TERVITA

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

March 31, 2021

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

As at (millions of dollars)	*Note*	**March 31 2021**	December 31 2020
ASSETS			
Current assets			
Cash and cash equivalents	3	**21**	16
Trade and other receivables	3	**132**	135
Inventory		**16**	12
Current portion of sublease receivable		**5**	5
Other current assets		**9**	10
		183	178
Property, plant and equipment	3	**847**	856
Right-of-use assets		**52**	54
Intangible assets		**35**	37
Goodwill	3	**338**	338
Sublease receivable		**7**	7
Other assets		**3**	4
TOTAL ASSETS		**1,465**	1,474
LIABILITIES			
Current liabilities			
Trade and other payables	3	**90**	98
Interest payable		**26**	9
Current portion of obligations under leases		**23**	23
Current portion of provisions		**14**	14
Current portion of derivative liabilities	8	**27**	20
Other current liabilities	9	**4**	2
		184	166
Senior secured revolving credit facility	6	**108**	122
Senior secured notes	7	**603**	610
Obligations under leases		**72**	77
Provisions		**306**	309
Other liabilities	3, 9	**9**	8
TOTAL LIABILITIES		**1,282**	1,292
EQUITY			
Share capital	3	**915**	915
Contributed surplus		**7**	7
Share-based compensation reserve	9	**10**	9
Accumulated earnings (deficit)		**(752)**	(752)
Accumulated other comprehensive profit (loss)		**3**	3
TOTAL EQUITY		**183**	182
TOTAL LIABILITIES AND EQUITY		**1,465**	1,474

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT (LOSS)

(unaudited)

For the three months ended March 31 (millions of dollars, except for per share amounts)	Note	2021	2020
NET PROFIT (LOSS)			
Revenue	4	**434**	486
Operating expenses			
Direct expenses		**(372)**	(421)
General and administrative expenses		**(11)**	(12)
Canada Emergency Wage Subsidy		**4**	—
Depreciation and amortization		**(25)**	(29)
Restructuring costs		**—**	(8)
Impairment reversal (expense)	5	**—**	(17)
Operating profit (loss)		**30**	(1)
Finance costs	10	**(24)**	(21)
Transaction costs		**(3)**	—
Other income (expense)	11	**(4)**	(21)
Profit (loss) before tax		**(1)**	(43)
Income taxes recovery (expense)		**1**	1
NET PROFIT (LOSS)		**—**	(42)
Items that are or may be subsequently reclassified to net profit (loss):			
Foreign operations - foreign currency translation differences		**—**	1
Net gain (loss) on cash flow hedges		**—**	(2)
OTHER COMPREHENSIVE PROFIT (LOSS), NET OF TAX		**—**	(1)
TOTAL COMPREHENSIVE PROFIT (LOSS)		**—**	(43)
Earnings (loss) per share	12		
Basic		**0.00**	(0.37)
Diluted		**0.00**	(0.38)
Weighted average shares outstanding	12		
Basic		**116,400,084**	113,992,379
Diluted		**116,400,084**	114,676,292

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

For the three months ended March 31 (millions of dollars)	*Note*	2021	2020
OPERATING ACTIVITIES			
Net profit (loss)		—	(42)
Adjustments for:			
Finance costs	10	24	21
Impairment (reversal) expense	5	—	17
Depreciation and amortization		25	29
Income taxes (recovery) expense		(1)	(1)
Cash interest paid		(4)	(3)
Cash settlement of decommissioning liabilities		(1)	(1)
Unrealized foreign exchange (gain) loss - debt and derivatives	11	(1)	28
Other adjustments	14	4	(12)
Funds from (used in) operations		46	36
Change in non-cash working capital	14	(6)	8
Cash provided by (used in) operating activities		40	44
FINANCING ACTIVITIES			
Draw on (repayment of) senior secured revolving credit facility	6	(15)	15
Repurchase of common shares		—	(9)
Payment of principal portion of lease liabilities		(4)	(4)
Sublease payments received		—	1
Cash provided by (used in) financing activities		(19)	3
INVESTING ACTIVITIES			
Additions to property, plant and equipment		(14)	(18)
Additions to intangible assets		(1)	(2)
Investment income		1	—
Proceeds from sale of property, plant and equipment		1	2
Change in non-cash working capital	14	(3)	(18)
Cash provided by (used in) investing activities		(16)	(36)
Effect of exchange rate changes on cash and cash equivalents		—	(1)
Increase (decrease) in cash and cash equivalents		5	10
Cash and cash equivalents, beginning of period		16	22
CASH AND CASH EQUIVALENTS, END OF PERIOD		21	32

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(unaudited)

(millions of dollars)	*Note*	Share capital	Contributed surplus	Share-based compensation reserve	Accumulated earnings (deficit)	Foreign currency translation reserve	Cash flow hedge reserve	Accumulated other comprehensive profit (loss)	Total equity
As at January 1, 2021		**915**	**7**	**9**	**(752)**	3	—	**3**	**182**
Net profit (loss)		—	—	—	—	—	—	—	—
Share-based compensation	*9*	—	—	1	—	—	—	—	1
As at March 31, 2021		**915**	**7**	**10**	**(752)**	3	—	**3**	**183**
As at January 1, 2020		905	7	7	(709)	1	13	14	224
Net profit (loss)		—	—	—	(42)	—	—	—	(42)
Repurchase of common shares		(11)	2	—	—	—	—	—	(9)
Reversal of share repurchase provision		15	(2)	—	—	—	—	—	13
Effective portion of cash flow hedges		—	—	—	—	—	41	41	41
Reclassified to net profit (loss)		—	—	—	—	—	(43)	(43)	(43)
Foreign currency translation differences		—	—	—	—	1	—	1	1
As at March 31, 2020		909	7	7	(751)	2	11	13	185

See accompanying notes

1. DESCRIPTION OF BUSINESS

Tervita Corporation is incorporated under the laws of Canada. In these Interim Condensed Consolidated Financial Statements (the "Interim Financial Statements"), "we", "us", "our", "Company", and "Tervita" mean Tervita Corporation, our subsidiaries, and joint arrangements. Tervita's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "TEV". Tervita's head and principal office is located at 1600, 140 - 10 Avenue S.E., Calgary, Alberta, Canada, T2G 0R1. The registered office of Tervita is located at 3700, 400 Third Avenue S.W., Calgary, Alberta, Canada, T2P 4H2.

Tervita is a leading environmentally-focused waste service provider in Canada, providing a broad and integrated array of services and environmental management solutions for customers in the energy, industrial, and natural resource sectors, predominantly in Western Canada. Tervita provides a comprehensive suite of environmental solutions covering every stage of our customers' project life cycle, from development to reclamation, helping to minimize environmental impact while maximizing recovery of valuable resources.

On March 8, 2021, the Company entered into an arrangement agreement with SECURE Energy Services Inc. ("SECURE"), to combine in an all-share transaction pursuant to which SECURE will acquire all of the issued and outstanding common shares of Tervita (the "Tervita Shares") on the basis of 1.2757 common shares of SECURE for each outstanding Tervita Share (the "Transaction"). The combined company will continue to operate as SECURE Energy Services Inc. and remain listed on the TSX under the symbol SES. The Transaction is to be completed by way of a plan of arrangement ("Plan of Arrangement", or the "Arrangement") under section 193 of the Business Corporations Act (Alberta). The completion of the Arrangement is subject to customary conditions for a transaction of this nature, which include, among others: (i) applicable court and regulatory approvals including the TSX and approval under the Competition Act (Canada); (ii) the credit facility for the combined company becoming effective; (iii) the consent of the holders of Tervita's outstanding senior secured notes to certain matters in connection with the transactions contemplated by the Arrangement (the "Noteholder Consent") being obtained; (iv) the approval of the requisite majority of Tervita's shareholders and securityholders (as specified in the Plan of Arrangement) represented in person (virtually) or by proxy at a special meeting of Tervita's shareholders to be called to consider the Arrangement; and (v) the approval of the requisite majority (as specified in the Plan of Arrangement) of the votes cast by the shareholders of SECURE represented in person (virtually) or by proxy at a special meeting of the shareholders of SECURE to be called to consider the Arrangement. On April 12, 2021, Tervita launched a consent solicitation to obtain the Noteholder Consent and the requisite consent was obtained on April 16, 2021 (note 7). These Interim Financial Statements are presented for Tervita on a stand-alone basis and without giving effect to the merger with SECURE.

2. BASIS OF PRESENTATION

These Interim Financial Statements for the three months ended March 31, 2021 have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" and were approved by the Board of Directors on April 27, 2021.

These Interim Financial Statements should be read in conjunction with the Company's audited annual Consolidated Financial Statements as at and for the year ended December 31, 2020 ("Annual Financial Statements"), as they were prepared using the same accounting policies, critical accounting judgments, and key estimates.

Unless otherwise noted, all information is presented in millions of Canadian dollars ("C$").

3. BUSINESS ACQUISITIONS

On December 14, 2020, Tervita acquired all the share capital of Main Line Industries Ltd. ("Main Line"), a specialty contractor primarily servicing the rail services, excavation, and pipe jacking industries near Winnipeg, Manitoba. The acquisition of Main Line was accounted for as a business combination.

Tervita determined the purchase consideration for the acquisition to be $16 million, comprised of $6 million of common shares and $10 million of cash and cash equivalents. The 2,547,700 common shares in Tervita were issued based on the volume weighted average trading price of Tervita's common shares on the TSX for the 15 trading days prior to the acquisition date ($2.36/share). Cash and cash equivalents included the amounts transferred from Tervita to Main Line to settle Main Line's outstanding debt on the acquisition date.

The purchase price accounting for this acquisition has not been finalized as Tervita is continuing to obtain and verify information required to determine the fair value of certain assets and liabilities. Provisional values are based on Main Line's statement of financial position, adjusted for transactions associated with the acquisition, as at December 14, 2020. The provisional values have not been adjusted from the $10 million of net assets and $6 million of goodwill included in the Company's Annual Financial Statements and Tervita expects there may be fluctuations from these provisional values.

4. REVENUE AND SEGMENT INFORMATION

Our activities are carried out through two reportable segments: Energy Services and Industrial Services. Our executive leadership is responsible for strategic decision making, resource allocation, and assessing financial performance and, as a group, is identified as our chief operating decision maker for the purposes of reporting segment information under International Financial Reporting Standards ("IFRS"). Tervita's executive leadership is comprised of the following:

- President and Chief Executive Officer;
- Chief Financial Officer; and
- Executive Vice-President, Strategy and Corporate Development.

Energy Services

Energy Services includes two service lines: facilities and energy marketing. These service lines collectively provide many services to the oil and gas sector, including: treatment, recovery, and disposal of fluids; oil terminalling; energy marketing; processing and disposal of solid materials used in, and generated by, natural resource and industrial production; disposal of oilfield-generated waste; providing specialized onsite services using centrifugation or other processes for heavy-oil producers involved in mining and in-situ production; and purchase and resale of oil volumes associated with treatment, recovery, terminalling, and disposal services, including delivering oil volumes to pipeline.

Industrial Services

Industrial Services provides comprehensive environmental solutions through four service lines: waste services, metals recycling and rail services, water services, and environmental services. The services provided include site remediation, facility decommissioning, water treatment, sludge and slurry management, bio-remediation and technologies, technical services and environmental liability management, hazardous and non-hazardous waste management and disposal, emergency response, rail services, recycling services to oil and gas and other industrial companies, and waste transportation and classification. Recycling services include the purchase and processing of ferrous and non-ferrous metals recovered from demolition sites and other locations.

Seasonality

Seasonal weather patterns in the areas where we operate have an influence on activity within certain service lines.

During the spring months specifically, and at some other times of the year, wet weather can make the ground unstable. Consequently, roads become impassable or municipalities and provincial transportation departments enforce road bans that restrict the movement of trucks, rigs, and other heavy equipment, reducing the activity levels and placing increased importance on the location of the equipment prior to the imposition of the road bans. As a result of these weather impacts, our Energy Services segment tends to earn lower revenue and operating profit in the second quarter.

Within the Industrial Services segment, environmental services project activity tends to be lower in the first half of the year due to the challenges of completing excavation work on frozen terrain in the first quarter and the imposition of road bans in the second quarter. In rail services, the impact of rapid temperature fluctuations on rail infrastructure experienced in the first and third quarters generally causes increased activity and project work.

Financial Information for Reportable Segments and Reconciliation to IFRS Measures

In addition to our two reportable segments, Tervita presents intersegment eliminations, general and administrative expenses, the Canada Emergency Wage Subsidy, and other non-operating expenses as Corporate.

	2021				2020			
For the three months ended March 31	**Energy Services**	**Industrial Services**	**Corporate**	**Total**	Energy Services	Industrial Services	Corporate	Total
Commodity-based sales	**299**	**15**	**—**	**314**	312	11	—	323
Facility-based services	**82**	**9**	**—**	**91**	107	10	—	117
Project-based services	**—**	**29**	**—**	**29**	5	41	—	46
Revenue - external	**381**	**53**	**—**	**434**	424	62	—	486
Revenue - intersegment	**1**	**—**	**(1)**	**—**	2	—	(2)	—
Revenue - total	**382**	**53**	**(1)**	**434**	426	62	(2)	486
Operating expenses								
Direct expenses	**(331)**	**(42)**	**1**	**(372)**	(367)	(56)	2	(421)
General and administrative expenses	**—**	**—**	**(11)**	**(11)**	—	—	(12)	(12)
Canada Emergency Wage Subsidy	**—**	**—**	**4**	**4**	—	—	—	—
Depreciation and amortization	**(19)**	**(4)**	**(2)**	**(25)**	(24)	(4)	(1)	(29)
Restructuring costs	**—**	**—**	**—**	**—**	(5)	(2)	(1)	(8)
Impairment reversal (expense)	**—**	**—**	**—**	**—**	(20)	—	3	(17)
Operating profit (loss)	**32**	**7**	**(9)**	**30**	10	—	(11)	(1)
Finance costs	**(2)**	**—**	**(22)**	**(24)**	(1)	(1)	(19)	(21)
Transaction costs	**—**	**—**	**(3)**	**(3)**	—	—	—	—
Other income (expense)	**1**	**(1)**	**(4)**	**(4)**	2	—	(23)	(21)
Profit (loss) before tax	**31**	**6**	**(38)**	**(1)**	11	(1)	(53)	(43)
Additions to property, plant and equipment and intangible assets	**12**	**3**	**—**	**15**	16	3	1	20

	March 31, 2021				December 31, 2020			
As at	**Energy Services**	**Industrial Services**	**Corporate**	**Total**	Energy Services	Industrial Services	Corporate	Total
Total assets	**1,202**	**185**	**78**	**1,465**	1,203	197	74	1,474

Geographic Information

For the three months ended March 31	**2021**	2020
Revenue by location of services		
Canada	**434**	480
United States	**—**	6
Revenue - total by location of services	**434**	486

As at	**March 31 2021**	December 31 2020
Non-current assets [1]		
Canada	**1,272**	1,284
United States	**—**	1
Non-current assets	**1,272**	1,285

1. Non-current assets include property, plant and equipment, right-of-use assets ("ROU assets"), intangible assets, and goodwill.

5. IMPAIRMENT

The reconciliation of impairment expense (reversal) by type of asset to type of impairment is as follows:

For the three months ended March 31	**2021**	2020
Property, plant and equipment	**1**	20
ROU assets	**—**	(1)
Decommissioning liabilities	**(1)**	(2)
Impairment expense (reversal)	**—**	17
Impairment expense (reversal) attributable to:		
Specific assets	**—**	23
Sublease of ROU assets and revaluation of decommissioning liabilities	**—**	(6)
Impairment expense (reversal)	**—**	17

Specific Assets

For the three months ended March 31, 2020, Tervita recognized $23 million of impairment on specific assets in its Energy Services segment related to suspended or inactive assets.

6. SENIOR SECURED REVOLVING CREDIT FACILITY

Tervita has a senior secured revolving credit facility ("credit facility") with a syndicate of Canadian banks which matures on November 19, 2022. The credit facility reduces to $325 million on June 30, 2022, and includes normal course extension provisions. Tervita's obligations under the credit facility are guaranteed by one of our subsidiaries. The guarantees are secured by substantially all tangible and intangible assets owned by Tervita and the guarantor subsidiary.

The reconciliation from the total capacity under the credit facility to the amount available for use was:

As at	**March 31 2021**	December 31 2020
Maximum amount available	**350**	350
Less: amounts drawn	**110**	125
Less: letters of credit outstanding [1]	**57**	62
Remaining amount available	**183**	163

1. Letters of credit are primarily issued to satisfy regulatory requirements regarding Tervita's decommissioning liabilities.

The credit facility balances included on the Interim Condensed Consolidated Statements of Financial Position ("Statements of Financial Position") were:

As at	**March 31 2021**	December 31 2020
Amounts drawn	**110**	125
Unamortized debt issue costs	**(2)**	(3)
Total senior secured revolving credit facility	**108**	122

Debt Covenants

The terms of the credit facility require Tervita to comply with certain financial and non-financial covenants as defined by its lenders, which are calculated using lease accounting as it would have applied under IAS 17 "Leases":

- Total Leverage Ratio - limits the amount of Tervita's total indebtedness, net of unrestricted cash and cash equivalents of up to $75 million, relative to a defined measure of earnings;
- Secured Leverage Ratio - maintain a level of secured indebtedness relative to the defined measure of earnings; and
- Interest Coverage Ratio - maintain a level of earnings, as defined, to interest expense.

These ratios are calculated quarterly, and the required ratios for compliance vary over the duration of the credit facility. The actual ratios as at March 31, 2021, in comparison to the required ratios for compliance were:

As at	Required	March 31 2021
Total Leverage Ratio	**Less than 4.75**	**3.67**
Secured Leverage Ratio	**Less than 2.50**	**0.72**
Interest Coverage Ratio	**Greater than 2.00**	**2.92**

As at March 31, 2021, Tervita was in compliance with all covenants.

7. SENIOR SECURED NOTES

As at	Principal	Issuance	Maturity	March 31 2021	December 31 2020
2020 senior secured notes	US$500	Nov 2020	Dec 2025	**629**	637
Discount on senior secured notes				**(12)**	(13)
Unamortized debt issue costs				**(14)**	(14)
Total senior secured notes				**603**	610
Fair value of senior secured notes				**714**	685

The fair value of the senior secured notes is based on third party observable quotes and may not reflect actual amounts payable by Tervita.

On April 16, 2021, Tervita received the Noteholder Consent in connection with the Arrangement and with respect to the proposed amendments to the indenture governing the senior secured notes and the collateral trust agreement. The proposed amendments are subject to the close of the Arrangement and do not affect the interest rate, maturity date, or Tervita's obligation to make principal and interest payments.

8. DERIVATIVES AND HEDGING

The fair value of cross-currency swaps were:

As at	March 31 2021	December 31 2020
Forward swaps		
Balance, January 1	**(20)**	—
Derivative asset (liability) at date of designated hedge discontinuation	**—**	(8)
Unrealized foreign exchange gain (loss) on derivatives	**(7)**	(12)
Current portion of derivative assets (liabilities)	**(27)**	(20)

9. SHARE-BASED COMPENSATION

Tervita has five share-based compensation plans under which units are granted to members of Tervita's Board of Directors, executive leadership, senior management, and eligible employees. The share-based compensation plans include stock options ("options"), restricted share units ("RSUs"), integration incentive units ("IIUs"), performance share units ("PSUs"), and deferred share units ("DSUs").

Options

The changes in options outstanding were:

	March 31, 2021		December 31, 2020	
As at	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Outstanding, January 1	**2,696,236**	**$7.64**	2,603,405	$8.48
Granted	**348,400**	**$4.66**	488,900	$3.77
Forfeited	**—**	**$0.00**	(396,069)	$8.32
Outstanding, end of period	**3,044,636**	**$7.30**	2,696,236	$7.64
Exercisable, end of period	**1,824,245**	**$8.31**	1,470,632	$9.09

For the three months ended March 31, 2021, Tervita recognized share-based compensation expense related to options of $1 million (March 31, 2020 - $nil). As at March 31, 2021, the share-based compensation reserve under the equity-settled plans was $10 million (December 31, 2020 - $9 million).

Cash-Settled Units

The changes in cash-settled units outstanding were:

	RSUs	IIUs	PSUs	DSUs
Outstanding, January 1, 2021	**1,435,183**	**173,986**	**919,767**	**606,809**
Granted	**569,900**	**—**	**518,100**	**106,635**
Cancelled or forfeited	**(10,797)**	**(173,986)**	**—**	**—**
Outstanding, March 31, 2021	**1,994,286**	**—**	**1,437,867**	**713,444**

	RSUs	IIUs	PSUs	DSUs
Outstanding, January 1, 2020	1,720,261	196,948	351,688	177,227
Granted	639,600	—	610,500	429,582
Cancelled or forfeited	(151,306)	(22,962)	(42,421)	—
Exercised	(773,372)	—	—	—
Outstanding, December 31, 2020	1,435,183	173,986	919,767	606,809

For the three months ended March 31, 2021, Tervita recognized a share-based compensation expense related to cash-settled plans of $4 million (March 31, 2020 - $5 million recovery). As at March 31, 2021, the current and long-term liability under the cash-settled plans was $3 million and $5 million, respectively (December 31, 2020 - $2 million and $2 million, respectively).

10. FINANCE COSTS

For the three months ended March 31	*Note*	2021	2020
Interest on senior secured notes and credit facility	*6, 7*	**21**	17
Amortization of debt issue costs	*6, 7*	**1**	2
Accretion of decommissioning liabilities		**1**	—
Interest on obligations under leases		**1**	2
Finance costs		**24**	21

11. OTHER INCOME (EXPENSE)

For the three months ended March 31	*Note*	2021	2020
Gain (loss) on sale of assets		**—**	(1)
Share-based compensation recovery (expense)	*9*	**(5)**	5
Change in contingent consideration		**—**	(1)
Gain (loss) on lease modification		**—**	1
Unrealized gain (loss) on derivatives		**—**	2
Unrealized foreign exchange gain (loss) - debt and derivatives	*7, 8*	**1**	(28)
Unrealized foreign exchange gain (loss) - other		**—**	1
Other income (expense)		**(4)**	(21)

12. EARNINGS (LOSS) PER SHARE

For the three months ended March 31	**2021**	2020
Net profit (loss)	**—**	(42)
Dilutive effect of accounting for share-based compensation plans	**—**	(2)
Net profit (loss) - diluted	**—**	(44)
Weighted average shares outstanding - basic	**116,400,084**	113,992,379
Dilutive effect of accounting for share-based compensation plans	**—**	683,913
Weighted average shares outstanding - diluted	**116,400,084**	114,676,292
Earnings (loss) per share		
Basic	**0.00**	(0.37)
Diluted	**0.00**	(0.38)

For the three months ended March 31, 2021, the weighted average number of options excluded from the calculation of diluted earnings (loss) per share was 1,470,632 as a result of the option exercise prices being out of the money (March 31, 2020 - 991,220).

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

Other than the senior secured notes (note 7), the carrying values of Tervita's financial instruments approximate fair values. There were no transfers between levels of the fair value hierarchy in either 2021 or 2020.

Counterparty Credit Risk

Counterparty credit risk is the financial risk associated with the non-performance of contractual obligations by counterparties. Tervita's maximum counterparty credit exposure as at March 31, 2021 was the total carrying value of cash and cash equivalents, trade and other receivables, sublease receivables, and derivative assets, if applicable.

Concentration of Credit Risk

Concentration of credit risk exists when an entity's counterparties operate in the same industry, geographical region, or economic circumstances. Tervita’s revenue is primarily earned in the Canadian energy, industrial, and natural resource sectors, which have been constrained by the COVID-19 pandemic since 2020.

Tervita is exposed to credit risk through its trade and other receivables, as the Company generally extends unsecured credit to its customers. Management believes the concentration of credit risk is mitigated by the size, reputation, and diversified nature of the companies to which Tervita extends credit. Tervita reviews the financial strength of its customers and performs a detailed analysis of outstanding trade and other receivables on an ongoing basis. As at March 31, 2021 and December 31, 2020, none of Tervita's customers individually represented more than 10.0% of Tervita’s total trade and other receivables.

Derivative contracts are entered into, and cash and cash equivalents are held, with major financial institutions. Management believes the credit risk is mitigated by the high credit ratings of these financial institutions.

Expected Credit Losses

Tervita's credit terms are customer specific and range from 30 to 60 days. The credit risk of a customer increases significantly if the invoice balance is more than 90 days past due and the customer is considered to be in default when there are indicators that payment is unlikely.

Tervita estimates the expected credit losses ("ECLs") at each reporting date using a provision matrix that groups customers based on credit ratings and aging, and includes rates based on the number of days since the invoice date. Qualitative factors such as past events, customer-specific conditions, and expectations of future regional and global economic activity are used to adjust ECL rates for specific customers in the provision matrix. The provision for expected credit losses as at March 31, 2021 was $1 million (December 31, 2020 - $1 million).

Liquidity Risk

Liquidity risk occurs when an entity encounters difficulties meeting financial obligations as they become due. Tervita's liquidity position is largely driven by available borrowings under the credit facility and the Company's cash provided by operating activities, which is exposed to the effects of both credit and market risk.

In early 2020, benchmark oil and gas prices declined as a result of the COVID-19 pandemic, which restricted production and capital investment in Tervita’s primary market. In late 2020, benchmark prices and activity levels started to show signs of recovery, and this recovery continued into 2021. As a result, Tervita continues to have sufficient liquidity to fund its operations and capital expenditures over the next 12 months. At March 31, 2021, there was $183 million of borrowing capacity available under the credit facility (December 31, 2020 - $163 million) and $21 million in cash and cash equivalents available (December 31, 2020 - $16 million).

Market Risk

Market risk is the risk that the fair value or cash flows of Tervita's financial instruments will fluctuate as a result of changes in market prices, influenced by changes in foreign currency exchange rates, interest rates, equity prices, and commodity prices.

Foreign Exchange Risk

Foreign exchange risk exists when the fair value of future cash flows is impacted by fluctuations in foreign currency exchange rates. Tervita is exposed to foreign currency risk with respect to its US$-denominated senior secured notes.

Absent any cross-currency swap agreements, $0.01 change in the US$ to C$ exchange rate would have resulted in a change to net profit (loss) of $5 million for the three months ended March 31, 2021 (March 31, 2020 - $6 million). Tervita manages this exposure to foreign exchange risk by entering cross-currency swaps. As a result of this risk management strategy, Tervita mitigated $6 million of foreign currency fluctuation for the three months ended March 31, 2021 (March 31, 2020 - $43 million). Refer to note 11 for the foreign currency gain (loss) recognized for the three months ended March 31, 2021 and 2020.

Commodity Price Risk

Commodity price risk arises where an entity is impacted by price volatility in commodities related to its operations. Tervita provides environmental services to customers that are engaged in oil and gas exploration and production, including the marketing of recovered oil and gas products. Oil and gas exploration and, to a lesser extent production, is driven by oil and gas commodity prices, which in turn are impacted by resource availability and demand, costs to produce, and general economic activity. As a result, Tervita's financial performance is indirectly linked to oil and gas commodity prices. Management mitigates its exposure to commodity price risk through continual review of the impact of commodity prices on the Company's future cash flows and managing operational costs.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Other adjustments on the Interim Condensed Consolidated Statements of Cash Flows ("Statements of Cash Flows") was comprised of:

For the three months ended March 31	Note	2021	2020
Loss (gain) on sale of assets	11	—	1
Share-based compensation expense (recovery)	11	5	(5)
Cash settlement of onerous lease contracts		(1)	(1)
Cash settlement of share-based compensation		—	(2)
Cash taxes paid		—	(1)
Non-cash change in contingent consideration	11	—	1
Non-cash change in deferred revenue		—	(1)
Other		—	(4)
Total other adjustments		4	(12)

The following reconciles the change in non-cash working capital between the Statements of Financial Position and the Statements of Cash Flows:

For the three months ended March 31	**2021**	2020
Change on Statements of Financial Position in:		
Trade and other receivables	**3**	27
Inventory	**(4)**	3
Other current assets	**1**	(1)
Trade and other payables	**(8)**	(52)
Adjustments for items disclosed elsewhere in the Statements of Cash Flows:		
Prepaid interest included in other current assets	**(1)**	—
Normal course issuer bid provision included in trade and other payables	**—**	13
Change in non-cash working capital	**(9)**	(10)
Presented as:		
Operating activities	**(6)**	8
Investing activities	**(3)**	(18)
Change in non-cash working capital	**(9)**	(10)