Unaudited Condensed Interim Report to the shareholders for the three months ended March 31, 2021

Contents

The following Management's Discussion and Analysis ("MD&A") prepared as at May 11, 2021 for Dexterra Group Inc. ("Dexterra Group" or the "Corporation"), provides information concerning Dexterra Group's financial condition and results of operations. This MD&A is based on unaudited condensed consolidated interim financial statements ("Financial Statements") for the three months ended March 31, 2021 ("Q1 2021") and March 31, 2020 ("Q1 2020"). Readers should also refer to Dexterra Group's most recent audited consolidated financial statements and MD&A for the year ended December 31, 2020 and 2019 and Annual Information Form ("AIF") available on SEDAR at sedar.com and Dexterra Group's website at dexterra.com. Some of the information contained in this MD&A contains forward-looking statements that involve risks and uncertainties. See "Forward-Looking Information" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those indicated or underlying forward-looking information as a result of various factors including those described elsewhere in this MD&A and AIF.

The accompanying Q1 2021 Financial Statements of Dexterra Group as at and for the three months ended March 31, 2021 and March 31, 2020 are the responsibility of Dexterra Group's management and have been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts presented are in thousands of Canadian dollars unless otherwise indicated.

Financial Summary

	Three months ended March 31,	
(000's except per share amounts)	2021	2020
Total Revenue	$ 155,404	$ 60,373
EBITDA(1)(2)	$ 17,825	$ 2,145
Adjusted EBITDA(1)(2)	$ 17,825	$ 3,281
Operating income(2)	$ 6,096	$ 1,419
Net earnings(2)	$ 4,474	$ 959
Earnings per share		
Basic(3)	$ 0.07	$ 0.03
Diluted(3)	$ 0.07	$ 0.03
Total assets	$ 512,374	$ 202,198
Total loans and borrowings	$ 78,884	$ 27,524
Net capital spending	$ (1,684)	$ (16)

(1) Please refer to "Non-GAAP measures" for the definition of EBITDA and Adjusted EBITDA.
(2) Includes $4.9 million and $nil of pre-tax Canada Emergency Wage Subsidy for the three months ended March 31, 2021 and March 31, 2020, respectively and the recognition in 2021 of a tax benefit of $1.1 million related to non-capital loss carryforwards based on the implementation of a new tax plan and the profitability of the related businesses.
(3) All Q1 2020 share and per share data presented has been retroactively adjusted to reflect the five-for-one share consolidation completed on July 16, 2020.

Non-GAAP measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by generally accepted accounting principles ("GAAP") and, therefore, are considered non-GAAP measures. Non-GAAP measures include "EBITDA", calculated as earnings before interest, taxes, depreciation, amortization, depreciation from equity investment, share based compensation, bargain purchase gain (reduction) and gain/loss on disposal of property, plant and equipment, "Adjusted EBITDA", calculated as EBITDA before acquisition costs, other revenue and non-recurring items and including CEWS, "EBITDA as a % of revenue", calculated as EBITDA divided by revenue, and "Free Cash Flow", calculated as net cash flows from (used in) operating activities, less maintenance capital expenditures, payments for lease liabilities and finance costs, to provide investors with supplemental measures of Dexterra Group's operating performance and thus 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 Maker 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 more consistent basis for comparison between periods. These measures should not be construed as alternatives to net earnings and total comprehensive income determined in accordance with GAAP as an indicator of the Corporation's performance. The method of calculating these measures may differ from other entities and accordingly, may not be comparable to measures used by other entities. For a reconciliation of these non-GAAP measures to their nearest measure under GAAP please refer to "Reconciliation of non-GAAP measures".

Management's Discussion and Analysis

Core Business

Dexterra Group is a publicly listed corporation (TSX: DXT.TO) delivering quality solutions to create, manage and operate infrastructure, offering both experience and regional expertise across Canada under its three operating business units: Facilities Management, Workforce Accommodations, Forestry and Energy Services ("WAFES"), and Modular Solutions.

Our Facilities Management business delivers operations and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defense, retail, healthcare, education and government. Our WAFES business provides a full range of workforce accommodations solutions, forestry services and access solutions to clients in the mining, forestry, construction and other natural resource sectors. Our Modular Solutions business integrates modern design concepts with off-site manufacturing processes to produce high-quality building solutions for social and affordable housing, commercial, residential and industrial clients. As a result of our diverse product and service offerings, Dexterra Group is uniquely positioned to meet the needs of our customers in numerous sectors across Canada.

On May 29, 2020, Dexterra Group (previously Horizon North Logistics Inc.) completed a transaction (the "Acquisition") with 10647802 Canada Limited, operating as Dexterra Integrated Facilities Management ("Dexterra"), a subsidiary of Fairfax Financial Holdings Limited ("Fairfax Financial"). Pursuant to the Acquisition, the Corporation acquired all of the outstanding common shares of Dexterra and in exchange issued 31,785,993 common shares of Dexterra Group to Dexterra's sole shareholder, 9477179 Canada Inc., a wholly-owned subsidiary of Fairfax Financial. Accordingly, Fairfax Financial indirectly owns a 49% interest in the combined Corporation, while existing shareholders of the Corporation maintain a 51% interest. Prior to the Acquisition, Fairfax Financial had no ownership interest in Dexterra Group. For accounting purposes, the Acquisition constituted a reverse acquisition that involved a change of control of Dexterra Group and a business combination of Horizon North Logistics Inc. and Dexterra, to form a new operation under a renamed corporate entity as Dexterra Group Inc. As a result, 2020 comparative information included herein is solely Dexterra. Horizon North financial results are included subsequent to the Acquisition closing date. Refer to the audited Consolidated Financial Statements for the years ended December 31, 2020 and 2019 for further information.

First Quarter Results and Overview

Highlights

- Consolidated Q1 2021 revenue of $155.4 million and EBITDA of $17.8 million, an increase of $95.0 million and $15.7 million respectively, when compared to Q1 2020. The increase is mainly attributable to $84.7 million and $13.7 million of revenue and EBITDA from the Acquisition, respectively, as well as strong results from WAFES Eastern Canada operations, which is partially offset by the pandemic impact primarily on the legacy Facilities Management results.
- The Corporation reported consolidated net earnings of $4.5 million for Q1 2021 compared to consolidated net earnings of $1.0 million in the same period of the prior year, an increase of $3.5 million, which included the recognition of a $1.1 million tax benefit related to non-capital loss carryforwards based on implementing new tax plans and the profitability of the related businesses;
- Dexterra Group generated net cash flows from operating activities in Q1 2021 of $17.9 million, compared to the $5.1 million generated in Q1 2020, an increase of $12.8 million, primarily reflecting increased business volumes post-acquisition and improvements in EBITDA;
- Consolidated Adjusted EBITDA for Q1 2021 was $17.8 million compared to $3.3 million in 2020 and included $4.9 million from the Canada Emergency Wage Subsidy ("CEWS") program;
- The Facilities Management business had Q1 2021 revenue of $38.0 million, a decrease of $5.4 million or 12% from Q1 2020 and basically unchanged from Q4 2020. EBITDA for the same period was $3.5 million, an increase of $0.8 million when compared to Q1 2020, and an increase of $0.9 million when compared to Q4 2020 EBITDA of $2.6 million;
- The WAFES business had Q1 2021 revenue of $75.7 million, $43.0 million of which is attributable to existing contracts from the Acquisition. EBITDA for the same period was $15.1 million, an increase of $13.2 million when compared to Q1 2020 and improved from Q4 2020 despite lower revenues and temporary camp closures in British Columbia;
- The Modular Solutions business had Q1 2021 revenue of $41.9 million and EBITDA of $2.9 million. Backlog[1] for social housing was $63.5 million at March 31, 2021, excluding recurring modular business for school portables and specialty commercial structures worth approximately $40 million per annum. Management is currently finalizing contracts with the

[1] Backlog is the total value of 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.

City of Toronto worth in excess of $45 million which are not included in the backlog number above. Continued growth in Modular Solutions revenues in the back half of 2021 and beyond is expected;

- Capital improvements to the newly leased Modular Solutions plant in Cambridge are underway with $1.3 million incurred in the first quarter. The plant is expected to be operational by the end of the second quarter of 2021, ramping up production through the remainder of 2021;
- Debt was reduced to $78.9 million at March 31, 2021 from $85.4 million at December 31, 2020. Management has significant unused credit facilities as it looks to execute on its growth strategy; and
- Dexterra Group declared a dividend for the second quarter of 2021 of $0.075 per share, for shareholders of record at June 30, 2021, to be paid July 15, 2021.

Operational Analysis

	Three months ended March 31,	
(000's)	2021	2020
Revenue:		
Facilities Management	$ 38,022	$ 43,417
WAFES	75,656	16,956
Modular Solutions	41,948	—
Inter-segment eliminations	(222)	—
Total Revenue	$ 155,404	$ 60,373
EBITDA:		
Facilities Management	$ 3,464	$ 2,650
WAFES	15,143	1,961
Modular Solutions	2,888	—
Corporate costs	(3,670)	(2,466)
Total EBITDA(1)	$ 17,825	$ 2,145
Acquisition costs	—	1,136
Total Adjusted EBITDA(1)	$ 17,825	$ 3,281

(1) Includes CEWS of $4.9 million (Facilities Management - $0.9 million, WAFES - $3.7 million, Modular Solutions - $0.3 million) for Q1 2021 (Q1 2020 - nil).

Facilities Management

For Q1 2021, Facilities Management revenues were $38.0 million and decreased by $5.4 million or 12% from the $43.4 million in Q1 2020. Revenue decreased primarily due to the temporary closure or reduction in operations at certain facilities as a result of COVID-19. In particular, the aviation and retail sectors decreased by $8.7 million compared to 2020. This was partially offset by new business.

EBITDA margin increased to 9% for Q1 2021 in comparison to 6% for the same period in the prior year and 7% in Q4 2020 mainly due to stronger project management and management delivering on operational improvements. See "Non-GAAP measures" above for the definition of "EBITDA as a percentage of revenue".

Direct Costs

Direct Costs for Q1 2021 were $32.9 million compared to $39.7 million in Q1 2020, a decrease of $6.8 million or 17%, mainly due to the decrease in costs associated with the lower revenue and the stronger project management discussed above.

WAFES

WAFES is comprised of two revenue streams: Workforce accommodations ("WA") & Forestry and Energy Services. A significant portion of our WAFES business is also a services business and not capital intensive.

WAFES revenue performance was strong in a COVID-19 environment despite Q1 2021 being negatively impacted by temporary camp closures, especially in British Columbia. Revenue from the WAFES segment for the three months ended March 31, 2021 was $75.7 million, an increase of $58.7 million compared to Q1 2020. The increase in segment revenues was primarily driven by the Acquisition.

EBITDA as a percentage of revenue was 20% which is an increase of 8% compared to Q1 2020, due to strong utilization of support services and the addition of new contracts and business in Eastern Canada with the growth of infrastructure and mining projects. This margin is similar to Q4 2020.

Workforce accommodations and forestry revenue

Revenues from WA and Forestry for Q1 2021 were $70.0 million and increased by $53.1 million compared to Q1 2020. The increase in Q1 2021 was driven by the Acquisition and $15.7 million from strong performance of the Eastern Canada operations, which helped to offset the negative impact of the Q1 2021 temporary closure of Crossroads Lodge and Coastal GasLink pipeline camps in British Columbia related to government mandated temporary workforce restrictions associated with COVID-19.

Energy Services

Revenues from Energy Services were $5.6 million for the three months ended March 31, 2021, down from $6.5 million in Q4 2020. Revenue for Energy Services is primarily from mat and relocatable structures rentals combined with equipment sales and installation. The Energy Services business was part of the Acquisition. The Corporation has temporarily closed the mat manufacturing plant due to lower business activity, however, the relocatable structures business experienced strong utilization throughout 2020, which has continued into the first quarter of 2021.

Direct Costs

Direct costs in the WAFES business unit for Q1 2021 were $59.9 million or 78% of revenue compared to 80% of revenue for Q4 2020. Management continues to be focused on managing costs as we navigate the COVID-19 impacts to this business unit.

Modular Solutions

Modular Solutions segment revenues for Q1 2021 were $41.9 million. These revenues are primarily focused on social and affordable housing and portable classrooms.

EBITDA for Q1 2021 was $2.9 million. The results reflect the focus on social and affordable housing projects where performance and execution have been strong in western Canada. This was partially offset by lower than expected margins in Eastern Canada due to project delays. The lower margins and lower revenue compared to Q4 2020 is not expected to continue and the new Cambridge plant will be better suited for construction of affordable housing projects.

A key metric for the Modular Solutions segment is the backlog of projects and timing of backlog execution. The focus for this business unit is to secure and increase backlog, which was $63.5 million for social housing at the end of Q1 2021. Additionally, Modular Solutions has recurring modular business beyond social housing worth approximately $40 million per annum, which mainly consists of portable classrooms and is finalizing contracts exceeding $45 million with the City of Toronto that will be manufactured in 2021 and are not included in the backlog numbers above.

Direct Costs

Direct costs are comprised of labour, raw materials and transportation which vary directly with revenues, and a relatively fixed component which 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 were 90% of revenue for the three months ended March 31, 2021 which is consistent with the 89% of revenue in Q4 2020.

Other Items

Selling, General & Administrative Expense

Selling, general & administrative expenses are comprised of costs reflecting 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.

Selling, general & administrative expenses for Q1 2021 were $8.2 million, an increase of $4.3 million compared to Q1 2020, mainly due to the Acquisition. Selling and administrative expenses were 5% of total revenue in Q1 2021 which is comparable to Q4 2020 after adjusting for non-recurring items.

Depreciation and Amortization

	Three months ended March 31,	
(000's)	2021	2020
Depreciation of property, plant and equipment and right-of-use assets	$ 9,245	$ 758
Amortization of intangibles	823	512
Total depreciation and amortization	$ 10,068	$ 1,270

For Q1 2021, depreciation and amortization was $10.1 million, an increase of $8.8 million compared to Q1 2020, mainly due to the property, plant and equipment and right-of-use assets acquired in the Acquisition. Depreciation and amortization expense was lower by $1.0 million in Q1 2021 compared to $11.1 million in Q4 2020 due to the impact of assets sold to customers and more assets being fully depreciated. The Corporation's plan for capital light operations should continue to reduce depreciation expense in the upcoming years as further assets become fully depreciated or excess assets are sold.

Finance costs

Finance costs include interest on loans and borrowings, interest on lease liabilities and accretion. For Q1 2021, finance costs were $1.3 million, an increase of $1.2 million compared to Q1 2020 due to debt acquired in the Acquisition.

The effective interest rate on loans and borrowings for the three months ended March 31, 2021 was 3.4%. The interest rate is impacted by the debt level and tiered interest rate structure of the credit facility. The rate ranges from bank prime rate plus 1.00% to 3.25%.

Management's focus on debt reduction has reduced quarterly interest costs by $0.8 million since Q3 2020.

Goodwill

Goodwill of $98.6 million is made up of $96.0 million recognized on the acquisition of certain assets and associated liabilities comprising the services business carried on by Carillion Canada and certain of its affiliates (the "Carillion Services Assets") in 2018 and $2.6 million recognized on the acquisition of the Powerful Group of Companies in 2019. Goodwill is not amortized. The goodwill relating to the Carillion Services Assets is deductible for tax purposes. The Corporation concluded there were no new indicators of impairment of its goodwill or intangibles at March 31, 2021.

Gain/Loss on disposal

For Q1 2021, the loss on disposal was $0.2 million compared to a gain on disposal of $0.5 million in Q1 2020. The gains and losses on disposals are typically generated from ongoing fleet management of operational assets and rationalization of excess assets to convert to cash.

Non-controlling interest

Dexterra Group owns 49% of Tangmaarvik Inland Camp Services Inc. ("Tangmaarvik") and controls its operations. As a result, the results of Tangmaarvik are consolidated with the results of Dexterra Group and a non-controlling interest is recorded. For the three months ended March 31, 2021 non-controlling interest of $0.2 million was recorded, compared to $0.1 million in the same period of the prior year.

Joint Venture

Dexterra Group owns 49% of Gitxaala Horizon North Services LP ("Gitxaala"), which was part of the Acquisition. This equity investment is recorded at cost and increases or decreases with the Corporation's share of the profit or loss of Gitxaala and any capital contributions. Earnings for the three months ended March 31, 2021 were $0.8 million.

Income taxes

For the three months ended March 31, 2020, the Corporation's effective income tax rate was 19.3% (2020 - 26.2%). The effective tax rate was lower than the combined federal and provincial income tax rate of 26% primarily due to recognizing the tax benefit from non-capital loss carryforwards in the amount of $1.1 million that now meet the recognition criteria as a result of tax planning efforts and the profitability of the related business.

The Corporation has non-capital losses for Canadian tax purposes of $72.7 million at March 31, 2021 available to reduce future taxable income in Canada, and non-capital losses for United States tax purposes of $0.8 million available to reduce future taxable income in the United States. The Corporation expects to fully utilize these losses before their expiry except as noted below.

Deferred tax assets of $0.6 million have not been recognized in respect of $2.4 million of tax losses as it is not probable that future taxable profit will be generated against which a subsidiary of the Corporation can utilize the benefits.

The Corporation has completed the first phase of its tax plan which will help reduce cash taxes payable in 2021 and future years.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 as a pandemic. Most of Dexterra Group's businesses are being classified as "essential services" in various cities and regions and are playing an important role in fighting the COVID-19 virus. Dexterra Group and its employees are playing a vital role in keeping client operations and infrastructure safe and virus free. The safety of employees and customers continues to be a top priority.

Dexterra Group's financial results continue to be impacted significantly as a result of the COVID-19 pandemic. The Facilities Management segment continues to experience reductions in revenue as a result of reduced services, mainly in the aviation and retail markets. The WAFES and Modular Solutions segments have seen less significant declines in revenue but have still been impacted due to lower activity in camp/catering services, the British Columbia government shutdowns in Q1 2021 and the delay of social and affordable housing projects and timing of portable classroom builds. New business opportunities in the pipeline have also been affected and are expected to shift to future periods. It is impossible to forecast the duration and full scope of the economic downturn caused by the COVID-19 pandemic and the related consequences it will have on the Corporation and its business, including the potential impact on its services once these social distancing policies are lifted. At this time, it is unknown to the Corporation how the COVID-19 pandemic will evolve and impact demand for the Corporation's services, which may lead to lower revenue, changes to the federal and provincial governments' support programs for businesses to help offset the impact of COVID-19, impact on the Corporation's customers and their solvency and on the Corporation's supply chain and safety of its workforce.

The Corporation is expecting to continue to experience lower revenue in 2021, due to the impacts of the pandemic and the restrictions put in place by both the provincial and federal governments. The management team has implemented plans to modify the cost structure to mitigate the impact of COVID-19, while continuing to provide essential services to its clients. Additionally, the Corporation has applied for government support programs and qualified for $4.9 million for the three months ended March 31, 2021 (March 31, 2020 - nil). Based on the changes to the CEWS program under the proposed federal budget, the benefit to the Corporation of any subsidies after March 31, 2021 will likely decline.

Outlook

Operations Outlook

The Corporation is focused on organic growth and growth through selective acquisitions in the post pandemic period. Timing of the acquisitions is unknown and is dependent upon opportunities identified. Management is also taking steps to prepare for growth such as an ERP implementation and refining processes throughout the business.

The Corporation has significantly improved its leverage and liquidity position as well as increased its available capital with the amended and extended credit facility with a limit of $175 million plus an uncommitted accordion of $75 million. As at March 31, 2021, the Corporation had $83.7 million of available liquidity which provides it with significant financial flexibility. Debt reduction is expected to temporarily pause in the second quarter of 2021 due to the NRB Modular Solutions new plant in Cambridge, as well as the required working capital investment associated with the increased revenues, given the seasonality of our business in WAFES, especially in the forestry area.

The Corporation has leased an NRB Modular Solutions plant in Cambridge, Ontario in order to address the need for rapid housing in Ontario. The estimated capital cost to equip the factory is $4 million, along with a lease commitment of $7.3 million over a four year term plus a three year extension. The plant is expected to be operational in Q2 2021 and estimated incremental annual production capacity exceeds $100 million annually, though the investment plan assumes a graduated ramp up. Continued growth in Modular Solutions revenues in the back half of 2021 and beyond is expected.

In the Facilities Management business, the organic growth prospects are significant and compound annual growth rates for the overall market are estimated to be double digit over the next several years. The pandemic has delayed this growth opportunity. Dexterra has been impacted in both the airport and retail sectors and expects a rebound in the aviation sector to be gradual once the population receives vaccinations and regains its confidence to travel. The Facilities Management business has line of sight to over $200 million of annual revenue being competitively bid in 2021 and has maintained key staff and hired new resources during COVID-19 so we are able to execute on these opportunities.

The Crossroads Lodge in Kitimat, British Columbia and Coastal GasLink pipeline camps were temporarily closed during the first quarter of 2021 related to government mandated temporary workforce restrictions on the LNG Canada and other projects associated with COVID-19. The activity at the Coastal GasLink project camps is ramping up in Q2 2021 and expected to continue to do so through the balance of 2021. Crossroads Lodge remains closed with occupancy expected in the fourth quarter of 2021. This short-term decline in revenue and EBITDA from the closures in Q1 2021 was partially offset by wins in Eastern Canada.

Liquidity and Capital Resources

For the three months ended March 31, 2021, cash generated by operating activities was $17.9 million, compared to $5.1 million in the same period of 2020. The variance was business volume driven primarily by an increase in earnings before depreciation of $12 million in Q1 2021 compared to the prior period and reduced working capital needs by $3.1 million in Q1 2021. This was used to fund the $1.3 million in capital expenditures for the Cambridge NRB plant as well as to repay debt and pay dividends.

The Corporation's financial position and liquidity are strong. The Corporation generated Free Cash Flow of $12.4 million in Q1 2021. In future quarters, principal sources of liquidity include generated Free Cash Flow and proceeds from the disposal of idle or underutilized assets across its operating segments. As at March 31, 2021, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility.

Capital Spending

For the three months ended March 31, 2021, gross capital spending was $1.7 million compared to $0.6 million in the same period of 2020. Capital spending in Q1 2021 was mainly focused on the NRB Cambridge plant expansion ($1.3 million), compared to the purchase of small equipment in Q1 2020. The Cambridge plant will be used to meet the surge in social affordable housing demand and will open for production in Q2 2021. Management expects normalized recurring capital spending to approximate $5 million per annum, excluding the new NRB plant.

Quarterly Summary of Results

	Three months ended			
(000's except per share amounts)	2021 March	2020 December	2020 September	2020 June
Revenue[(1)]	$ 155,404	$ 164,418	$ 176,918	$ 76,106
EBITDA[(1)]	17,825	18,713	33,444	22,885
Net earnings (loss) attributable to shareholders	4,277	(103)	16,131	47,139
Net earnings per share, basic[(2)]	0.07	0.00	0.25	1.08
Net earnings per share, diluted[(2)]	0.07	0.00	0.24	1.08

	Three months ended			
(000's except per share amounts)	2020 March	2019 December	2019 September	2019 June
Revenue	$ 60,373	$ 64,134	$ 76,151	$ 66,493
EBITDA	2,145	3,240	5,185	6,164
Net earnings attributable to shareholders	864	1,370	3,330	3,566
Net earnings per share, basic and diluted[(2)]	0.03	0.04	0.10	0.11

(1) Revenue and EBITDA for the third quarter of 2020 includes $6.6 million related to amounts awarded on two legal proceedings with former customers.
(2) All share and per share data presented prior to Q3 2020 has been retroactively adjusted to reflect the five-for-one share consolidation completed on July 16, 2020.

Net earnings in Q4 2020 were impacted by the $4.2 million non-cash reduction in the bargain purchase gain related to the Acquisition (Q2 2020 - $34.1 million).

Reconciliation of non-GAAP measures

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

(000's)	Three months ended March 31, 2021	2020
Net earnings	$ 4,474	$ 959
Add:		
Share based compensation	593	—
Depreciation & amortization	10,068	1,270
Equity investment depreciation	155	—
Finance costs	1,304	119
Loss (gain) on disposal of property, plant and equipment	161	(544)
Income tax expense	1,070	341
EBITDA(1)	$ 17,825	$ 2,145
Acquisition costs	—	1,136
Adjusted EBITDA(1)	$ 17,825	$ 3,281

(1) Includes $4.9 million of pre-tax CEWS for the three months ended March 31, 2021 (March 31, 2020 - nil).

(000's)	Three months ended March 31, 2021	2020
Net cash flows from operating activities	$ 17,865	$ 5,086
Maintenance capital expenditures, net of proceeds(1)	(406)	(16)
Purchase of intangible assets	(705)	(102)
Finance costs paid	(1,198)	(119)
Lease payments	(3,165)	(131)
Free Cash Flow	$ 12,391	$ 4,718

(1) Total capital expenditures in the period were $1.7 million, which includes $1.3 million in expansion capital for the NRB Cambridge plant.

Accounting Policies

Dexterra Group's IFRS accounting policies are provided in Note 3 to the Consolidated Financial Statements for the years ended December 31, 2020 and 2019.

Outstanding Shares

Dexterra Group had 65,069,417 voting common shares issued and outstanding as at May 11, 2021, of which 49% or 31,785,993 are owned by subsidiaries of Fairfax Financial Holdings Limited.

Off-Balance Sheet Financing

Dexterra Group has no off-balance sheet financing.

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

Disclosure Controls and Procedures

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

Throughout 2021, Dexterra Group will continue to evaluate its DC&P, making modifications from time-to-time as deemed necessary. There were no changes in Dexterra Group's DC&P that occurred during the period ended March 31, 2021 that have materially affected, or are reasonably likely to materially affect, Dexterra Group's DC&P.

Internal Controls over Financial Reporting

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

There were no changes to the Corporation's ICFR during the period ended March 31, 2021 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 years ended December 31, 2020 and 2019 under Note 22, both dated March 10, 2021, 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 Q1 2021 Financial Statements.

Financial Instruments and Risk Management

In the normal course of business, the Corporation is exposed to a number of financial risks that can affect its operating performance. These risks are: credit risk, liquidity risk and interest rate risk. The Corporation's overall risk management program and prudent business practices seek to minimize any potential adverse effects on the Corporation's financial performance. The MD&A should be read in conjunction with the Q1 2021 Financial Statements.

Forward-Looking Information

Certain statements contained in this MD&A may constitute forward-looking information under applicable securities law. Forward-looking information may relate to Dexterra Group's future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "continue"; "forecast"; "may"; "will"; "project"; "could"; "should"; "expect"; "plan"; "anticipate"; "believe"; "outlook"; "target"; "intend"; "estimate"; "predict"; "might"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. In particular, statements regarding Dexterra Group's future operating results and economic performance, its leverage, the NRB Modular Solutions plant in Cambridge, and its objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions, including expected growth, 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 years ended December 31, 2020 and 2019 contained in our 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		March 31, 2021		December 31, 2020
Assets					
Current assets					
Trade and other receivables	4	$	147,524	$	149,532
Inventories	5		14,553		12,445
Prepaid expenses and other			7,060		5,981
Income tax receivable			114		—
Total current assets			169,251		167,958
Non-current assets					
Property, plant and equipment	6		178,117		184,047
Right-of-use assets	7		26,455		22,052
Intangible assets	8		23,440		23,457
Goodwill			98,640		98,640
Deferred income taxes	15		2,037		2,587
Other assets	9		14,434		14,782
Total non-current assets			343,123		345,565
Total assets		$	512,374	$	513,523
Liabilities					
Current liabilities					
Trade and other payables		$	83,997	$	81,815
Deferred revenue			4,349		3,310
Income taxes payable			—		2,895
Asset retirement obligations	11		4,704		5,102
Lease liabilities	7		8,481		7,160
Total current liabilities			101,531		100,282
Non-current liabilities					
Lease liabilities	7		21,367		18,921
Contingent consideration			1,448		1,448
Asset retirement obligations	11		7,560		6,527
Loans and borrowings	10		78,884		85,369
Non-current liabilities			109,259		112,265
Total liabilities		$	210,790	$	212,547
Shareholders' Equity					
Share capital	12	$	233,200	$	232,348
Contributed surplus			556		354
Retained earnings			65,848		66,451
Non-controlling interest			1,980		1,823
Total shareholders' equity			301,584		300,976
Total liabilities and shareholders' equity		$	512,374	$	513,523

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

Condensed consolidated statement of comprehensive income (Unaudited)

(000's except per share amounts)	Note		Three months ended March 31, 2021		2020
Revenue					
Revenue from operations	19	$	155,404	$	60,373
Operating expenses					
Direct costs	13		130,310		54,310
Selling, general and administrative expenses	14		8,176		3,918
Depreciation	6,7		9,245		758
Amortization of intangible assets	8		823		512
Share based compensation	12		593		—
Loss (gain) on disposal of property, plant and equipment			161		(544)
Operating income			6,096		1,419
Finance costs			1,304		119
Earnings from equity investment			(752)		—
Earnings before income taxes			5,544		1,300
Income tax					
Income tax expense	15		1,070		341
Net earnings		$	4,474	$	959
Net Earnings Attributable to:					
Non-controlling interest		$	197	$	94
Shareholders		$	4,277	$	865
Earnings per common share:					
Net earnings per share, basic	17	$	0.07	$	0.03
Net earnings per share, diluted	17	$	0.07	$	0.03
Weighted average common shares outstanding:					
Basic	17		64,914		31,786
Diluted	17		65,272		31,786

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

Condensed consolidated statement of changes in equity (Unaudited)

(000's)	Note	Share capital - Number of Shares		Share capital		Contributed surplus		Retained earnings		Non-controlling interest		Total
Balance as at December 31, 2019		31,786	$	131,543	$	—	$	12,150	$	1,430	$	145,123
Issuance of common shares		—		—		—		—		—		—
Dividends		—		—		—		—		(43)		(43)
Net income		—		—		—		865		94		959
Balance as at March 31, 2020		31,786	$	131,543	$	—	$	13,015	$	1,481	$	146,039
Balance as at December 31, 2020		64,869	$	232,348	$	354	$	66,451	$	1,823	$	300,976
Dividends	18	—		—		—		(4,880)		(40)		(4,920)
Share issuance	12	200		852		(242)		—		—		610
Share based compensation	12	—		—		444		—		—		444
Net income		—		—		—		4,277		197		4,474
Balance as at March 31, 2021		65,069	$	233,200	$	556	$	65,848	$	1,980	$	301,584

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	2021	2020
Cash provided by (used in):			
Operating activities:			
Net earnings		$ 4,474	$ 959
Adjustments for:			
Depreciation	6,7	9,245	758
Amortization of intangible assets	8	823	512
Share based compensation	12	593	—
Loss (gain) on disposal of property, plant and equipment		161	(544)
Book value of used fleet transferred to inventory upon sale		1,634	—
Earnings on equity investments		(752)	—
Asset retirement obligation settled	11	(336)	—
Finance costs		1,304	119
Income tax expense	15	1,070	341
Changes in non-cash working capital	16	3,179	3,512
Income taxes paid	15	(3,530)	(571)
Net cash flows from operating activities		17,865	5,086
Investing activities:			
Purchase of property, plant and equipment		(1,711)	(588)
Purchase of intangible assets		(705)	(102)
Equity investment		(202)	—
Proceeds on sale of property, plant and equipment		27	572
Net cash flows used in investing activities		(2,591)	(118)
Financing activities:			
Issuance of common shares		610	—
Payments for lease liabilities		(3,165)	(131)
Proceeds from (payments on) loans and borrowings		(6,616)	22,072
Finance costs paid		(1,198)	(119)
Dividends paid to non-controlling interest		(40)	(43)
Dividends paid to shareholders	18	(4,865)	—
Net cash flows from (used in) financing activities		(15,274)	21,779
Change in cash position		—	26,747
Cash, beginning of period		—	2,577
Cash, end of period		$ —	$ 29,324

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 pan-Canadian support services platform which operates across eleven provinces and territories and diversified end markets. Our Facilities Management business delivers operation and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defence and security, retail, healthcare, education and government. 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 social and affordable housing, commercial, residential and industrial clients.

On May 29, 2020, Dexterra Group (previously Horizon North Logistics Inc. ("Horizon North")) completed a transaction (the "Acquisition") with 10647802 Canada Limited, operating as Dexterra Integrated Facilities Management ("Dexterra"), a subsidiary of Fairfax Financial Holdings Limited (TSX: FFH and FFH.U) ("Fairfax Financial"). Pursuant to the Acquisition, the Corporation acquired all of the outstanding common shares of Dexterra and in exchange issued 31,785,993 common shares of Dexterra Group to Dexterra's sole shareholder, 9477179 Canada Inc., a wholly-owned subsidiary of Fairfax Financial. Accordingly, Fairfax Financial indirectly owns a 49% interest in the combined Corporation, while existing shareholders of the Corporation maintained a 51% interest. Prior to the Acquisition, Fairfax Financial had no ownership interest in Dexterra Group.

For accounting purposes, the Acquisition constituted a reverse acquisition that involved a change of control of Dexterra Group and a business combination of Horizon North and Dexterra, to form a new corporation that now carries on operations as Dexterra Group Inc.. Based on the guidance in IFRS 3, Business Combinations ("IFRS 3"), it was determined that Horizon North was the accounting acquiree and Dexterra was the accounting acquirer, as Fairfax Financial, the sole shareholder of Dexterra, now controls the Corporation. As a result, 2020 comparative information included herein is solely Dexterra.

On July 16, 2020, the Corporation completed a five-for-one share consolidation of all of its issued and outstanding common shares (the "Consolidation"). All share and per share data presented in the Corporation's condensed consolidated interim financial statements, including share options outstanding, has been retroactively adjusted to reflect the Consolidation, unless otherwise noted.

2. Statement of compliance

These financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Corporation adopted in its consolidated financial statements for the year ended December 31, 2020. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. These financial statements were approved by the board of directors of Dexterra Group on May 11, 2021.

3. Basis of Preparation

The basis of preparation, and accounting policies and methods of their application in these condensed consolidated interim financial statements, including comparatives, are consistent with those used in Dexterra's audited annual consolidated financial statements for the year ended December 31, 2020 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. Trade and other receivables

(000's)	March 31, 2021	December 31, 2020
Trade receivables	$ 70,089	$ 64,954
Construction receivables	7,419	11,867
Allowance for expected credit losses	(2,123)	(1,724)
	$ 75,385	$ 75,097
Accrued receivables	$ 25,913	$ 33,681
Accrued construction receivables	26,516	24,056
Holdbacks receivables	14,908	11,185
Other	4,802	5,513
Total	$ 147,524	$ 149,532

Holdbacks receivables represents amounts billed on contracts which are not due until the contract work is substantially complete and any lien period has expired. All holdbacks receivables are expected to be collected within 12 months.

5. Inventories

(000's)		March 31, 2021		December 31, 2020
Raw materials	$	5,453	$	4,082
Work-in-progress		1,320		1,114
Finished goods and supplies		7,780		7,249
Inventories	$	14,553	$	12,445

6. Property, plant and equipment

Carrying Amounts (000's)		Camp equipment & mats		Land & buildings		Automotive & trucking equipment		Manufacturing & other equipment		Total
Cost										
December 31, 2020	$	148,449	$	27,684	$	17,458	$	8,167	$	201,758
Additions		379		102		259		1,298		2,038
Asset retirement obligations		996		—		—		—		996
Transferred to inventory for sale		(1,728)		—		—		—		(1,728)
Disposals		(338)		—		(253)		(5)		(596)
March 31, 2021	$	147,758	$	27,786	$	17,464	$	9,460	$	202,468
Accumulated Depreciation										
December 31, 2020	$	9,551	$	1,205	$	3,910	$	3,045	$	17,711
Depreciation		4,124		389		1,574		523		6,610
Transferred to inventory for sale		(94)		—		—		—		(94)
Disposals		134		—		(7)		(3)		124
March 31, 2021	$	13,715	$	1,594	$	5,477	$	3,565	$	24,351
Net book value										
March 31, 2021	$	134,043	$	26,192	$	11,987	$	5,895	$	178,117
December 31, 2020	$	138,898	$	26,479	$	13,548	$	5,122	$	184,047

7. Leases

(i) Right-of-use assets

(000's)		Camp equipment & mats		Land & buildings		Automotive & trucking equipment		Manufacturing & other equipment		Total
Cost										
December 31, 2020	$	5,593	$	20,385	$	1,640	$	445	$	28,063
Additions		(45)		9,927		332		75		10,289
Disposals		(7)		(4,034)		—		—		(4,041)
March 31, 2021	$	5,541	$	26,278	$	1,972	$	520	$	34,311
Accumulated Depreciation										
December 31, 2020	$	2,133	$	3,093	$	621	$	164	$	6,011
Depreciation		877		1,560		142		56		2,635
Disposals		(292)		(498)		—		—		(790)
March 31, 2021	$	2,718	$	4,155	$	763	$	220	$	7,856
Net book value										
March 31, 2021	$	2,823	$	22,123	$	1,209	$	300	$	26,455
December 31, 2020	$	3,460	$	17,292	$	1,019	$	281	$	22,052

(ii) Lease liabilities

Maturity Analysis – contractual undiscounted cash flows		(000's)
Year 1	$	9,780
Year 2		6,446
Year 3		4,510
Year 4		3,130
Year 5 and beyond		10,051
Total undiscounted lease payable as at March 31, 2021	$	33,917
Lease liabilities included in the statement of financial position at March 31, 2021	$	29,848
Current		8,481
Non-current		21,367

At March 31, 2021, the Corporation has not sub-leased any right-of-use assets, there were no restrictions or covenants imposed by leases that would create a material impact on the financial statements and there were no sale and leaseback transactions.

The amount of lease interest expense recognized during the three months ended March 31, 2021 is $0.3 million (2020 - $0.03 million).

8. Intangible assets

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

(000's)		Trade Names		Customer Relationships		Computer software and other		Total
Cost								
December 31, 2020	$	3,800	$	22,483	$	2,649	$	28,932
Additions		—		—		806		806
March 31, 2021	$	3,800	$	22,483	$	3,455	$	29,738
Accumulated Amortization								
December 31, 2020	$	380	$	4,017	$	1,078	$	5,475
Amortization		163		469		191		823
March 31, 2021	$	543	$	4,486	$	1,269	$	6,298
Net book value								
March 31, 2021	$	3,257	$	17,997	$	2,186	$	23,440
December 31, 2020	$	3,420	$	18,466	$	1,571	$	23,457

9. Other assets

Other assets at March 31, 2021 include an equity accounted investment in Gitxaala Horizon North Services Limited Partnership, a joint venture that is 49% owned by the Corporation of $12.7 million (December 31, 2020 - $11.7 million) and long-term lease receivables of $1.7 million (December 31, 2020 - $3.1 million).

10. Loans and borrowings

(000's)		March 31, 2021		December 31, 2020
Committed credit facility	$	79,804	$	86,411
Unamortized financing costs		(920)		(1,042)
Total borrowings	$	78,884	$	85,369

The carrying value of Dexterra Group's debt approximates its fair value, as debt bears interest at variable rates which approximate market rates. The committed credit facility matures on December 30, 2022 and has an available limit of $175 million plus an uncommitted accordion of $75 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.

As at March 31, 2021, the Corporation was in compliance with all financial and non-financial covenants related to the credit facility and available borrowing capacity was $83.7 million, after including $11.5 million in letters of credit outstanding at March 31, 2021.

11. Asset retirement obligations

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

(000's)	March 31, 2021	December 31, 2020
Balance, beginning of period	$ 11,629	$ —
Acquisition	—	11,100
Additions	—	1,419
Asset retirement obligations settled	(336)	(1,360)
Change in estimate	996	448
Accretion of provisions	(25)	22
Balance, end of period	$ 12,264	$ 11,629

The estimated present value of rehabilitating the sites at the end of their useful lives has been estimated using existing technology, adjusted for inflation and discounted using a risk-free rate. The future value amount of $12.4 million at March 31, 2021 (December 31, 2020 - $11.8 million) was determined using a risk free interest rate of 0.28% and an inflation rate of 0.46%. The timing of these payments is dependent on various factors, such as the estimated lives of the equipment and industry activity in the region but is anticipated to occur between 2021 and 2028.

(000's)	March 31, 2021	December 31, 2020
Current	$ 4,704	$ 5,102
Non-current	7,560	6,527
Balance, end of period	$ 12,264	$ 11,629

12. 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, 2020	64,869,417	$ 232,348
Options exercised	200,000	852
Balance, March 31, 2021	65,069,417	$ 233,200

(b) Long-term incentive plans

Share option plan

	Three months ended March 31, 2021	
	Outstanding options	Weighted average exercise price
Balance, beginning of period	990,000	$ 3.22
Granted	527,272	6.49
Exercised	(200,000)	3.05
Balance, end of period	1,317,272	$ 4.55

The exercise prices for options outstanding and exercisable at March 31, 2021 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	740,000	$	3.05	4.2	—	$ —
$6.21 to $6.53	577,272	$	6.48	4.8	—	$ —

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:

	March 31, 2021
Fair value per option	$ 2.08
Forfeiture rate	10.00 %
Grant price	$ 6.49
Expected life	3.0 years
Risk free interest rate	0.25 %
Dividend yield rate	4.62 %
Volatility	62.92 %

Expected volatility is estimated by considering historic average share price volatility. For the three months ended March 31, 2021, share based compensation for share options included in net earnings amounted to $0.4 million (2020 - nil).

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

(i) 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. The RSUs have been issued to directors of the Corporation.

The following table summarizes the RSU's outstanding:

	Number
Units outstanding at December 31, 2020	—
Granted	28,970
Units outstanding at March 31, 2021	28,970

(ii) 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 on 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 of Directors. 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, 2020	—
Granted	301,454
Units outstanding at March 31, 2021	301,454

As at March 31, 2021, $0.2 million (2020 - nil) was included in accounts payable and accrued liabilities for outstanding RSUs and PSUs. For the three months ended March 31, 2021, share based compensation for RSUs and PSUs included in net earnings amounted to $0.2 million (2020 - nil).

13. Direct costs

	Three months ended March 31,	
(000's)	2021	2020
Cost of goods manufactured - materials and direct labour	$ 17,691	$ —
Wages and benefits	48,678	34,922
Subcontracting	22,561	9,159
Product cost	20,973	5,573
Equipment and repairs	2,566	800
Vehicles	2,363	609
Partnership profit sharing	861	—
Workforce accommodations operating costs	5,011	131
Other operating expense	9,606	3,116
	$ 130,310	$ 54,310

Included in wages and benefits is the impact of the Canada Emergency Wage Subsidy (“CEWS”), which reduced wages and benefits by $4.8 million for the three months ended March 31, 2021 (2020 - nil).

14. Selling, general and administrative expenses

	Three months ended March 31,	
(000's)	2021	2020
Wages and benefits	$ 4,517	$ 813
Other selling and administrative expenses	3,659	3,105
	$ 8,176	$ 3,918

Included in wages and benefits is the impact of CEWS, which reduced wages and benefits by $0.1 million for the three months ended March 31, 2021 (2020 - nil). Acquisition costs of $1.1 million were expensed for the 3 months ended March 31, 2020.

15. Income taxes

For the three months ended March 31, 2021, the Corporation's effective income tax rate was 19% (2020 - 26%). The effective tax rate was lower than the combined federal and provincial income tax rate of 26% primarily due to recognizing the tax benefit from non-capital loss carryforwards in the amount of $1.1 million that now meet the recognition criteria as a result of tax planning efforts and the profitability of the related business.

The Corporation has non-capital losses for Canadian tax purposes of $72.7 million at March 31, 2021 available to reduce future taxable income in Canada, and non-capital losses for United States tax purposes of $0.8 million available to reduce future taxable income in the United States. The Corporation expects to fully utilize these losses before their expiry except as noted below.

Deferred tax assets of $0.6 million have not been recognized in respect of $2.4 million of tax losses as it is not probable that future taxable profit will be generated against which a subsidiary of the Corporation can utilize the benefits.

The Corporation paid $3.5 million in income taxes for the three months ended March 31, 2021 (March 31, 2020 - $0.6 million). $3.0 million of this amount related to amounts owing for the year ended December 31, 2020 and $0.5 million was paid for 2021 tax installments.

The current and deferred tax expense breakdown is as follows:

	Three months ended March 31,	
Income tax expense (000's):	2021	2020
Current	$ 520	$ 218
Deferred	550	123
	$ 1,070	$ 341

16. Cash flow information

The details of the changes in non-cash working capital are as follows:

	Three months ended March 31,	
(000's)	2021	2020
Trade and other receivables	$ 2,008	$ 139
Inventories	(2,108)	(4)
Prepaid expenses and other	223	(1,015)
Trade and other payables	2,017	5,408
Deferred revenue	1,039	(1,016)
	$ 3,179	$ 3,512

17. Net earnings per share

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

	Three months ended March 31,	
	2021	2020
Number of common shares, beginning of period	64,869,417	31,785,993
Common shares issued, weighted average	44,444	—
Weighted average common shares outstanding - basic	64,913,861	31,785,993
Effect of share purchase options(1)	357,939	—
Weighted average common shares outstanding - diluted	65,271,800	31,785,993

(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.

18. Dividends

A dividend of $0.075 per share was declared for the quarter ended March 31, 2021 and has been accrued in trade and other payables as at March 31, 2021. The dividend is payable to shareholders of record at the close of business on March 31, 2021 to be paid on April 15, 2021.

(000's except per share amounts)	**2021**		**2020**	
	Amount per share	Total dividend amount	Amount per share	Total dividend amount
March 31	$ 0.075	$ 4,880	$ —	$ —
June 30	—	—	—	—
September 30	—	—	0.075	4,865
December 31	—	—	0.075	4,865
Total dividend	$ 0.075	$ 4,880	$ 0.15	$ 9,730

19. Reportable segment information

The Corporation operates through three operating segments: Facilities Management, WAFES and Modular Solutions.

The Facilities Management business delivers operation and maintenance solutions for built assets and infrastructure in the public and private sectors, including aviation, defence and security, retail, healthcare, education and government. The WAFES segment combines the workforce accommodations operations, forestry and associated services as well as energy services such as access matting and relocatable rentals. The Modular Solutions segment comprises all modular manufacturing and installation operations for social and affordable housing, commercial and residential end markets. Corporate includes the costs of head office administration, interest costs, taxes, other corporate costs and residual assets and liabilities.

Information regarding the results of all segments is included below. Inter-segment pricing is determined on an arm's length basis.

Three months ended March 31, 2021 (*000's*)	Facilities Management	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 38,022	$ 75,656	$ 41,948	$ —	$ (222)	$ 155,404
Operating expenses						
Direct costs	32,873	59,917	37,723	—	(203)	130,310
Selling, general and administrative expenses	1,685	1,503	1,338	3,650	—	8,176
Depreciation and amortization	839	7,582	1,178	469	—	10,068
Share based compensation	—	—	—	593	—	593
(Gain) loss on disposal of property, plant and equipment	—	294	(133)	—	—	161
Operating income (loss)	2,625	6,360	1,842	(4,712)	(19)	6,096
Earnings from equity investment	—	(752)	—	—	—	(752)
Finance costs	—	95	211	998	—	1,304
Earnings (loss) before income taxes	$ 2,625	$ 7,017	$ 1,631	$ (5,710)	$ (19)	$ 5,544
Total assets	$ 111,286	$ 308,044	$ 82,962	$ 11,315	$ (1,233)	$ 512,374

Three months ended March 31, 2020 (*000's*)[(1)]	Facilities Management	WAFES	Modular Solutions	Corporate	Inter-segment Eliminations	Total
Revenue	$ 43,417	$ 16,956	$ —	$ —	$ —	$ 60,373
Operating expenses						
Direct costs	39,701	14,609	—	—	—	54,310
Selling, general and administrative expenses	1,065	387	—	(2,466)	—	3,918
Depreciation and amortization	822	334	—	114	—	1,270
(Gain) loss on disposal of property, plant and equipment	(4)	(540)	—	—	—	(544)
Operating income (loss)	1,833	2,166	—	2,352	—	1,419
Finance costs	—	—	—	119	—	119
Earnings (loss) before income taxes	$ 1,833	$ 2,166	$ —	$ 2,233	$ —	$ 1,300
Total assets	$ 122,911	$ 77,569	$ —	$ 1,718	$ —	$ 202,198

20. Financial risk management

Overview

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

The Corporation's risk management practices include identifying, analyzing and monitoring the risks faced by the Corporation. The annual consolidated financial statements for the years ended December 31, 2020 and 2019 present information about the Corporation's exposure to each of the business and financial risks and the Corporation's objectives, policies and processes for measuring and managing risk. For additional risks and uncertainties regarding the Corporation, please also refer to Risk Factors in Appendix A of the Annual Information Form dated March 10, 2021 available on SEDAR or the Corporation's website.

COVID-19 Pandemic

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted business activities throughout the world. The Corporation's business relies, to a certain extent, on free movement of goods, services, and capital within Canada, which has been significantly restricted as a result of the COVID-19 pandemic. Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the economy and the Corporation's business in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including additional actions which may be taken to contain COVID-19, as well as the timing of the re-opening of the economy in Canada. Such further developments could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

The management team has implemented plans to modify the cost structure to mitigate the impact of COVID-19, while continuing to provide essential services to its clients. Additionally, the Corporation has applied for government support programs and qualified for $4.9 million of CEWS funding for the three months ended March 31, 2021 (March 31, 2020 - nil), which has helped to offset the negative earnings impact of COVID-19 and allowed the Corporation to maintain certain staffing levels.

The Corporation continues to monitor the recoverability of trade receivables and the impact of current and expected future credit losses are reflected in the expected credit loss provisions. There was no significant impact to expected future credit losses due to COVID-19 at March 31, 2021. Further developments related to the economy in Canada, which were unforeseen as at March 31, 2021, could have an adverse effect on the recoverability of trade receivables and the expected credit loss provision. The ultimate impact of COVID-19 on the Corporation's liquidity and future cash flows may not be fully known for an extended period of time.

Credit risk

The following shows the aged balances of trade and other receivables:

(000's)	March 31, 2021	December 31, 2020
Trade receivables		
Neither impaired nor past due	$ 61,287	$ 52,860
Outstanding 31-60 days	4,451	7,798
Outstanding 61-90 days	1,269	1,152
Outstanding more than 90 days	3,082	3,144
Total trade receivables	70,089	64,954
Construction receivables		
Neither impaired nor past due	4,691	6,325
Outstanding 31-60 days	566	3,527
Outstanding 61-90 days	796	1,309
Outstanding more than 90 days	1,366	706
Total construction receivables	7,419	11,867
Accrued receivables	25,913	33,681
Accrued construction receivables	26,516	24,056
Holdbacks	14,908	11,185
Other receivables	4,802	5,513
Provision for expected credit losses	(2,123)	(1,724)
Total trade and other receivables	$ 147,524	$ 149,532

As at March 31, 2021, the Corporation provided for expected credit losses in the amount of $2.1 million. The provision for expected credit losses is based on an expected credit losses matrix and fluctuates based on the aging of balances in receivables. Due to the COVID-19 pandemic and the resulting material disruption to businesses globally, combined with the volatility in commodity prices, there is an additional provision for receivables considered higher risk for customers operating in the oil & gas and mining industries.

Liquidity risk

The following shows the timing of cash outflows relating to trade and other payables, lease liabilities and loans and borrowings:

	March 31, 2021			December 31, 2020		
(000's)	Trade and other payables[(1)]	Lease liabilities[(2)]	Loans and borrowings[(3)]	Trade and other payables[(1)]	Lease liabilities[(2)]	Loans and borrowings[(3)]
Year 1	$ 83,997	$ 9,780	$ —	$ 81,815	$ 8,394	$ —
Year 2	767	6,446	79,804	767	5,474	86,411
Year 3	—	4,510	—	—	3,888	—
Year 4	—	3,130	—	—	2,600	—
Year 5 and beyond	681	10,051	—	681	10,041	—
	$ 85,445	$ 33,917	$ 79,804	$ 83,263	$ 30,397	$ 86,411

(1) Trade and other payables include trade and other payables and contingent consideration.
(2) Lease liabilities include total undiscounted lease payments.
(3) Loans and borrowings include Dexterra Group's senior secured revolving term credit facility. The timing and amount of interest payments will fluctuate depending on balances outstanding and applicable interest rates.

(b) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on future performance of the Corporation. The market price movements that could adversely affect the value of the Corporation's financial assets, liabilities and expected future cash flows include foreign currency exchange risk and interest rate risk. As the Corporation's exposure to foreign currency exchange risk and interest rate risk is limited, the Corporation does not currently hedge its financial instruments.

i. Foreign currency exchange risk

The Corporation has limited exposure to foreign currency exchange risk as sales and purchases are typically denominated in CAD. The Corporation's exposure to foreign currency exchange risk arises from the purchase of some raw materials, which are denominated in USD, and foreign operations with USD functional currency.

As the foreign currency exchange risks are primarily based on the realized foreign exchange, the following sensitivity analysis is to determine the impact on cash used in operating activities. The effect of a $0.01 increase in the USD/CAD exchange rate would decrease cash used in operating activities for the three months ended March 31, 2021 by nil (March 31, 2020 - nil). This assumes that the quantity of USD raw material purchases and the foreign operations in the year remain unchanged and that the change in the USD/CAD exchange rate is effective from the beginning of the year.

ii. Interest rate risk

The Corporation is exposed to interest rate risk as changes in interest rates may affect interest expense and future cash flows. The primary exposure is related to the Corporation's revolving credit facility which bears interest at a rate of prime plus 1.00% to 2.25% or the Bankers' Acceptance rate plus 2.00% to 3.25%. If prime were to have increased by 1.00%, it is estimated that the Corporation's net earnings would have decreased by approximately $0.2 million for the three months ended March 31, 2021 (March 31, 2020 - $0.03 million). This assumes that the amount and mix of fixed and floating rate debt in the period remains unchanged and that the change in interest rates is effective from the beginning of the period.

21. Related parties

As at March 31, 2021 Dexterra Group has performance and labour bonds outstanding with Northbridge General Insurance Corporation, a company with the same controlling shareholder as Dexterra Group, totaling $56.7 million. No fees for these bonds were incurred for the three months ended March 31, 2021 (2020 - nil).

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