27,656	$ 52,058
Operating expenses:			
Direct costs	15	35,683	49,071
Selling, general and administrative expenses	16	1,547	1,613
Depreciation and amortization	8,9,10	875	1,324
Share based compensation	14	20	32
Gain on disposal of property, plant and equipment		(3)	—
Operating income (loss)		$ (10,466)	18
Finance costs		314	188
Loss from discontinued operations before tax		$ (10,780)	$ (170)
Income tax recovery	17	(2,777)	(170)
Net loss from discontinued operations, net of income taxes		$ (8,003)	$ —

6. Trade and other receivables

(000's)	March 31, 2024	December 31, 2023
Trade receivables	$ 152,391	$ 133,897
Modular holdback receivables	10,310	13,657
Deferred trade receivables	16,474	15,304
Total trade and modular receivables	$ 179,175	$ 162,858
Accrued trade receivables	44,357	42,406
Other receivables	10,578	8,837
Allowance for expected credit losses	(2,045)	(1,529)
Less: Assets classified as held for sale (Note 5)	(66,703)	—
Total trade and other receivables	$ 165,362	$ 212,572

Modular holdback receivables and deferred trade receivables of $26.8 million (December 31, 2023 - $29.0 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.

7. Inventories

(000's)	March 31, 2024	December 31, 2023
Raw materials	$ 12,888	9,419
Food inventory	8,962	9,477
Work-in-progress	1,210	1,150
Finished goods and supplies	7,221	8,644
Less: Assets classified as held for sale (Note 5)	(11,188)	—
Inventories	$ 19,093	$ 28,690

8. 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, 2023	$ 160,923	$ 35,815	$ 17,876	$ 13,110	$ 227,724
Additions	2,122	72	123	111	2,428
Acquisition of CMI (Note 4)	—	—	—	620	620
Net transfers from inventory	2,985	—	—	—	2,985
Disposals	(365)	—	(360)	(139)	(864)
Foreign Currency Translation(1)	—	—	(4)	—	(4)
Balance as at March 31, 2024	$ 165,665	$ 35,887	$ 17,635	$ 13,702	$ 232,889
Accumulated Depreciation					
Balance as at December 31, 2023	$ 51,068	$ 7,325	$ 15,319	$ 8,462	$ 82,174
Depreciation	4,404	529	413	478	5,824
Net transfers from inventory	(102)	—	—	—	(102)
Disposals	(359)	—	(273)	(139)	(771)
Foreign Currency Translation(1)	—	—	(3)	—	(3)
Balance as at March 31, 2024	$ 55,011	$ 7,854	$ 15,456	$ 8,801	$ 87,122
Net book value					
Balance as at March 31, 2024, prior to classification	$ 110,654	$ 28,033	$ 2,179	$ 4,901	$ 145,767
Less: Assets classified as held for sale (Note 5)	(398)	(7,644)	(389)	(781)	(9,212)
Balance as at March 31, 2024	$ 110,256	$ 20,389	$ 1,790	$ 4,120	$ 136,555
Balance as at December 31, 2023	$ 109,855	$ 28,490	$ 2,557	$ 4,648	$ 145,550

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

9. 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, 2023	$ 4,450	$ 27,658	$ 8,635	$ 191	$ 40,934
Acquisition of CMI (Note 4)	—	38	—	—	38
Additions	—	374	480	92	946
Disposals	—	(26)	—	—	(26)
Foreign Currency Translation[(1)]	—	(7)	—	—	(7)
Balance as at March 31, 2024	$ 4,450	$ 28,037	$ 9,115	$ 283	$ 41,885
Accumulated Depreciation					
Balance as at December 31, 2023	$ 2,797	$ 11,280	$ 3,459	$ 28	$ 17,564
Depreciation	360	934	519	19	1,832
Disposals	—	(26)	—	—	(26)
Balance as at March 31, 2024	$ 3,157	$ 12,188	$ 3,978	$ 47	$ 19,370
Net book value					
Balance as at March 31, 2024, prior to classification	$ 1,293	$ 15,849	$ 5,137	$ 236	$ 22,515
Less: Assets classified as held for sale (Note 5)	—	(11,727)	(218)	(86)	(12,031)
Balance as at March 31, 2024	$ 1,293	$ 4,122	$ 4,919	$ 150	$ 10,484
Balance as at December 31, 2023	$ 1,653	$ 16,378	$ 5,176	$ 163	$ 23,370

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

(ii) Lease liabilities

Maturity Analysis – contractual undiscounted cash flows	(000's)
Year 1	$ 9,141
Year 2	7,427
Year 3	5,886
Year 4	4,644
Year 5 and beyond	2,678
Total undiscounted lease payable as at March 31, 2024	$ 29,776
Less: Undiscounted lease liabilities directly associated with assets held for sale	(17,073)
Total undiscounted lease payable, continuing operations as at March 31, 2024	12,703
Current	4,893
Non-current	6,773
Lease liabilities, continuing operations at March 31, 2024	$ 11,666
Liabilities directly attributed to assets held for sale (Note 5)	$ 14,889

At March 31, 2024, the Corporation had a $0.8 million lease receivable related to sublet leased equipment (December 31, 2023 - $1.1 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 for the three months ended March 31, 2024 was $0.4 million (2023 - $0.4 million) of which $0.2 million is related to discontinued operations.

10. 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, 2023	$	4,641	$	41,723	$	4,772	$	51,136
Acquisition of CMI (Note 4)		—		10,866		—		10,866
Foreign Currency Translation(1)		—		(11)		—		(11)
Balance as at March 31, 2024	$	4,641	$	52,578	$	4,772	$	61,991
Accumulated Amortization								
Balance as at December 31, 2023	$	2,834	$	12,923	$	4,391	$	20,148
Amortization		175		927		220		1,322
Balance as at March 31, 2024	$	3,009	$	13,850	$	4,611	$	21,470
Net book value								
Balance as at March 31, 2024, prior to classification	$	1,632	$	38,728	$	161	$	40,521
Less: Assets classified as held for sale (Note 5)		(1,358)		—		(10)		(1,368)
Balance as at March 31, 2024	$	274	$	38,728	$	151	$	39,153
Balance as at December 31, 2023	$	1,807	$	28,800	$	381	$	30,988

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

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

(000's)		March 31, 2024		December 31, 2023
Goodwill allocated to:				
Integrated Facilities Management(1)	$	111,875	$	95,851
Workforce Accommodations and Forestry		34,585		34,585
Balance, end of period	$	146,460	$	130,436

(1) See note 4 for additions to Goodwill of $16.0 million related to the acquisition completed in Q1 2024. The fluctuations in goodwill balances are from foreign currency translation of US operations.

11. Other assets

Other assets at March 31, 2024 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 a carrying value of $12.7 million (December 31, 2023 - $13.1 million) and $2.2 million (December 31, 2023 - $2.2 million), respectively. During the three months ended March 31, 2024, Gitxaala paid cash distributions of $0.7 million (three months ended March 31, 2023 - $0.5 million) to the Corporation. These equity investments are operations of the WAFES segment and generate earnings by providing services related to the rental and maintenance of relocatable structures. In addition to the equity investments, other assets include long-term lease receivables of $nil (December 31, 2023 - $1.1 million).

12. Loans and borrowings

(000's)		March 31, 2024		December 31, 2023
Committed credit facility	$	133,832	$	90,904
Unamortized financing costs		(1,176)		(1,289)
Total borrowings	$	132,656	$	89,615

The credit facility matures on September 7, 2026, 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.

Loans and borrowings are considered part of the Corporate segment and therefore no borrowings have been classified as liabilities directly associated with assets held for sale.

As at March 31, 2024, 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 $17.6 million (December 2023 - $16.7 million). For the three months ended March 31, 2024, the Corporation incurred finance costs relating to the loans and borrowings of $2.9 million (2023 - $2.7 million).

13. 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)	March 31, 2024	December 31, 2023
Balance, beginning of period	$ 6,354	$ 11,642
Asset retirement obligations settled	(54)	(6,299)
Change in estimate	—	642
Accretion of provisions	27	369
Balance, end of period	$ 6,327	$ 6,354

(000's)	March 31, 2024	December 31, 2023
Current	$ 3,564	$ 3,768
Non-current	2,763	2,586
Balance, end of period	$ 6,327	$ 6,354

14. 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, 2023	64,426,529	$ 231,071
Shares purchased and cancelled	(279,300)	(1,003)
Balance, March 31, 2024	64,147,229	$ 230,068

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

For the three months ended March 31, 2024, the Corporation purchased and cancelled 279,300 common shares at a weighted average price of $5.91 per share, for a total consideration of $1.7 million under the terms of the NCIB. As at March 31, 2024, the Corporation had purchased and cancelled 1,134,400 common shares under the current NCIB at a weighted average share price of $5.78 and total consideration of $6.6 million.

(b) Long-term incentive plans

(i) Share option plan

	Outstanding options	Weighted average exercise price
Balance, December 31, 2023	2,186,658	$ 5.67
Granted	1,055,807	5.87
Forfeited	(14,941)	7.55
Balance, March 31, 2024	3,227,524	$ 5.73

The exercise prices for options outstanding and exercisable at March 31, 2024 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	2,371,583	$ 5.12	3.7	745,350	$ 3.84
$5.96 to $6.53	456,843	6.48	1.8	443,509	6.48
$6.54 to $8.50	399,098	8.48	2.8	266,058	8.48
	3,227,524	$ 5.73	3.3	1,454,917	$ 5.50

The Corporation calculates 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:

	March 31, 2024	Year-ended December 31, 2023
Fair value per option	$ 1.09	$ 1.46
Forfeiture rate	9.60 %	9.15 %
Grant price	$ 5.87	$ 5.35
Expected life	3.0 years	3.0 years
Risk free interest rate	3.76 %	3.74 %
Dividend yield rate	5.99 %	6.65 %
Volatility	36.22 %	54.94 %

For the three months ended March 31, 2024, share based compensation for share options included in net earnings amounted to $0.2 million (2023 - $0.3 million).

(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, 2023 were granted to members of the Board of Directors as well as officers and key employees. In 2024, RSUs were granted to the Board of Directors as well as officers and key employees.

The following table summarizes the RSU’s outstanding:

	Number of Units
Units outstanding at December 31, 2023	134,491
Granted	230,312
Vested and exercised	(51,285)
Units outstanding at March 31, 2024	313,518

As at March 31, 2024, trade and other payables and other long term liabilities included $0.4 million and $0.2 million, respectively, for outstanding RSUs (December 2023 - $0.5 million in trade and other payables). For the three months ended March 31, 2024, share based compensation for RSUs included in net earnings amounted to $0.2 million (Q1 2023 - $0.1 million), and vested units were cash settled for $0.3 million.

(b) PSUs

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

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

The following table summarizes the PSU's outstanding:

	Number of Units
Units outstanding at December 31, 2023	867,524
Granted	379,964
Forfeited	(224,591)
Units outstanding at March 31, 2024	1,022,897

As at March 31, 2024, other long term liabilities included $1.2 million for outstanding PSUs (December 31, 2023 - $0.9 million). For the three months ended March 31, 2024, net earnings included a share based compensation expense of $0.3 million for PSUs (2023 - $0.2 million).

15. Direct costs

	Three months ended March 31,	
(000's)	2024	2023
Cost of goods manufactured - materials and direct labour	$ 30,428	$ 40,790
Wages and benefits	98,374	97,026
Subcontracting	33,368	19,192
Product cost	53,713	52,988
Equipment and repairs	3,582	2,742
Transportation and travel	4,086	5,231
Partnership profit sharing	2,622	5,452
Utilities and occupancy costs	8,386	11,755
Other operating expense	1,655	2,491
Total Direct costs	236,214	237,667
Less: Direct costs related to discontinued operations (Note 5)	(35,683)	(49,071)
Direct costs related to continuing operations	$ 200,531	$ 188,596

16. Selling, general and administrative expenses

	Three months ended March 31,	
(000's)	2024	2023
Wages and benefits(1)	$ 6,344	$ 6,405
Other selling and administrative expenses(2)	7,739	5,417
Less: SG&A costs related to discontinued operations (Note 5)	(1,547)	(1,613)
SG&A costs related to continuing operations	$ 12,536	$ 10,209

(1) Wages and benefits for the three months ended March 31, 2024 includes CEO transition costs of $nil (2023 - $1.4 million).

(2) Other selling and administrative expenses for the three months ended March 31, 2024 includes $0.4 million related to acquisition costs (2023 - $nil).

17. Income taxes

For the three months ended March 31, 2024, the Corporation's effective income tax rate was 27% compared to 21% for the same period in 2023. The effective tax rate for the three months ended March 31, 2024 was generally consistent with the combined federal and provincial income tax rate of 25%. For the three months ended March 31, 2023, the effective tax rate was lower due to a positive adjustment on a tax reassessment.

The Corporation has non-capital losses for Canadian tax purposes of $58.0 million at March 31, 2024 (December 31, 2023 - $54.2 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 March 31,	
Income tax expense (recovery) (000's):	2024	2023
Current	$ 211	$ 355
Deferred	(1,311)	693
Less: Income tax recovery classified as discontinued operations	2,777	170
Income tax expense related to continuing operations	$ 1,677	$ 1,218

18. Cash flow information

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

	Three months ended March 31,	
(000's)	2024	2023
Trade and other receivables	$ (9,700)	$ (17,709)
Inventories	1,206	(3,472)
Prepaid expenses and other	148	(2,403)
Trade and other payables	(238)	10,538
Deferred revenue	10,924	(1,928)
Change in non-cash working capital, continuing operations	$ 2,340	$ (14,974)
Change in non-cash working capital, discontinued operations	(10,535)	2,327
Change in non-cash working capital	$ (8,195)	$ (12,647)

19. Net earnings per share

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

	Three months ended March 31,	
	2024	2023
Number of common shares, beginning of period	$ 64,426,529	65,241,628
Shares cancelled under NCIB, weighted average	(158,482)	—
Weighted average common shares outstanding - basic	64,268,047	65,241,628
Effect of share purchase options(1)	236,470	234,260
Weighted average common shares outstanding - diluted	64,504,517	65,475,888

(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.

20. Dividends

A dividend of $0.0875 per share was declared for the quarter ended March 31, 2024 and is recorded in trade and other payables as at March 31, 2024. The dividend was paid to shareholders of record at the close of business on April 12, 2024. A dividend of $0.0875 per share was declared for the quarter ended December 31, 2023, and was paid in January 2024. Subsequent to March 31, 2024, Dexterra declared a dividend of $0.0875 per share for shareholders of record at June 28, 2024, to be paid July 15, 2024.

21. Reportable segment information

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

Three months ended March 31, 2024 (*000's*)	IFM	WAFES	Corporate and Other	Discontinued Operations	Inter-segment Eliminations	Total
Revenue	$ 101,559	$ 130,336	$ (260)	$ —	$ —	$ 231,635
Operating expenses:				—		
Direct costs	92,802	107,729	—	—	—	200,531
Selling, general and administrative expenses	3,441	3,282	5,813	—	—	12,536
Depreciation and amortization	1,936	5,904	263	—	—	8,103
Share based compensation	59	61	593	—	—	713
Gain on disposal of property, plant and equipment	(27)	47	—	—	—	20
Operating income (loss)	3,348	13,313	(6,929)	—	—	9,732
Finance costs	44	180	3,606	—	—	3,830
Earnings from equity investments	—	(212)	—	—	—	(212)
Earnings (loss) before income taxes from continuing operations	3,304	13,345	(10,535)	—	—	6,114
Loss before income taxes from discontinued operations	—	—	—	(10,690)	(90)	(10,780)
Earnings (loss) before income taxes	$ 3,304	$ 13,345	$ (10,535)	$ (10,690)	$ (90)	$ (4,666)
Total assets	$ 227,692	$ 303,591	$ 24,731	$ 101,538	$ (1,466)	$ 656,086

Three months ended March 31, 2023 (*000's*)	IFM	WAFES	Corporate and Other	Discontinued Operations	Inter-segment Eliminations	Total
Revenue	$ 86,407	$ 129,622	$ —	$ —	$ —	$ 216,029
Operating expenses:				—		
Direct costs	79,374	109,222	—	—	—	188,596
Selling, general and administrative expenses	1,800	2,731	5,678	—	—	10,209
Depreciation and amortization	1,771	5,839	341	—	—	7,951
Share based compensation	64	34	505	—	—	603
Gain on disposal of property, plant and equipment	81	(62)	—	—	—	19
Operating income (loss)	3,317	11,858	(6,524)	—	—	8,651
Finance costs	42	180	3,014	—	—	3,236
Earnings from equity investments	—	(485)	—	—	—	(485)
Earnings (loss) before income taxes from continuing operations	3,275	12,163	(9,538)	—	—	5,900
Loss before income taxes from discontinued operations	—	—	—	(170)	—	(170)
Earnings (loss) before income taxes	$ 3,275	$ 12,163	$ (9,538)	$ (170)	$ —	$ 5,730
Total assets	$ 190,988	$ 326,704	$ 12,943	$ 101,681	$ (1,376)	$ 630,940

22. 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 March 31, 2024 compared to those identified and discussed in the Corporation's annual consolidated financial statements for the year ended December 31, 2023.

23. Related parties

For the three months ended March 31, 2024 the Corporation charged $0.2 million (March 31, 2023 - $0.1 million) in management fees for administrative overhead related to accounting and management services to Gitxaala, a joint venture in which the Corporation has a 49% interest. As at March 31, 2024, Gitxaala owed $3.0 million (December 31, 2023 - $2.0 million) in payables to the Corporation which comprised of flow-through revenue generated from providing catering and workforce accommodation services to third parties through Gitxaala LP. The amount is paid to the Corporation as Gitxaala billings to customers are collected.

For the three months ended March 31, 2024 the Corporation earned revenue of $0.3 million (March 31, 2023 - $0.4 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 March 31, 2024, BSL LP owed $0.4 million (December 31, 2023 - $0.4 million) in payables to the Corporation which are considered to be part of normal course of operations.

Dexterra Group has certain property insurance policies with Northbridge. The premiums paid in the three months ended March 31, 2023 and 2024 are approximately $0.1 million at normal commercial rates.