

annual
report

2020



bird

NINETIETH ANNUAL REPORT



for the year ended
December 31, 2020

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⁽¹⁾ Audit Committee Chair

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OFFICERS

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AUDITORS

KPMG LLP

LEAD BANK

Bank of Montreal

SURETY

Travelers Guarantee Company of Canada

STOCK EXCHANGE LISTING

Toronto Stock Exchange (Symbol "BDT")

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services

WEBSITE

www.bird.ca

TABLE OF CONTENTS

LETTER TO SHAREHOLDERS.....i

BIRD SUSTAINABILITY OVERVIEW 20201

MANAGEMENT’S DISCUSSION & ANALYSIS.....37

CONSOLIDATED FINANCIAL STATEMENTS.....81

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....93

FIVE YEAR SUMMARY138

Letter to Shareholders

There is no doubt that 2020 was a historic year for Bird Construction. We began the year with the excitement of celebrating our 100th year of building Canada. This is a testament to any organization that is able to celebrate 100 years, and grow their business, expand coast-to-coast, and thrive as an industry leader. Since our humble beginning in 1920 to today, Bird has persevered through times of war, economic downturns, and natural disasters. During the end of the first quarter, we, along with the rest of the world, faced our next challenge – a global pandemic. Everything we knew changed, and we were all challenged to think differently. From this, came innovative ways to address safety, community, and business. 2020 also provided opportunities, with the acquisition of Stuart Olson.

Through everything that our 100th year brought, the key ingredient to our continued success remained our employees and their commitment to the company. Throughout our history, talented and passionate employees have contributed immensely to our growth by operating with integrity and professionalism, creating a collaborative environment that fosters teamwork, collective stewardship, and a robust safety culture. Now, as a combined organization, we are even more excited for our future. As we look back on a significant 2020, we are proud to highlight our accomplishments.

Delivering Value

Over the past year, we continued to deliver value for our people, clients, communities, and shareholders, as we have for the past 100 years. Our focus remained on maintaining a strong balance sheet, which enabled us to invest in long-term growth strategies, both organic and acquisition-related opportunities. We continue to focus on increasing profitability into the coming year, driven by our record Backlog, our balanced risk profile, and the integration of the Stuart Olson team.

Driving a Culture of Safety

The pandemic has undoubtedly impacted our industry with temporary project shutdowns and reduced productivity on project sites. Throughout these unprecedented times, we remained proud of our team's ability to adapt to ensure the health and safety of our employees remained at the forefront as we navigated our new reality. New, more robust measures were quickly introduced to keep our employees safe and help to flatten the curve. This included almost 12,000 site inspections, new COVID-19 measure audits, additional personal protective equipment, strategies to reduce the concentration of workers on site, and remote work practices, to name a few. We would both like to personally thank our employees who worked tirelessly throughout the pandemic to ensure that we operated safely and effectively, while continuing to deliver on our project commitments.

Creating an Industry Leading Organization

On September 25, 2020, we completed our acquisition of Stuart Olson. We welcomed the additional employees, clients, shareholders, and all other stakeholders to create an industry-leading Canadian construction company. This accretive acquisition, which was the largest and most transformative in our 100-year history, will create long-term value for years to come. Throughout our integration process, we continue to leverage best practices across our teams to create a strong, innovative, and dynamic company that provides our employees with a best-in-class working environment, and our clients with an exceptional service offering.

Executing Excellence

Our teams successfully delivered a number of projects in 2020, including substantial general contracting and maintenance work for our industrial clients across Canada, and securing additional contracts with longstanding clients. Our buildings team successfully executed on, and secured new projects from coast-to-coast, including educational and recreational facilities, mixed-used residential buildings, police detachments, health care projects, and modular construction. Commercial systems continued to deliver on,

and were awarded contracts for major health care projects, post-secondary facilities, food processing plants, high-rise, mixed-use residential buildings, and institutional projects.

Promoting Sustainability

Sustainability at Bird is a continuous journey of learning, evolving, innovating, and growing. As part of this, we are excited to include our Sustainability Overview in our 2020 Annual Report. This document provides a snapshot of some of the Environmental, Social, and Governance (ESG) initiatives that are currently underway across Bird. As an organization, our long-term strategic vision is rooted in our belief that the construction industry plays an important role in providing sustainable, innovative, and lasting solutions for not only our employees, clients, and partners, but for the communities in which we live and work. Over the coming years, we will continue to execute on our ESG strategy, which will include the release of a more substantive report.

Building our Future Together

We are an industry-leading Canadian construction company with an even greater ability to service our clients coast-to-coast and provide our employees with exciting opportunities as a larger, more diverse organization. With a strong balance sheet and record Backlog, we continue to invest in long-term growth opportunities, securing our place amongst the largest and most robust construction companies in Canada. We are excited for our collective future and our continued ability to deliver every day for our people, clients, communities, and shareholders.

Thank you for your continued support, and welcome to #ourbestbuildyet.



Paul A. Charette
Chairman of the Board



Terrance L. McKibbin
President and CEO



bird

**SUSTAINABILITY
OVERVIEW 2020**



TABLE OF CONTENTS

Bird's Commitment **4**

A Message from Teri McKibbin **5**



Build Green **6**

Mass Timber 8

Prefabrication 10

Stack Modular 12



Work Green **14**

BIM/VDC 14

Centre for Building Performance 16

Waste Management 19

Supply Chain Management 20



Live Green **21**

Health and Safety 21

COVID-19 Response 23

Indigenous Relations 24

Community Connections 27

Human Capital Development 28

Stakeholder Engagement 30



Commitment to Governance **31**

Risk Management 31

Oversight 35

BIRD'S COMMITMENT

Bird Construction has been building on a tradition of trust through dedication, collaboration, customer satisfaction, and value creation for over 100 years. Bird's approach to sustainability is a reflection of its commitment to the core company values of safety, people, teamwork, professionalism, integrity, and stewardship. These values guide us in all we do and ensure that, as an organization, Bird provides sustainable value and accretive contributions to its clients, employees, shareholders, and the communities in which Bird and our employees live and work.

As of September 2020, Bird and Stuart Olson officially joined forces to create a leading Canadian construction company. Informed by leading industry standards and best practices, the combined entity is consistently striving towards maximizing its social and environmental impact, as well as highlighting the strong corporate governance framework in place that ensure accountability and stewardship across all of its operations.

This Sustainability Overview provides a snapshot of some of the Environmental, Social, and Governance (ESG) initiatives currently underway across Bird. It is not a comprehensive account of all of our activities, nor does it reflect the complexity of our long-term strategic approach to sustainability.

Bird is committed to entrenching sustainability best practices within all areas of the business, transforming the way we work, build, and live. In pursuit of this objective, we have undertaken a systemic review to inform how we can better track our progress towards our sustainability goals, and expand our disclosure across a wide range of key metrics, including conforming to the leading reporting frameworks utilized within our industry. This will be an ongoing process as our sustainability strategy continues to evolve to reflect internal and external factors.

Bird's sustainability journey is led by our ESG Executive Sponsors and the ESG Executive Steering Committee, and is driven by senior leaders and subject matter experts drawn from across our operating groups.

ESG EXECUTIVE SPONSORS

Chief Financial Officer
SVP Strategic Development

ESG EXECUTIVE STEERING COMMITTEE

Chief People Officer
EVP Health, Safety, and Environment
EVP Buildings West
SVP Industrial Maintenance

ESG WORKING GROUPS

Senior managers and subject matter experts from Operations, Health and Safety, People and Culture, Marketing and Communications, Finance, and Risk Management

**Sustainability
at Bird is a
continuous journey
of learning,
evolving, innovating,
and growing.**



¹Consolidated results for the year ended December 31, 2020.

²Consolidated results as at December 31, 2020. Refer to the "Terminology & Non-GAAP Measures" section of Bird's MD&A for the year ended December 31, 2020.

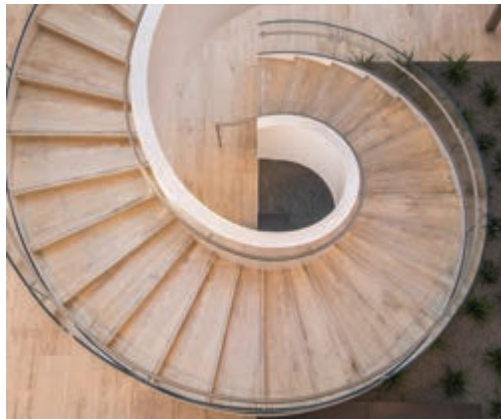
A MESSAGE FROM TERI MCKIBBON

PRESIDENT & CEO

Sustainable building practices, robust health and safety standards, substantial community investment, authentic Indigenous engagement, and strong corporate governance are at the core of everything we do. This is why I am proud to share our first Sustainability Overview, which highlights the great things Bird has accomplished from coast to coast.

Bird's long-term strategic vision is rooted in our belief that the construction industry plays an important role in providing sustainable, innovative, and lasting solutions for not only our clients, partners, and employees, but for the communities in which we live and work. Global events of this past year remind us of just how intrinsically linked we all are.

Over the coming years, we will continue to develop, execute, and deliver on our Environmental, Social, and Governance Strategy, which will include the release of a more substantive report. I look forward to our future as an organization, industry, and collective, as we work together to create a stronger future for us all.





BUILD GREEN

Pursuing opportunities to utilize sustainable building materials and minimize resource waste

Bird is committed to sustainable construction. We have partnered with our clients to deliver complex and innovative building systems that meet LEED®, Green Globes, Passive House, and Zero Carbon building requirements. By utilizing sustainable building materials and minimizing resource use and waste, we can realize both environmental and cost benefits.

Over the last decade, Bird has delivered over 200 projects that are built to LEED requirements or have acquired LEED certification. Bird has LEED Accredited professionals across Canada and is a proud member of the Canada Green Building Council (CaGBC).



¹ Bird and Stuart Olson combined, 2020.

HUMBER COLLEGE BUILDING NX

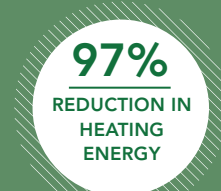
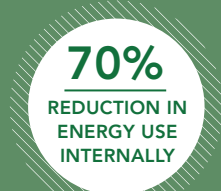


TORONTO, ONTARIO

Humber College Building NX received the 2020 Ontario Consulting Engineering Award for Sustainability. It is the first retrofit in Canada to achieve the Canada Green Building Council's Zero Carbon Building-Design certification, and is on track to achieve the first Passive House EnerPHit Certification for a non-residential building in Canada.

This design-build project entailed a complete envelope retrofit that is highly insulated and airtight. Through a deep energy retrofit, it has been transformed into the most energy efficient building on campus, and one of the most energy efficient buildings in North America.

Sustainable design through creativity, collaboration, and dedication.



ACTIVE WATER TREATMENT SYSTEM



On March 30, 2020, Bird's Site Preparation team reached a significant environmental milestone on an industrial project. Over 50,000,000 gallons of treated construction contact water was delivered back into the environment without incident (the equivalent volume of water in 75 Olympic-sized pools).

The entire project site falls within a temperate rainforest that supports a rich diversity of wildlife, and it is also near one of the world's largest Pacific Rim Salmon ranges. Federal and provincial regulators required 3,500 commitments in order for the project to proceed. One of these commitments is that the discharge of water off site is to be as clean as the surrounding rivers and creeks.

In order to meet regulatory compliance while keeping construction timelines, Bird mobilized an active water treatment system. The success of the system placed Bird in the position to assist other contractors to meet their water quality management requirements. Bird is looking forward to achieving the next major milestone of delivering clean water off site, while maintaining compliance with the BC Water Quality Guidelines over the course of the remainder of the project.



>50M

GALLONS OF TREATED
CONSTRUCTION
CONTACT WATER
DISCHARGED OFFSITE

ZERO

ENVIRONMENTAL
INFRACTIONS

+2M m³

SOIL/AGGREGATES
SAFELY MOVED



MASS TIMBER

Mass Timber projects offer low carbon solutions using a renewable resource as a primary construction material. Through sustainable forestry, wood-based materials capture carbon and offset total CO2 emissions.



LETHBRIDGE COLLEGE
LETHBRIDGE, ALBERTA



KWANLIN DÜN CULTURAL
CENTRE
WHITEHORSE, YUKON

Visibility of wood in the working environment improves productivity and happiness:

- Physical workplace **satisfaction: 81%** vs 47%
- Better **concentration: 83%** vs 65%
- **Lower stress** levels: **65%** vs 42%
- **Optimistic** about the future: **61%** vs 44%¹

¹ "Workplaces: Wellness + Wood = Productivity" Report prepared in 2018 for Forest & Wood Products Australia, by Andrew Knox, Howard Parry-Husbands, and Pollinate.



^{1,2} Bird and Stuart Olson combined, to date.



SURREY MAIN, KWANTLEN UNIVERSITY
SURREY, BRITISH COLUMBIA



ALBERTA CARPENTERS UNION PENSION
BUILDING
EDMONTON, ALBERTA

Bird is a North American leader in wood construction with extensive expertise, experience, and supply chain knowledge. We have the in-house expertise to develop Cross Laminated Timber, Nailed Laminated Timber, wood-frame, and hybrid projects from concept to substantial completion. With an in-depth understanding of the benefits and limitations of different mass timber and engineered wood products, we deliver efficient design strategies to maximize structural efficiencies.

Our strong North American network of material supply channels effectively service mass timber projects. By leveraging our global relationships with designers, consultants, subtrades, and subject matter experts, our projects benefit from cutting-edge technologies, forward-thinking strategies, and value-maximizing processes and methodologies. This results in buildings that improve communities, user experience, and the environment.



RICHMOND, BRITISH COLUMBIA

RICHMOND OVAL

The Richmond Oval, a 2010 Olympic Games venue and legacy community facility, used local and regional sustainably produced materials – in particular wood – to connect with the local Indigenous building aesthetics.

The 43,000-square-metre facility featured a clear span of almost 100 metres to ensure no visual obstructions for spectators. Composite wood glulam beams spanned the space, proving that even very large span projects can be realized cost effectively through innovation in the use of wood. The project was awarded the Canadian Wood Council/Wood WORKS! BC Wood Design Award for Institutional Wood Design in 2009.

The new Calgary Central Library provides nearly 22,300 square metres of beautifully designed space in Calgary's East Village. Awarded with LEED Gold certification, the high efficiency building envelope consists of 465 unique curtainwall panels. The building also encapsulates the LRT tunnel, emerging at grade level. Among the mass timber elements in the avant-garde design are expansive curved cedar battens along the ceilings and walls, western red cedar planks in the entrance plaza, white oak atrium floors, and western hemlock on the vertical surfaces.

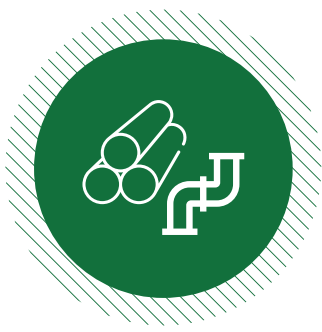


CALGARY, ALBERTA



ELMSDALE, NOVA SCOTIA

One of the largest infrastructure builds in East Hants history, the new Aquatic Centre in Elmsdale, Nova Scotia is designed for the enjoyment of people of all ages and abilities. Bird, the ownership team, and the design team, were all committed to using local resources wherever possible. For example, the wood for the showcase 1,500-square-metre Nailed Laminated Timber roof over the natatorium was harvested within 10 kilometres of the local sawmill. Bird's self-perform team manufactured the Nailed Laminated Timber panels straight from the sawmill planers and installed the roof.



PREFABRICATION

The offsite fabrication and assembly of specialty modular skid units can mitigate site safety risks and improve overall usage and waste of consumables

OFFSITE FABRICATION AND MODULARIZATION CONTRIBUTE TO OUR SUSTAINABILITY GOALS

- Waste minimization and lower waste removal costs
- Improved project schedules as fabrication and module assembly occur in parallel with site development and piling programs
- Improved quality due to a controlled module yard environment
- Reduced site execution risk, including reduction in traffic to remote project sites
- Improved safety performance
- Increased productivity
- Reduced site laydown space requirements
- Reduced onsite power consumption
- Recyclability of steel



MECHANICAL



ELECTRICAL



INSTRUMENTATION

Our industrial modular capabilities include a wide range of solutions including electrical houses, modular water facilities, and industrial process piping. The commercial systems business is an industry leader in the offsite assembly of prefabricated modularized system components, with five prefabrication locations across the country.

Welding fume extractors filter all welding fumes, reducing harmful exhausts and capturing any hazardous particulates. Clean air is released after the filtration process is completed. These collectors help to prevent safety risks and health problems caused by dust, fumes, mist and smoke, as well as explosions and fires. In addition to improving worker safety and comfort, this process helps to protect valuable equipment from contamination.



The recyclability of steel makes it a very sustainable material. Scrap metal recycling plays a critical role in reclaiming valuable secondary materials for reuse into new products, helping us to conserve natural resources and reduce landfill waste. We ensure that all of our scrap metals are recycled, and gather various materials in recycling bins throughout the site.

Our electronically managed consumable distribution system within the shop promotes the efficient use of consumables, reduces the overall usage and waste of consumables, improves productivity, and provides better visibility and control.





“At its core, our mission is to produce a more efficient, safer and environmentally conscious project for our clients, employees, partners, community and all other stakeholders involved. Achieved by planning, collaboration, innovation, technology, and utilizing manufacturing/production line philosophies whilst operating in a contractors that care culture.”

Paul Blanchard, Commercial Systems Group Prefabrication Shop Manager

BMO CONVENTION CENTRE EXPANSION – HALL F



CALGARY, ALBERTA

Hall F is part of the BMO Convention Centre Expansion undertaken by the Calgary Stampede. The team undertook the construction management project to provide 4,533 square metres of additional hall/trade space to the existing BMO Convention Centre, complimenting the existing footprint of the facility and allowing for the next phases of the expansion.

Our commercial systems business team was awarded the electrical contract, and utilized their local pre-fabrication shop to increase overall safety, improve project schedule, decrease waste, and reduce costs by over 50% for the panels and transformers.



Prefabrication offers opportunities for innovation: the commercial systems business worked collaboratively with the owner and consultant to create a vertical show panel assembly on cantruss, achieving a much smaller overall footprint. The shallow cantruss support was designed to secure the panel assembly to the catwalk while leaving the end user with more working space.

REDUCED
SITE RISK

INCREASED
PRODUCTIVITY

IMPROVED
SAFETY

EFFICIENT
USE OF
RESOURCES



STACK MODULAR

The company's investment in modular construction, through its 50% partnership with Stack Modular, contributes to Bird's overall environmental sustainability focus



Image courtesy of Bill Williams
AQSARNIIT HOTEL AND CONVENTION CENTRE
IQALUIT, NUNAVUT

THE MODULAR DIFFERENCE

Greener process than conventional construction

Generates up to 90% less construction waste

Consumes less energy during the construction process and during operation

Projects can be completed 30 - 50% faster than conventional construction

Delivery of sophisticated construction facilities to remote locations and urban areas

Minimizes site disturbances (reduced noise, dust, traffic)

Controlled manufacturing conditions reduce the risks of safety incidents

Less material exposure to inclement weather

Ease of construction on urban or congested sites

Advantages of repeatability

Can exceed Energy Code compliance

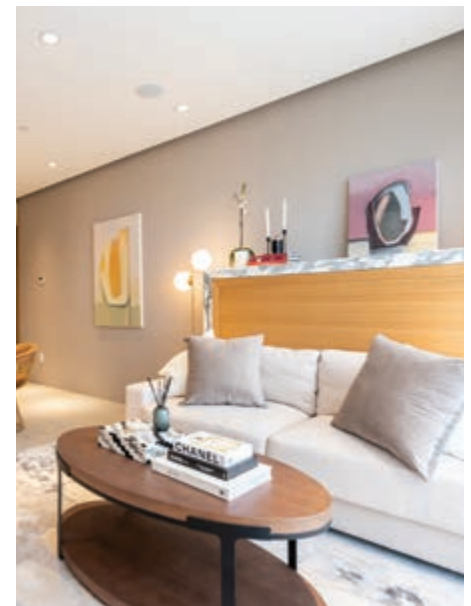
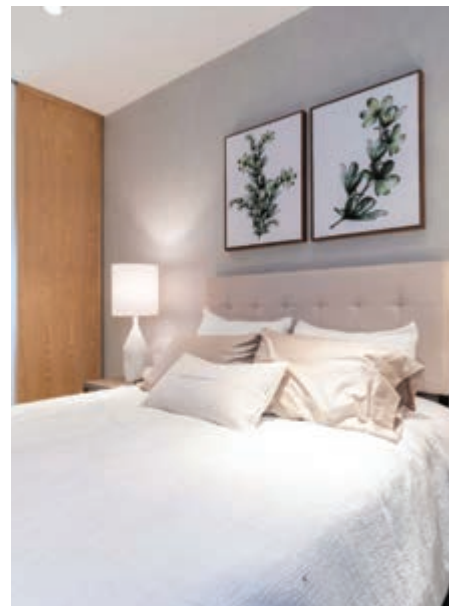




IQALUIT, NUNAVUT

The Bird/Stack Modular partnership was awarded the contract to construct this hotel and conference centre in Iqaluit, Nunavut for the Qikiqtaaluk Corporation. It is the first Inuit-owned full-service hotel and conference centre in the city, and is comprised of a 465-square-metre conference centre, 94-room full-service hotel, lounge, restaurant, commercial space, and gym. This project leveraged the Bird/Stack partnership's capability to deliver a turnkey solution that bridges the gap between site and modular construction.

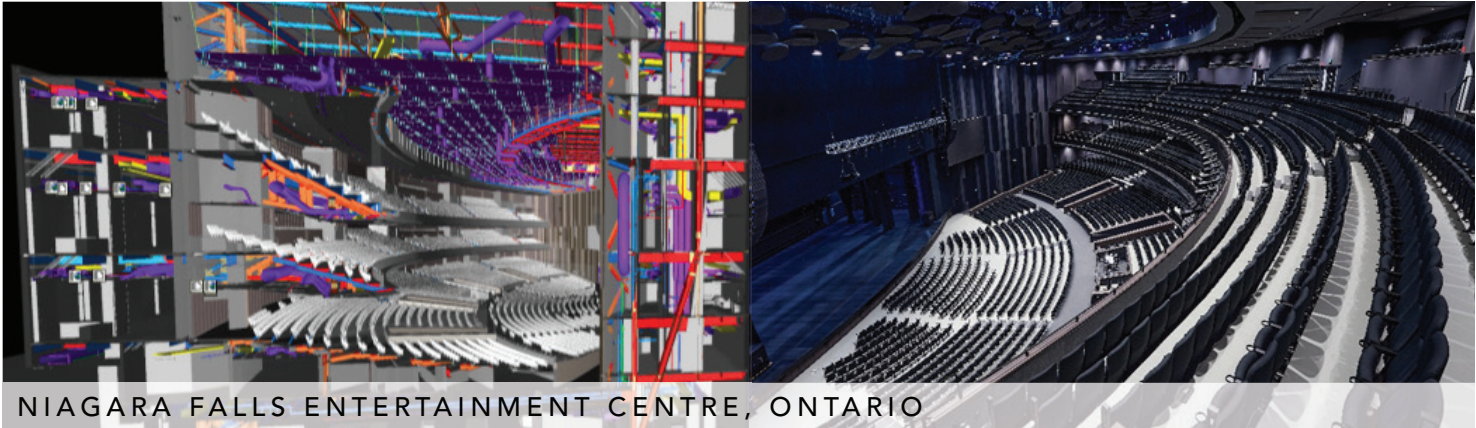
As per the Qikiqtaaluk Corporation, the modular solution significantly reduced the cost of a site-built budget and reduced the schedule by close to a year. A prototype modular unit was produced by Stack Modular's international supply chain in less than four weeks for client approval. The modular units, which are of the highest quality in the industry, also feature outboard insulation that optimizes thermal performance and assists in creating an energy-efficient building envelope and superior soundproofing between guest rooms.





WORK GREEN

Delivering innovative solutions for sustainable construction



NIAGARA FALLS ENTERTAINMENT CENTRE, ONTARIO



BUILDING INFORMATION MODELING (BIM)/ VIRTUAL DESIGN AND CONSTRUCTION (VDC)

Leveraging technology to build smarter, more efficient buildings through innovative solutions

- Provides a new level of optimization in onsite construction to identify green solutions and options for modularization or prefabrication
- Improves site performance and enhances efficiency throughout the build for all project stakeholders
- Integrated process containing all digital information available for a project
- Co-ordinated in a single dedicated model enabling visualization of all design and construction activities
- Leverages project information for constructability, co-ordination, and communication

As sustainable construction evolves as a key focus for the industry and our clients, we continuously look for innovative solutions that can improve our capability in delivering projects that have a low-carbon footprint and use unique energy systems to reduce waste and cost. BIM and VDC allow us to use advanced construction intelligence to identify areas of opportunity, such as green solutions for projects, or options for modularization and pre-fabrication.

VDC allows for better communication of the design intent as well as the development of fully co-ordinated project documentation. VDC co-ordinates everything from early conceptual massing models to highly developed, thoroughly documented 3D models in the development of a Digital Twin of the physical project.



EFFICIENT
LOGISTICS PLANNING



CLASH DETECTION FOR
REDUCED REWORK



4D SCHEDULING TO
IMPROVE EFFICIENCIES



QUANTITY TAKEOFFS TO
REDUCE WASTE



INTEGRATION WITH FACILITY
MAINTENANCE SERVICES TO
MAXIMIZE LIFESPAN

YORK UNIVERSITY MARKHAM CENTRE CAMPUS

The new York University campus in Markham aims to meet the education, research, and innovation needs of an underserved region of Ontario. The first phase is approximately 37,160 square metres and will accommodate 4,200 students. The building consists of a four-storey podium with a six-storey tower, and a mechanical penthouse. The design of the building and landscaped areas includes several features that respond to the needs of Indigenous communities within and around the university campus.

York University is committed to having the project fully designed, constructed, and delivered using BIM. The construction team will utilize the BIM model for clash co-ordination, issue tracking, quantity takeoffs, and visualizing construction via 4D animations. By viewing the 4D animations, all construction personnel will be aware and knowledgeable of weekly tasks before commencing their activities. The BIM model will also assist with change management, reflecting any changes to construction and conditions.



MARKHAM, ONTARIO

- Designed to achieve CaGBC LEED Silver as a minimum sustainability standard
- VDC team implementing laser scanning throughout construction to capture all services before wall/ceiling/floor closeouts
- Using 4D schedule allows stakeholders to visualize construction prior to commencement, mitigating construction risks
- Operation and maintenance documents will be added to the 3D model, which will be used by our Centre for Building Performance to monitor performance of equipment and services

NIAGARA FALLS ENTERTAINMENT CENTRE



NIAGARA FALLS, ONTARIO

Bird, as part of the Niagara Falls Entertainment Partners consortium, executed the contract to design, build, finance, and maintain the Niagara Falls Entertainment Centre (NFEC) facility for the Ontario Lottery and Gaming Corporation in the City of Niagara Falls. The facility features a performance space with multiple stage configurations and provides seating for 5,000 patrons. It also features a public lobby and gathering places, box offices, bar, and concessions. The project was designed and constructed to LEED v4 requirements, and was completed in June 2020.

BIM was instrumental in the long-term co-ordination of the project, as well as assisting in the day-to-day understanding of the intricate design.

- 3D models were utilized to develop the designs and provide detailed plans
- Construction took place above an existing structure and adjacent to a busy hotel. Laser scanning was used to capture the existing structure, which was then modeled to co-ordinate with the proposed designs
- BIM implementation played an important role in the construction process, particularly on material quantification tests. It was found that this process was at least three times more efficient than traditional take-offs protocols
- Owner-initiated changes in the later stages of the project could be accurately designed based on construction progress and as-built conditions detailed in the models



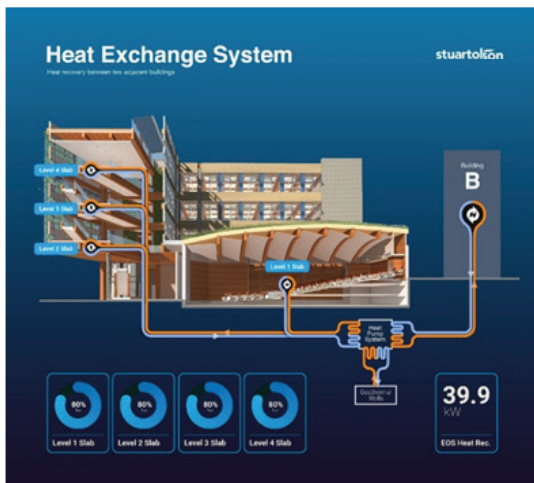
CENTRE FOR BUILDING PERFORMANCE

Constructing smarter, more efficient, and environmentally-friendly buildings

Our Centre for Building Performance (CfBP) is dedicated to assisting construction teams, designers, and clients to better integrate building systems in an effort to construct smarter more efficient, environmentally-friendly buildings. CfBP offers a variety of services from equipment and building systems testing to software development and integration of the best equipment throughout the building.

The range of innovative solutions offered by the CfBP has the potential to optimize the sustainability of building systems and minimize environmental impacts. This in-house service enables both our clients and our teams to work efficiently and effectively throughout every step of the construction process.

- Targeted building technology solutions
- Multi-system integration
- Optimized sustainability of building systems
- Reduced operating costs through efficient building management



The involvement of the CfBP ensures that specific project needs are anticipated and addressed. With today's staggering amount of options when it comes to smart building technologies, the CfBP assists project teams in making sure that the right systems are considered to support ideal outcomes. This eliminates infrastructure redundancies, which not only saves time and money but also makes a building more energy efficient. These building performance solutions can reduce overall capital budgets by optimizing building systems and infrastructure while ensuring a high-performance building and faster occupancy handover.



Post-occupancy, in-house designed solutions provide valuable insights that help simplify building management and maintenance decisions, reduces operating costs, and improves efficiency. Clients have ownership of their own data, providing access to real-time information. Through their mobile devices, clients are able to see what is causing building issues, thus driving better and more effective building maintenance decisions, and ensuring all systems are operating at optimal capacity.

UNIVERSITY OF CALGARY MACKIMMIE COMPLEX REDEVELOPMENT PROJECT

The MacKimmie Tower and Block project is an example of how technology can add value to construction projects. This marriage of iconic and sustainable design with modern technology and building analytics is an important case study for the future of high quality and efficient construction project delivery.

MacKimmie Tower's double-skin facade will respond to changing weather and works in concert with the mechanical system to decrease energy consumption and improve the indoor environment in terms of thermal comfort, day lighting, and air quality. The design of the double facade, along with photovoltaic panels on the rooftop and integrated into the curtainwall, add to the sustainable design features of the project, as well as the goal of net zero carbon emission. The complex system for air quality and temperature control is supported by a Gigabit Passive Optical Network (GPON).

Real time building analytics reporting gave the team accurate insights into the building's system performance throughout the project, and allowed the team to understand the best way forward for the complex integrations associated with the project. This data proved crucial to anticipating and resolving issues efficiently well ahead of commissioning and warranty. The University has adopted the Centre's analytics platform since completion, with five buildings currently online. They are on track to roll out building analytics to the rest of the campus.

>90%

CONSTRUCTION WASTE
MATERIALS ARE BEING RECYCLED

150

NEW MATURE TREES ADDED
TO THE REVITALIZED LANDSCAPE

~3,000
METRIC
TONNES

CONCRETE RECYCLED
TO DATE



CALGARY, ALBERTA

- STRIVES TO BE NET CARBON NEUTRAL FOR ANNUAL OPERATIONS: THE TOWER ACHIEVED NET ZERO CARBON STANDARDS IN 2020
- IT WILL BE ONE OF THE MOST ENERGY EFFICIENT BUILDINGS ON A CANADIAN POST-SECONDARY CAMPUS

GPON GIGABIT PASSIVE OPTICAL NETWORK



67%
SAVINGS ON
CAPITAL COSTS



30+
YEAR
LIFESPAN



96%
CABLE WEIGHT
REDUCTION



68%
CORE EQUIPMENT
SPACE SAVINGS



DRASTICALLY
IMPROVED
SECURITY
NETWORK



72%
POWER USAGE
REDUCTION

Gigabit Passive Optical Network (GPON) is a Single Mode Fibre (SMF) network cabling option that consolidates multiple network cables down to one single, smaller, faster cable. It lays the groundwork for smart building technologies, providing the fast network access required in this age of technology. Our CfBP supports clients with the implementation of this technology, further enhancing operational efficiencies.

- Faster
- Smaller footprint
- More flexible
- Less noise
- Lighter
- Safer
- Stronger
- Greener



VANCOUVER, BRITISH COLUMBIA

UNIVERSITY OF BRITISH COLUMBIA CENTRE FOR INTERACTIVE RESEARCH ON SUSTAINABILITY (CIRS)

Designed to operate at the frontier of sustainable performance in both environmental and human terms, the CIRS building serves as a living laboratory and research testbed for sustainable practice over its lifetime. Its modern communications capabilities facilitate community outreach programs and help visualize sustainable futures. It is also central to our CfBP's ongoing research programs and initiatives.

- Net Positive building that produces more energy from renewable sources than it consumes
- Opportunities identified to optimize the performance of equipment and systems by intelligently analyzing and aggregating operational data
- Automated operator reporting



QUADREAL

Our CfBP team is designing, installing, and terminating the PON fiber infrastructure in 37 QuadReal buildings across Canada. This entails the cut over of each service from the existing network of CAT5/6 cables to fiber optic cables (including security cameras, BMS, lighting controls, elevators, energy management systems, and high-speed internet). This cut over is the integration of all the building services onto one fiber network. Every building is unique, resulting in our team executing 37 bespoke designs for optimum building performance.

- Major savings on capital costs
- Lower power consumption
- Significant space savings (equipment and cabling)
- Massive cable weight reduction
- Longer lifespan
- Network security safety
- Integration of base-building and tenant requirements
- Substantial network expansion



WASTE MANAGEMENT

Bird is committed to being a responsible environmental steward, maintaining the highest standards in public health and safety in an effort to protect the quality of the global environment, and reducing our carbon footprint

Our team co-ordinates the development and implementation of environmental protection programs, both onsite and in our offices. Programs are maintained, revised, and updated as necessary to minimize negative environmental effects caused by company activities.

Green measures are implemented as part of site execution plans. The primary focus is on waste avoidance, with clear procedures established for the reduction of waste, the re-use of materials, and the recycling of all possible waste. When practicable, preference is given to products made of recycled and renewable materials, organic and water-soluble products, and environmentally-friendly products that have a minimal negative impact on the environment.

Diverting waste from the landfill is a priority for Bird. Our aim is to save energy and reduce the amount of greenhouse gases through recycling and waste diversion. Indirectly, this lowers the cost for each project. Some of our offices have been tracking waste management and remediation efforts at both their offices and project sites. We are proud of their efforts and are currently investigating a national waste management strategy.

RESULTS OF OUR WINNIPEG WASTE MANAGEMENT PILOT STUDY¹



2,874 Mature Trees

Enough saved timber resources to produce 35,613,469 sheets of newspaper



2,820,063 Litres of Water

Enough fresh water to meet the daily fresh water needs of 37,601 people



2,250 Cubic Metres of Landfill Airspace

Enough airspace to meet the municipal waste disposal needs of 35,158 people per month

¹Winnipeg office and project sites, 2017-2020



SUPPLY CHAIN MANAGEMENT

Aligned, standardized practices are essential to driving a holistic sustainability strategy

The Corporate Supply Chain Management (SCM) team is developing a consistent company-wide strategy for supply chain and asset management, ensuring standardized SCM practices that align with our core values.

GUIDING PRINCIPLES

Competitive, Ethical, and Sustainable

Complete all transactions in a fair, equitable, and accountable manner

Value

Consider all elements of the value matrix when procuring goods and services

Trust

Build and maintain mutually beneficial relationships with our internal and external customers and vendors

Efficiency

Drive continuous improvement and standardization throughout SCM processes

STRATEGIC SOURCING

We endeavour to work with partners that share our commitment to:

- Conduct business in an ethical and transparent manner
- Prioritize safety at all times
- Report on labour practices
- Prioritize sound labour practices
- Stipulate that there is no forced or child labour at any point in the supply chain
- Employ a diverse workforce
- Seek opportunities to work with Indigenous businesses and communities
- Promote, track, and report on environmental sustainability initiatives
- Utilize local resources responsibly and sustainably
- Minimize environmental impacts where we work



CANADIAN SUPPLIERS



INDIGENOUS-OWNED BUSINESSES SUPPORTED¹



PROCUREMENT SPEND WITH INDIGENOUS-OWNED BUSINESSES²

EMISSIONS TRACKING AT BIRD

An essential element of our sustainability strategy is tracking our greenhouse gas emissions. Taking concrete steps towards minimizing our impact on the environment starts with assessing our carbon footprint. We are measuring and reducing idling times across our fleet, tracking air travel and reducing miles travelled where possible. The team is committed to expediting the roll out of emissions tracking across the company.

^{1,2}Bird, 2020



LIVE GREEN

Providing a safe, inclusive workplace that supports physical and mental wellbeing, promotes professional development, and encourages positive community engagement

Our employees are the drivers of our longevity and success, and we are committed to investing in their development and wellbeing. Bird pursues a holistic approach to employee health and wellbeing, striving to create an empathetic culture that goes beyond providing physical health benefits to one that considers the mental health and psychological safety of all employees. A healthy workplace promotes safety and overall wellbeing, and the essential components of supporting our people include advancing their professional development, strengthening our neighbourhoods, and creating inclusive, respectful, and equitable working environments.



HEALTH AND SAFETY

Incorporating the latest innovations to ensure the safety of our people, the communities we work in, and the environment, has made Bird a recognized safety leader

Bird's approach to safety continues to evolve in response to new technologies, tools, strategies, and challenges such as COVID-19. Bird promotes a culture of personal responsibility for safety wherein safety considerations are interwoven into the very fabric of operational processes and every person at every level takes ownership for safety. From planning to execution, effective communication, documentation, orientation, training, and ongoing review and analysis of all work activity are vigorously undertaken to ensure continuous improvement in all facets of operations.

Safety and production are viewed as complementary objectives, and both are pursued in order to achieve and sustain a positive and safe work environment. A team-based safety commitment is essential in order to achieve successful business outcomes and ensure that high quality work is delivered on schedule. The creation of a collaborative and participative safety culture requires going beyond the technical aspects of safety such as process engineering, hazard identification, and compliance with legislation. Person-based approaches must be integrated into the organizational safety strategy to promote an ingrained culture of personal responsibility for safety.



LOST TIME INJURY FREQUENCY RATE¹



HOURS WORKED²



TOTAL RECORDABLE INCIDENT FREQUENCY³

^{1,2,3}Bird and Stuart Olson combined, 2020.





At Bird, ensuring that all work on our sites is executed to exacting quality standards begins with our commitment to creating and sustaining a culture in which the identification, assessment, and elimination or control of hazards and risks is incorporated into every aspect of our operations. This is a cornerstone of our operational philosophy and approach.

Ensuring that all workers leave our job sites every day just as healthy and safe as when they arrived is a shared commitment. By working collaboratively with our employees and subcontractors, we minimize risk and create the appropriate conditions for the safe execution of construction activity - on time, on budget, and to our client's satisfaction. We believe this shared commitment is critical to our overall success. It is how we work.



ROBUST ORIENTATION AND TRAINING PROGRAMS



ONGOING COMMUNICATION AND ENGAGEMENT ACTIVITIES



EMPLOYEE-LED SITE SAFETY PROGRAMS TO RECOGNIZE PEERS FOR SAFETY ACCOMPLISHMENTS OR MILESTONES



ALL WORKERS ARE ENCOURAGED TO ACTIVELY CONTRIBUTE TO OUR EFFORTS TO CONTINUOUSLY IMPROVE OUR SAFETY PROGRAM AND OVERALL COLLABORATION AND EFFECTIVENESS



100% OF WORKERS ON SITE MUST TAKE PART IN ORIENTATION AND TRAINING PROGRAMS



DAILY HAZARD ASSESSMENTS ON EVERY SITE EVERY DAY

At Bird, Personal Ownership is not just a vision or a philosophy. It is a daily routine practiced with discipline and rigor on all our job sites.

COVID-19 RESPONSE

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Since the declaration, the industry has faced uncertainty as each provincial government has responded by implementing measures to address the public health threat. COVID-19 continues to be an important consideration and preventative safety measures remain in place and continue to vary from province to province as governments respond to fluctuations in case numbers. The duration of the pandemic and associated measures are unknown.

The health and safety of employees is paramount and, as a result of the pandemic, Bird has increased health and safety initiatives that meet or exceed guidance from applicable public health authorities. Bird continues to communicate on a regular basis with all employees and has highlighted the additional support offered by the provider of the Employee and Family Assistance Program to support employees and their families during this time. The Executives and Directors want to acknowledge the efforts and sacrifices that our employees have made to ensure that Bird is operating safely and effectively, while delivering upon its project commitments through these unprecedented times.

EMPLOYEE HEALTH AND SAFETY

- Initiated a pandemic response plan combined with a rigorous COVID-19 health and safety program that included safety inspections.
- Best practices developed and implemented for managers and site teams - self-assessment tools, enhanced cleaning protocols and hygiene measures, physical distancing practices, new COVID-19 measure audits, and additional personal protective equipment requirements for proximity activities.
- Strategies to reduce concentrations of site workers such as staggered start times, breaks, and lunch times have been implemented on construction sites.
- Remote work practices facilitated by information technology have been implemented and offices have also been adapted to ensure employee safety for those not working remotely.
- Online COVID-19 information centres and remote work practices facilitated by information technology.
- Various office and site signage created to remind employees of safe practices and guidelines, as the examples below show.

EMPLOYEES: RETURNING TO THE WORKPLACE **bird**

AT HOME / BEFORE ARRIVING TO A BIRD OFFICE

- ✓ Complete the daily self-assessment with your district QR Code or URL before you enter a Bird Office
- ✓ Be aware – always self-monitor for symptoms and stay home if you are sick
- ✓ Review provincial guidelines for physical distancing and hygiene applicable to whatever travel method you use to arrive at work (train, car-pooling, personal vehicle)
- ✓ Wipe your IT hardware with a disinfectant prior to returning to the office
- ✓ Ensure you bring all required technology back to the office (see checklist in your employee guide)
- ✓ Self Assessment Link:

AT THE OFFICE

All employees must abide by the communicated hygiene and cleaning practices and maintain physical distancing during the workday.

HYGIENE

- ✓ Handwash or hand sanitize regularly throughout the day
- ✓ Handwash or hand sanitize before and after using shared equipment and surfaces (rooms, kitchen amenities, printers, meeting rooms etc.) and upon re-entering the office
- ✓ Avoid touching your eyes, nose, or mouth throughout the day
- ✓ Avoid shaking hands and consider other greeting styles
- ✓ Cough or sneeze into your shoulder or elbow, not into your hands

PHYSICAL DISTANCING

- ✓ Physical distancing should be maintained throughout the day (this includes in elevators, kitchen/office areas)
- ✓ Limit time spent in kitchens and wait if necessary to minimize number of individuals in the space at a time
- ✓ Wait at a minimum of 2m apart if no physical barriers are present
- ✓ Limit the total number of people in meetings or gatherings while practicing physical distancing
- ✓ Avoid non-essential face-to-face meetings and continue to use MS Teams or Lifenize as alternatives
- ✓ Reduce meeting durations to avoid long periods of time sharing an enclosed space with others

CLEANING

- ✓ Property management has increased frequency of cleaning in common areas
- ✓ Disinfect your workstation (keyboard, mouse, chair, desk) on a regular basis
- ✓ Use available sanitizing supplies in meeting rooms for remotes, surfaces and chairs prior to leaving the room

PPE

- ✓ A mask or face covering is required to be worn during Proximity Activities (activities that cannot safely be performed while maintaining 2m or where maintaining physical distancing is difficult)
- ✓ Speak to a manager if you require PPE to complete a Proximity Activity
- ✓ Review guidelines to properly wear and dispose of used PPE
- ✓ Personal masks or face coverings can be worn in the office as desired by individuals

STAY UP TO DATE

- ✓ Review updates and company communications to stay up to date
- ✓ Reach out to BirdInfo@bird.ca or your office COVID-19 Response Team if you have any questions or concerns
- ✓ Provincial COVID-19 Guidelines Link:
- ✓ Local Office Response Team Contact:

11,492
INSPECTIONS

ACROSS
150
SITES¹

¹ March-December 2020

PHYSICAL DISTANCING AT BIRD **COVID-19**

Maintain physical distancing while working at all times

PHYSICAL DISTANCING
2m / 6ft

Inside Site Trailers

If physical distancing cannot be maintained, speak to your supervisor and follow Proximity Activity Guidelines.

LESS THAN 2m / 6ft (Incorrect)

MASK OR FACE COVERING REQUIRED (Correct)

Outside Site

2m / 6ft

When proximity activity is complete:

- Sanitize Shared Tools and Surfaces
- Properly Dispose of Used PPE
- Wash Hands Thoroughly (20)

bird stuartolson



INDIGENOUS RELATIONS

Building relationships and supporting Indigenous communities through investment and engagement

Bird values the creation of inclusive, respectful, and equitable working environments. We are committed to delivering our projects in a socially responsible way that is mindful of human rights and local residents. **Bird's National Indigenous Engagement Policy** aims to ensure a consistent and culturally appropriate approach that respects the diversity of the Indigenous landscape in Canada, while considering the Truth and Reconciliation Call to Action #92. It is built on four pillars: building respectful relationships, being proactive in employing a diverse workforce, seeking to increase business opportunities with Indigenous partners, and investing in community programs.



"We continue to seek ways to authentically engage with Indigenous partners and the communities in which we work. This commitment starts within, and we are extending our mandatory internal Indigenous Cultural Awareness Training to all Stuart Olson employees this year. We will continue to seek opportunities to increase our investments in Indigenous communities, and build upon our strategies to attract Indigenous talent to Bird."

Paul Pastirik, SVP Strategic Development

BUILDING RESPECTFUL RELATIONSHIPS AND PROMOTING OPEN COMMUNICATIONS AND CULTURAL AWARENESS

INDIGENOUS CULTURAL AWARENESS TRAINING PROGRAM

In January 2018, Bird developed an online Indigenous Cultural Awareness Training Program consisting of five modules in cooperation with NVision, which is an Inuit-owned company. The aim is to educate management and employees and enable them to deliver on Bird's commitment to its Indigenous Relations Policy, strategies and plans. The Cultural Awareness Training builds upon Bird's Indigenous Engagement Policy and is mandatory for all staff. This action is the first step each Bird employee takes to promote positive relationships with Indigenous individuals, businesses, and communities as the company continues to make investments in people, projects, and partnerships.



ORANGE SHIRT DAY

On September 30th we recognize Orange Shirt Day to honour the legacy of residential school survivors. By wearing an orange shirt, we recognize the First Nations, Métis, and Inuit children who were removed from their homes at this time of year and forced to attend residential schools. We acknowledge the importance of supporting education and awareness of the Canadian history of Residential Schools and the impact upon Indigenous communities for more than a century in Canada.

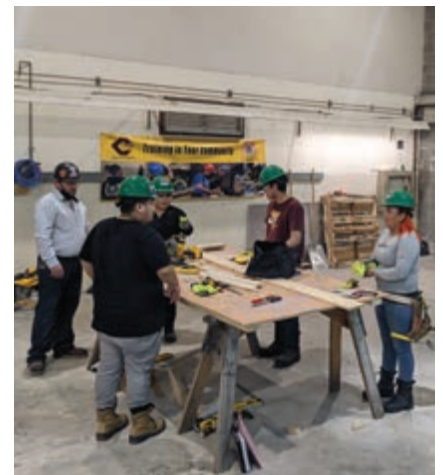
Pictured right: Bird spent some time with our partners Gitxaala Nation, the British Columbia Regional Carpenters Council (BRCC), and the Gitxaala/Bird Introduction to Carpentry Cohort in Prince Rupert, BC. discussing why we wear orange on September 30th.



BEING PROACTIVE IN EMPLOYING A QUALIFIED WORKFORCE THAT STRIVES TO BE REPRESENTATIVE OF THE INDIGENOUS COMMUNITIES IN WHICH BIRD WORKS

GITXAALA INTRODUCTION TO CARPENTRY PROGRAM

Meaningful community relationships are important to Bird. In March 2020, Bird entered a joint venture agreement with the Gitxaala Nation, the oldest Indigenous community on the unceded territory on the Pacific Northwest coast of BC. Employing local Indigenous talent where we work is a pillar of the Bird Indigenous Engagement Policy. In collaboration with the community, the Industry Training Authority (ITA), and the British Columbia Regional Carpenters Council (BRCC), an eight-week Introduction to Carpentry program was designed for Gitxaala Nation members to start a career as a carpenter on the LNG Canada Concrete and Paving project. The course included a practical training component and learning about safety, and concluded in October. Successful graduates were offered carpenter apprenticeship positions with Bird. A second cohort will be starting in March 2021.



FIRST NATIONS SAFETY WATCH TRAINING AND EMPLOYMENT INITIATIVE

Participants in this initiative started with a week of offsite training to receive all the mandatory Safety tickets, followed by a week of onsite Safety Watch training that included theoretical and practical elements. The onsite training was developed internally and was delivered by Stuart Olson trainers. We worked directly with local First Nations in Alberta, including the Cold Lake, Goodfish /Whitefish Lake, and Kehewin Cree communities to attract, identify and recruit 100% local community members. Upon completion of the training, they were all offered employment on a 7-week shutdown project. Once the project was completed, the remaining workers were offered full-time employment on the maintenance contract and signed up for apprenticeships.



SEEKING TO INCREASE BUSINESS OPPORTUNITIES FOR INDIGENOUS PARTNERS AND BUILD CAPACITY IN THE INDIGENOUS BUSINESS COMMUNITY

Bird understands that contribution to economic reconciliation includes employing Indigenous Peoples, supporting development opportunities, purchasing from Indigenous businesses and partners, and conducting mutually beneficial engagement.



Bird is proud to be part of the Canadian Council for Aboriginal Business' Progressive Aboriginal Relations (PAR) certification process. It confirms corporate performance in Indigenous relations and indicates to communities that participating companies are good business partners, a great place to work, and committed to prosperity in Indigenous communities. Our PAR certification evolved to include all Bird business units in the fall of 2018, and in the summer of 2020 Bird Construction was recertified PAR Bronze level.



Bird's membership in the Aboriginal Procurement Champions Group provides assurance that procurement opportunities are made available to those businesses that are independently pre-certified as being at least 51 per cent Indigenous owned and controlled.



INDIGENOUS-OWNED BUSINESSES SUPPORTED¹



PROCUREMENT SPEND WITH INDIGENOUS-OWNED BUSINESSES²

^{1,2}Bird, 2020

INVESTING IN COMMUNITY PROGRAMS THAT SUPPORT INDIGENOUS CULTURAL AWARENESS, SKILLS DEVELOPMENT, AND BUSINESS CAPACITY

SPOTLIGHT ON SCHOLARSHIPS

Bird is dedicated to investing in the development of young people in Canada, particularly young people from Indigenous communities. A number of scholarships are awarded annually.

- Bird Heavy Civil awards three annual scholarships to full-time Indigenous post-secondary students. This scholarship currently has gender parity and targets students enrolled in technical or trade programs. Some of the recipients have also gained valuable work experience by completing work-terms with Bird. Since 2016, \$18,000 has been awarded to students.
- An annual scholarship to students enrolled in the University of New Brunswick's Bachelor of Science in Engineering Program, with preference given to female Indigenous students. Since 2019, \$3,000 has been awarded.
- A scholarship has been created at Langara College in British Columbia in support of Regular Studies Program students demonstrating financial need, with preference given to Indigenous students. Since starting in 2019, \$4,000 has been awarded.
- The Scott Ferguson Memorial Scholarship was created in 2019 to assist Indigenous post-secondary students in Alberta. To date, it has awarded \$6,000 to students.





COMMUNITY CONNECTIONS

A passion for giving back

Bird is committed to contributing to the communities in which we live, work, and build in a manner that is socially responsible, mindful of human rights, and respectful of local residents. Through donations, scholarships, fundraising activities, and volunteer work, Bird employees consistently demonstrate a passion for giving back. Bird supports national charities, health care foundation initiatives, food and clothing banks, community festivals and events, youth and community sports, and much more.

CHARITABLE GIVING IN KITIMAT

Bird has a number of active projects in the Kitimat region, and the project teams went above and beyond in 2020 raising over \$50,000 for communities in the area. Donations were made to the Ksan Society, a non-profit organization that supports people in crisis; the Kitimat Community Development Centre, which supports families and children; the Tamitik Status Of Women, which concentrates on intervention and prevention of violence against women, youth, and children; and a family that had suffered a tragic loss.

QAJUQTURVIK COMMUNITY FOOD CENTRE RENOVATIONS

The Qajuqturvik Community Food Centre in Iqaluit improves access to good food by supporting local harvesting, preparation, education, training, and advocacy. The centre serves 56,000 meals every year. The centre needed better functionality in their kitchen area and, while the Bird team was in Iqaluit, it was an opportune time to lend a hand to a community in which we work.

By changing some of the spaces in the kitchen, the sink was rotated to create a less cramped workspace and a new hand wash sink was installed, together with stainless steel wall panels in the dish area to protect the drywall. The janitor closet was relocated outside the kitchen and the office space was enlarged. A new entrance was created, and some washroom renovations were done. The project was completed over the course of five days, with the plumbing, electrical, and drywall taping work involved donated by the trades (Narwhal, KRT, and NCC respectively).

SUPPORTING SENIORS IN LONG-TERM CARE DURING COVID-19



During the first wave of lockdowns, when vulnerable members of our communities were not allowed to have visitors, the Covid-19 Response Team created and distributed a custom Community Activity Book to residents of seniors and long-term care facilities across the country. Today, and looking beyond COVID-19, we plan to share these activity books with our clients at the handover of future care facilities to give their residents a warm welcome home. A small display of our commitment to clients long after we hand over a building - we remain neighbours, friends, and community members.





HUMAN CAPITAL DEVELOPMENT



DIVERSITY AND INCLUSION

Bird values the importance of creating inclusive, respectful, and equitable working environments. A diverse workplace has been shown to improve employee satisfaction, create a larger talent pool, and spark creativity and innovation.

Bird is committed to promoting employment equity by providing a workplace environment that treats all employees with respect and dignity. We need to reflect the diversity of Canadian society in our workforce, and believe in proactively managing the special measures outlined in the Employment Equity Act.

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at the company are based on merit, qualifications, and abilities. The company does not discriminate in employment opportunities or practices on the basis of race or colour, national or ethnic origin, religion, age, family or marital status, gender identity or expression, genetic characteristics, pardoned conviction, disability, sexual orientation, or any other prohibited ground. When there is under-representation, Bird will give preference to equally qualified candidates who are members of the designated groups stated in the Employment Equity Act.

A CULTURE OF LEARNING

At Bird, we are committed to an open and transparent learning culture that promotes continuous improvement and shared accountability. We believe that commitment to our employees' success leads to collective success, and our goal is to provide quality training that is beneficial, accessible, affordable, and timely.

Bird encourages all employees to take an active role in their own self-development by continually seeking to improve their skills and education. As a result, Bird offers tuition reimbursement to help share the cost of external, work-related educational programs. A variety of training materials, both on-demand and scheduled, are provided through Bird's intranet portal. There is also regular peer-to-peer training and information sharing, such as the weekly "Quality Lessons Learned" presentations that share best practices from site situations.

1,509

FULL-TIME STAFF¹

¹Bird and Stuart Olson combined for 2020.

28%

WOMEN²

²Bird and Stuart Olson combined for 2020.

+30HRS

TRAINING PER EMPLOYEE³

³Minimum target for 2021

9,454

COURSES AVAILABLE⁴

⁴Bird and Stuart Olson combined for 2020.

INDUSTRIAL INSULATOR TRAINING PROGRAM

This innovative and complementary training program was created as a jump start for exceptional candidates interested in the insulation trade. The 8-week program provides students with the skills required to begin working in the insulation trade immediately and will support the foundation required to work towards a trade certification. Upon graduation, qualifying students are hired as second year apprentices. The program was designed to accommodate both sectors of the industrial insulator industry, offering training for the union and non-union sectors.

Since launching the program, 26 students have completed the training. The first intake was for the non-union sector, in partnership with Northern Institute of Technology (NAIT), in Edmonton, Alberta. The second session was in partnership with the Insulators Local 110 Union and was held at our Fort McMurray office. Our team in Fort McMurray converted the second floor of their new office into a classroom and made a portion of the shop available for hands-on learning.

We are committed to supporting our local regions and also offer special consideration to several demographics including women in construction, Indigenous People, recent graduates, and apprentices currently outside of the insulation trade who are seeking a career transition.



LEADERSHIP TRAINING SPOTLIGHT

Bird is invested in developing the leadership potential of employees. Taking Flight, a mid-level management program started in 2019, builds the leadership capacity of staff who manage people. The Bird Leadership Academy is targeted towards higher level managers who the organization feels will become key leaders or who have expressed leadership aspirations. Every second year, 25 candidates are selected from across the country to participate in the intensive course.

The Bird Site Management Program (BSMP) was established in 2015 and is specifically tailored to better equip site leaders in providing effective leadership at the field level in an industry driven by constant and accelerating change. BSMP is a critical development program for our site staff and an excellent opportunity to increase engagement and drive commitment to their own and the company's future success. The platform allows for the imparting of key skills and knowledge by internal and external speakers, as well as the sharing of feedback on the challenges faced by the participants in the course of their jobs and how to overcome them.

NATIONAL STRATEGY FOR SUPPORTING WOMEN IN TRADES

Bird is an official #Champion4Change, signing on as an early adopter in support of SWIT – a National Strategy for Supporting Women in Trades released by the Canadian Apprenticeship Forum. The aim is to increase the participation and retention of women in skilled trades careers to 15 per cent by 2030.

Skilled trades are an essential part of our business, and there aren't enough skilled workers in Canada. As a company with a large range of trades across the country, participation in this initiative represents an opportunity to make a big difference. Women in trades are a key underrepresented group that bring unique skills to these professions and it is important to us to improve the diversity of our team.

As part of our campaign to attract, retain, and employ more women in the trades, Bird has pledged to:

- Hire and train more women to work in trades
- Ensure a respectful and inclusive workplace
- Submit annual reports outlining the impact of our efforts, including public disclosure of the number of women apprentices and journeypersons in our organization



STAKEHOLDER ENGAGEMENT

Bird's communication policy emphasizes transparency, inclusivity, and integrity

Bird regularly communicates with internal and external stakeholders on a range of issues, endeavoring to deliver clear and informative messages about the company and its operations. Bird's communication policy emphasizes transparency, inclusivity, and integrity, in keeping with the company's core values and mission statement. Bird is continually seeking new ways to engage with stakeholders, utilizing a range of methods and media to reach the widest possible audience.

HOW DO WE ENGAGE?

Employees

- Regular communication from executive leadership
- Monthly newsletter
- SharePoint news portal
- Social media communications
- Employee meetings
- Employee feedback surveys
- Safety reports
- Engagement events
- Service awards
- Annual performance reviews
- Learning and development opportunities
- National internal conferences

Clients

- Client events and presentations
- Client feedback surveys
- Regular one-on-one meetings

Industry

- Partnering agreements
- Industry association participation
- Co-op programs and apprenticeships

Public and Community

- Press releases
- Website
- Social media communications
- Trade publications
- Mainstream media channels
- Ongoing engagement with Indigenous Peoples
- Public consultation for projects
- Volunteer initiatives
- Sponsorship and participation in community events
- Company donations to charities and community groups
- Tradeshows
- Conferences
- Community procurement sessions

Shareholders

- Shareholder meetings
- Annual general meetings
- Shareholder reports
- Press releases
- Conference calls
- Investor relations conferences



95.7% increase
In total messages received via social media



94,876
Total Audience



4,845,517
Impressions



208,577
Engagements



112,234
Post Link Clicks^[1]

^[1] All figures on this page refer to the combined social media channels for Bird and Stuart Olson in 2020



COMMITMENT TO GOVERNANCE

Cultivating a culture of honesty and accountability

Bird endeavors to be at the forefront of industry efforts to be responsible, responsive, and innovative corporate citizens. A strong culture of ethical conduct is central to good governance at Bird. The company and its Board are committed to conducting their activities in accordance with the highest standards of business ethics. These standards are intended to provide guidance regarding ethical issues, to assist in recognizing and dealing with ethical issues, to provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability.



RISK MANAGEMENT

Executing a robust Enterprise Risk Management strategy in support of strategic objectives

Bird recognizes that the management of risk through Enterprise Risk Management (ERM) is an integral part of sound corporate governance. The company's ERM Policy affirms our commitment to the management of risk as an important component to the delivery of the company's strategic plan and sustainability.

The maintenance of a robust ERM framework ensures that:

- Current and developing material risks that could impact the achievement of the company's strategic plan or sustainability, including risks of fraud, bribery and corruption, and regulatory and legal compliance specific to the Bird's operating environment, are identified and understood.
- Appropriate and effective risk management systems are maintained and used to manage risks.
- Regular reviews are conducted to evaluate the effectiveness of the company's ERM Systems.

CRITICAL INCIDENT RESPONSE PLAN

- Ensures an efficient and effective response to office and project site critical incidents.
- Functions in conjunction with the Emergency Response Plans in place on all Bird projects.
- Outlines immediate steps to assess and secure the scene.
- Provides reporting procedures, information management and media relations, and mobilization of additional resources.
- Summarizes guidelines for investigations, documentation, and evidence collection.
- Stipulates the development of mitigation plans for appropriate corrective actions and mechanisms for information sharing to ensure that lessons learned are appropriately communicated.

CODE OF ETHICS

Bird requires that all employees, direct service providers, and agents of the company observe the highest levels of personal and professional ethics. Ethical behaviour is entrenched in our vision, mission, and values and forms a core component of our company and employment with Bird. Every employee agrees to abide by Bird's Code of Ethics, which outlines the importance of honesty, fairness, and respect. Issues such as conflicts of interest, handling confidential information, and rules about insider information are all clearly addressed.

100%
Employees agree to abide by the Code of Ethics

RESPECTFUL WORKPLACE POLICY

Bird expects that all people are treated with respect and dignity and strives to provide a healthy and open work environment free from harassment and violence. The company prohibits discrimination based on race, colour, ancestry, place of origin, religious beliefs, gender identity or expression, genetic characteristics, age, physical disability, mental disability, marital status, family status, source of income, or sexual orientation. All employees are informed of this policy in orientations, by training sessions, or through safety meetings, and agree to abide by the terms therein. Immediate and appropriate action must always be taken to report, intervene in, or deal with incidents of harassment.

All employees have a responsibility to treat others in a professional manner free from abuse and harassment, and all employees are encouraged to seek out assistance when needed and to report incidents of harassment. Under no circumstances shall a legitimate complaint be dismissed or downplayed, or the complainant be told to deal with it personally. Company employees, contractors, subcontractors, visitors and clients must comply with this policy. Failure to do so will result in corrective action up to and including termination of employment or business relationship. Bird is committed to eliminating or controlling harassment as a hazard.

Ensuring a healthy work environment free from harassment and violence



WHISTLEBLOWER POLICY

Bird observes high standards of business, professional, and personal ethics in the conduct of its duties and responsibilities. We aim to exceed the regulatory requirements regarding accounting and business practices, securities laws, internal controls, and auditing matters. In order to ensure that Bird maintains its ethical ideals, the company has a clear Whistleblower Policy that protects any individual who reports an actual or potential violation or suspected violation of any company requirements or standards. It is contrary to the values of Bird for anyone to retaliate or discriminate against any person who makes such a report. Anonymous reports can be made to an independent third-party that is available 24 hours per day, 365 days per year. All employees receive a copy of the Whistleblower Policy during the onboarding process, and are provided with the opportunity to ask questions about the policy.

Anonymous Hotline
24 HOURS
per day
365 DAYS
per year

INFORMATION SECURITY AND CYBERSECURITY

Bird maintains rigorous protocols to protect the information security of internal and external stakeholders. The Information Technology team works diligently to secure system and network resources, and protect the availability, integrity and confidentiality of clients, partners, employees, and company information in a cost-effective, risk-based approach.

Bird has access-controlled secure rooms with multiple layers of security such as independent infrastructure, security systems, and physical reinforcements, in accordance with federal government regulations. Used primarily for government contracts, including defense and policing projects, strict security controls are observed, such as security clearances for all staff working on the project.

Access-controlled
secure rooms

Multiple layers
of security



ANTI-BRIBERY AND CORRUPTION POLICY

The Anti-Bribery and Corruption Policy establishes controls and procedures to ensure that Bird, and all its subsidiary and affiliated companies, comply with all applicable anti-bribery and corruption legislation and regulations. It also aims to ensure that the company conducts its business in an ethical and socially responsible manner. Bird strongly believes that bribery and corruption are morally and ethically wrong and are not and should not be a part of how we conduct our business. On this basis, it is imperative that all employees behave ethically in all business dealings and that they do not engage in any type of corrupt behaviour (including bribery or attempted bribery of any official at any level of government).

Independent
third-party
audit on a
regular basis

INSIDER TRADING AND BLACKOUT POLICY

As a public company incorporated under the Business Corporations Act (Ontario), Bird has a clear policy that sets out guidelines regarding transactions involving its securities by its directors, officers, employees, and contract employees. The policy educates directors and employees about their legal obligations with respect to insider trading, tipping, reporting, and other obligations and prohibitions relating to their trading and trading by their family members in the company's securities.

Clear
ethical
guidelines

COMPETITION LAWS COMPLIANCE POLICY

Bird recognizes that strong compliance policies and procedures are critical. The company is committed to complying with all aspects of the Competition Act, Canada's competition law. Bird firmly believes that preservation of a competitive economy benefits the company, its employees, its customers, and all Canadians.

Legal and
ethical conduct
is in the best
interests of the
company and its
employees

This policy communicates the controls and procedures that ensure that Bird, its employees, and all of its subsidiaries and affiliates understand and comply with the applicable competition laws. Through this policy, employees are made aware that the potential impacts of non-compliance are material and could include substantial regulatory penalties and sanctions, and criminal charges against the company and individual employees.

DISCLOSURE POLICY

Bird has a policy and an established set of procedures for the public disclosure of Material Information (includes "material change" and "material fact" as defined under applicable securities legislation). The policy ensures that Bird provides timely, consistent, fair, and credible public disclosure of Material Information, in compliance with all legal and regulatory requirements, to keep shareholders informed and assist in maintaining market integrity.

Timely, consistent,
fair, and credible
public disclosure
of material
information

The Public Disclosure Sub-Committee determines what constitutes Material Information and authorizes the issuance a media release that discloses the nature and substance of the Material-Information. The Chief Financial Officer ensures that a copy of the Material Information release is sent to the Market Surveillance Section of the TSX prior to dissemination, advises Market Surveillance of the proposed method of dissemination of the media release, and upon release, a copy is filed with the provincial securities regulators and the Toronto Stock Exchange (TSX) through SEDAR, as well as on the publicly facing Bird website. The policy outlines the means for preventing the misuse or inadvertent disclosure of non-public Material Information, assigns authorized spokespersons, and provides guidance for dealing with analysts, investors, shareholders, the media, and the public.





OVERSIGHT

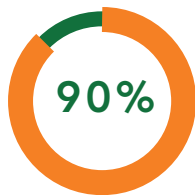
Robust independent oversight

As a public company whose securities are traded on the Toronto Stock Exchange, the company's Board of Directors has adopted, as its approach to corporate governance, the guidelines set out in National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, National Instrument 52-110 – *Audit Committees*, and National Policy 58-201 – *Corporate Governance Guidelines*.

The Director Code of Ethics requires that the company's directors disclose any potential or actual conflict of interest to ensure independent judgment regarding Board discussions and decision making. In the event of any potential or actual conflict of interest by a director in relation to a Board matter, the director will withdraw from the deliberations and not vote upon such matter. The Board and its committees have adopted governance best practices including:

- Recognition of the benefits of promoting Board diversity. Diverse perspectives contribute to innovation and growth opportunities, and the Board believes that diversity may be achieved through a range of factors including gender diversity, diverse skills and experiences, regional diversity and industry diversity.
- Regular in-camera meetings, without officers and management present. These sessions enable the Board and committees to discuss issues in a candid and independent manner without the influence of senior management. To make sure the Board functions independently of management, the Board has the flexibility to retain and to meet with external consultants without the presence of management whenever the Board sees fit.
- Conducting performance evaluations of the Board, the Audit Committee, the Human Resources, Safety and Governance Committee (HRS&G), each of their chairs and individual directors on a regular basis. The chair of the Board and the chair of the HRS&G Committee also conducted informal discussions with each individual director.

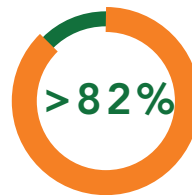
Bird's consolidated financial statements are independently audited in accordance with Canadian auditing standards.



Independent Board Members



Women on the Board¹



Employees are Shareholders²



Board Committee Chairs are Women

¹ Non-executive Board members in 2020

² Prior to joining forces with Stuart Olson

2020

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019



bird



TABLE OF CONTENTS

TABLE OF CONTENTS.....	39
EXECUTIVE SUMMARY	40
NATURE OF THE BUSINESS.....	41
2020 HIGHLIGHTS	43
COVID-19 AND COMPANY RESPONSE	45
ANNUAL RESULTS OF OPERATIONS	46
QUARTERLY RESULTS OF OPERATIONS	49
KEY PERFORMANCE INDICATORS	51
OUTLOOK.....	55
CAPABILITY TO DELIVER RESULTS	56
FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY	57
CONTRACTUAL OBLIGATIONS.....	61
FINANCIAL INSTRUMENTS.....	62
DIVIDENDS	63
OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING	63
OFF BALANCE SHEET ARRANGEMENTS.....	63
RELATED PARTY TRANSACTIONS	64
SUMMARY OF QUARTERLY RESULTS	64
ACCOUNTING POLICIES	65
CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS.....	66
CONTROLS AND PROCEDURES.....	68
RISKS RELATING TO THE BUSINESS	69
TERMINOLOGY & NON-GAAP MEASURES.....	75
FORWARD-LOOKING INFORMATION	78

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Inc.'s ("the Company" or "Bird") financial condition and results of operations for the three and twelve months ended December 31, 2020, should be read in conjunction with the December 31, 2020 consolidated annual financial statements, the December 31, 2019 consolidated annual financial statements, and the December 31, 2019 MD&A. This MD&A has been prepared as of March 9, 2021. Unless otherwise specified, all amounts are expressed in Canadian dollars. The information presented in this MD&A is presented in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise noted.

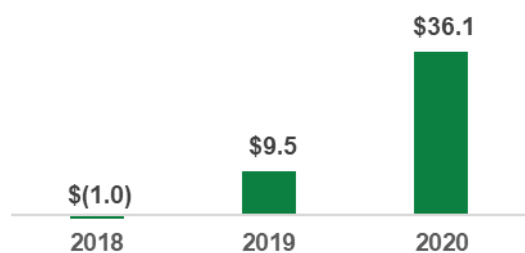
This discussion contains forward-looking information, which are subject to a variety of factors that could cause actual results to differ materially from those contemplated by this information. See "Forward-Looking Information". Some of the factors that could cause results or events to differ from current expectations include, but are not limited to, the factors described under "Risks Relating to the Business" included in the Company's most current Annual Information Form dated March 9, 2021. Additional information about the Company is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and on the Company's website at www.bird.ca.

Certain measures in this MD&A do not have any standardized meaning as prescribed by IFRS and, therefore, are considered non-GAAP measures. These non-GAAP measures are commonly used in the construction industry, and by management of Bird, as alternative methods for assessing operating results and to provide a consistent basis of comparison between periods. Therefore, the non-GAAP measures in this MD&A are unlikely to be comparable to similar measures used by other entities. Non-GAAP measures include: Adjusted Earnings; Adjusted Earnings Per Share; Adjusted EBITDA; and Adjusted EBITDA Margin. Further information regarding these measures can be found in the "Terminology & Non-GAAP Measures" section of this MD&A.

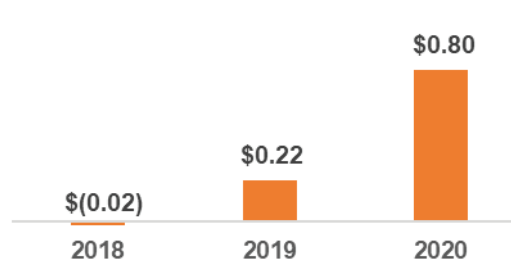
EXECUTIVE SUMMARY

(in thousands of Canadian dollars, except per share amounts)	2020	2019	2018
Income Statement Data			
Revenue	\$ 1,504,432	\$ 1,376,408	\$ 1,381,784
Net income (loss)	36,103	9,484	(1,013)
Basic and diluted earnings (loss) per share	0.80	0.22	(0.02)
Adjusted Earnings ⁽¹⁾	41,579	9,484	(1,013)
Adjusted Earnings Per Share ⁽¹⁾	0.92	0.22	(0.02)
Adjusted EBITDA ⁽¹⁾	81,937	32,292	10,914
Adjusted EBITDA Margin ⁽¹⁾	5.5%	2.4%	0.8%
Cash Flow Data			
Net increase in cash and cash equivalents	31,765	21,763	24,606
Cash flows from operations before changes in non-cash working capital ⁽²⁾	71,696	30,201	12,320
Additions to property and equipment ⁽³⁾	14,227	14,431	14,613
Cash dividends paid	17,607	16,582	16,582
Cash dividends declared per share	0.39	0.39	0.39
Balance Sheet Data			
Total assets	1,061,796	856,787	652,021
Working capital	135,514	80,503	70,215
Loans and borrowings (current and non-current)	72,913	40,621	21,198
ROU Liabilities (current and non-current) ⁽⁴⁾	78,075	31,100	8,759
Shareholders' equity	212,610	127,720	136,229
⁽¹⁾ Adjusted Earnings, Adjusted Earnings Per Share, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures and do not have standardized meanings under IFRS. See "Terminology and Non-GAAP Measures."			
⁽²⁾ Refer to the consolidated statement of cash flows			
⁽³⁾ Includes computer software purchases classified as intangible assets			
⁽⁴⁾ IFRS 16 Leases was adopted effective January 1, 2019 using the modified retrospective approach, 2018 figures have not been restated.			

Net income (loss) (in \$millions)



Basic and diluted EPS



NATURE OF THE BUSINESS

Bird provides a comprehensive range of construction services from new construction for industrial, commercial, and institutional markets; to industrial maintenance, repair and operations (“MRO”) services, heavy civil construction and contract surface mining; as well as vertical infrastructure including, electrical, mechanical, and specialty trades.



For over 100 years, Bird has been a people focused company with an unwavering commitment to safety and a high level of service that provides long-term value for all stakeholders.



Teri McKibbon, President & CEO



PROJECT DELIVERY METHODS

In all sectors, Bird contracts with its clients using a combination of fixed price, unit price, design-build, alternative finance projects, public, private, partnerships (“PPP”), cost reimbursable (such as cost plus), construction management, and integrated project delivery methods.



OUR LOCATIONS

The Company operates from coast-to-coast and services all of Canada’s major geographic markets.



MANAGING RISK

While Bird is capable of self-performing larger projects, particularly in the industrial market and MRO space, for many projects, the overall construction risk rests with Bird’s subcontractors. The scope of work of each subcontractor is generally defined by the same contract documents that form the basis of the Company’s agreements with its clients. The terms of the agreements between the Company and its clients are generally replicated in the agreements between the Company and its subcontractors. These “flow-down” provisions substantially mitigate the risk borne by the Company. Depending on the value of the work, the Company may require bonds or other forms of contract security, including enrolling our subcontractors in Bird’s subcontractor default insurance program, which should mitigate exposure to possible additional costs should a subcontractor not be able to meet its contractual obligations. Bird’s primary constraints on growth are the ability to secure new work at reasonable margins and the availability of qualified professional staff who can be assigned to manage the projects.



INDUSTRIAL SECTOR

Within the industrial sector, Bird has significant experience executing large and complex projects for clients primarily operating in the oil and gas, liquefied natural gas (LNG), mining, renewables, water and wastewater, and nuclear sectors. Bird constructs industrial buildings including manufacturing, processing, distribution, and warehouse facilities, and performs civil construction operations including site preparation, concrete foundations, metal and modular fabrication, mechanical process work, underground piping and earthwork.

These industrial service capabilities have been further enhanced through the recent joining of forces with Stuart Olson Inc. (“Stuart Olson”). The Company’s industrial self-perform capabilities now include insulation, metal siding and cladding, ductwork, asbestos abatement, mechanical, and electrical and instrumentation abilities, including high voltage testing and commissioning, as well as power line construction. These maintenance service abilities are augmented with civil services as well as facilities maintenance services, and the combined service offering opens the door to a wider range of clients including those in the LNG, mining, and nuclear sectors. In general, Bird has gained an expanded industrial general contracting business and more noticeably is now an industrial maintenance contractor with opportunities for additional maintenance clients in a broader geographical footprint.



INSTITUTIONAL & COMMERCIAL SECTOR

Within the institutional sector, Bird constructs and renovates hospitals, post-secondary education facilities, K-12 schools, recreation facilities, prisons, courthouses, government buildings, long term care and senior housing, as well as environmental facilities that include water and wastewater treatment centres, composting facilities, and biosolids treatment and management facilities. Within the commercial sector, Bird's operations include the construction and renovation of office buildings, shopping malls, big box stores, hotels, and selected mixed-use high-rise residential.

The Company has also developed expertise in the construction of vertical elements and overall management of transportation-related projects and will continue to enhance its abilities in this market. Bird also selectively invests equity in PPP projects to support construction operations.



INNOVATIVE SOLUTIONS

Bird also provides innovative solutions within the Institutional and Commercial sectors.



MASS TIMBER

With an extensive resume of mass timber construction, including post-secondary education, recreation and seniors living facilities, Bird is a North American leader with the expertise, experience and supply chain knowledge to present an opportunity for greener buildings by using a renewable resource as a primary construction material.



CENTRE FOR BUILDING PERFORMANCE

Paving the way for the future of smart building technology and seamless construction delivery, the Centre for Building Performance provides smart building technologies and life cycle services, which enables the delivery of innovation, efficiency and exceptional value by design.



STACK MODULAR

The Company's partnership with Stack Modular, a design-build structural steel modular manufacturer that builds across the USA and Canada, is an innovative solution in the multi-family, hospitality, resource, and student and senior housing sectors for buildings up to 40 storeys. The partnership is focused on helping clients leverage the advantages of combining conventional and modular methods of construction, enabling time and cost savings, and ensuring delivery of high-quality, local code compliant modules with stakeholder assurance that projects will be executed successfully and safely.



COMMERCIAL SYSTEMS

The newly acquired commercial systems business is one of Canada's largest electrical and data system contractors. Services include design, build and installation of core electrical infrastructure, resulting in high-tech, high-performance buildings. It also provides the services and systems that support information management, building systems integration, green data centres, security, risk management and lifecycle services, as well as ongoing maintenance and on-call service to customers.

2020 HIGHLIGHTS

- The Company completed its acquisition of Stuart Olson on September 25, 2020 and welcomed the additional employees, clients, shareholders and all other stakeholders to this dynamic organization and new leading construction company. The business combination is the largest and most transformative transaction in the Company's 100 year history. It creates additional opportunity for our people and our customers, and Bird is well-positioned to play a major role in the Canadian construction industry, creating long-term value for all stakeholders for decades to come.
- The COVID-19 pandemic has added uncertainty to the construction industry as each provincial government has responded with different measures to address the continuing and evolving threat to public health. Bird has seen delays in project tenders and awards from clients, and experienced reduced productivity on project sites as a result of increased safety protocols implemented during the pandemic. Throughout 2020, the Company experienced delays in smaller sized or short-term projects in locations such as Manitoba and Atlantic Canada. The health and safety of employees is paramount and, as a result of the pandemic, the Company has increased health and safety initiatives such as physical distancing and added additional measures to normal safety protocols. During the early stages of the pandemic in 2020, the Company made a difficult decision and instituted mandatory wage reductions to its employees to preserve the financial health of the business and keep it agile through the pandemic. With the Canada Emergency Wage Subsidy ("CEWS") enacted by the federal government, the Company was ultimately able to restore and reimburse its employees for the reduced wages in 2020. The situation remains fluid; however, the Company responded to the challenges presented in 2020 and is well-positioned to respond to fluctuating scenarios in the near term.
- During the fourth quarter of 2020, the Company recorded net income of \$20.5 million on construction revenue of \$555.0 million compared with net income of \$8.2 million on \$420.6 million of construction revenue in 2019. Basic and diluted earnings per share in the fourth quarter of 2020 and 2019 was \$0.39 and \$0.19, respectively. The year-over-year increase in fourth quarter revenue is primarily attributable to the inclusion of Stuart Olson. The year-over-year increase in net income is a combination of the addition of Stuart Olson and the timing of applications for CEWS. The Company recognized a total pre-tax compensation expense recovery of \$21.7 million in the fourth quarter of 2020, of which approximately \$11.6 million relates to the first nine months of 2020 (\$0.4 million first quarter 2020, \$3.8 million second quarter 2020, and \$7.4 million third quarter 2020). Although the timing of recording the CEWS benefit was a significant factor affecting fourth quarter net income, on a full year basis CEWS did not fully offset the negative impact which COVID-19 had on revenues and margins.
- Adjusted Earnings and Adjusted Earnings Per Share in the fourth quarter of 2020 were \$21.5 million and \$0.41, respectively, compared with Adjusted Earnings and Adjusted Earnings Per Share in the fourth quarter of 2019 of \$8.2 million and \$0.19, respectively. The year-over-year increase in fourth quarter Adjusted Earnings is reflective of the improvement in earnings attributable to the inclusion of Stuart Olson and the year to date catch up in the application for CEWS.
- Adjusted EBITDA and Adjusted EBITDA Margin in the fourth quarter of 2020 were \$40.0 million and 7.2%, respectively. Adjusted EBITDA increased \$24.0 million from the Adjusted EBITDA of \$16.0 million in the fourth quarter of 2019. Adjusted EBITDA Margin increased 340 basis points from the Adjusted EBITDA margin of 3.8% recorded in the fourth quarter of 2019.
- In 2020, the Company recorded net income of \$36.1 million on construction revenue of \$1,504.4 million compared with a net income of \$9.5 million on \$1,376.4 million of construction revenue in 2019. Basic and diluted earnings per share in 2020 and 2019 were \$0.80 and \$0.22, respectively. There was an increase in revenue year-over-year due to the inclusion of fourth quarter revenue of Stuart Olson. Excluding the revenue contribution from Stuart Olson, the Company experienced a year-over-year revenue decline in the second, third and fourth quarters of 2020 attributable to the COVID-19 pandemic. The year-over-year increase in net income is primarily attributable to the mix of the higher margin industrial work program and the acquisition of Stuart Olson. An additional significant factor contributing to the year-over-year improvement in net income was the Company's increased contract pursuit selectivity in its institutional and Public Private Partnership ("PPP")

business, targeting lower risk opportunities best aligned with execution capabilities. Thereby avoiding notable underperforming contracts which resulted in headwinds to margins and income in recent years. 2019 net income was negatively impacted by a PPP project that incurred additional cost due to design related scope growth and acceleration expenses. There were substantial changes to the scope of the project requested by the client that are in commercial negotiation. This PPP project achieved substantial performance in the first quarter of 2020.

- Adjusted Earnings and Adjusted Earnings Per Share for fiscal 2020 were \$41.6 million and \$0.92, respectively, compared with \$9.5 million and \$0.22 respectively, in fiscal 2019. The year-over-year increase in Adjusted Earnings was due to the same reasons noted above that increased net income
- Adjusted EBITDA for fiscal 2020 was \$81.9 million compared to \$32.3 million in the comparable period in 2019. Adjusted EBITDA Margin in 2020 was 5.5% and increased 310 basis points from the 2.4% recorded in 2019. The year-over-year improvement was driven by an increase in gross profit due to the revenue mix, the inclusion of Stuart Olson fourth quarter earnings, and the previously described Company's increased contract pursuit selectivity, targeting lower risk opportunities best aligned with execution capabilities.
- In 2020, the Company secured \$1,643.8 million of new contract awards and change orders and executed \$1,504.4 million of construction revenues, and \$995.7 million of Backlog was contributed at the acquisition date by recently acquired Stuart Olson. Backlog of \$2,682.5 million at December 31, 2020 increased 73.4% from Backlog of \$1,547.4 million at December 31, 2019. Included in Backlog is a \$154.0 million design-build contract for the Nanaimo Correctional Centre ("NCC") Replacement Project in Nanaimo, British Columbia. The NCC Replacement Project features modernized spaces for educational, vocational, and certified trades training in addition to rehabilitative and culturally responsive Indigenous programming. It also includes Vancouver Island's first provincial custody capacity for women. Two local First Nations, Snuneymuxw and Snaw'Naw'As, will also have input into the design as well as job and contract opportunities during construction.
- In 2020, cash and cash equivalents increased \$31.8 million, before the effects of foreign exchange, to \$212.1 million from \$180.3 million at the end of 2019. The majority of the change in cash and equivalents during the period relate to changes in the non-cash net current asset/liability position which can fluctuate significantly in the normal course of business. Cash flows from operations generated cash of \$128.9 million mainly due to changes in non-cash working capital, including a \$75.1 million increase as a result of the substantial completion of an alternative finance project in the fourth quarter of 2020. Cash flows from investing activities used cash of \$53.9 million mainly related to the purchase of Stuart Olson. Cash flows from financing activities used cash of \$43.3 million mainly due to the net repayment of non-recourse project financing related to an alternative finance project offset by net credit facility draws and the share issuance related to the purchase of Stuart Olson.
- The Board has declared an eligible dividend of \$0.0325 per common share for each of March 2021 and April 2021.
- Subsequent to fiscal 2020 year-end, the Company announced that it has been awarded the following projects and contracts:
 - A five-year contract valued in excess of \$550.0 million to provide MRO services for a longstanding industrial customer in Alberta. Under the terms of the multi-site, multi-use agreement, the Industrial Maintenance team will deliver a multi-disciplined offering for maintenance services, turnarounds and sustaining capital construction projects, drawing on the full suite of services of both Stuart Olson and Bird. Estimated 2021 revenues will be recorded into Backlog in the first quarter of 2021; the remaining value of the contract was recorded in Pending Backlog.
 - A contract was signed with Infrastructure Ontario for the design-build expansion at the Kenora Jail and the Thunder Bay Correctional Centre. The project will leverage the Company's integrated conventional site construction and innovative modular construction solutions through Bird's valued partnership with Stack Modular. The Company's teams in Manitoba and Ontario will bring together experience and local expertise, reaffirming Bird's commitment to building meaningful partnerships with regional communities including engagement with local Indigenous communities.

COVID-19 AND COMPANY RESPONSE

On March 11, 2020 the World Health Organization (“WHO”) declared COVID-19 a global pandemic (“COVID-19 pandemic” or “the pandemic”). Since the declaration, the Canadian construction industry has faced uncertainty as each provincial government has responded by implementing measures to address the public health threat. As this report is released, we are approaching the one-year anniversary since the pandemic began, and COVID-19 along with the variants of the virus that have emerged continues to be an important consideration; preventative safety measures remain in place and continue to vary from province to province as governments respond to fluctuations in case numbers. The duration of the pandemic and the associated impact to future financial and operational measures are unknown. As a result, the corresponding impacts to key variables including, our workforce, supply chain, project pursuit and awards cycle, and project site measures remain uncertain. The situation remains extremely fluid; however, the Company responded to the challenges presented in 2020 and is well positioned to continue responding to fluctuating scenarios in the year ahead.

The health and safety of employees is paramount and, as a result of the pandemic, the Company increased health and safety initiatives to meet or exceed guidance from applicable public health authorities. The Company’s COVID-19 response plan includes:

- Best practices for both office and field employees and managers.
- Self-assessment tools and new COVID-19 measure audits.
- Enhanced cleaning protocols and hygiene measures and physical distancing practices.
- Proximity activity hazard management process, including additional personal protective equipment requirements, such as face coverings, mandated for specific circumstances both in offices and in the field.
- Strategies to reduce concentrations of site workers such as staggered start times, breaks, and lunch times have been implemented on construction sites. Online COVID-19 information centres have also been created for employees and managers to ensure all team members are kept informed as the situation continues to evolve.
- Remote work practices facilitated by information technology have been implemented and offices have also been adapted to ensure employee safety for those not working remotely.
- The Company continues to communicate on a regular basis with all employees and has highlighted the additional support offered by the provider of the Employee and Family Assistance Program (“EFAP”) to support employees and their families during this time.

Stuart Olson has exercised similar rigor in safety procedures both in the field and the office. Moving forward together, best practices will continue to be upheld and consistently applied between the two companies, while remaining in compliance with all provincial requirements.

At the onset of the pandemic, Bird took decisive measures to mitigate the uncertainty the pandemic presented. As such, the Company instituted a broad-based wage rollback starting mid-April through the end of May 2020 applicable to the Directors, executives and non-project related employees. Project-related employees were exempted from the wage rollback. The intent of the rollback was to avoid layoffs, where possible, thereby retaining its employees while ensuring its operations continued, its clients’ needs were satisfied, and the Company remained financially healthy.

Construction was generally considered an essential service by most provincial governments and as a result of the assistance of the federal government through the CEWS program, Bird reinstated wages in full as of June 1, 2020 and implemented a “make-whole” provision in July to ensure its employees were fully reimbursed for their foregone remuneration. The Company generally maintained employment levels throughout the year with a few exceptions where some temporary layoffs were implemented on projects that were temporarily slowed down or suspended by the client or by a provincial government. Additionally, the Company reduced discretionary spending and deferred capital expenditures where possible out of an abundance of caution. All these efforts contributed to a strengthened financial position to withstand potential prolonged impacts of COVID-19.

For fiscal full-year 2020, management estimates that the business experienced a reduction in revenues of approximately \$175 million with an associated decrease in profitability, as a direct result of the pandemic. This impact can be primarily attributed to delays in the conversion of some projects from Pending Backlog to Backlog, delays in project tenders and awards and was compounded by reduced productivity on project sites.

The Company, its executives and Directors want to acknowledge the continued efforts and sacrifices that our employees have made to ensure that the Company continues operating safely and effectively, while delivering upon its project commitments through these unprecedented times. Furthermore, given Bird employees' unwavering dedication to clients and their projects during these unprecedented times, the Board of Directors recently approved merit and promotional increases for the upcoming year.

ANNUAL RESULTS OF OPERATIONS

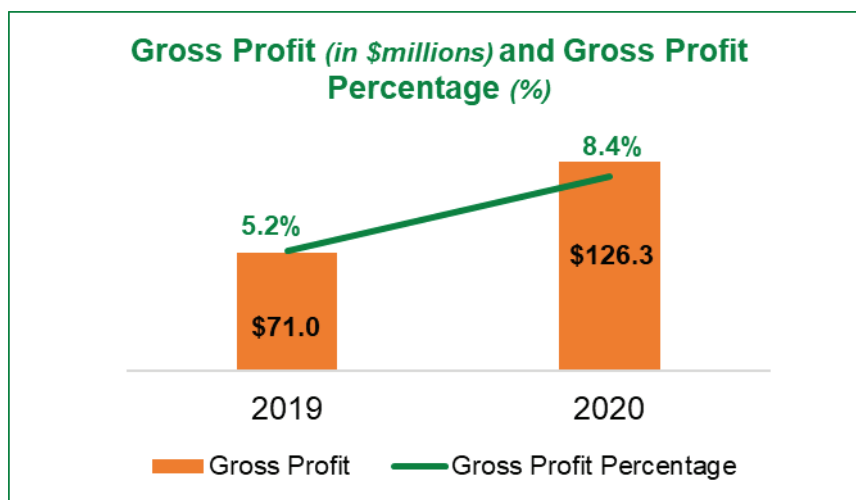
Consolidated Statement of Income and Additional Financial Indicators			
(in thousands of Canadian dollars except per share amounts and percentages)			
	For the year ended		
	2020	2019	% change
Construction revenue	\$ 1,504,432	\$ 1,376,408	9.3%
Costs of construction	1,378,132	1,305,458	5.6%
Gross profit	126,300	70,950	78.0%
Income from equity accounted investments	7,792	2,693	189.3%
General and administrative expenses	(78,777)	(58,722)	34.2%
Income from operations	55,315	14,921	270.7%
Finance income	1,511	2,596	-41.8%
Finance and other costs	(7,506)	(5,558)	35.0%
Income before income taxes	49,320	11,959	312.4%
Income tax expense	13,217	2,475	434.0%
Net income for the period	\$ 36,103	\$ 9,484	280.7%
Basic and diluted earnings per share	\$ 0.80	\$ 0.22	263.6%
Adjusted Earnings ⁽¹⁾	\$ 41,579	\$ 9,484	338.4%
Adjusted Earnings Per Share ⁽¹⁾	\$ 0.92	\$ 0.22	318.2%
Adjusted EBITDA ⁽¹⁾	\$ 81,937	\$ 32,292	153.7%
Adjusted EBITDA Margin ⁽¹⁾	5.5%	2.4%	131.9%

(1) Adjusted Earnings, Adjusted Earnings Per Share, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures and do not have standardized meanings under IFRS. See "Terminology and Non-GAAP Measures."

In fiscal 2020, the Company recorded net income of \$36.1 million on construction revenue of \$1,504.4 million compared with net income of \$9.5 million on \$1,376.4 million of construction revenue respectively in 2019. The year-over-year increase in revenue was driven by higher industrial project revenues, partially offset by lower revenues in commercial and institutional projects due to COVID-19 pandemic delays, as well as the contribution of revenue from Stuart Olson in 2020. Excluding the revenue contribution from Stuart Olson, the Company experienced a year-over-year revenue decline in the second, third and fourth quarters of 2020 attributable to the COVID-19 pandemic. The year-over-year increase in net income is reflective of the mix of the higher margin industrial work program, in addition to less margin erosion on a challenging PPP project in 2019, numerous cost containment efforts in response to the pandemic, as well as the inclusion of Stuart Olson net income in the fourth quarter. In fiscal 2020, Company recognized a pre-tax recovery of compensation expense of \$24.8 million related to the CEWS program. Although the timing of recording the CEWS benefit was a significant factor affecting fourth

quarter net income, on a full year basis CEWS did not fully offset the negative impact which COVID-19 had on revenues and margins.

The Company remains focused on investing in both people and technology and in diversifying its earnings base with a stronger margin profile. The mix of revenue in 2020 differs from that of 2019 as evidenced by the increase in the industrial work program relative to work performed in the institutional and commercial sectors. This trend is expected to continue into 2021. The institutional market sector contributed 37% of 2020 revenues (43% in 2019). The industrial market sector contributed 41% of 2020 revenues (39% in 2019). The retail and commercial sector contributed 22% of 2020 revenues (18% in 2019).



The Company's 2020 annual gross profit of \$126.3 million was \$55.3 million higher than the \$71.0 million recorded for 2019. Gross Profit Percentage in 2020 was 8.4%, an increase of 325 basis points from fiscal 2019 Gross Profit Percentage of 5.2%. The increase in gross profit is due to a higher-margin work program as revenue continues to shift from institutional and commercial projects to a more balanced work program including industrial, which has a higher gross profit profile, as well as the contribution of fourth quarter gross profit from Stuart Olson. Fiscal 2020 gross profit includes a recovery of \$21.2 million of compensation expense in costs of construction for the year ended December 31, 2020, under the CEWS program, increasing gross profit. An additional significant factor contributing to the year-over-year improvement in gross profit was the Company's increased contract pursuit selectivity in its institutional and PPP business, targeting lower risk opportunities best aligned with execution capabilities. Thereby avoiding notable underperforming contracts which resulted in headwinds to gross profit in recent years. 2019 gross profit was negatively impacted by a PPP project that incurred additional costs due to design-related scope growth and acceleration expenses.

Income from equity accounted investments in 2020 was \$7.8 million, compared with \$2.7 million in same period of 2019. The primary driver of the year-over-year increase was net gains on sale of certain investments in equity accounted entities of \$3.1 million. In addition, equity income increased year-over-year from several equity accounted investments across Canada.

For the year ended December 31, 2020, general and administrative expenses of \$78.8 million (5.2% of revenue) were \$20.1 million higher than \$58.7 million (4.3% of revenue) of general and administrative expenses in 2019. During the year, the Company had higher professional fees of \$9.6 million (including \$7.2 million related to acquisition and integration activities associated with the Stuart Olson transaction) and higher compensation costs of \$8.9 million (net of \$3.6 million related to cost recoveries from the CEWS program). Also driving the increase were higher amortization and depreciation of \$4.8 million, higher foreign exchange costs of \$0.5 million and higher technology related costs of \$1.2 million. Partially offsetting the increases in expense were reduced PPP pursuit costs of \$2.2 million, and lower travel, conference and other discretionary spend of \$1.6 million as the Company managed this spending throughout the COVID-19 pandemic. In addition, gains on sale of property and equipment were \$1.2 million higher than the amounts recorded in the prior year.

Finance income of \$1.5 million in 2020 was lower than the \$2.6 million recorded in the same period of 2019. Interest income earned on deposits has been impacted by lower variable interest rates in 2020.

Finance and other costs of \$7.5 million were \$1.9 million higher than the \$5.6 million reported in 2019. The increase was due to \$1.0 million higher interest expense on loans and borrowings and right of use liabilities, \$1.5 million higher interest on non-recourse project financing, partially offset by the year-over-year gain on the Company's interest rate swaps as the mark-to-market loss was unwound at the end of the swap related to non-recourse project financing, and a reduction of other interest expenses of \$0.6 million.

In 2020, income tax expense was \$13.2 million, compared to \$2.5 million recorded in 2019. The increase in income tax expense was in-line with the year-over-year improvement in income before taxes. In addition, certain expenses attributable to the acquisition of Stuart Olson are non-deductible for tax purposes, which increased the effective tax rate.

Adjusted Earnings and Adjusted Earnings Per Share for fiscal 2020 were \$41.6 million and \$0.92, respectively, compared with \$9.5 million and \$0.22 respectively, in fiscal 2019. The year-over-year increase in net income is reflective of the improvement in earnings attributable to the mix of the higher margin industrial work program and increased costs on a certain contract incurred in 2019 that did not recur in 2020, the inclusion of fourth quarter earnings from Stuart Olson, and the previously discussed pre-tax compensation cost recovery of \$24.8 million related to CEWS.

Adjusted EBITDA for fiscal 2020 was \$81.9 million compared to \$32.3 million in the comparable period in 2019. Adjusted EBITDA Margin in 2020 was 5.5% and increased 310 basis points from the 2019 EBITDA margin of 2.4%. The year-over-year improvement was driven by an increase in gross profit due to the revenue mix, and the previously described PPP project, the Adjusted EBITDA contribution of Stuart Olson, and the previously discussed pre-tax compensation cost recovery of \$24.8 million related to CEWS.

QUARTERLY RESULTS OF OPERATIONS

Consolidated Statement of Income and Additional Financial Indicators			
(in thousands of Canadian dollars except per share amounts and percentages)			
	For the three months ended		% change
	2020	2019	
Construction revenue	\$ 554,960	\$ 420,612	31.9%
Costs of construction	493,426	394,228	25.2%
Gross profit	61,534	26,384	133.2%
Income from equity accounted investments	(189)	739	-125.6%
General and administrative expenses	(32,822)	(16,302)	101.3%
Income from operations	28,523	10,821	163.6%
Finance income	178	769	-76.9%
Finance and other costs	(1,731)	(1,553)	11.5%
Income before income taxes	26,970	10,037	168.7%
Income tax expense	6,436	1,870	244.2%
Net income for the period	\$ 20,534	\$ 8,167	151.4%
Basic and diluted earnings per share	\$ 0.39	\$ 0.19	105.3%
Adjusted Earnings ⁽¹⁾	\$ 21,526	\$ 8,167	163.6%
Adjusted Earnings Per Share ⁽¹⁾	\$ 0.41	\$ 0.19	115.8%
Adjusted EBITDA ⁽¹⁾	\$ 40,011	\$ 16,012	149.9%
Adjusted EBITDA Margin ⁽¹⁾	7.2%	3.8%	89.2%

(1) Adjusted Earnings, Adjusted Earnings Per Share, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures and do not have standardized meanings under IFRS. See "Terminology and Non-GAAP Measures."

During the fourth quarter of 2020, the Company recorded net income of \$20.5 million on construction revenue of \$555.0 million compared with net income of \$8.2 million on \$420.6 million of construction revenue in 2019. The year-over-year increase of revenue in the fourth quarter of 31.9% was primarily driven by the inclusion of \$237.6 million of fourth quarter revenue from Stuart Olson in 2020. The increase in fourth quarter revenue was partially offset by lower revenues in all work programs of legacy Bird due to delays in securing new projects and projects that have been temporarily delayed by clients as a result of the COVID-19 pandemic. The year-over-year increase in fourth quarter net income is primarily attributable to the inclusion of Stuart Olson and a pre-tax recovery of compensation costs of \$21.7 million related to CEWS in the fourth quarter of 2020, of which approximately \$11.6 million relates to the first nine months of 2020 (\$0.4 million first quarter 2020, \$3.8 million second quarter 2020, and \$7.4 million third quarter 2020). This was partially offset by lower fourth quarter earnings in Bird's work program due to the effects of the COVID-19 pandemic and the stage of completion in certain industrial projects in the fourth quarter year-over-year. Although the timing of recording the CEWS benefit was a significant factor affecting fourth quarter net income, on a full year basis CEWS did not fully offset the negative impact which COVID-19 had on revenues and margins.

The Company's 2020 fourth quarter gross profit of \$61.5 million was \$35.1 million higher than the \$26.4 million recorded a year ago. Gross Profit Percentage in the fourth quarter of 2020 was 11.1%, an increase of 482 basis points from 6.3% recorded a year ago. The increase in gross profit is due to the recovery of \$18.7 million of compensation expense in costs of construction under the CEWS program and the inclusion of Stuart Olson results. This was partially offset by lower fourth quarter gross profit in Bird's work program due to project delays as a result of the COVID-19 pandemic and the stage of completion in certain industrial projects in the fourth quarter year-over-year.

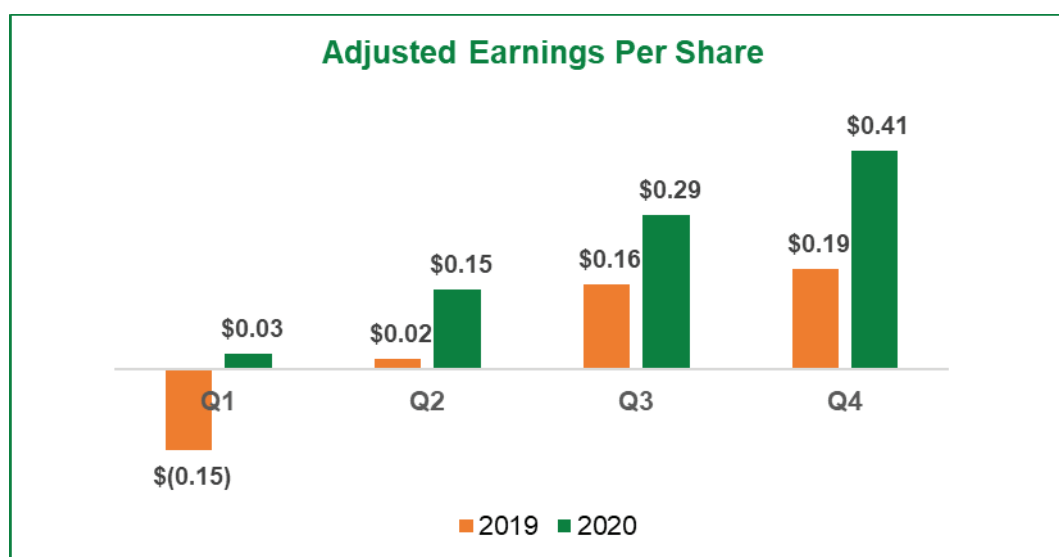
The loss from equity accounted investments in the fourth quarter of 2020 was \$0.2 million, compared with \$0.7 million of income in same period of 2019. The loss in the fourth quarter is primarily due to an equity loss on a project in Ontario.

In the fourth quarter of 2020, general and administrative expenses of \$32.8 million (5.9% of revenue) were \$16.5 million higher than \$16.3 million (3.9% of revenue) in the corresponding period a year ago. The primary driver for the increase is the addition of Stuart Olson results in the fourth quarter of 2020. The Company incurred higher professional fees of \$3.4 million (including \$2.1 million related to acquisition and integration activities associated with the Stuart Olson transaction) and higher compensation costs of \$9.5 million (net of \$3.0 million related to cost recoveries from the CEWS program). Also driving the year-over-year increase were \$4.7 million of higher amortization and depreciation costs and higher technology costs of \$0.8 million. Partially offsetting the increase in expenses were \$1.6 million lower pursuit costs, travel and other discretionary costs of \$0.2 million, and lower foreign exchange expense of \$0.1 million than the amounts recorded a year ago.

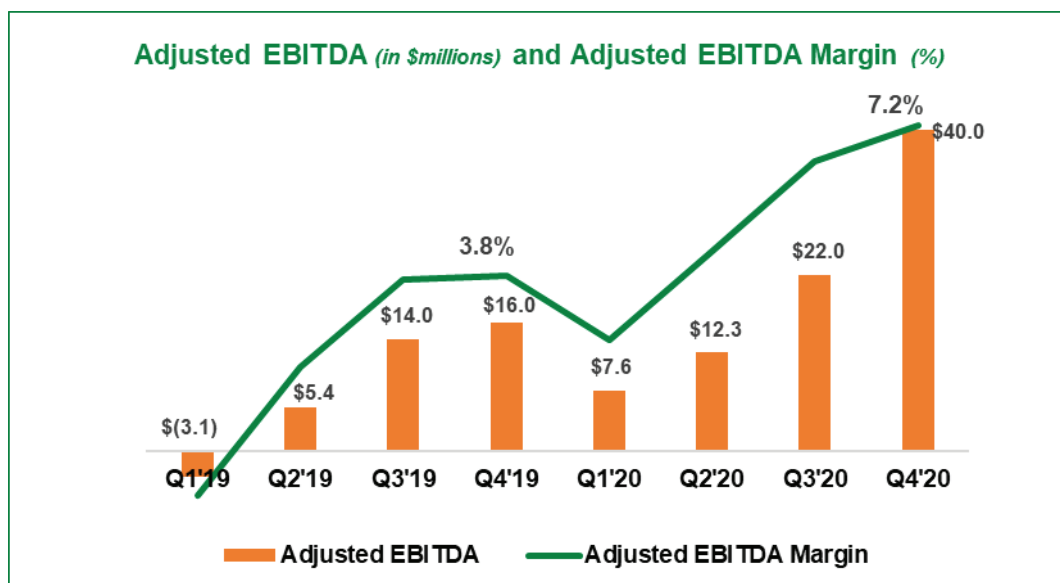
Finance income of \$0.2 million in the fourth quarter of 2020 was lower than the \$0.8 million recorded in the same period of 2019. Interest earned on average cash balances during the quarter was lower due to a reduction in cash held for joint operations as projects near completion compared to the prior year, combined with lower interest rates.

Finance and other costs of \$1.7 million were comparable to the \$1.6 million reported in the fourth quarter of 2019. In the fourth quarter, the \$0.7 million higher interest expense on loans and borrowings and right of use liabilities was partially offset by \$0.5 million lower interest on non-recourse project financing due to the repayment of the loan facility in the fourth quarter of 2020 as the Ontario Provincial Police (“OPP”) Modernization Phase 2 project reached substantial completion.

In the fourth quarter of 2020, income tax expense was \$6.4 million, compared to \$1.9 million recorded in the fourth quarter of 2019. The increase in income tax expense was in-line with the improvement in year-over-year income before taxes. In addition, certain expenses attributable to the acquisition of Stuart Olson are non-deductible for tax purposes, which increased the effective tax rate.



Adjusted Earnings and Adjusted Earnings Per Share in the fourth quarter of 2020 were \$21.5 million and \$0.41, respectively, compared with Adjusted Earnings and Adjusted Earnings Per Share in the fourth quarter of 2019 of \$8.2 million and \$0.19, respectively. The year-over-year increase in fourth quarter Adjusted Earnings is reflective of the improvement in earnings due to compensation cost recoveries under the CEWS program and the inclusion of Stuart Olson’s fourth quarter results.



Adjusted EBITDA and Adjusted EBITDA Margin in the fourth quarter of 2020 were \$40.0 million and 7.2%, respectively. Adjusted EBITDA increased \$24.0 million from the Adjusted EBITDA of \$16.0 million in the fourth quarter of 2019. Adjusted EBITDA Margin increased 340 basis points from the Adjusted EBITDA margin of 3.8% recorded in the fourth quarter of 2019. The fourth quarter of 2020 includes \$21.7 million related to CEWS. In addition, fourth quarter 2020 includes Adjusted EBITDA from Stuart Olson.

KEY PERFORMANCE INDICATORS

Securements, Pending Backlog and Backlog

Securing profitable construction contracts and then controlling the costs during the execution of that work are the key drivers of success for the Company. To achieve this, new work must be available, which is a function of the general state of the economy. In periods of strong economic growth, client capital spending will generally increase and there will be more opportunities available in the construction industry. In economic downturns, fewer opportunities typically exist and competition for those opportunities becomes even more intense, generally resulting in lower Gross Profit Percentages. The Company must be successful in securing profitable work in various economic conditions. The construction industry is highly fragmented and accordingly, the Company competes with several international, national, regional and local construction firms. One of the Company's competitive advantages rests in its long-standing reputation for successfully delivering high quality projects that fully meet the needs of the customer, which enables the Company to secure repeat business from existing clients and win work with new clients.

The Company's success in securing work is also reflected in the values of its Pending Backlog and Backlog. The following table shows the Company's balances at December 31 of the current and prior reporting periods:

(in thousands of Canadian dollars)	2020	2019
Pending Backlog ⁽¹⁾	\$ 1,635,900	\$ 625,000
Backlog	\$ 2,682,498	\$ 1,547,427
(1) Pending Backlog does not have a standardized meaning under IFRS. See "Terminology and Non-GAAP Measures."		

Pending Backlog at December 31, 2020 was approximately \$1,635.9 million compared to \$625.0 million at December 31, 2019. Pending Backlog now includes a greater proportion of Master Service Agreement ("MSA") contracts from Stuart Olson. These contracts are typically with industrial clients, that span multiple years for MRO services, and amount to \$1,117.6 million, which represents a recurring revenue stream over the next one to six years. The Company expects to convert these MSAs to Backlog as purchase orders are received. The remaining projects comprising Pending Backlog are geographically diverse and span multiple sectors and contracting methods. Projecting the timing of converting these projects into contracts has become more difficult as a result of the pandemic and several have shifted later into 2021.

The Company's Backlog of \$2,682.5 million at December 31, 2020 increased \$1,135.1 million or 73.4% from December 31, 2019, mainly due to the acquisition of Stuart Olson which contributed \$995.7 million of Backlog at acquisition date, primarily consisting of commercial and institutional projects.

The following table outlines the changes in the amount of the Company's Backlog throughout the current and prior reporting periods:

(in millions of Canadian dollars)	2020	2019
Opening balance	\$ 1,547.4	\$ 1,295.9
Business combination	995.7	-
Securement and change orders	1,643.8	1,627.9
Realized in construction revenues	(1,504.4)	(1,376.4)
Closing balance	\$ 2,682.5	\$ 1,547.4

Gross Profit Percentage

Once the Company has secured a contract, the profitability of that contract, measured by the Gross Profit Percentage, is primarily a function of management's ability to control costs, achieve productivity objectives associated with the contract and resolve outstanding commercial issues as they arise.

During 2020 the Company realized a Gross Profit Percentage of 8.4% compared with 5.2% in 2019. The significant year-over-year improvement is driven by the revenue mix, with a larger portion of revenue recognized from the Company's higher margin industrial work program, as well as the inclusion of the results of Stuart Olson. Recoveries from CEWS reduced compensation expense by \$21.2 million or 1.4% of 2020 revenue. 2019 Gross Profit Percentage was also negatively impacted by a PPP project that incurred additional costs due to design-related scope growth and acceleration expenses. There were substantial changes to the scope of the project requested by the client that are in commercial negotiation. This PPP project achieved substantial performance in the first quarter of 2020.

Financial Condition

The Company must have adequate working capital and equity retained in the business to support its ongoing operations, including surety and contract security requirements. The Company continually monitors the adequacy of its working capital and equity to satisfy contract security needs. The following table shows the working capital and shareholders' equity balances of the Company at December 31 of the current and prior reporting periods:

(in thousands of Canadian dollars)	2020	2019
Working capital	\$ 135,514	\$ 80,503
Shareholders' equity	\$ 212,610	\$ 127,720

At December 31, 2020, the Company had working capital of \$135.5 million compared with \$80.5 million at December 31, 2019, an increase of \$55.0 million, mainly related to the acquisition of Stuart Olson, which added \$38.1 million of working capital. The \$16.9 million remaining increase is primarily the result of the Company's net income of \$36.1 million exceeding the \$17.6 million of dividends by \$18.5 million. In addition, there was a decrease in non-cash assets comprised of \$5.1 million of investments in equity accounted entities offset by the decrease in non-current liabilities of \$3.5 million.

The \$84.9 million increase in the Company's shareholders' equity since December 31, 2019 was primarily the result of the \$65.5 million of common shares issued as part of the Stuart Olson acquisition and net income of \$36.1 million, partially offset by \$17.9 million dividends declared.

As a result of the strength of the Company's balance sheet, the Company believes it has sufficient amounts of both working capital and equity to execute on its diversified work program and to accommodate expected growth in that work program during 2021.

Safety

Bird's approach to safety continues to evolve in response to new technologies, tools, strategies, and challenges such as COVID-19. At Bird, ensuring that all work on the Company's sites is executed to exacting quality standards begins with the commitment to creating and sustaining a culture in which the identification, assessment, and elimination or control of hazards and risks is incorporated into every aspect of operations. This is a cornerstone of the Company's operational philosophy and approach.

Ensuring that all workers leave the jobsite everyday just as healthy and safe as when they arrived is a shared commitment and by working collaboratively with employees and subcontractors to achieve this, the Company minimizes risk and creates the appropriate conditions for the safe execution of construction activity - on time, on budget, and to our client's satisfaction. Bird believes this shared commitment is critical to its overall success.

Through robust orientation and training programs and ongoing communication and engagement activities, the Company encourages all workers to actively contribute to ongoing efforts to continuously improve not only the safety program, but overall collaboration and effectiveness. In this way, Bird's workers not only leave work healthy and safe every day, but in doing so, help contribute to the Company's overall operational excellence.

At Bird, Personal Ownership is not just a vision or a philosophy, it is a daily routine practiced with discipline and rigor on all Bird job sites.

	2020	2019
Person-hours of work	5,641,819	3,943,846
Lost time incidents ("LTI")	1	0
Lost time incidents frequency ("LTIF")	0.04	0.00

OUTLOOK

The Company had a strong finish to 2020 with financial performance surpassing fourth quarter and full-year 2019 results. Faced with significant uncertainty at the onset of the pandemic, the Company took prudent measures to ensure it remained financially stable. A healthy Backlog and cash position at the start of 2020, coupled with strong financial and disciplined operational performance not only allowed Bird to perform well, but also permitted the Company to undertake the significant and transformational acquisition of Stuart Olson that was completed in the third quarter of 2020.

Given Bird's significant financial strength prior to the declaration of the pandemic, the Company completed the largest and most transformative transaction in the Company's 100-year history. Since closing the transaction, the integration of the two companies is well underway. The newly combined Bird team is sharing best practices and is expected to harmonize under one common employee benefits program, share purchase plan and a Company-matched registered retirement savings plan commencing in the second quarter of 2021. Integration planning targets set for the first 100 days have been achieved and the Company is on track to attain the previously stated \$25.0 million in cost synergies by the end of 2021. The Company has set in motion \$6.9 million of the \$10.0 million in EBITDA synergies and has realized the full annualized interest and depreciation and amortization savings of \$10.0 million and \$5.0 million, respectively. Management has also identified cross-selling opportunities which it is exploring and are expected to accelerate in the coming years. Stuart Olson contributed to the Company's net income in its first full quarter as part of the Company and the combination of its strong core business, and both expected revenue and expense synergies from combination with the Bird core businesses, are expected to be accretive to net income per share in 2021 and beyond. The addition of Stuart Olson is also supportive of the Company's strategy of diversification into lower risk and sustainable income streams.

Similar to the start of fiscal 2020, the Company started fiscal 2021 with both a strong Backlog and cash position. At December 31, 2020, Backlog stood at \$2.7 billion, with an additional \$1.6 billion classified as Pending Backlog, while cash and cash equivalents were \$212.1 million, of which \$96.7 million was accessible. The Company expects to recognize 59% of Backlog to revenue over the next twelve months, with the balance to convert beyond that period. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control. Management has increased confidence in the acquired Backlog and the overall embedded margins and risk profile, noting the Company made necessary contingencies at the time of acquisition.

A key focus of the Company has been to ensure it has an appropriately balanced risk profile of Backlog through disciplined project selection. The acquired Backlog further reduces this risk profile, but also slightly reduces the embedded Backlog margin. As the impacts from the pandemic subside, the Company anticipates the margin profile of the Backlog to increase in a rebounding economy. With the acquisition of Stuart Olson, the overall Backlog is now more diversified across a broad range of markets and contracting methods. The Company expects the proportion of revenue earned from higher risk contract types to remain low in 2021 when compared to previous years. This reduced risk profile is inherently accompanied by a lower Backlog margin profile in components of the Stuart Olson Backlog and, as such, will slightly reduce the combined company's margin profile in the near-term when compared to 2020. Despite this dynamic, the addition of Stuart Olson contributed positively to profitability in the fourth quarter of 2020. As always, Bird will take a disciplined approach in matching available talent to the risk profile of a project and overall work program to mitigate risk.

The second wave of the pandemic further pushed projects in the pursuit pipeline out to later dates and has resulted in delays in the conversion of some projects in Pending Backlog into Backlog. Additionally, Bird has seen delays in project tenders and awards from clients, and experienced reduced productivity on project sites as a result of increased safety protocols implemented during the first wave of the pandemic. Throughout 2020, the Company experienced delays in smaller sized or short-term projects in locations such as Manitoba and Atlantic Canada, and more recently in the first quarter of 2021 had several large projects in British Columbia impacted when the BC Public Health Office implemented worksite protocols limiting the number of employees on project sites. Consequently, and while timing remains uncertain, the Company anticipates governmental restrictions will further result in project delays in the first half of 2021, shifting portions of the work program into the back half of the year.

and into 2022, which will negatively impact both revenue and gross profit in the year. In addition, the Company does not anticipate that it will qualify to the same extent from the CEWS program in 2021 as it did in 2020 based on the updated criteria put in place through June 2021 by the federal government. This will place downward pressure on profitability margin percentages on a year-over-year basis as the Company expects to maintain its workforce. The Company is well-positioned to benefit from government stimulus spending, given its expanded capabilities, and will closely monitor projects as they are announced.

With the **Build Bird** five-year strategic plan nearing completion, the Company plans to release a new three-year strategic plan in 2021. Bird is committed to prioritizing sustainability and its Sustainability Overview can be viewed in the 2020 Annual Report.

As always, Bird remains committed to building long-term shareholder value through sustainable profitable growth as management remains focused on managing the overall risk profile of its Backlog while looking to improve the margin profile of the newly combined entity, which is a key area of focus for the Company moving forward. From a capital allocation standpoint, the Company will continue to pursue a balanced mandate. In the short-term, Management expects to deploy cash generated in operating activities towards strengthening its balance sheet, which will position the Company to successfully capitalize on both organic and inorganic growth opportunities as they arise. The acquisition of Stuart Olson creates additional opportunity for our people and our customers, and Bird is well-positioned to play a major role in the Canadian construction industry with the potential to create long-term value for all stakeholders for decades to come.

CAPABILITY TO DELIVER RESULTS

Productive capacity relates to the financial and non-financial resources available to the Company to execute its strategy and achieve planned results. From a financial perspective, the Company believes it has sufficient working capital and access to operating lines of credit to execute its current operational and growth forecast. The belief is explained in sections of this MD&A dealing with financial condition and liquidity.

In addition to financial capacity, the success of the Company is dependent upon the management and leadership skills of senior management. On an annual basis, high-performing candidates are identified for training and progression into more senior positions within the Company. The Company's performance management system emphasizes the development of leadership skills. In addition, the Company sponsors internal and external training programs, including the Bird Leadership Academy, the Bird Site Management program and the Taking Flight management training program, to provide a forum for high-potential candidates to develop their leadership skills.

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The following table presents a summary of the Company's financial condition at December 31 of the current and prior reporting periods:

(in thousands of Canadian dollars)	2020	2019
Cash and cash equivalents	\$ 212,068	\$ 180,334
Non-cash working capital	(76,554)	(99,831)
Working capital	135,514	80,503
Non-current loans and borrowings	64,903	34,738
Non-current right-of-use liabilities	59,327	23,075
Shareholders' equity	212,610	127,720

As a result of the strength of the Company's balance sheet, the Company believes it has sufficient amounts of both working capital and liquidity to execute its Backlog and to accommodate expected growth in its diversified work program during 2021.

As a component of working capital, the Company maintains a balance of cash and cash equivalents. At December 31, 2020, this balance totalled \$212.1 million. Included in cash and cash equivalents was \$60.2 million of cash in special purpose joint operation bank accounts (\$134.0 million at December 31, 2019). Cash and cash equivalents generally available for operations at December 31, 2020 was \$96.7 million (\$36.1 million at December 31, 2019) with the remainder held in trust or joint operations accounts.

Non-cash working capital was in a net liability position of \$76.6 million at December 31, 2020, compared to a net liability position of \$99.8 million at December 31, 2019.

The non-cash working capital position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and the timing in the settlement of income taxes payable. The Company's cash balances absorb these fluctuations with no net impact to the Company's net working capital position or ability to access contract surety support. The Company believes it has sufficient working capital to support its current and projected contract requirements.

At December 31, 2020, the Company had working capital of \$135.5 million compared with \$80.5 million at December 31, 2019, an increase of \$55.0 million, mainly related to the acquisition of Stuart Olson, which added \$38.1 million of working capital. The \$16.9 million remaining increase is primarily the result of the Company's net income \$36.1 million exceeding the \$17.6 million of dividends by \$18.5 million. In addition, there was decrease in non-cash assets comprising of a \$5.1 million investments in equity accounted entities offset by the decrease in non-current liabilities of \$3.5 million.

Credit Facilities

During the fourth quarter of 2020, the Company entered into a three-year, \$200.0 million committed, syndicated credit facility. The Company is well-served by its long-held philosophy of maintaining a strong balance sheet and, as a result, is well-positioned to weather these uncertain times with \$96.7 million of accessible cash and cash equivalents (excluding cash held in joint ventures and trust accounts) and \$167.3 million of capacity available via its syndicated credit facility, providing adequate liquidity. The Company has also worked closely with Export Development Canada ("EDC") and has increased its Account Performance Security Guarantee ("APSG") limit from \$25 million to \$75 million, which increased liquidity for the Company. Despite the negative financial impacts from the COVID-19 pandemic in 2020, the Company has sufficient funding to meet its foreseeable operating requirements and expects to remain in compliance with all banking covenants.

The Company has several credit facilities available to access in order to support the issuance of letters of credit, finance future capital expenditures and finance the day-to-day operations of the business.

Syndicated Credit Facility

- **Committed revolving credit facility**

As part of the Syndicated facility, the Company replaced its previous committed revolving operating credit facility of \$85.0 million at December 31, 2019, which had increased to \$100.0 million during the third quarter of 2020, with a \$165.0 million committed revolving credit facility. The \$165.0 million committed revolving credit facility matures December 7, 2023. As part of the agreement, the Company provides a general secured interest in the assets of the Company.

At December 31, 2020, the Company has \$22.7 million in letters of credit outstanding and has drawn \$25.0 million on this facility. The \$25.0 million draw is presented as long-term loans and borrowings on the Company's statement of financial position. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A standby fee is payable quarterly on the unutilized portion of the facility. The Company was in full compliance with its covenants under each respective facility as at December 31, 2020 and 2019. Draws of \$25.0 million (December 31, 2019 - \$15.0 million) on the previous committed revolving operating credit facility were repaid in full in 2020.

- **Committed non-revolving term debt facility**

As part of the Syndicated facility, the Company replaced its previous \$35.0 million committed, term debt revolving facility with a committed non-revolving term loan facility totalling \$35.0 million. As of December 31, 2020, the Company has drawn \$35.0 million to finance the acquisition of Stuart Olson. The loan has scheduled repayments due quarterly until the maturity date of September 24, 2028. Any repayment of the facility cannot be reborrowed. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. Draws of \$26.3 million (December 31, 2019 - \$10.0 million) on the previous committed revolving term loan facility were repaid in full in 2020.

- **Accordion**

The Company has an accordion of up to an additional \$50.0 million to increase the limit of the committed revolving credit facility and the committed non-revolving term debt facility. The aggregate increase to the committed revolving credit facility and committed non-revolving term debt facility may not exceed the combined \$50.0 million.

The Company was in full compliance with its covenants under each respective facility as at December 31, 2020 and 2019.

Letters of Credit Facilities

The Company has available \$125.0 million of demand facilities used primarily to support the issuance of letters of credit. All letters of credit issued under these facilities are supported by the pledge of Company-owned financial instruments, including cash, or through a guarantee from EDC. At December 31, 2020, the Company has \$44.5 million in letters of credit outstanding on these facilities (December 31, 2019 - \$6.6 million).

The Company has available a facility with EDC to support the issuance of contract performance security letters of credit issued by financial institutions on behalf of the Company. The Company can use this facility only when letters of credit have been issued as contract security for projects that meet the EDC mandate.

Letters of credit are typically issued to support the Company's performance obligations relating to PPP and other construction projects.

The following table outlines the amount of the credit facilities, the amount of issued letters of credit and the amount of collateral pledged in support of the outstanding letters of credit at December 31 of the current and prior reporting periods:

(in thousands of Canadian dollars)	2020	2019
Committed revolving credit facility	\$ 165,000	\$ 85,000
Letters of credit issued from committed revolving credit facility	22,702	28,504
Drawn from committed revolving credit facility	25,000	15,000
Available committed revolving credit facility	117,298	41,496
Committed non-revolving term debt facility	\$ 35,000	\$ 35,000
Drawn from committed revolving term loan facility	35,000	10,000
Available committed revolving term loan facility	-	25,000
Accordion	\$ 50,000	\$ -
Drawn from Accordion	-	-
Available Accordion	50,000	-
Letters of credit facilities	125,000	80,000
Letters of credit issued from letters of credit facilities	44,490	6,559
Available letters of credit facilities	\$ 80,510	\$ 73,441
Collateral pledged to support letters of credit	\$ 139	\$ 139
Guarantees provided by EDC	\$ 44,353	\$ 6,421

Equipment Financing

The Company and its subsidiaries have term credit facilities of up to \$40.0 million to be used to finance equipment purchases. Borrowings under the facilities are secured with a first charge on the equipment being financed. As of December 31, 2020, there is \$9.2 million outstanding on the facilities of which \$0.6 million is classified as ROU liabilities (December 31, 2019 - \$12.4 million of which \$2.7 million is classified as ROU liabilities). Interest on the facilities can be charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

The Company also has multiple, fixed interest rate, term loans which were used to finance equipment purchases. At December 31, 2020, the balance outstanding on these term loans amounted to \$3,639 (December 31, 2019 - \$5,946). Principal and interest are payable monthly, and these term loans are secured by specific equipment of the Company.

The Company's total lease commitments are outlined under Contractual Obligations.

At December 31, 2020, the Company was in compliance with all debt covenants relating to its operating and equipment operating lease lines of credit.

Cash Flow Data

The following table provides an overview of cash flows during the following periods:

(in thousands of Canadian dollars)	(unaudited)		(unaudited)	
	Quarter ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Cash flows from operations before changes in non-cash working capital	\$ 39,806	\$ 15,525	\$ 71,696	\$ 30,201
Changes in contract assets - alternative finance projects	139,980	(28,367)	75,067	(68,054)
Changes in non-cash working capital and other	19,145	67,546	(17,816)	(223)
Cash flows from (used in) operating activities	198,931	54,704	128,947	(38,076)
Investments in equity accounted entities	(307)	112	(5,088)	-
Capital distributions from equity accounted entities	1,653	353	5,523	1,846
Proceeds on sale of investment in equity accounted entities	-	-	11,034	-
Additions to property, equipment and intangible assets	(6,068)	(2,807)	(14,227)	(14,431)
Proceeds on sale of property and equipment	2,843	733	9,211	2,661
Acquisition of Stuart Olson	-	-	(59,960)	-
Other	(1,134)	(244)	(392)	1,705
Cash flows from (used in) investing activities	(3,013)	(1,853)	(53,899)	(8,219)
Proceeds from issue of common shares	-	-	39,876	-
Dividends paid on shares	(5,171)	(4,145)	(17,607)	(16,582)
Proceeds from non-recourse project financing	1,891	29,039	46,782	72,832
Repayment of non-recourse project financing	(131,849)	-	(131,849)	-
Proceeds from loans and borrowings	26,376	10,000	88,283	24,536
Repayment of loans and borrowings	(26,684)	(1,507)	(56,658)	(5,113)
Repayment of right-of-use liabilities	(5,589)	(2,406)	(12,110)	(7,615)
Cash flows from (used in) financing activities	(141,026)	30,981	(43,283)	68,058
Increase in cash and cash equivalents	\$ 54,892	\$ 83,832	\$ 31,765	\$ 21,763

Operating Activities

During fiscal 2020, cash flows from operating activities generated cash of \$128.9 million compared with cash used of \$38.1 million in 2019.

Cash flows from operations before changes in non-cash working capital of \$71.7 million increased \$41.5 million year-over-year from the \$30.2 million cash generated in 2019 primarily due to the \$26.6 million improvement in net income, a \$10.7 million higher non-cash addback of income tax expense year-over-year, a \$5.9 million higher non-cash addback of amortization and depreciation expense year-over-year, a \$1.9 million higher non-cash addback of finance and other costs and a \$1.5 million higher non-cash addback of deferred compensation, partially offset by \$5.1 million higher non-cash reduction for income from equity accounted investments.

Changes in contract assets – alternative finance projects in 2020 increased \$143.1 million of cash year-over-year. This inflow of cash was partially offset by the \$131.8 million of repayment of non-recourse project financing during the fourth quarter of 2020. The activity in 2019 and 2020 relates to the OPP Modernization Phase 2 alternative finance project. The OPP Modernization project had increased construction activity throughout 2019 and most of 2020 and the resultant contract asset balance increased until the project was completed and billed to the client. The project obtained substantial completion and was billed and collected during the fourth quarter of 2020, enabling the full repayment of the non-recourse project financing in the same quarter.

During 2020, the \$17.6 million year-over-year decrease in cash from changes in non-cash working capital and other was primarily due to a \$155.2 million increase in accounts receivable and contract assets, collection of other assets of \$6.0 million, partially offset by a \$119.9 million increase in accounts payable and a \$45.7 million decrease in contract liabilities. During 2019, the primary drivers of the \$0.2 million decrease in cash from the changes in non-cash working capital and other was a \$36.6 million increase in accounts payable, a \$52.1 million increase in contract liabilities and partially offset by a \$75.5 million decrease in accounts receivable and contract assets.

The non-cash working capital position fluctuates significantly in the normal course of business from period to period, primarily due to the timing of differences between the settlement of payables due to subcontractors and suppliers, billings and collection of receivables from clients, and the timing of the settlement of income taxes payable.

Investing Activities

During 2020, the Company used \$53.9 million of cash from investing activities compared to the \$8.2 million used in 2019. In 2020, the Company used \$60.0 million of cash in the acquisition of Stuart Olson. In addition, the Company received proceeds of \$11.0 million from the sale of its investment in equity accounted entities, as well as incremental distributions from equity investments of \$3.7 million, which was partially offset by the additional investments in equity accounted entities of \$5.5 million. The Company also benefited from higher proceeds from the sale of equipment of \$6.5 million compared to the same period in 2019. This was offset by lower proceeds from the maturity of short-term investments of \$1.7 million in 2019.

Financing Activities

During 2020, the Company used \$43.3 million of cash from financing activities compared to \$68.1 million generated in 2019. The year-over-year change is primarily driven by the previously described \$131.8 million of repayment of non-recourse project financing during the fourth quarter of 2020, proceeds of \$39.9 million from the issuance of common shares related to the acquisition of Stuart Olson, and higher proceeds of \$63.7 million of loans and borrowings. This was partially offset by repayment of loans and borrowings and right-of-use liabilities that were \$56.0 million higher than the same period in 2019.

CONTRACTUAL OBLIGATIONS

At December 31, 2020, the Company has future contractual obligations of \$653.5 million. Obligations for accounts payable, right-of-use liabilities and loans and borrowings, including principal and estimated interest, over the next five years and thereafter are:

(in thousands of Canadian dollars)	Carrying amount	Contractual cash flows	Not later than 1 year	2 - 3 years	4 - 5 years	Later than 5 years
Accounts payable	\$ 490,470	490,470	479,189	11,281	-	-
Dividends payable	1,724	1,724	1,724	-	-	-
ROU liabilities	78,075	87,881	20,646	32,762	18,860	15,613
Committed revolving credit facility	25,000	25,000	-	25,000	-	-
Committed non-revolving term loan	35,000	35,000	1,750	8,750	9,800	14,700
Equipment financing	12,315	12,807	5,973	6,066	768	-
Note payable	598	598	598	-	-	-
	\$ 643,182	653,480	509,880	83,859	29,428	30,313

FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of derivative contracts, accounts receivable and other like amounts that will result in future cash receipts, as well as accounts payable, dividends payable, loans and borrowings, and any other amounts that will result in future cash outlays. The fair value of the Company's loans and borrowings approximate their carrying values on a discounted cash flow basis as the majority of these obligations bear interest at market rates. The fair values of the remaining financial instruments approximate their carrying value due to their relatively short periods to maturity.

The Company uses certain derivative financial instruments which are measured at fair value through profit and loss ("FVTPL"). These include interest rate swaps to manage its interest rate risk on non-recourse project financing and Total Return Swap ("TRS") derivative contracts for the purpose of managing its exposure to changes in the fair value of its share-based compensation programs due to changes in the Company's share price. The Company does not employ hedge accounting for any of its derivative contracts currently in place. The Company does not hold or use any derivative instruments for trading or speculative purposes. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews corporate policies on an ongoing basis. The financial instruments that Bird uses expose the Company to credit, liquidity, market and currency risks. Refer to Note 31 of the December 31, 2020 consolidated financial statements for further details.

Credit Risk

The Company is primarily exposed to credit risk through accounts receivable. Before entering into any construction contract and during the course of the construction project, the Company goes to considerable lengths to satisfy itself that the customer has adequate resources to fulfil its contractual payment obligations as construction work is completed. If a customer was unable or unwilling to pay the amount owing, the Company will generally have a right to register a lien against the project that will normally provide some security that the amount owed would be realized. The Company reviews impairment of its accounts receivable at each reporting period and reviews the provision for doubtful accounts for expected future credit losses. The Company takes into consideration the customer's payment history, creditworthiness, and the current economic environment in which the customer operates, to assess impairment. In determining the quality of accounts receivable, the Company considers any change in the credit quality of customers from the date credit was initially granted up to the end of the reporting period. As at December 31, 2020, the Company had \$57.3 million of accounts receivable (December 31, 2019 – \$45.6 million) which were greater than 90 days past due, with \$1.5 million provided for as at December 31, 2020 (December 31, 2019 – \$1.5 million). The provision for doubtful accounts has been included in general and administrative expense in the statement of income and is net of any recoveries that were provided for in a prior period. Management is not concerned about the credit quality and collectability of these accounts, as the Company's customers are predominantly large in scale and of high creditworthiness, and the concentration of credit risk is limited due to the Company's sizeable and unrelated customer base.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations as they become due. The Company manages this risk through management of its capital structure, monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants, and maintaining unused credit facilities where possible to ensure there are available cash resources to meet the Company's liquidity needs. In managing liquidity risk, the Company has access to committed short and long-term debt facilities as well as equity markets, the availability of which is dependent on market conditions.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and corporate bond yields, will affect the Company's income or the value of its holdings in liquid securities. The Company is exposed to interest rate risk to the extent that its credit facilities and TRS derivatives are based on variable rates of interest. The Company has certain share-based compensation plans, whereby the values are based on the common share

price of the Company. The Company has fixed a portion of the settlement costs of these plans by entering into various TRS derivative contracts.

Currency Risk

Currency risk is the risk that fluctuations in currency exchange rates will affect the Company's net income. The Company uses foreign currency to settle payments to vendors and subcontractors in the foreign currency. The Company's exposure to currency risk is not significant.

DIVIDENDS

The Company declared monthly eligible dividends on common shares payable on or about the 20th of the month following the month in which the dividend was declared. The following table outlines Bird's dividend history:

Dividend Period	2020	2019
January 1 to March 31	\$0.0975	\$0.0975
April 1 to June 30	\$0.0975	\$0.0975
July 1 to September 30	\$0.0975	\$0.0975
October 1 to December 31	\$0.0975	\$0.0975

As of March 9, 2021, the Board of Directors has declared eligible dividends with a record date subsequent to December 31, 2020 for the following months:

Eligible dividends declared	Record date	Payment date	Dividend per share
January dividend	January 29, 2021	February 19, 2021	\$0.0325
February dividend	February 26, 2021	March 19, 2021	\$0.0325
March dividend	March 31, 2021	April 20, 2021	\$0.0325
April dividend	April 30, 2021	May 20, 2021	\$0.0325

OUTSTANDING COMMON SHARE DATA AND STOCK EXCHANGE LISTING

The Company is authorized to issue an unlimited number of common shares. The Company had a total of 53,038,929 common shares outstanding at December 31, 2020 (December 31, 2019 - 42,516,853).

At December 31, 2020 there are nil stock options outstanding (December 31, 2019 – 100,000). With the approval of the Equity Incentive Plan (EIP) in May 2017, the Board of Directors resolved to suspend the stock option plan.

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol BDT.

OFF BALANCE SHEET ARRANGEMENTS

The Company has surety lien bonds issued on behalf of the Company valued at \$93.4 million at December 31, 2020 (December 31, 2019 - \$56.6 million).

The Company has recognized assets and liabilities for all leases with a term of more than twelve months, excluding low-value assets, in accordance with IFRS 16 *Leases*.

Further details of commitments and contingencies are included in Note 33 of the December 31, 2020 consolidated financial statements.

RELATED PARTY TRANSACTIONS

The Company's related parties, as defined by IFRS, are its joint arrangements and key management personnel. A description of any material transactions with these related parties is included in Note 34 of the December 31, 2020 consolidated financial statements.

SUMMARY OF QUARTERLY RESULTS

The Company experiences more seasonality in its business in the first quarter and early second quarter as a result of the more annualized nature of its mining work program and the timing of new project starts in its industrial work program. Contracts typically extend over several quarters and often over several years.

For purposes of quarterly financial reporting, the Company must estimate the cost required to complete each contract to assess the overall profitability of the contract and the amount of gross profit to recognize for the quarter. Such estimating includes contingencies to allow for certain known and unknown risks. The magnitude of the contingencies will depend on the nature and complexity of the work to be performed. As the contract progresses and remaining costs to be incurred and risk exposures become more certain, contingencies will typically decline or have been utilized, although certain risks will remain until the contract has been completed, and even beyond.

In some cases, variations in earnings may occur where costs incurred to date may be recoverable from insurance policies or claims to customers at a future date but cannot be recorded in the current quarter. In the case of insurance claims, financial recovery is not recorded until certainty of the recovery is attained. In the case of claims against customers that are considered constrained variable consideration, revenue is not recorded until it is highly probable that there will not be a significant reversal of cumulative revenue to date. As a result, earnings may fluctuate significantly from quarter-to-quarter, depending on whether large and/or complex contracts are completed or nearing completion during the quarter, or have been completed in a prior quarter, and may fluctuate based on timing of resolution of claims.

There are also several other factors that can affect the Company's revenues and profit from quarter-to-quarter. These include the timing of contract awards, the value of subcontractor billings and project scheduling. Management does not believe that any individual factor is responsible for changes in revenue from quarter-to-quarter, except for seasonality in the first quarter of each year and the impact of the COVID-19 pandemic during 2020.

(in thousands of Canadian dollars, except per share amounts)								
	2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	\$ 261,777	\$ 315,428	\$ 378,591	\$ 420,612	\$ 321,646	\$ 282,766	\$ 345,060	\$ 554,960
Net income (loss)	(6,466)	1,001	6,782	8,167	1,123	5,624	8,822	20,534
Earnings (loss) per share	(0.15)	0.02	0.16	0.19	0.03	0.13	0.20	0.39
Adjusted Earnings ⁽¹⁾	(6,466)	1,001	6,782	8,167	1,123	6,566	12,364	21,526
Adjusted Earnings Per Share ⁽¹⁾	(0.15)	0.02	0.16	0.19	0.03	0.15	0.29	0.41
Adjusted EBITDA ⁽¹⁾	(3,132)	5,447	14,021	16,012	7,562	12,328	22,036	40,011

(1) Adjusted Earnings, Adjusted Earnings Per Share and Adjusted EBITDA are non-GAAP measures and do not have standardized meanings under IFRS. See "Terminology and Non-GAAP Measures."

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited Consolidated Financial Statements for the year ended December 31, 2020.

New Accounting Standards, Amendments and Interpretations Adopted

Amendments to IFRS 3 – Definition of a Business

On October 22, 2018, the IASB issued amendments to IFRS 3 Business Combinations that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The Company adopted the amendments to IFRS 3 on a prospective basis on January 1, 2020. The adoption of the amendments to IFRS 3 did not have an impact on the financial statements.

Future Accounting Changes

There are new accounting standards, amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2021 and have not been applied in preparing the financial statements for the year ended December 31, 2020. These standards and interpretations are not expected to have a material impact on the Company's financial statements. The following standard is applicable to the Company:

Amendments to IFRS 16 Leases

On May 28, 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16). The amendments are effective for annual periods beginning on or after June 1, 2020. Early adoption is permitted.

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Company will adopt the amendments to IFRS 16 on a prospective basis and the amendments are not expected to have a material impact on the financial statements.

CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date.

Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impact of the COVID-19 pandemic

On March 11, 2020 the WHO declared COVID-19 a global pandemic. Since the declaration, the Canadian construction industry has faced uncertainty as each provincial government has responded by implementing social and work restrictions to address the public health threat. COVID-19, along with the variants of the virus that have emerged, continue to have a significant negative impact on the global and Canadian economy and preventative safety measures remain in place and continue to vary from province to province as governments respond to fluctuations in case numbers.

Due to the impact of the COVID-19 pandemic on both current and future market conditions and the economic environment, there is significant uncertainty and complexity in respect of certain judgements, estimates and assumptions used in the preparation of these financial statements. These include the amount of CEWS the Company has accrued or may qualify for in the future, project timing and progress, future contract awards, and collectability of accounts receivable and contract assets. The Company's operations could be impacted from disruptions to projects, the supply chain and shortages of labour. In addition, several projects that were expected to be awarded and secured have been delayed, suspended, or cancelled, and this could continue as a result of the pandemic. The future effectiveness of the Company's business continuity plan and various safety and austerity measures implemented is also subject to uncertainty.

Assets and liabilities acquired in a business combination

The Company assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3 *Business Combinations*. The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding cash flow projections, valuation techniques, economic risk, weighted average cost of capital and future events. The measurement of the purchase consideration and allocation process is therefore inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company's reported assets and liabilities (including the amounts allocated to intangible assets and goodwill), and future earnings due to the associated depreciation and amortization expense along with the required impairment testing.

Revenue and gross profit recognition

Construction revenue, construction costs, contract liabilities, and contract assets are based on estimates and judgements used in determining contract revenue and including the calculation of estimated costs to complete in order to calculate the stage of completion for a particular construction project, depending upon the nature of the construction contract, as more fully described in the revenue recognition policy. To determine the estimated costs to complete construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction activities, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. Many change orders and claims may not be settled until the construction project is complete or subsequent to completion and the nature of the relationship with the other party to the claim and the history of success of these claims may impact the associated

revenue or cost recovery. Claims against customers for variable consideration due to factors described above are assessed under the Company's revenue policy, which requires significant judgement. The amount of variable consideration that is constrained is the difference between the total claim value and the best estimate of recovery. This constrained value is reviewed each reporting period.

Provisions

Legal and warranty and other provisions involve the use of estimates. Estimates and assumptions are required to determine when to record and how to measure a provision in the financial statements. The outcomes may differ significantly from the estimates used in preparing the financial statements resulting in adjustments to previously reported financial results.

Impairment of non-financial assets

Management evaluates property and equipment, intangible assets, and right-of-use ("ROU") assets at the end of each reporting period to determine if there are events or circumstances which indicate that the carrying value may not be recoverable. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the recoverable amount of the cash-generating unit ("CGU"), or groups of CGUs to its carrying amount. There is a significant amount of uncertainty with respect to the estimate of the recoverable amount given the necessity of making economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, and estimates of achieving key operating metrics and drivers; and the discount rate. Refer to Note 17 of the December 31, 2020 consolidated financial statements for further details regarding the assumptions and estimates regarding the Company's goodwill impairment assessment.

Measurement of pension obligations

The Company's obligations and expenses related to defined benefit ("DB") pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The DB obligations and benefit cost levels will change as a result of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules, and future experience gains or losses, which have not been anticipated at this time. Actual experience that differs from assumptions will result in gains or losses that will be disclosed in future accounting valuations. Refer to Note 22 of the December 31, 2020 consolidated financial statements for further details regarding the Company's DB plans as well as a sensitivity analysis of a change in the discount rate assumption used in the calculations and the resultant impact to financial results.

Share-based payments

Compensation expense accrued for performance share units ("PSU") is dependent on an adjustment to the final number of PSU awards that will eventually vest based on a performance multiplier that is estimated by management and approved by the Board of Directors. Large fluctuations in compensation expense may occur due to changes in the underlying share price or revised management estimates of relevant performance factors.

Leases

The Company applies judgement in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease within the scope of IFRS 16 *Leases*. Leases that are recognized are subject to further management judgement and estimation in various areas specific to the arrangement. In determining the lease term to be recognized, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Lease liabilities have been estimated using a discount rate equal to the Company-specific incremental borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment.

Income taxes

Tax regulations and legislation are subject to change and there are differing interpretations requiring management judgement. Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in future periods, which requires management judgement. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods, which requires management judgement. Income tax filings are subject to audits and re-assessments and

changes in facts, circumstances and interpretations of tax laws may result in a material increase or decrease in the Company's provision for income taxes.

CONTROLS AND PROCEDURES

Controls & Procedures

As permitted by NI 52-109, *Certification of Disclosures in Issuers' Annual and Interim Filings*, Bird may limit its design of Disclosure Controls and Procedures or Internal Controls over Financial Reporting to exclude controls, policies and procedures of a business that was acquired not more than 365 days before the end of the financial period.

The controls and procedures set out below are limited to Bird companies and do not include controls, policies and procedures for Stuart Olson, acquired on September 25, 2020.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding information to be included in public disclosures required under provincial and territorial securities legislation.

In accordance with NI 52-109, an evaluation of the design and operational effectiveness of the disclosure controls and procedures was carried out under the supervision of management, including the CEO and CFOs as of December 31, 2020. Based on their evaluations, the CEO and CFO have concluded that the disclosure controls and procedures were designed and operating effectively as at December 31, 2020.

Internal Control over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Absolute assurance cannot be provided that all misstatements have been detected because of inherent limitations in all control systems. The Company's management is responsible for designing and maintaining adequate internal control over financial reporting for the Company.

Under the supervision and with the participation of management, including the CEO and CFO, the design and operational effectiveness of our internal controls over financial reporting were evaluated using the control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission on Internal Control – Integrated Framework (2013). The evaluation included documentation review, enquiries, testing and other procedures considered by management to be appropriate. In accordance with NI 52-109, the CEO and CFO have concluded that the internal controls over financial reporting were designed and operating effectively, as at December 31, 2020.

Material Changes to Internal Controls over Financial Reporting

There have been no material changes in the Company's internal control over financial reporting during the period beginning on January 1, 2020 and ending on December 31, 2020 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS RELATING TO THE BUSINESS

The following discussion addresses the more significant risk factors relating to the business. For a detailed discussion of all risk factors relating to the business, refer to the Company's most recently filed Annual Information Form dated March 9, 2021 which is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Readers are also encouraged to review the "Forward-Looking Information" section of this MD&A.

Ability to Hire and Retain Qualified and Capable Personnel

The success of Bird is highly influenced by the efforts of key management, technical, project and business development personnel. The loss of the services of any of Bird's key management personnel could negatively impact Bird. The future success of Bird also depends heavily on its ability to attract, retain and develop high-performing personnel in all areas of its operations.

Most firms throughout the construction industry face this challenge and, accordingly, competition for professional staff is intense. If Bird ceases to be seen by current and prospective employees as an attractive place to work, it could experience difficulty in hiring and retaining an adequate level of qualified staff. This could have an adverse effect on current operations of Bird and would limit its prospects and impair its future success.

Maintaining Safe Work Sites

Despite the Company's efforts to minimize the risk of safety incidents, they can occur from time to time and, if and when they do, the impact on Bird can be significant. Bird's success as a general contractor is highly dependent on its ability to keep its construction work sites and offices safe and any failure to do so can have serious impact on the personal safety of its employees and others. In addition, it can expose Bird to contract termination, fines, regulatory sanctions or even criminal prosecution.

Bird's safety record and worksite safety practices also have a direct bearing on its ability to secure work, particularly in the industrial sector. Certain clients will not engage particular contractors to perform work if their safety practices do not conform to predetermined standards or if the general contractor has an unacceptably high incidence of safety infractions or incidents.

Bird adheres to very rigorous safety policies and procedures which are continually reinforced on its work sites and offices. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of Bird's operations, capital expenditure requirements, or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or incidents.

Global Pandemics

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak to be a public health emergency of international concern, and on March 11, 2020, COVID-19 was declared to be a pandemic. Since that time the sweeping impacts of the virus and the various countermeasures instituted by governments across the globe and at all levels have had significant and unparalleled effects on the global economy and society in general. The operations of the Company are highly sensitive to such sweeping impacts and risks. A global pandemic can result in widespread illnesses and even deaths, can impact the health of the Company's workforce and can prevent the Company from being able to carry on its operations whether due to direct impacts or indirect impacts through its customers and suppliers. These impacts can severely limit the Company's ability to operate and to generate revenues or cash flows, while its ability to eliminate or reduce costs during such times would be limited. In such circumstances, the Company could suffer significant financial losses and a deterioration in its creditworthiness and therefore have a material adverse effect on the Company.

Economy and Cyclicity

Activity within the construction industry is generally tied to the state of the economy. Thus, in periods of strong economic growth, capital spending will generally increase and there will be more and better quality opportunities

available within the construction industry. Investment decisions by our clients are based on long-term views of the economic viability of their current and future projects, sometimes based upon the clients' view of the long-term prices of commodities which are influenced by many factors. If our clients' outlook for their current and future projects is not favourable, this may lead them to delay, reduce or cancel capital project spending and may make them more sensitive to construction costs. A prolonged downturn in the economy could impact Bird's ability to generate new business or maintain a Backlog of contracts with acceptable margins to sustain Bird through such downturns.

As noted above, Bird attempts to insulate itself in various ways from the effects of negative economic conditions through diversification of the sources of the Company's earnings; however, there is no assurance that these methods will be effective in insulating Bird from a downturn in the economy. Furthermore, as a result of increased demand in certain regions or industry sectors, the Company has, in the past, earned favourable margins on particular projects. There is also no assurance that favourable margins that may have been generated on historical contracts can be generated in the future.

The Company has a 50% interest in Stack, which is based in China. There is uncertainty around how the recent geopolitical tensions between China and Canada may affect the Company's investment.

In addition, there is uncertainty around how the public health crisis created by COVID-19 pandemic may affect the Company, including our contractual commitments, supply chain and labour force. Generally, to the extent that a severe public health emergency negatively affects the economy due to availability of labour or impacts to the supply chain, Bird's business may also be affected.

Design Risks

While many contracts entered into by Bird are for construction or construction services only, certain contracts are undertaken on a design-build basis, under which Bird is responsible for both design and construction of the project, which adds design risk assumed by Bird. While Bird subcontracts all of the design scope in such design-build contracts to reputable designers, there is generally not a full transfer of design-related risks. These risks include design development and potential resulting scope creep, delays in the design process that may adversely affect the overall project schedule, and design errors and omissions.

To manage these risks, Bird manages and oversees the design process, coordinates the design deliverables with the construction process and, for significant design-build projects, purchases errors and omissions insurance.

Ability to Secure Work

Bird generally secures new contracts either through a competitive bid process or through negotiation. Awards in both the public and private sectors are generally based upon price, but are also influenced and sometimes formally based on other factors, such as the level of services offered, safety record, construction schedule, design (if applicable), project personnel, the consortium, joint venture and subcontractor team, prior experience with the prospective client and/or the type of project, and financial strength including the ability to provide bonds and other contract security.

In order to be afforded an opportunity to bid for large projects and in the PPP market, a strong balance sheet measured in terms of an adequate level of working capital and equity is typically required. Bird operates in markets that are highly competitive and there is constant pressure to find and maintain a competitive advantage. In the current economic climate, competition is intense. This presents significant challenges for the Company. If those competitive challenges are not met, Bird's client base could be eroded or it could experience an overall reduction in profits.

A decline in demand for Bird's services from the private sector could have an adverse impact on the Company if that business could not be replaced within the public sector. A portion of Bird's construction activity relates to government-funded institutional projects. Any reduction in demand for Bird's services by the public sector, whether as a result of funding constraints, changing political priorities or delays in projects caused by elections or other

factors, could have an adverse impact on the Company if that business could not be replaced within the private sector.

Government-funded projects also typically have long and sometimes unpredictable lead times associated with government review and approval. The time delays associated with this process can constitute a risk to general contractors pursuing these projects. Certain government-funded projects, particularly PPP and alternative finance projects, may also require significant bid costs which can only be recovered if Bird is the successful bidder. A number of governments in Canada have procured a significant value of projects under a PPP and/or alternative finance contract format, which is an attractive market for the Company. A reduction in the popularity of this procurement method or difficulties in obtaining financing for these projects would have negative consequences for Bird.

Performance of Subcontractors

Successful completion of a contract by Bird depends, in large part, on the satisfactory performance of its subcontractors who are engaged to complete the various components of the work. Subcontractor defaults tend to increase during depressed market conditions. If subcontractors fail to satisfactorily perform their portion of the work, Bird may be required to engage alternate subcontractors to complete the work and may incur additional costs. This can result in reduced profits or, in some cases, significant losses on the contract and possible damage to Bird's reputation.

In addition, the ability of Bird to bid for and successfully complete projects is, in part, dependent on the availability of qualified subcontractors and trades people. Depending on the value of a subcontractor's work, Bird may require some form of performance security and achieves this through the use of surety bonds, subcontractor default insurance or other forms of security from the subcontractor to mitigate Bird's exposure to the risks associated with the subcontractor's performance and completion. A significant shortage of qualified subcontractors and trades people or the bankruptcy of a subcontractor could have a material impact on Bird's financial condition and results of operations.

Accuracy of Cost to Complete Estimates

As Bird performs each construction contract, costs are continuously monitored against the original cost estimates. On at least a quarterly basis, a detailed estimate of the costs to complete a contract is compiled by Bird. These estimates are an integral part of Bird's process for determining construction revenues and profits and depend on cost data collected over the duration of the project as well as the judgments of Bird's field and office personnel. To the extent that the costs to complete estimates are based on inaccurate or incomplete information, or on faulty judgments, the accuracy of reported construction revenues and profits can be compromised. Bird has adopted many internal control policies and procedures aimed at mitigating exposure to this risk.

Competitive Factors

Bird competes with many international, national, regional and local construction firms. Competitors often enjoy advantages in a particular market that Bird does not have, or they may have more experience or a better relationship with a particular client. On any given contract bid or negotiation, Bird will attempt to assess the level of competitive pressure it may face, and it will attempt to neutralize or overcome any perceived advantage that its competitors have. Depending on this assessment, Bird will decide whether or not to pursue a contract. In addition, this assessment bears directly on decisions that Bird will make, including what level of profit can be incorporated into its contract price and what personnel should be assigned to the contract. The accuracy of this assessment and the ability of Bird to respond to competitive factors affect Bird's success in securing new contracts and its profitability on contracts that it does secure.

Estimating Costs and Schedules/Assessing Contract Risks

The price for most contracts performed by Bird is based, in part, on cost and schedule estimates that are subject to a number of assumptions. Erroneous assumptions can result in an incorrect assessment of risks associated

with a contract or estimates of project costs and schedules that are in error, potentially resulting in lower than anticipated profit or significant loss. All significant cost and schedule estimates are reviewed by senior management prior to tender submission in an attempt to mitigate these risks.

Adjustments and Cancellations of Backlog

The performance of the Company in a period depends significantly on the contribution from projects in its Backlog. There can be no assurance that the revenues or profits included in Backlog at any point in time will be realized. Contract suspensions, reductions and cancellations, which are beyond the control of Bird, do occur from time-to-time in the construction industry. Customers may have the right to suspend, cancel or reduce the scope of their contracts with Bird and, though Bird generally has a contractual right to be reimbursed for certain costs, it typically has no contractual rights to the total revenue or profit that was expected to be derived from such projects. These reductions could have a material adverse impact on future revenues and profitability.

PPP Project Risk

Bird is selective in the PPP market. Bird's role in these projects is typically to provide design-build services to a concession that is formed to provide design, construction, financing, and management and/or operations to a public authority. Typical in the design-build contract format are performance guarantees and design-build risks. Moreover, the performance guarantees on PPP projects often include responsibility for the energy performance of the facility and achievement of environmental standards. If Bird fails to meet the required standards, it may be liable for substantial penalties and damages.

The PPP design-build contracts entered into by Bird also typically require Bird to pay significant liquidated damages and/or other penalties and damages if the projects are not completed on schedule.

The PPP procurement model also typically results in the transfer of certain risks to the contractor beyond what would be the case for a similar facility under a conventionally non-PPP procurement model. These include responsibility and potential liability for matters such as changes in law and certain force majeure and delay events. In addition, if Bird's contract was terminated for cause, the Company would be exposed to substantial liability for breakage costs to the concession and its lenders.

The security required to support the obligations that the Company undertakes on these projects typically includes substantial letters of credit which may be drawn upon in the event the Company fails to meet its obligations.

Work Stoppages, Strikes and Lockouts

Bird is signatory to a number of collective bargaining agreements. Future negotiation of these collective bargaining agreements could increase Bird's operating expenses and reduce profits as a result of increased wages and benefits. Failure to come to an agreement in these collective bargaining negotiations or those of its subcontractors and suppliers or government agencies could result in strikes, work stoppages, lockouts or other work action, and increased costs resulting from delays on construction projects. A strike or other work stoppage is disruptive to Bird's operations and could adversely affect portions of its business, financial position, results of operations and cash flows.

Information Systems and Cyber-security Risk

The Company relies on information technology to manage, process, store and transmit electronic information. Complete, accurate, available and secure information is vital to the Company's operations and any compromise in such information could result in improper decision making, inaccurate or delayed operational and/or financial reporting, delayed resolution to problems, breach of privacy and/or unintended disclosure of confidential information. Failure in the completeness, accuracy, availability or security of the Company's information systems, the risk of system interruption or failure during system upgrades or implementation, or a breach of data security could adversely affect the Company's operations and financial results.

In addition, cyber-security incidents relating to the Company's information technology systems may disrupt operations and impact operating results. The COVID-19 pandemic in 2020 has caused an elevated risk and threat actors may attempt to exploit businesses while there is general instability during the COVID-19 pandemic.

Cyber-security incidents may occur from a range of techniques, from phishing or hacking attacks to sophisticated malware, hardware or network attacks. While the Company has implemented systems, policies, procedures, practices, hardware and backups designed to prevent and limit the effect of cyber-security attacks, there can be no assurance that these measures will be sufficient to prevent, detect or address the attacks in a timely matter or at all. A successful cyber-attack may allow unauthorized interception, destruction, use or dissemination of the Company's confidential information, which could have a material adverse effect on the business. In the fall of 2019, Bird Construction responded to a cyber incident that resulted in the encryption of Company files. Bird continued to function with no business impact, as management worked with leading cyber security experts to restore access to the affected files. At the time, the Company disclosed the incident on our website and notified appropriate authorities.

Integration Risk

With the completion of the Stuart Olson transaction, integration will be key to gaining the cost, revenue and strategic synergies anticipated. Failure to adequately address differences in technology, culture, customers, projects, or other issues could negatively affect financial performance.

Climate Change Risk

Risks in Transitioning to a Lower Carbon Economy

The transition to a lower-carbon economy has the potential to be disruptive to traditional business models and investment strategies. The Company's private and/or public-sector clients may shift their infrastructure priorities due to changes in project funding or public perception of sustainable projects. This risk can be mitigated to an extent by identifying changing market demands to offset lower demand in some sectors with opportunities in others, forming strategic partnerships and pursuing sustainable innovations.

Government action to address climate change may involve economic instruments such as carbon and energy consumption taxes as well as restrictions on economic sectors, such as cap-and-trade and more stringent regulation of greenhouse gas emissions that could also impact the Company's current or potential clients operating in industries that extract, distribute and transport fossil fuels.

Financial Risks

As new climate change measures are introduced or strengthened, the Company's cost of business, including insurance premiums, may increase, and the Company may incur expenses related to complying with environmental regulations and policies in countries or regions where it does business. Such costs may include purchasing new equipment to reduce emissions to comply with new regulatory standards or to mitigate the financial impact of different forms of carbon pricing. In addition, the Company may incur costs related to engaging with governments, regulators and industry organizations for new mandates on infrastructure projects, proactively and regularly monitoring regulatory trends and implementing adequate compliance processes. Although the Company intends to actively monitor all applicable climate change laws and regulations and to fully comply with them, and to be proactive in promoting and supporting climate change mitigation actions, inadvertent compliance shortfalls could result in penalties and reputational damage that may impair the Company's future prospects.

Market and Reputational Risk

Investors and other stakeholders in Canada and worldwide are becoming more attuned to climate change action and sustainability matters, including the efforts made by issuers to reduce their carbon footprint. The Company's reputation may be harmed if it is not perceived by its stakeholders to be sincere in its sustainability commitment and its long-term results may be impacted as a result. In addition, The Company's approach to climate change issues may increasingly influence stakeholders' views of the company in relation to its peers and their investment decisions.

Weather Related Risks

Many of the Company's construction activities are performed outdoors. The probability and unpredictability of extreme weather events and other associated incidents may continue to increase due to climate change and we may continue to see longer-term shifts in climate patterns. Although weather risk may be mitigated through contractual terms or insurance, construction projects are susceptible to delays as a result of extended periods of poor weather, which can have an adverse effect on profitability arising from either late completion penalties imposed by the contract or from the incremental costs arising from loss of productivity, compressed schedules, or from overtime work utilized to offset the time lost due to adverse weather and additional costs to modify means and methods to perform work in unanticipated weather.

TERMINOLOGY & NON-GAAP MEASURES

Terminology

Throughout this report, management uses the following terms that may not be comparable with similar terms presented by other companies and require definition:

- **"Backlog"** (also referred to in the construction industry as "work on hand") is the total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the date of the most recently completed quarter. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course. It includes all the Company's remaining performance obligations in its contracts with its clients, including work orders issued from MSAs related to MRO services. It does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements. The Company's Backlog equates to the Company's remaining performance obligations as at December 31, 2020 and December 31, 2019; refer to Note 10 of the December 31, 2020 consolidated financial statements.
- **"Pending Backlog"** is the total potential revenue of awarded but not contracted projects including where the Company has been named preferred proponent, where a contract has not been executed and where the letter of intent or agreement received is non-binding. It may also include amounts for agency relationship construction management projects, pre-construction activities and estimated future work orders to be performed as part of MSAs. Management does not provide any assurance that a contract will be finalized, or revenue recognized in the future. Management uses Pending Backlog to assess the future operating performance of its business. Management believes that investors and analysts use this measure, as it may provide predictive value to assess the ongoing operations of the business and a more consistent comparison between financial reporting periods. Pending Backlog cannot be reconciled to any IFRS measure.
- **"Gross Profit Percentage"** is the percentage derived by dividing gross profit by construction revenue. Gross profit is calculated by subtracting construction costs from construction revenue. Management uses Gross Profit Percentage as a measure of the profitability of the core operations of its operating groups and consolidated business.
- **"Lost Time Incident Frequency" or "LTI Frequency"** is the number of lost time incidents recorded per 200,000 person-hours of work by Bird employees.

Non-GAAP Measures

Throughout this MD&A certain measures are used that, while common in the construction industry, do not have a standardized meaning prescribed by IFRS and are considered non-GAAP measures. The non-GAAP measures used are: Adjusted Earnings, Adjusted Earnings Per Share, Adjusted EBITDA and Adjusted EBITDA Margin. Therefore, these measures may not be comparable with similar measures presented by other companies.

- **“Adjusted Earnings”** is defined as IFRS net income excluding asset impairments, acquisition, integration and restructuring (as defined in accordance with IFRS) costs and the income tax effect of these costs. Management uses Adjusted Earnings to assess the operating performance of the business. These additional adjustments are made to exclude items of an unusual nature that are not reflective of ongoing operations. Management believes that investors and analysts use these measures, as they may provide predictive value to assess the ongoing operations of the business and are a more consistent comparison between financial reporting periods.

ANNUAL ADJUSTED EARNINGS			
(in thousands of Canadian dollars, except per share amounts)			
	2020	2019	2018
Net income	\$ 36,103	\$ 9,484	\$ (1,013)
Add: Acquisition and integration costs	7,236	-	-
Add: Restructuring costs ⁽¹⁾	-	-	-
Income tax effect of the above costs	(1,760)	-	-
Adjusted Earnings	\$ 41,579	\$ 9,484	\$ (1,013)
Adjusted Earnings Per Share ⁽²⁾	\$ 0.92	\$ 0.22	\$ (0.02)
Notes			
⁽¹⁾ Restructuring costs as defined in accordance with IFRS.			
⁽²⁾ Calculated as Adjusted Earnings divided by basic weighted average shares.			

QUARTERLY ADJUSTED EARNINGS			
(in thousands of Canadian dollars, except per share amounts)			
	For the three months ended December 31,		
	2020	2019	
Net income	\$ 20,534	\$	8,167
Add: Acquisition and integration costs	2,125		-
Add: Restructuring costs ⁽¹⁾	-		-
Income tax effect of the above costs	(1,133)		-
Adjusted Earnings	\$ 21,526	\$	8,167
Adjusted Earnings Per Share ⁽²⁾	\$ 0.41	\$	0.19
Notes			
⁽¹⁾ Restructuring costs as defined in accordance with IFRS.			
⁽²⁾ Calculated as Adjusted Earnings divided by basic weighted average shares.			

- **“Adjusted Earnings Per Share”** is calculated by dividing Adjusted Earnings by the basic weighted average number of shares.
- **“Adjusted EBITDA”** represents earnings before taxes, interest, depreciation and amortization, finance and other costs, finance income, asset impairment charges, gain or loss on sale of property and equipment, restructuring and severance costs outside of normal course, and acquisition, integration and restructuring (as defined in accordance with IFRS) costs. Adjusted EBITDA is a common financial measure used by investors, analysts and lenders as an indicator of cash operating performance, as well as a valuation metric and as a measure of a company’s ability to incur and service debt. The calculation of adjusted EBITDA excludes items that do not reflect cash flows of the business or continuing operations, including impairment charges, restructuring charges, and acquisition and integration charges, as Management believes that these items should not be reflected in a metric used for valuation and debt servicing evaluation purposes.

ANNUAL ADJUSTED EBITDA			
(in thousands of Canadian dollars, except percentage amounts)			
	2020	2019	2018
Income from operations	\$ 55,315	\$ 14,921	\$ 551
Add: Depreciation and amortization	21,702	15,814	11,236
Add: Loss (gain) on sale of property and equipment	(2,359)	(1,346)	(873)
Add: Restructuring costs ⁽¹⁾	-	-	-
Add: Restructuring and severance costs ⁽²⁾	43	2,903	-
Add: Acquisition and Integration costs	7,236	-	-
Adjusted EBITDA	\$ 81,937	\$ 32,292	\$ 10,914
Adjusted EBITDA Margin ⁽³⁾	5.5%	2.4%	0.8%
Notes			
⁽¹⁾ Restructuring costs as defined in accordance with IFRS.			
⁽²⁾ Restructuring and severance costs that did not meet the criteria to be classified under restructuring costs as defined in accordance with IFRS.			
⁽³⁾ Calculated as Adjusted EBITDA divided by Revenue.			

QUARTERLY ADJUSTED EBITDA			
(in thousands of Canadian dollars, except percentage amounts)			
	For the three months ended December 31,		
	2020	2019	
Income from operations	\$ 28,523	\$ 10,821	
Add: Depreciation and amortization	9,959	4,468	
Add: Loss (gain) on sale of property and equipment	(639)	(255)	
Add: Restructuring costs ⁽¹⁾	-	-	
Add: Restructuring and severance costs ⁽²⁾	43	978	
Add: Acquisition and Integration costs	2,125	-	
Adjusted EBITDA	\$ 40,011	\$ 16,012	
Adjusted EBITDA Margin ⁽³⁾	7.2%	3.8%	
Notes			
⁽¹⁾ Restructuring costs as defined in accordance with IFRS.			
⁽²⁾ Restructuring and severance costs that did not meet the criteria to be classified under restructuring costs as defined in accordance with IFRS.			
⁽³⁾ Calculated as Adjusted EBITDA divided by Revenue.			

- **“Adjusted EBITDA Margin”** is the percentage derived by dividing Adjusted EBITDA by construction revenue.

FORWARD-LOOKING INFORMATION

This Annual Report and MD&A contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements are based on the expectations, estimates and projections of management of Bird as of March 9, 2021 unless otherwise stated. The use of any of the words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "may", "will", "should" and similar expressions are intended to identify forward-looking statements. More particularly and without limitation, this news release contains forward-looking statements concerning: the anticipated benefits of the acquisition to Bird, its shareholders and all other stakeholders, including anticipated synergies; and the plans and strategic priorities of the combined company.

In respect of the forward-looking statements concerning the anticipated benefits of the acquisition, Bird has provided such in reliance on certain assumptions that it believes are reasonable at this time, including in respect of the combined company's services and anticipated synergies, capital efficiencies and cost-savings.

Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to the risks associated with the industries in which Bird and Stuart Olson operate in general such as:

- Ability to access sufficient capital from internal and external sources
- Ability to secure work
- Accuracy of cost to complete estimates
- Adjustments and cancellations of Backlog
- Changes in legislation, including but not limited to tax laws and environmental regulations
- Client concentration
- Climate change
- Collection of recognized revenue
- Commodity price, interest rate and exchange rate fluctuations
- Competition, ethics, and reputational risks
- Completion and performance guarantees
- Compliance with environmental laws risks
- Corporate guarantees and letters of credit
- Cyber-security risks
- Default under the Company's credit facilities could result in the suspension of dividends
- Delays or changes in plans with respect to growth projects or capital expenditures, costs and expenses
- Dependence on the public sector
- Design and design/build risks
- Economy and cyclicity
- Estimating costs and schedules/assessing contract risks
- Failure of clients to obtain required permits and licenses
- Failure to realize the anticipated benefits of business acquisitions including the Stuart Olson transaction
- Global pandemics
- Health, safety and environmental risks
- Industry and inherent project delivery risks
- Insurance risk
- Internal and disclosure controls
- Joint venture risk
- Labour matters
- Litigation risk
- Loss of key management; ability to hire and retain qualified and capable personnel
- Maintaining safe worksites
- Operational risks
- Payment of dividends
- Performance bonds and contract security
- Potential for non-payment and credit risk and ongoing financing availability
- Public Private Partnerships equity investments
- Public Private Partnerships project risk
- Quality assurance and quality control
- Regional concentration
- Regulations
- Repayment of credit facility
- Subcontractor performance
- Unanticipated shutdowns, work stoppages, strikes and lockouts
- Volatility of market trading

The forward-looking statements in this Annual Report and MD&A should not be interpreted as providing a full assessment or reflection of the unprecedented impacts of the recent COVID-19 pandemic ("COVID-19") and the resulting indirect global and regional economic impacts.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the parties, and the combined company, including any risk factors related to COVID-19, are included in reports on file with applicable securities regulatory authorities, including but not limited to; Stuart Olson's Annual Information Form for the year ended December 31, 2019 and most recently filed Management's Discussion and Analysis and Bird's Annual Information Form for the year ended December 31, 2020, each of which may be accessed on Stuart Olson's and Bird's SEDAR profile, respectively, at www.sedar.com.

The forward-looking statements contained in this Annual Report and MD&A are made as of the date hereof and the parties undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

2020

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019



bird



Management's Responsibility for Financial Reporting

The management of Bird Construction Inc. (the "Company") is responsible for the preparation and integrity of the accompanying consolidated financial statements. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and includes certain estimates that reflect management's best judgement.

Management maintains appropriate systems of internal control. Policies and procedures are designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors has reviewed and approved the consolidated financial statements. The Board fulfills its responsibility in this regard through its Audit Committee. The Audit Committee is composed entirely of independent Directors and the members are financially literate. The Audit Committee meets regularly with Management and the external auditors to discuss reporting and control issues and ensures each party is properly discharging its responsibilities.

The consolidated financial statements have been audited by KPMG LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders.



Terrance L. McKibbon

President & Chief Executive Officer



Wayne R. Gingrich

Chief Financial Officer

March 9, 2021



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bird Construction Inc.

Opinion

We have audited the consolidated financial statements of Bird Construction Inc. (the Entity), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

Estimate of costs to complete and variable consideration to be received for fixed price construction contracts

Description of the matter

The Entity recognizes revenue from contracts with customers in accordance with the pattern of satisfying the Entity's performance obligations under a contract. In fiscal 2020, Entity recognized \$1,504,432 thousand in construction revenue. Revenue from fixed price contracts, which is a significant portion of construction revenue, is recognized using the input method with reference to costs incurred. To determine the estimated costs to complete for fixed price construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, and changes to contract scope and subcontractor costs. Change orders may be issued by customers to modify the original contract scope of work or conditions, and there may be disputes or claims regarding additional amounts owing.

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Claims against customers for variable consideration due to delays, scope changes, or other matters are assessed under the Entity's revenue recognition policy, which requires significant judgment.

Why the matter is a key audit matter

We identified the evaluation of the estimate of costs to complete and variable consideration to be received for fixed price construction contracts as a key audit matter. The evaluation of the estimated costs to complete and variable consideration to be received for fixed price construction contracts involved significant auditor judgment to evaluate the results of audit procedures, given the significant judgment applied by management in the determination of these estimates.

How the matter was addressed in our audit

The primary procedures we performed to address this key audit matter included the following:

We evaluated the design and implementation, and tested the operating effectiveness, of certain internal controls within the Entity's revenue recognition process. This included a control related to the review of estimated costs to complete for construction contracts at year-end.

We evaluated the Entity's ability to estimate costs to complete and variable consideration by comparing to the final costs to complete and variable consideration received for contracts completed in fiscal 2020 and estimated in the prior period.

For a selection of fixed price construction contracts at December 31, 2020, we evaluated the appropriateness of the Entity's determination of costs to complete and variable consideration to be received by performing the following:

- Agreed estimated costs to complete to appropriate supporting documentation and key contractual terms back to signed contracts
- Performed procedures to compare the estimated total costs to actual costs incurred to date
- Inquired with relevant operational Entity personnel to gain an understanding of the status of project activities and factors impacting the estimate of costs to complete and variable consideration to be received, and corroborated by agreeing to appropriate supporting documentation
- Determined the reasonableness of any variable consideration recognized as revenue on unbilled change orders or claims by inspecting change orders, directives, or other correspondence with customers, where applicable; considering the historical outcomes of previously settled claims, and corresponding with internal and external legal counsel, where applicable.

Evaluation of intangible assets resulting from the acquisition of Stuart Olson Inc.

Description of the matter

We draw attention to notes 3, 4 and note 7 to the financial statements. On September 25, 2020, the Entity acquired all of the issued and outstanding shares of Stuart Olson Inc. for total consideration of \$95,661 thousand. In connection with the acquisition, the Entity recorded intangible assets with an acquisition date fair value of \$25,430 thousand. Significant assumptions used in determining the acquisition date fair value for the intangible assets included cash-flow projections and the weighted average cost of capital.

Why the matter is a key audit matter

We identified the evaluation of the acquisition date fair value of intangible assets acquired in the Stuart Olson Inc. acquisition as a key audit matter. This matter represented an area of significant risk. Significant auditor judgment and specialized skills and knowledge were required in evaluating the audit evidence. The determination of fair value of intangible assets acquired was sensitive to possible changes to the significant assumptions.



How the matter was addressed in our audit

The primary procedures we performed to address this key audit matter included the following:

We compared the Entity's cash-flow projections to Stuart Olson Inc.'s historical actual results. We took into account changes in conditions to assess the adjustments or lack of adjustments made in arriving at the cash flow projections.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the weighted average cost of capital used by the Entity to discount the cash-flow projections, by comparing it against a weighted average cost of capital range that was independently developed using publicly available market data for comparable entities.

Other Information

Management is responsible for the other information. Other information comprises:

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- Information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2020 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2020 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is Austin Abas.

Winnipeg, Canada

March 9, 2021

Bird Construction Inc.
Consolidated Statement of Financial Position
As at December 31, 2020 and 2019
(In thousands of Canadian dollars)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	8	8
Accounts receivable	9	9
Contract assets	10	10
Contract assets - alternative finance projects	10,11	10,11
Inventory and prepaid expenses	113	113
Income taxes recoverable	8,038	3,144
Other assets	12	12
Investments held for sale	13	13
Total current assets	820,136	729,358
Non-current assets		
Other assets	12	12
Investments in equity accounted entities	13	13
Property and equipment	14	14
Right-of-use assets	15	15
Deferred income tax asset	19	19
Intangible assets	16	16
Goodwill	17	17
Total non-current assets	241,660	127,429
TOTAL ASSETS	\$ 1,061,796	\$ 856,787
LIABILITIES		
Current liabilities		
Accounts payable	8	8
Contract liabilities	9	9
Dividends payable to shareholders	10	10
Income taxes payable	11	11
Non-recourse project financing	11	11
Current portion of loans and borrowings	18	18
Current portion of right-of-use liabilities	18	18
Provisions	20	20
Other liabilities	21	21
Total current liabilities	684,622	648,855
Non-current liabilities		
Loans and borrowings	18	18
Right-of-use liabilities	18	18
Deferred income tax liability	19	19
Other liabilities	21	21
Pension liabilities	22	22
Total non-current liabilities	164,564	80,212
TOTAL LIABILITIES	849,186	729,067
SHAREHOLDERS' EQUITY		
Shareholders' capital	24	24
Contributed surplus	108,064	42,527
Retained earnings	1,956	1,966
Accumulated other comprehensive income	102,520	83,197
Total shareholders' equity	212,610	127,720
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,061,796	\$ 856,787

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors

Paul A. Charette
Paul A. Charette
Chairman of the Board

Karyn A. Brooks
Karyn A. Brooks
Audit Committee Chair

Bird Construction Inc.
Consolidated Statement of Income
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

	Note	2020	2019
Construction revenue	10	\$ 1,504,432	\$ 1,376,408
Costs of construction		1,378,132	1,305,458
Gross profit		126,300	70,950
Income from equity accounted investments	13	7,792	2,693
General and administrative expenses		(78,777)	(58,722)
Income from operations		55,315	14,921
Finance income	26	1,511	2,596
Finance and other costs	27	(7,506)	(5,558)
Income before income taxes		49,320	11,959
Income tax expense	19	13,217	2,475
Net income for the period		\$ 36,103	\$ 9,484
Basic and diluted earnings per share	25	\$ 0.80	\$ 0.22

The accompanying notes are an integral part of these consolidated financial statements.

Bird Construction Inc.
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

	Note	2020	2019
Net income for the period		\$ 36,103	\$ 9,484
Other comprehensive income (loss) for the period:			
Defined benefit plan actuarial gain	22	1,540	-
Exchange differences on translating equity accounted investments	13	47	37
Foreign currency translation		(17)	-
Deferred tax recovery on other comprehensive income (loss)		(371)	-
Items that may be reclassified to net income in subsequent periods		1,199	37
Total comprehensive income for the period		\$ 37,302	\$ 9,521

The accompanying notes are an integral part of these consolidated financial statements.

Bird Construction Inc.
Consolidated Statement of Changes in Equity
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

	Note	Shareholders' capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance at December 31, 2019		\$ 42,527	\$ 1,956	\$ 83,197	\$ 40	\$ 127,720
Net income for the period		-	-	36,103	-	36,103
Other comprehensive income for the period	13, 22	-	-	1,169	30	1,199
Total comprehensive income for the period		-	-	37,272	30	37,302
Contributions by and dividends to owners						
Common shares issued on acquisition of Stuart Olson	7	65,537	-	-	-	65,537
Dividends declared to shareholders		-	-	(17,949)	-	(17,949)
		65,537	-	(17,949)	-	47,588
Balance at December 31, 2020		\$ 108,064	\$ 1,956	\$ 102,520	\$ 70	\$ 212,610
Dividends declared per share				\$ 0.39		
Balance at December 31, 2018		\$ 42,527	\$ 1,956	\$ 91,743	\$ 3	\$ 136,229
Impact on adoption of IFRS 16		-	-	(1,448)	-	(1,448)
Balance at January 1, 2019		42,527	1,956	90,295	3	134,781
Net income for the period		-	-	9,484	-	9,484
Other comprehensive income for the period		-	-	-	37	37
Total comprehensive income for the period		-	-	9,484	37	9,521
Contributions by and dividends to owners						
Dividends declared to shareholders		-	-	(16,582)	-	(16,582)
		-	-	(16,582)	-	(16,582)
Balance at December 31, 2019		\$ 42,527	\$ 1,956	\$ 83,197	\$ 40	\$ 127,720
Dividends declared per share				\$ 0.39		

The accompanying notes are an integral part of these consolidated financial statements.

Bird Construction Inc.
Consolidated Statement of Cash Flows
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

	Note	2020	2019
Cash flows from (used in) operating activities			
Net income for the period		\$ 36,103	\$ 9,484
Items not involving cash:			
Amortization	16	2,370	873
Depreciation	14,15	19,332	14,941
Gain on sale of property and equipment		(2,359)	(1,346)
Income from equity accounted investments	13	(7,792)	(2,693)
Finance income	26	(1,511)	(2,596)
Finance and other costs	27	7,506	5,558
Deferred compensation plan expense and other		4,699	3,156
Defined benefit pension plan	22	261	-
Contributions to defined benefit pension plan	22	(144)	-
Unrealized (gain) loss on investments and other		14	349
Income tax expense (recovery)	19	13,217	2,475
Cash flows from operations before changes in non-cash working capital		71,696	30,201
Changes in non-cash working capital relating to operating activities	30	69,093	(66,269)
Interest received		2,037	2,521
Interest paid		(7,815)	(3,930)
Income taxes paid		(6,064)	(599)
Net cash from (used in) operating activities		128,947	(38,076)
Cash flows from (used in) investing activities			
Investments in equity accounted entities	13	(5,088)	-
Capital distributions from equity accounted entities	13	5,523	1,846
Proceeds on sale of Investment in equity accounted entities	13	11,034	-
Additions to property and equipment	14	(12,245)	(13,649)
Proceeds on sale of property and equipment	14	9,211	2,661
Additions to intangible assets	16	(1,982)	(782)
Acquisition of Stuart Olson Inc., net of cash acquired	7	(59,960)	-
Proceeds from maturity of short-term investments		-	1,705
Other long-term assets		(392)	-
Net cash used in investing activities		(53,899)	(8,219)
Cash flows from (used in) financing activities:			
Proceeds from issue of common shares, net of issue costs	7	39,876	-
Dividends paid on shares		(17,607)	(16,582)
Proceeds from non-recourse project financing	11	46,782	72,832
Repayment of non-recourse project financing	11	(131,849)	-
Proceeds from loans and borrowings	18	88,283	24,536
Repayment of loans and borrowings	18	(56,658)	(5,113)
Repayment of right-of-use liabilities	18	(12,110)	(7,615)
Net cash from (used in) financing activities		(43,283)	68,058
Net increase (decrease) in cash and cash equivalents during the period		31,765	21,763
Effects of foreign exchange on cash balances		(31)	(349)
Cash and cash equivalents, beginning of the period		180,334	158,920
Cash and cash equivalents, end of the period	8	\$ 212,068	\$ 180,334

The accompanying notes are an integral part of these consolidated financial statements.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Table of Contents – Notes to the Consolidated Financial Statements

1. Structure of the company	94
2. Basis of preparation.....	94
3. Use of estimates and judgements	94
4. Significant accounting policies.....	97
5. New accounting standards, amendments and interpretations adopted	108
6. Future accounting changes	108
7. Business combination.....	109
8. Cash and cash equivalents	111
9. Accounts receivable.....	112
10. Revenue, contract assets and contract liabilities	112
11. Alternative finance projects	114
12. Other assets	115
13. Projects and entities accounted for using the equity method.....	116
14. Property and equipment	118
15. Right-of-use assets.....	118
16. Intangible assets.....	119
17. Goodwill	120
18. Loans and borrowings and right-of-use liabilities	121
19. Income taxes	123
20. Provisions	125
21. Other liabilities	125
22. Pension obligations.....	125
23. Share-based compensation plans	127
24. Shareholders' capital	129
25. Earnings per share	129
26. Finance income	129
27. Finance and other costs	129
28. Personnel costs	130
29. Government assistance.....	130
30. Other cash flow information.....	130
31. Financial instruments.....	131
32. Capital management.....	135
33. Commitments and contingencies	135
34. Related party transactions	136
35. Subsequent event.....	137

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

1. Structure of the company

Bird Construction Inc. (the “Company”) is a corporation incorporated in the province of Ontario, Canada. The address of the Company’s registered office is 5700 Explorer Drive, Suite 400, Mississauga, Ontario, Canada. The Company’s common shares are traded on the Toronto Stock Exchange under the symbol BDT.

The Company operates from coast-to-coast and services all of Canada’s major geographic markets. The Company provides a comprehensive range of construction services from new construction for industrial, commercial, and institutional markets; to industrial maintenance, repair and operations (“MRO”) services, heavy civil construction and contract surface mining; as well as vertical infrastructure including, electrical, mechanical, and specialty trades. The Company uses fixed priced, design-build, unit price, cost reimbursable, guaranteed upset price, construction management and integrated project delivery (“IPD”) contract delivery methods.

2. Basis of preparation

Statement of compliance

These consolidated financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements were authorized for issue on March 9, 2021 by the Company’s Board of Directors.

Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company’s functional currency. Unless otherwise indicated, all financial information presented has been rounded to the nearest thousand.

Basis of measurement

These financial statements have been prepared on a going concern and historical cost basis, except for certain financial assets, derivative financial instruments and liabilities for cash settled share-based payment arrangements which are measured at fair value, as detailed in the accounting policies disclosed in Note 4.

Segmented results

Segment results are reviewed by the Company’s chief operating decision maker to assess performance and allocate resources within the Company. Management applies judgement in the aggregation of the Company’s operating segments and has determined that the Company operates in one reportable segment being the general contracting sector of the construction industry. The Company’s operating segments have similar economic characteristics in that each of the Company’s operating business units provides comparable construction services, use similar contracting methods, have similar long term economic prospects, share similar cost structures and operate in similar regulatory environments.

Comparative figures

Certain comparative figures for the prior period have been reclassified to conform to the presentation adopted in the current period. The Company restated certain movements within its reconciliation of contract assets in the comparative period (note 10). The Company restated certain comparative balances between categories in the composition of its deferred income tax assets and liabilities to align with categorization in the current year to better reflect the nature of these balances considering the acquisition of Stuart Olson (note 19). There is no resultant impact on the net income, comprehensive income, cash flow, or financial position of the Company from this change.

3. Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the reporting date.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Impact of the COVID-19 pandemic

On March 11, 2020 the World Health Organization (“WHO”) declared COVID-19 a global pandemic (“COVID-19 pandemic” or “the pandemic”). Since the declaration, the Canadian construction industry has faced uncertainty as each provincial government has responded by implementing social and work restrictions to address the public health threat. COVID-19, along with the variants of the virus that have emerged, continue to have a significant negative impact on the global and Canadian economy and preventative safety measures remain in place and continue to vary from province to province as governments respond to fluctuations in case numbers.

Due to the impact of the COVID-19 pandemic on both current and future market conditions and the economic environment, there is significant uncertainty and complexity in respect of certain judgements, estimates and assumptions used in the preparation of these financial statements. These include the amount of Canada Emergency Wage Subsidy (“CEWS”) the Company has accrued or may qualify for in the future, project timing and progress, future contract awards, and collectability of accounts receivable and contract assets. The Company’s operations could be impacted from disruptions to projects, the supply chain and shortages of labour. In addition, several projects that were expected to be awarded and secured have been delayed, suspended or cancelled, and this could continue as a result of the pandemic. The future effectiveness of the Company’s business continuity plan and various safety and austerity measures implemented is also subject to uncertainty.

Assets and liabilities acquired in a business combination

The Company assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3 *Business Combinations*. The purchase price related to a business combination is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgements regarding cash flow projections, valuation techniques, economic risk, weighted average cost of capital and future events. The measurement of the purchase consideration and allocation process is therefore inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company’s reported assets and liabilities (including the amounts allocated to intangible assets and goodwill), and future earnings due to the associated depreciation and amortization expense along with the required impairment testing.

Revenue and gross profit recognition

Construction revenue, construction costs, contract liabilities, and contract assets are based on estimates and judgements used in determining contract revenue and including the calculation of estimated costs to complete in order to calculate the stage of completion for a particular construction project, depending upon the nature of the construction contract, as more fully described in the revenue recognition policy. To determine the estimated costs to complete construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction activities, estimates can change significantly from one accounting period to the next.

The value of many construction contracts increases over the duration of the construction period. Change orders may be issued by customers to modify the original contract scope of work or conditions. In addition, there may be disputes or claims regarding additional amounts owing as a result of changes in contract scope, delays, additional work or changed conditions. Construction work related to a change order or claim may proceed, and costs may be incurred, in advance of final determination of the value of the change order. Many change orders and claims may not be settled until the construction project is complete or subsequent to completion and the nature of the relationship with the other party to the claim and the history of success of these claims may impact the associated revenue or cost recovery. Claims against customers for variable consideration due to factors described above are assessed under the Company’s revenue policy, which requires significant judgement. The

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

amount of variable consideration that is constrained is the difference between the total claim value and the best estimate of recovery. This constrained value is reviewed each reporting period.

Provisions

Legal and warranty and other provisions involve the use of estimates. Estimates and assumptions are required to determine when to record and how to measure a provision in the financial statements. The outcomes may differ significantly from the estimates used in preparing the financial statements resulting in adjustments to previously reported financial results.

Impairment of non-financial assets

Management evaluates property and equipment, intangible assets and right-of-use (“ROU”) assets at the end of each reporting period to determine if there are events or circumstances which indicate that the carrying value may not be recoverable. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the recoverable amount of the cash-generating unit (“CGU”), or groups of CGUs to its carrying amount. There is a significant amount of uncertainty with respect to the estimate of the recoverable amount given the necessity of making economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, and estimates of achieving key operating metrics and drivers, and the discount rate. Refer to note 17 for further details regarding the assumptions and estimates regarding the Company’s goodwill impairment assessment.

Measurement of pension obligations

The Company’s obligations and expenses related to defined benefit (“DB”) pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The DB obligations and benefit cost levels will change as a result of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules, and future experience gains or losses, which have not been anticipated at this time. Actual experience that differs from assumptions will result in gains or losses that will be disclosed in future accounting valuations. Refer to note 22 for further details regarding the Company’s DB plans as well as a sensitivity analysis of a change in the discount rate assumption used in the calculations and the resultant impact to financial results.

Share-based payments

Compensation expense accrued for performance share units (“PSU”) is dependent on an adjustment to the final number of PSU awards that will eventually vest based on a performance multiplier that is estimated by management and approved by the Board of Directors. Large fluctuations in compensation expense may occur due to changes in the underlying share price or revised management estimates of relevant performance factors.

Leases

The Company applies judgement in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease within the scope of IFRS 16 *Leases*. Leases that are recognized are subject to further management judgement and estimation in various areas specific to the arrangement. In determining the lease term to be recognized, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Lease liabilities have been estimated using a discount rate equal to the Company-specific incremental borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase an asset of a similar value, with similar payment terms and security in a similar economic environment.

Income taxes

Tax regulations and legislation are subject to change and there are differing interpretations requiring management judgement. Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in future periods, which requires management judgement. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods, which requires management judgement. Income tax filings are subject to audits and

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

re-assessments and changes in facts, circumstances and interpretations of tax laws may result in a material increase or decrease in the Company's provision for income taxes.

4. Significant accounting policies

Consolidation

The financial statements include the accounts of the Company, its subsidiaries and partnerships, as well as its pro-rata share of assets, liabilities, revenues, expenses and cash flows from joint operations. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation. The financial statements include the accounts of the following significant subsidiaries:

Company	Ownership / Voting Interest	
	2020	2019
Fully consolidated subsidiaries		
Bird Construction Inc.	100%	100%
Bird Construction Company Limited	100%	100%
Bird Construction Company (Limited Partnership)	100%	100%
Bird Management Ltd.	100%	100%
Bird Design-Build Limited	100%	100%
Bird Capital Limited	100%	100%
Bird Capital Limited Partnership	100%	100%
Bird Industrial Group Limited	100%	100%
Bird Design-Build Construction Inc.	100%	100%
Westrac Resources Ltd.	100%	100%
Westrac Resources Limited Partnership	100%	100%
Bird Construction Group (Limited Partnership)	100%	100%
Bird Construction Group Limited	100%	100%
Bird General Contractors Ltd.	100%	100%
Bird Civil et mines Ltee	100%	100%
Bird Heavy Civil Ltd.	100%	100%
Nason Contracting Group Ltd.	100%	100%
Bird Casey House Limited Partnership	100%	100%
Bird Capital MDC Project Co. Inc.	100%	100%
Bird Construction Industrial Services Ltd.	100%	100%
Bird Construction Group Ltd.	100%	100%
NCGL Industrial Ltd.	100%	100%
NCGL Construction Ltd.	100%	100%
BFL Fabricators Ltd.	100%	100%
Canadian Consulting Group Limited	100%	100%
Innovative Trenching Solutions Ltd.	100%	100%
Innovative Trenching Solutions Field Services Ltd.	100%	100%
Innovative Trenching USA Inc.	100%	n/a
Bird Capital OMP Project Co. Inc.	100%	100%
Stuart Olson Buildings Ltd.*	100%	n/a
Stuart Olson Industrial Inc.*	100%	n/a
411007 Alberta Ltd.*	100%	n/a
TCC Holdings Inc.*	100%	n/a
The Churchill Corporation*	100%	n/a
Stuart Olson Asset Corp.*	100%	n/a
Proportionately consolidated joint arrangements		
Bird Kiewit Joint Venture	60%	60%
Pomerleau/O'Connell JV	50%	50%
Bird – Maple Reinders JV	50%	50%
Maple Reinders – Bird JV	50%	50%
Bird – ATCO Joint Venture	60%	60%

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

CBS Joint Venture	42.5%	42.5%
Chandos Bird Joint Venture	50%	50%
Acciona Stuart Olson Joint Venture*	50%	n/a
Stuart Olson/Nunavut Ltd.*	40%	n/a
Canem/Plan Group Joint Venture*	50%	n/a
Stuart Olson Industrial Contractors/Andritz Hydro Canada Inc.*	50%	n/a
FCG Construction/Stuart Olson, a Joint Venture*	50%	n/a

* Acquired on September 25, 2020 (note 7)

The Company has invested in a number of Public Private Partnership (“PPP”) concession ventures, usually holding a minority interest position in the venture. The Company has also invested in the Stack Modular group of companies. In these instances, the Company can either exercise significant influence or joint control over the financial and operational policies of the venture (or investee). The Company uses the equity method of accounting to account for these investments. The investment is recorded as the amount of the initial investment adjusted for the pro-rata share of the investee’s earnings less any distributions received from the investment.

Company	Ownership / Voting Interest	
	2020	2019
Equity accounted investment in associates/joint ventures		
Boreal Health Partnership*	n/a	25%
Chinook Resources Management General Partnership	50%	50%
Harbour City Solutions General Partnership	20%	20%
Hartland Resource Management General Partnership	20%	20%
Joint Use Mutual Partnership #1*	n/a	20%
Joint Use Mutual Partnership #2*	n/a	20%
Plenary Infrastructure ERMF GP	10%	10%
Stack Modular Structures Ltd.	50%	50%
Stack Modular Structures Hong Kong Limited	50%	50%
Niagara Falls Entertainment Partners	20% / 16.2%	20% / 16.2%
Timmiak Construction Limited Partnership	69.99% / 33.33%	69.99% / 33.33%

* Disposed during the year ended December 31, 2020 (note 13)

All of the above subsidiaries, joint arrangements, joint ventures and associates are incorporated or registered in Canada except Stack Modular Structure Hong Kong Limited which is incorporated and registered in Hong Kong and Innovative Trenching USA Inc which is incorporated and registered in Delaware.

Revenue recognition

Contract revenue is recognized in the consolidated statement of income (the “statement of income”) in accordance with the pattern of satisfying the Company’s performance obligations under a contract. This satisfaction occurs when control of a good or service transfers to the customer. In the majority of the Company’s contracts, the customer controls the work in process as evidenced by the right to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to the Company, and the work is performed on the customer’s property. Based on the nature of these contractual arrangements, control is transferred over time and revenue is recognized over time.

For each performance obligation satisfied over time, the Company recognizes revenue by measuring progress toward complete satisfaction of that performance obligation. Using output or input methods based on the type of contract, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. Revenue from fixed price (including PPP, alternative finance, design-build, and stipulated sum) and cost reimbursable (including cost plus and IPD) contracts is recognized using the input method with reference to costs incurred. Revenue from unit price contracts in the heavy construction, civil construction and contract surface mining construction sectors is recognized based on the amount of billable work completed, established by surveys of work performed, an output method. For agency relationships, such as

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

construction management contracts, where the Company acts as an agent for its customers, fee revenue only is recognized, generally in accordance with the contract terms. Some contracts, particularly master service agreements and maintenance service contracts, do not specify the amount of fixed consideration at contract inception, but will have a transaction price assigned to it once a work order is issued. For the purpose of revenue recognition and disclosure, only the transaction price of secured work, as evidenced by work orders, would be included in revenue. If the outcome of a construction contract cannot be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no profit is recognized. As the contract progresses further, the constrained margin and associated revenue are reassessed.

Revenue from contract modifications, commonly referred to as change orders and claims, is recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. In cases where the contract modification is approved, but the price has not been finalized, the Company accounts for the contract modification using variable consideration guidance described below. A claim against or dispute with a customer is considered variable consideration as it is in addition to the agreed upon performance obligations outlined in the original contract because of additional costs incurred due to delays and/or scope changes, for example. The subsequent settlement of a claim or dispute through negotiation results in uncertainty as to the likelihood and amount that will be ultimately collected.

The amount of variable consideration included in the transaction price may be constrained due to the uncertain nature of the recovery of the associated revenue. The Company will make an estimate of the amount to be constrained by using either the most likely amount or the expected value method, by contract, depending which method is considered to best predict the amount of consideration to which the Company will be entitled. The amount of variable consideration to be included in the transaction price is only that to which it is highly probable that a significant reversal of cumulative revenue recognized to date will not occur. Management considers the following factors in their assessment of the probability of reversal:

- i. Susceptibility of consideration to factors outside the Company's influence.
- ii. Length of time, that is commercially unusual, before resolution of the uncertainty associated with the amount of consideration is expected.
- iii. The Company's experience with similar types of contracts is limited or the experience is not relevant or has limited predictive value.
- iv. If, historically the Company has a practice of offering a broad range of pricing concessions or changing the payment terms and conditions of similar contracts in similar situations.
- v. The contract has a larger number and broad range of possible consideration amounts.

Where the above factors indicate uncertainty associated with the outcome of the transaction price, the Company reviews the historical performance under similar contracts in order to determine the appropriate proportion of the variable consideration to be included in the transaction price.

For most arrangements, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project or capability (even if that single project results in the delivery of multiple units). The Company therefore considers that the entire contract results in the delivery of a single performance obligation. Less commonly, the Company may promise to provide distinct goods or services within a contract, in which case the contract is separated into the associated performance obligations as assessed from the customer's perspective. If a contract contains multiple performance obligations, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. When the Company is contracted to construct projects, the budgets and overall transaction prices are built up using the Company's best estimate of costs associated to complete the project using the appropriate overhead and subcontractor rates for a given project and location. This approach to estimate the overall costs and associated revenues is considered the most appropriate assessment of the standalone selling price for the associated performance obligations.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Where costs are determined to be greater than total revenues, losses from any construction contracts are recognized in full in the period the loss becomes known. Losses are recorded within provisions on the statement of financial position.

Costs of construction

Construction costs are expensed as incurred unless they result in an asset related to future contract activity and meet the criteria to be capitalized as contract assets. Construction costs include all expenses that relate directly to execution of the specific contract, including site labour and site supervision, direct materials, subcontractor costs, equipment rentals and depreciation, design and technical assistance, and warranty claims. Construction costs also include overheads that can be attributed to the project in a systematic and consistent manner and include general insurance and bonding costs, and staff costs relating to project management.

Contract assets and liabilities

Any excess of costs and estimated earnings over progress billings on construction contracts is carried as a contract asset in the financial statements. Contract assets also arise when the Company capitalizes incremental costs of obtaining contracts with customers and the costs incurred in fulfilling those contracts, such as mobilization costs. Costs to fulfill a contract are required to be capitalized where they are determined to relate directly to a contract or an anticipated contract that the entity can specifically identify, they generate or enhance resources of the Company that will be used in satisfying performance obligations in the future, and they are expected to be recovered under that specific contract.

In all cases, the specific contract asset is amortized with reference to the same pattern of recognition as the revenue recognized on the associated project.

Any excess of progress billings over earned revenue on construction contracts is carried as a contract liability in the financial statements.

Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. All contract assets and liabilities are classified as current in the financial statements as they are expected to be settled within the Company's normal operating cycle. The operating cycle of many of the Company's contracts exceed 12 months, depending on the type of project or the nature of the service being provided.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Company, liabilities assumed by the Company and the equity interests issued or cash paid by the Company in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred, unless related to the issuance of debt or equity.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income taxes*, and IAS 19 *Employee benefits*, respectively;
- For any ROU (i.e. lease) assets and ROU liabilities identified in which the acquiree is the lessee, IFRS 3 *Business combinations* requires the lease liability to be measured at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date. The ROU asset is measured at an amount equal to the lease liability, adjusted to reflect the favourable or unfavourable terms of the lease when compared with market terms.

The Company measures goodwill as the excess of the sum of the fair value of the consideration transferred, if any, over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Government assistance

Government grants are recognized when there is reasonable assurance that the Company will comply with the conditions attached to them and the grant will be received. When the conditions of a grant relate to income or expense, to the extent possible, it is recognized in the statement of income in the period in which eligible expenses were incurred or when the services have been performed. There may be circumstances in which the determination of applicability of the government grant may cross over reporting periods and cannot be recorded in the period in which eligible expenses were incurred or when the services have been performed. For grants related to expense, the Company deducts the grant in reporting the related expense.

Property and equipment

Property and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property and equipment includes the purchase price and the directly attributable costs required to bring the asset to the condition necessary for the asset to be capable of operating in the manner intended by management. The cost of replacing or repairing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits will occur and the cost can be measured reliably. The costs of routine maintenance of property and equipment are recognized in the statement of income as incurred.

Depreciation is calculated based on the cost of an asset (or deemed cost) less its residual value. Depreciation commences when the asset is available for use and ceases on the earliest of when the asset is derecognized or classified as held-for-sale. When parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment and depreciated accordingly. The carrying amount of a replaced component is derecognized. The Company reviews the residual value, useful lives and depreciation methods used on an annual basis and, where revisions are required, the Company applies such changes in estimates on a prospective basis.

Depreciation of property and equipment over the estimated useful lives of the assets is as follows:

Diminishing balance method

Buildings	4%
Equipment, trucks and automotive	20% - 40%
Heavy equipment	Hours of use
Furniture, fixtures and office equipment	20% - 55%

Straight line method

Leasehold improvements	Over the lease term
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Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the statement of income.

Leases

Lessee arrangements

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On the date that the leased asset becomes available for use, the Company recognizes a ROU asset and a corresponding ROU liability. Finance costs associated with the lease obligation are charged to the statement of income over the lease period with a corresponding increase to the ROU liability. The ROU liability is reduced as payments are made against the principal portion of the lease. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation of the ROU asset is recognized as part of costs of construction or general and administrative expenses, depending on the nature of the leased asset.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

ROU assets and liabilities are initially measured on a present value basis. Lease obligations are measured as the net present value of the lease payments which may include: fixed lease payments, variable lease payments that are based on an index or a rate, amounts expected to be payable under residual value guarantees, and payments to exercise an extension or termination option, if the Company is reasonably certain to exercise either of those options. ROU assets are measured at cost, which is composed of the amount of the initial measurement of the ROU liability, less any incentives received, plus any lease payments made at, or before, the commencement date and initial direct costs and asset restoration costs, if any. The rate implicit in the lease is used to determine the present value of the liability and asset arising from a lease, unless this rate is not readily determinable, in which case the Company's incremental borrowing rate is used.

The Company has applied a number of practical expedients identified in the standard as follows:

- Short-term leases and leases of low-value assets are not recognized in the statement of financial position and lease payments are instead recognized in the financial statements as incurred.
- For certain classes of leases, the Company has elected not to separate lease and non-lease components (which transfer a separate good or service under the same contract) and instead the Company accounts for these leases as a single lease component.
- Certain leases having similar characteristics are accounted for as a portfolio.

Lessor arrangements

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators, such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the identifiable assets acquired less liabilities assumed, based on their fair values. Subsequently, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized.

Intangible assets

Intangible assets with finite lives are comprised of computer software, and assets related to the acquisition of a business, including backlog and agency contracts and customer relationships. These intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is calculated using the cost of the asset, and commences once the asset is available for use and is recognized in the statement of income based on the expected pattern of consumption of the economic benefits of the asset. Amortization methods, useful lives and residual values are reviewed on an annual basis and adjusted where appropriate. Intangible assets with indefinite lives comprising of trade names are not amortized.

The estimated useful lives of each class of intangible assets are as follows:

Asset	Basis	Useful Life
Computer software	Straight line	1 to 10 years
Backlog and agency contracts	As related revenue is earned	1 to 3 years
Customer relationships	Straight line	3 to 7 years
Trade names		Indefinite

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets for which separate processes apply, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have an indefinite useful life or intangible assets that are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of a CGU is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (i.e. a CGU). For the purpose of goodwill impairment testing, goodwill acquired in a business combination is allocated to the CGU, or the group of CGUs, that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling and reflects the lowest level at which the goodwill is monitored for internal reporting purposes.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Provisions and contingent assets

Provisions

Provisions are recognized when, at the financial statement date, the Company has a present obligation as a result of a past event, it is more likely than not that the Company will be required to settle that obligation, and the cash outflow can be estimated reliably. The amount recognized for provisions is the best estimate of the expenditure to be incurred. Where the Company expects some or all of the provision to be reimbursed, for example through insurance, the reimbursement is recognized as an asset only when it is virtually certain of realization. The recoverable amount will not exceed the amount of the provision. Provisions include:

- i. Provisions for potential legal claims relating to the Company's performance and completion of construction contracts. The Company attempts to settle claims within the construction period of the contracts, but a legal claim may take years to settle.
- ii. Provisions for potential warranty claims relating to construction projects. These claims are usually settled during the project's warranty period.
- iii. Provisions for loss contracts are recorded when costs are estimated to be greater than total revenues for the contract. Losses from construction contracts are recognized in full in the period the loss becomes known. The loss provision will be net of management's estimate of probable expected recoveries, which differs from the criterion used for revenue recognition.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Cost recovery claims associated with claims against subcontractors and parties other than customers are considered contingent assets until it is virtually certain that the claims will be settled. Contingent assets are not recorded or disclosed in the financial statements.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Subcontractor/ supplier performance default insurance

The Company maintains an insurance policy which provides the Company with comprehensive coverage in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program. The total insurance premium paid by the Company to the insurer is comprised of a non-refundable premium and a deposit premium. The deposit premium paid by the Company is included in other non-current assets on the consolidated statements of financial position (the "statements of financial position"). The liabilities included in provisions on the statements of financial position relate to management's best estimate of exposures and costs associated with prior or existing subcontractor or supplier performance defaults. Management conducts a thorough review of the liability every reporting period and takes into consideration the Company's experience to date with those subcontractors or suppliers that are enrolled in the program.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions and balances are recorded in the accounts as follows:

- i. Monetary assets and liabilities at the exchange rate in effect at the financial statement date;
- ii. Non-monetary assets and liabilities at exchange rates prevailing at the time of the transaction;
- iii. Depreciation expense at the exchange rate in effect at the time the related assets are acquired; and
- iv. Revenue and expenses at the average exchange rate prevailing on the date of the transaction.

Translation of equity accounted foreign entities

Assets and liabilities of equity accounted foreign entities are translated from the functional currency to the Company's presentation currency at the closing rate at the end of the reporting period. The statements of income are translated at exchange rates at the dates of the transactions or at the average rate if it approximates the actual rates. All resulting exchange differences are recognized in other comprehensive income.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in the statement of income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable based on applying enacted income tax rates to the taxable income realized in the current year. Current tax includes adjustments to taxes payable or recoverable in respect of previous years.

Deferred income tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes, as well as for the benefit of tax losses available to be carried forward to future years provided they are likely to be realized. Deferred taxes are recognized using enacted or substantively enacted rates expected to apply in the periods in which the asset is realized or the liability is settled. Deferred taxes are measured on an undiscounted basis. Deferred taxes are presented as non-current. Current and deferred tax assets and liabilities are offset only when a legally enforceable right exists to offset current tax assets against current tax liabilities relating to the same taxable entity and the same tax authority.

Basic and diluted earnings per share

The Company's basic earnings per share calculation is based on the net income available to common shareholders for the period divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share is calculated by dividing the net income available to common shareholders for the period by the weighted average number of common shares outstanding for the period, adjusted for the effects of all dilutive potential common shares, including stock options granted to employees.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Post-employment benefits

The Company maintains two registered pension plans. Each plan includes a defined contribution (“DC”) provision and a non-contributory DB provision. The DB provision covers salaried employees for two of its subsidiaries. Annual employer contributions to the DB provision of each plan, which are actuarially determined by an independent actuary, are made on the basis of being not less than the minimum amounts required by provincial pension supervisory authorities. Unlike the DB provision, there is no obligation recorded for the DC provision. The DC contributions made by the Company are measured on an undiscounted basis and are expensed as the related services are provided.

DB pension costs are actuarially determined using the projected unit credit method and management’s best estimate of salary escalation and retirement age of employees. The Company’s net obligation in respect of DB pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any recognized past service costs and the fair value of plan assets are deducted. The discount rate used to establish the pension obligation was determined by reference to market interest rates on AA-rated corporate bonds with cash flows that approximate the timing and amount of expected benefit payments. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan within the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

The pension deficit or surplus is adjusted for any material changes in underlying assumptions. The Company recognizes all actuarial gains and losses arising from the DB plans in other comprehensive earnings in the period in which they occur. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognized in the statement of income on a straight-line basis over the average service period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the statement of income.

Stock option plan

The Company’s Stock Option Plan, as described in note 23, is a share-based payment plan which provides for the granting of stock options. The fair value of share-based payment awards is recognized as an employee expense, with a corresponding increase in contributed surplus, on a straight-line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Medium term incentive plan

The Company’s Medium Term Incentive Plan (“MTIP”) is a cash-settled share-based payment plan which provides for the granting of phantom shares. The phantom shares provide the holder with the opportunity to earn a cash benefit in relation to the value of a specified number of underlying notional shares. MTIP awards for 2018 and 2019 grants vest on November 30 of the third year following the year to which the award relates, and for 2020 grants vest between November and December of the second and third year following the year to which the award relates, if the employee has maintained continuous employment with the Company, or at the Company’s discretion. Annually, the Board of Directors determines the amount of the initial award, which is then used to determine the number of shares allocated to the employee. The total liabilities for this plan are computed based on the estimated number of phantom shares expected to vest at the end of the vesting period. The liability is measured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the phantom shares outstanding at the end of a reporting period is measured based on the quoted market price of the Company’s shares. The phantom shares earn notional dividends, equivalent to actual dividends declared on the Company’s shares. Compensation expense relating to the initial award, notional dividends and changes in the market price of the phantom shares is recognized on a straight-line basis in the statement of income over the vesting period.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Equity incentive plan

The Company has an Equity Incentive Plan ("EIP") as part of the Company's executive compensation plan. The purpose of the EIP is to provide certain officers and employees of the Company with the opportunity to be granted performance share units ("PSU") or time-based restricted share units ("RSU"), and together with PSUs, the ("Units"). The EIP is a full-value share unit plan using the value of the Company's shares as the basis for the Units. In the case of the PSUs, the amount of award payable at the end of the vesting period will be determined by a performance multiplier. Under the EIP, the Company is entitled, in its sole discretion, to settle the Units in either cash or the Company's Shares purchased on the TSX or issued from treasury, or a combination thereof. The Company intends to settle the EIP in cash.

As a cash-settled compensation arrangement, the fair value of the amount payable is recognized as an expense with a corresponding increase in liabilities over the vesting period. The Units will vest and be settled on their issue date, which will be no later than December 31 in the third year following the date of grant, or in accordance with the EIP, participant's award agreement, or the Company's discretion. The liabilities for this plan are calculated based on the estimated number of Units expected to vest at the end of the vesting period. The Units earn notional dividends, equivalent to actual dividends declared on the Company's shares. The liability is remeasured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the Units outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares, with PSUs also adjusted by a performance multiplier. Compensation expense relating to the initial award, notional dividends and changes in the market price of the Units is recognized on a straight-line basis in the statement of income over the vesting period.

Deferred share unit plan

The Company has a Deferred Share Unit Plan ("DSU Plan"), which is a cash-settled share-based payment plan. The fair value of the amount payable to eligible Directors in respect of Deferred Share Units ("DSU") is equivalent to the cash value of the common shares at the reporting date. The DSUs earn notional dividends, equivalent to actual dividends declared on the Company's shares. DSUs are cash-settled when the eligible Director ceases to hold any position within the Company. The liability associated with the DSU Plan is recalculated at each reporting date and at settlement. Any change in the fair value of the liability is recognized as an expense in general and administrative expenses in the statement of income.

Cash and cash equivalents

The Company considers cash, bank indebtedness, if any, bankers' acceptances and short-term deposits with original maturities of three months or less, as cash and cash equivalents.

Financial instruments

Classification and measurement of financial instruments

Financial assets and liabilities are recognized on the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument or derivative contract. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial liabilities are derecognized when their contractual obligations are discharged, cancelled or have expired. Financial instruments are initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification of financial assets is determined by their context in the Company's business model and by the characteristics of the financial asset's contractual cash flows.

- Amortized cost: The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. The financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

- Fair value through profit or loss (“FVTPL”): A financial asset is measured at FVTPL if it does not meet the criteria for assets measured at amortized cost or FVTOCI. Financial assets at FVTPL include held for trading assets and derivative instruments. Financial assets at FVTPL are measured at fair value with changes recognized in the statement of income. Transaction costs associated with assets classified as FVTPL are expensed as incurred.
- Fair value through other comprehensive income (“FVTOCI”): The Company does not have any financial assets held at FVTOCI at December 31, 2020 or 2019.

The Company has the following financial assets and liabilities:

	Classification & basis of measurement
Financial assets:	
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Notes receivable	Amortized cost
Derivative contracts	FVTPL
Financial liabilities:	
Accounts payable	Amortized cost
Dividends payable to shareholders	Amortized cost
Loans and borrowings	Amortized cost
Non-recourse project financing – loan facilities	Amortized cost
Right-of-use liabilities	Amortized cost
Derivative contracts	FVTPL

Derivative financial instruments

The Company uses interest rate swaps to manage its interest rate risk on non-recourse project financing and its variable rate loans and borrowings. The Company also uses Total Return Swap (“TRS”) derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans due to changes in the fair value of the Company’s common shares. The Company does not employ hedge accounting for any of its derivative contracts currently in place.

Impairment of financial assets

Financial assets measured at amortized cost are assessed at each reporting date to determine whether there is objective evidence of impairment. An expected credit loss (“ECL”) impairment model is applied, where the ECL is the present value of all cash shortfalls over the expected life of the financial asset. Impairment is measured at either the 12-month ECL or lifetime ECL. The Company recognizes the 12-month ECL in the statement of income; however, for trade receivables and contract assets that do not contain a significant financing component, a lifetime ECL is measured at the date of initial recognition.

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event will have a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. The carrying amounts of financial assets are reduced by the amount of the ECL through an allowance account and losses are recognized in general and administrative expenses in the statement of income.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Joint arrangements

A joint arrangement is an arrangement in which the Company has joint control, established by contractual agreements requiring unanimous consent for decisions about activities that significantly affect the arrangement's returns. Joint arrangements are classified as either a joint operation or a joint venture. A joint operation is an arrangement where the joint controlling parties have direct rights to the assets and direct obligations for the liabilities of the arrangement in the normal course of business. Interests in a joint operation are accounted for by recognizing the Company's share of assets, liabilities, revenues and expenses. A joint venture is an arrangement where the joint controlling parties have rights to the net assets of the arrangement. Interests in a joint venture are recognized as an investment and accounted for using the equity method. The determination as to whether a joint arrangement is a joint venture or a joint operation requires significant judgement based on the structure of the arrangement, the legal form of any separate vehicle, the contractual terms of the arrangement and other facts and circumstances. The joint arrangements in which Bird participates are typically formed to undertake a specific construction project, are jointly controlled by the parties, and are dissolved upon completion of the project.

Finance income and finance costs

Finance income is comprised of interest earned on cash and cash equivalents, interest earned on lease receivables, gains/losses on disposal of investments and changes in the fair value of financial assets classified as fair value through profit and loss. Interest income is recognized as it accrues in the income statement.

Finance costs are comprised of interest on loans and borrowings including non-recourse project financing using the effective interest rate method, interest expense related to ROU liabilities, interest expense related to the net gain or loss on interest rate swaps, interest associated with TRS contracts, fees associated with credit facilities, bank charges and other interest expenses.

5. New accounting standards, amendments and interpretations adopted

Amendments to IFRS 3 - Definition of a Business

On October 22, 2018, the IASB issued amendments to IFRS 3 *Business Combinations* that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The definition of a business is narrower which could result in fewer business combinations being recognized. The Company adopted the amendments to IFRS 3 on a prospective basis on January 1, 2020. The adoption of the amendments to IFRS 3 did not have an impact on the financial statements.

6. Future accounting changes

There are new accounting standards, amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2021 and have not been applied in preparing the financial statements for the year ended December 31, 2020. These standards and interpretations are not expected to have a material impact on the Company's financial statements. The following standard is applicable to the Company:

Amendments to IFRS 16 Leases

On May 28, 2020, the IASB issued *COVID-19-Related Rent Concessions (Amendment to IFRS 16)*. The amendments are effective for annual periods beginning on or after June 1, 2020. Early adoption is permitted.

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before June 30, 2021. The Company will adopt the amendments to IFRS 16 on a prospective basis and the amendments are not expected to have a material impact on the financial statements.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

7. Business combination

On July 29, 2020, the Company entered into an arrangement agreement ("Arrangement Agreement") pursuant to which, among other things, the Company agreed to acquire all of the outstanding common shares of Stuart Olson Inc. ("Stuart Olson") by way of a plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement").

The principal activities of Stuart Olson and its subsidiaries are to provide general contracting and electrical building systems contracting in the public and private construction markets, as well as general contracting, electrical, mechanical and specialty trades, such as insulation, cladding and asbestos abatement, in the industrial construction and services market. Stuart Olson provides its services to a wide array of clients within Canada. One of the key rationales for the business combination was to further diversify the Company's risk profile by expanding its service offerings and revenue streams. The Company has grown its industrial general contracting business, including industrial maintenance, repair and operations. In the institutional and commercial sectors, the Company has added capability in construction management services, and its newly acquired commercial systems business is one of Canada's largest electrical and data system contractors. The acquisition further enhances the Company's ability to service maintenance, repair and operations.

On September 25, 2020, the Arrangement was completed, pursuant to which the Company acquired all of the issued and outstanding common shares of Stuart Olson in exchange for common shares of the Company and cash consideration, and completed the payout and termination of all indebtedness as detailed below. Under the terms of the Arrangement:

- Stuart Olson's secured creditors received an aggregate cash payment of \$70.0 million in full satisfaction of all obligations, indebtedness and liabilities of Stuart Olson and its affiliates under the bank credit facility, including unpaid interest, fees and expenses;
- Canso Investment Counsel Ltd. ("Canso"), in its capacity as portfolio manager for and on behalf of certain accounts managed by it, acquired an aggregate of 6,329,114 common shares for gross proceeds of approximately \$40.0 million;
- Those accounts managed by Canso, in its capacity as portfolio manager, that held the convertible unsecured subordinated debentures due September 20, 2024 (the "Debentures"), received 3,560,127 common shares valued at \$21.8 million based on a deemed issue price equal to \$6.32 per share for \$22.5 million of principal value of Debentures in full satisfaction of all indebtedness, accrued interest and obligations of Stuart Olson and its affiliates under the indenture governing the Debentures; and
- Stuart Olson shareholders received an aggregate of 632,835 common shares, based on an exchange ratio of 0.02006051 common shares for each Stuart Olson common share. Those Stuart Olson shareholders entitled to receive less than one common share for all Stuart Olson shares received a cash payment determined by reference to the volume weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the five trading days immediately preceding September 25, 2020.

In connection with this acquisition, the Company incurred acquisition costs of approximately \$5,570 comprised mainly of consulting and other professional fees. These costs have been included in general and administrative expenses in the statement of income. Transaction costs of \$124 directly attributable to the issue of common shares are recognized as a deduction from shareholders' capital.

The Arrangement has been accounted for as a business combination using the acquisition method of accounting whereby the assets acquired, and liabilities assumed are recognized at their fair value, except for deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements and any ROU assets and ROU liabilities identified in which the acquiree is the lessee.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

The value of the assets and liabilities associated with the Stuart Olson acquisition were not finalized by March 9, 2021, and therefore are preliminary figures. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition that identifies adjustments to the amounts noted below, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

During the three months ended December 31, 2020, measurement period adjustments were made to the purchase price allocation to reflect new information obtained by management with respect to facts and circumstances that existed as of September 25, 2020. The impact of these measurement period adjustments were: \$5,010 increase in accounts receivable, \$991 increase in contract assets, \$126 increase in income taxes recoverable, \$10 decrease in other assets, \$232 increase in property and equipment, \$2,146 decrease in ROU assets, \$3,000 decrease in intangible assets, \$1,816 decrease in the net deferred tax assets, \$1,695 decrease in accounts payable, \$4,478 increase in contract liabilities, \$1,806 decrease in income taxes payable, \$5,929 increase in provisions, \$1,578 decrease in other liabilities and \$5,941 increase in goodwill.

Number of common shares issued to Stuart Olson shareholders	632,835
Number of common shares issued on settlement of Debentures	3,560,127
Total common shares issued as consideration	4,192,962
Common share price at close on September 25, 2020	\$ 6.12
Equity consideration	\$ 25,661
Cash consideration	70,000
Total Consideration	\$ 95,661

Fair value of assets and liabilities of Stuart Olson acquired:

Assets acquired	
Cash and cash equivalents	\$ 10,040
Accounts receivable	269,736
Contract assets	33,534
Income taxes recoverable	622
Lease receivables	7,506
Other assets	3,634
Property and equipment	15,483
Right-of-use assets	26,728
Intangible assets	25,430
Net deferred tax assets	8,262
Liabilities assumed	
Accounts payable	(190,450)
Contract liabilities	(56,316)
Income taxes payable	(7,913)
Provisions	(14,482)
Pension liabilities	(5,023)
Loans and borrowings	(667)
Right-of-use liabilities	(46,887)
Other liabilities	(241)
Net identifiable assets acquired	\$ 78,996
Goodwill	16,665
Net assets acquired	\$ 95,661

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Goodwill and intangible assets

Goodwill of \$16,665 recognized as part of the acquisition is attributed to expected revenue growth, future market development, the assembled workforce and the synergies achieved from the integration of Stuart Olson into the Company's business. These benefits are not recognized separately from goodwill, as the future economic benefits arising from them cannot be reliably measured. The goodwill recognized is not deductible for tax purposes. Identifiable intangible assets acquired of \$25,430 includes computer software, backlog and agency contracts, customer relationships and trade names.

The fair value of the trade receivables acquired amounts to \$269,736. The gross amount of trade receivables was \$282,443, of which \$12,707 was expected to be uncollectible at acquisition date. From the date of acquisition, Stuart Olson has contributed \$251,663 of revenue and \$3,476 of net income. If the acquisition had occurred on January 1, 2020, revenue for the combined entity would be \$2,179,178 and net income would be \$31,512 for the year ended December 31, 2020.

8. Cash and cash equivalents

Cash and cash equivalents	2020	2019
Cash	\$ 96,671	\$ 36,127
Restricted cash and blocked accounts*	55,107	10,102
Cash held for joint operations	60,200	134,015
Short-term deposits held to support letters of credit*	90	90
	\$ 212,068	\$ 180,334

* Cash and cash equivalents include the following restricted cash and blocked accounts. These amounts are not available for general operating purposes.

Restricted cash and cash equivalents	2020	2019
Cash and cash equivalents held to support letters of credit (note 18)	\$ 139	\$ 139
Cash deposited in blocked accounts for special projects (note 11)	1,033	212
Restricted cash	54,025	9,841
	\$ 55,197	\$ 10,192

Support for Letters of Credit

In the normal course of business, the Company issues letters of credit on certain projects to guarantee its performance. These projects are typically design-build contracts relating to PPP arrangements and other major construction projects. In certain instances, the letters of credit are supported by the hypothecation of cash and cash equivalents that are not available for general corporate purposes (note 18).

Blocked Accounts

The terms of non-recourse project financing require scheduled loan advances to be deposited in a blocked bank account which cannot be accessed directly by the Company for general corporate purposes. Upon recommendation by the lender's technical advisor, cash is released monthly from the blocked account and paid to the Company based on the progress made on the related construction project. Once PPP projects that only involve short term financing reach final completion and the debt is repaid, any remaining amounts in the project accounts become unrestricted and available for general corporate purposes.

Restricted Cash

Under the Construction Act in Ontario, a bank account has been established for the benefit of persons who have supplied services or materials to the improvement for specific projects subject to the legislation. The funds remain in the account until all subcontractors, suppliers and direct labour are paid, as appropriate.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

9. Accounts receivable

	<u>2020</u>		<u>2019</u>
Progress billings on construction contracts	\$ 336,286	\$	271,931
Holdbacks receivable (due within one operating cycle)	160,364		134,751
Other	33,175		6,967
	<u>\$ 529,825</u>	\$	<u>413,649</u>

Accounts receivable are reported net of an allowance for doubtful accounts of \$1,471 as at December 31, 2020 (December 31, 2019 - \$1,538). Holdbacks receivable represent amounts billed on construction contracts which are not due until the contract work is substantially complete and the applicable lien period has expired.

Included in other accounts receivable are government assistance receivables of \$25,847 at December 31, 2020 (December 31, 2019 - \$nil) related to the Canada Emergency Wage Subsidy ("CEWS"). See note 29.

10. Revenue, contract assets and contract liabilities

Disaggregation of revenue

The Company disaggregates revenue from contracts with customers by contract type, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	<u>2020</u>		<u>2019</u>
Public Private Partnerships ("PPP")	\$ 28,760	\$	102,105
Alternative finance projects and complex design-build	100,572		176,887
Stipulated sum, unit price and standard specification design-build	942,776		792,492
Construction management, cost plus and IPD	432,324		304,924
	<u>\$ 1,504,432</u>	\$	<u>1,376,408</u>

Remaining performance obligations

The total value of all contracts awarded to the Company, less the total value of work completed on these contracts as of the reporting date is referred to as remaining performance obligations. This includes all contracts that have been awarded to the Company whether the work has commenced or will commence in the normal course.

As at December 31, 2020 the aggregate amount of the transaction price allocated to total remaining performance obligations from construction contracts was \$2,682,498. The value of remaining performance obligations does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.

The Company expects to recognize approximately 59% of the remaining performance obligations over the next 12 months with the remaining balance being recognized beyond 12 months. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control.

The Company's measure of remaining performance obligations is also referred to as "Backlog"; this measure may not be comparable with the calculation of similar measures by other entities as Backlog is not a term defined under IFRS.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Summary of contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<u>2020</u>	<u>2019</u>
Progress billings and holdbacks receivable (note 9)	\$ 496,650	\$ 406,682
Contract assets	60,031	31,018
Contract assets – alternative finance projects (note 11)	113	75,180
Contract liabilities	<u>(120,054)</u>	<u>(112,126)</u>
	<u>\$ 436,740</u>	<u>\$ 400,754</u>

Progress billings and holdbacks receivable

The Company issues invoices in accordance with the billing schedule or contract terms. These invoices trigger recognition of accounts receivable.

Contract assets including alternative finance projects

The Company receives payments from customers based on a billing schedule, as established in the contracts. A contract asset relates to the conditional right to consideration for completed performance under the contract. Accounts receivable are recognized when the right to consideration becomes unconditional. Contract assets related to construction contracts are typically invoiced within a year, while alternative finance projects (note 11) follow a contractually agreed billing schedule and contract assets are recognized in accounts receivable upon substantial performance.

	<u>2020</u>		
	<u>Construction contracts</u>	<u>Alternative finance projects</u>	<u>Total</u>
Balance, December 31, 2019	\$ 31,018	\$ 75,180	\$ 106,198
Acquisition (note 7)	33,534	–	33,534
Reduction of contract assets due to progress billings	(325,692)	(149,837)	(475,529)
Additions to contract assets	321,171	74,770	395,941
Balance, December 31, 2020	<u>\$ 60,031</u>	<u>\$ 113</u>	<u>\$ 60,144</u>
	<u>2019</u>		
	<u>Construction contracts</u>	<u>Alternative finance projects</u>	<u>Total</u>
Balance, December 31, 2018	\$ 28,412	\$ 7,126	\$ 35,538
Reduction of contract assets due to progress billings	(390,054)	–	(390,054)
Additions to contract assets	392,660	68,054	460,714
Balance, December 31, 2019	<u>\$ 31,018</u>	<u>\$ 75,180</u>	<u>\$ 106,198</u>

Contract liabilities

Contract liabilities relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) the Company performs under the contract. Typically, contract liabilities are recognized within a year as performance is achieved per contractual terms.

For the year ended December 31, 2020, \$112,126 of revenue (2019 – \$60,003) was recognized that was included in the contract liability balance at the beginning of the year.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

For the year ended December 31, 2020, \$nil (2019 – \$1,203) of revenue was recognized from the satisfaction of performance obligations related to previous periods. This amount represents changes in the transaction price due to contract modifications and various other cumulative catch up adjustments.

11. Alternative finance projects

During 2018, the Company was awarded a fixed-price design-build-finance contract to construct the Ontario Provincial Police (“OPP”) Modernization Phase 2 project. The project obtained substantial completion and was billed during the fourth quarter of 2020.

The Company had arranged a \$138,475 loan facility related to the project, of which \$nil is outstanding at December 31, 2020, as the loan was repaid in full in the fourth quarter of 2020. The terms of the debt financing agreement require that scheduled loan advances be deposited into a bank account that cannot be accessed directly by the Company. Upon recommendation by the lender’s technical advisor, cash is released monthly based on the progress of the work (note 8).

Interest is paid monthly in arrears. Borrowings under the facility bear interest at a rate per annum equal to the bankers’ acceptance rate plus a spread. Interest expense on the loan during the year ended December 31, 2020 of \$3,522 (2019 – \$1,995) is included in finance costs. As part of the loan facility, the Company entered into an interest rate swap agreement that effectively fixes the interest rate at 3.29%. The interest rate swap agreement was settled in the fourth quarter of 2020. The notional amounts of the interest rate swap agreement matched the estimated draws under the loan facility. The interest rate swap agreement is not designated as a hedge, and changes in the fair market value are recorded in finance costs in the statement of income.

	2020			
	Loan facility	Transaction costs	Interest rate swap	Total
Balance, December 31, 2019	\$ 85,067	\$ (369)	\$ 676	\$ 85,374
Proceeds	46,782	–	–	46,782
Repayment of debt	(131,849)	–	–	(131,849)
Transaction costs, net of amortization	–	369	–	369
Change in fair value of interest rate swap	–	–	(676)	(676)
Balance, December 31, 2020	\$ –	\$ –	\$ –	\$ –

	2019			
	Loan facility	Transaction costs	Interest rate swap	Total
Balance, December 31, 2018	\$ 12,235	\$ (1,024)	\$ 613	\$ 11,824
Proceeds	72,832	–	–	72,832
Repayment of debt	–	–	–	–
Transaction costs, net of amortization	–	655	–	655
Change in fair value of interest rate swap	–	–	63	63
Balance, December 31, 2019	\$ 85,067	\$ (369)	\$ 676	\$ 85,374

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

12. Other assets

	2020	2019
Subcontractor / Supplier insurance deposits	\$ 5,197	\$ 4,511
Notes receivable	1,806	8,069
Lease receivables (note 7)	7,141	–
TRS derivatives (note 21)	1,604	–
Other assets	15,748	12,580
Less: current portion		
TRS derivatives (note 21)	1,330	–
Notes receivable	–	5,972
Lease receivables	1,247	–
Current portion	2,577	5,972
Non-current portion	\$ 13,171	\$ 6,608

Subcontractor/Supplier insurance deposits relate to the Company's insurance policies which provide Bird with comprehensive coverage, subject to a deductible, in respect of subcontractor or supplier default on certain projects where the subcontractor or supplier is enrolled in the program.

The Company has promissory notes (Notes receivable) outstanding from an equity accounted joint arrangement. One promissory note is available to the borrower for working capital purposes and is due on September 8, 2022. The second promissory note is available to the borrower for a specific project, was due upon completion of the project, and was fully repaid in 2020.

The Company entered into TRS derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans, due to changes in the fair value of the Company's common shares. The TRS derivative contracts are not designated as a hedge and changes in the fair market value are recorded as compensation expense in general and administrative expenses in the statement of income.

The Company subleases certain facilities, resulting from the acquisition of Stuart Olson (note 7). The following is a detailed maturity analysis of the undiscounted finance lease payments receivable as at December 31, 2020:

	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year and less than 3 years	Later than 3 years and less than 5 years	Later than 5 years
Lease receivables	\$ 7,141	\$ 7,757	\$ 1,429	\$ 2,746	\$ 2,284	\$ 1,298

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

13. Projects and entities accounted for using the equity method

The Company performs some construction and concession related projects through joint ventures and associates which are accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market value available for their shares.

	2020		
	Joint Ventures	Associates	Total
Total current assets	\$ 100,893	\$ 38,966	\$ 139,859
Total non-current assets	163,170	167,778	330,948
Total assets	<u>264,063</u>	<u>206,744</u>	<u>470,807</u>
Total current liabilities	13,150	12,840	25,990
Total non-current liabilities	214,239	167,759	381,998
Total liabilities	<u>227,389</u>	<u>180,599</u>	<u>407,988</u>
Net assets – 100%	\$ 36,673	\$ 26,145	\$ 62,818
Attributable to the Company	<u>\$ 12,008</u>	<u>\$ 2,615</u>	<u>\$ 14,623</u>
Revenue – 100%	\$ 56,009	\$ 8,074	\$ 64,083
Total comprehensive income – 100%	\$ 7,205	\$ 2,379	\$ 9,584
Attributable to the Company	<u>\$ 4,456</u>	<u>\$ 232</u>	<u>\$ 4,688</u>
	2019		
	Joint Ventures	Associates	Total
Total current assets	\$ 124,396	\$ 31,607	\$ 156,003
Total non-current assets	615,582	171,015	786,597
Total assets	<u>739,978</u>	<u>202,622</u>	<u>942,600</u>
Total current liabilities	88,152	14,634	102,786
Total non-current liabilities	614,137	171,544	785,681
Total liabilities	<u>702,289</u>	<u>186,178</u>	<u>888,467</u>
Net assets – 100%	\$ 37,689	\$ 16,444	\$ 54,133
Attributable to the Company	<u>\$ 10,938</u>	<u>\$ 1,644</u>	<u>\$ 12,582</u>
Revenue – 100%	\$ 155,380	\$ 9,160	\$ 164,540
Total comprehensive income – 100%	\$ 6,784	\$ 2,395	\$ 9,179
Attributable to the Company	<u>\$ 2,459</u>	<u>\$ 234</u>	<u>\$ 2,693</u>

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

The movement in the investment in projects and entities accounted for using the equity method is as follows:

Investments in equity accounted entities	<u>2020</u>	<u>2019</u>
Balance, beginning of period	\$ 10,185	\$ 12,517
Share of net income for the year	4,688	2,693
Share of other comprehensive income for the year	47	37
Investments in equity accounted entities	<u>5,088</u>	<u>–</u>
	<u>20,008</u>	<u>15,247</u>
Capital distributions received	(5,298)	(1,223)
Investments in equity accounted entities reclassified as held for sale	–	(3,839)
Balance, end of period	<u>\$ 14,710</u>	<u>\$ 10,185</u>
	<u>2020</u>	<u>2019</u>
Investments held for sale		
Balance, beginning of period	\$ 6,978	\$ 3,762
Investments in equity accounted entities classified as held for sale	–	3,839
Capital distributions received	(225)	(623)
Sale of investment	(6,753)	–
Balance, end of period	<u>\$ –</u>	<u>\$ 6,978</u>
	<u>2020</u>	<u>2019</u>
Share of net income for the year	\$ 4,688	\$ 2,693
Gain on sale of investments in equity accounted entities	<u>3,104</u>	<u>–</u>
Income from equity accounted investments	<u>\$ 7,792</u>	<u>\$ 2,693</u>

The Company recognizes the income and losses related to its investments in associates and joint ventures, as the Company has an obligation to fund its proportionate share of the net liabilities of these entities.

The carrying amount of investments in equity accounted entities may not always equal the Company's share of the net assets or net liabilities of these joint ventures and associates due to fair value adjustments including goodwill and the timing of capital contributions or distributions in accordance with contract terms.

Transactions with these related parties are described in note 34. Amounts committed for future capital injections to concession entities are described in note 33.

Investments in equity accounted entities classified as held for sale

During the year ended December 31, 2020, the Company disposed of investments in three entities accounted for using the equity method for proceeds of \$11,034 (2019 - \$nil) and received distributions of \$225 (2019 - \$623). The Company recognized net gains on the transactions of \$3,104 (2019 - \$nil) which is included in income from equity accounted entities on the statement of income. These investments were previously classified as investments held for sale on the statement of financial position.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

14. Property and equipment

	2020					
	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, December 31, 2019	\$ 2,130	\$ 12,129	\$ 8,932	\$ 92,114	\$ 2,752	\$ 118,057
Acquisition (note 7)	436	–	6,848	8,027	172	15,483
Additions	–	52	950	13,061	270	14,333
Disposals	(9)	–	–	(14,394)	(38)	(14,441)
Balance, December 31, 2020	<u>2,557</u>	<u>12,181</u>	<u>16,730</u>	<u>98,808</u>	<u>3,156</u>	<u>133,432</u>
Accumulated depreciation						
Balance, December 31, 2019	–	6,192	4,478	59,415	1,956	72,041
Disposals	–	–	–	(8,497)	(30)	(8,527)
Depreciation expense	–	527	1,358	8,397	201	10,483
Balance, December 31, 2020	<u>–</u>	<u>6,719</u>	<u>5,836</u>	<u>59,315</u>	<u>2,127</u>	<u>73,997</u>
Net book value	<u>\$ 2,557</u>	<u>\$ 5,462</u>	<u>\$ 10,894</u>	<u>\$ 39,493</u>	<u>\$ 1,029</u>	<u>\$ 59,435</u>
	2019					
	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, January 1, 2019	\$ 1,716	\$ 12,432	\$ 8,041	\$ 88,148	\$ 2,592	\$ 112,929
Additions	414	65	891	12,003	276	13,649
Disposals	–	(368)	–	(8,037)	(116)	(8,521)
Balance, December 31, 2019	<u>2,130</u>	<u>12,129</u>	<u>8,932</u>	<u>92,114</u>	<u>2,752</u>	<u>118,057</u>
Accumulated depreciation						
Balance, January 1, 2019	–	5,583	3,844	58,473	1,876	69,776
Disposals	–	(19)	–	(7,111)	(99)	(7,229)
Depreciation expense	–	628	634	8,053	179	9,494
Balance, December 31, 2019	<u>–</u>	<u>6,192</u>	<u>4,478</u>	<u>59,415</u>	<u>1,956</u>	<u>72,041</u>
Net book value	<u>\$ 2,130</u>	<u>\$ 5,937</u>	<u>\$ 4,454</u>	<u>\$ 32,699</u>	<u>\$ 796</u>	<u>\$ 46,016</u>

15. Right-of-use assets

	2020				
	Land	Buildings	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost					
Balance, December 31, 2019	\$ 53	\$ 17,511	\$ 26,125	\$ 136	\$ 43,825
Acquisition (note 7)	–	15,286	9,827	1,615	26,728
Additions	–	2,415	9,587	275	12,277
Disposals	–	(180)	(4,486)	(126)	(4,792)
Balance, December 31, 2020	<u>53</u>	<u>35,032</u>	<u>41,053</u>	<u>1,900</u>	<u>78,038</u>
Accumulated depreciation					
Balance, December 31, 2019	–	2,572	6,759	34	9,365
Disposals	–	(140)	(1,506)	(41)	(1,687)
Depreciation expense	–	3,625	4,990	234	8,849
Balance, December 31, 2020	<u>–</u>	<u>6,057</u>	<u>10,243</u>	<u>227</u>	<u>16,527</u>
Net book value	<u>\$ 53</u>	<u>\$ 28,975</u>	<u>\$ 30,810</u>	<u>\$ 1,673</u>	<u>\$ 61,511</u>

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

	2019				Total
	Land	Buildings	Equipment, trucks and automotive	Furniture and office equipment	
Cost					
Balance, January 1, 2019	\$ 53	\$ 15,569	\$ 17,411	\$ 140	\$ 33,173
Additions	–	1,942	8,829	12	10,783
Disposals	–	–	(115)	(16)	(131)
Balance, December 31, 2019	53	17,511	26,125	136	43,825
Accumulated depreciation					
Balance, January 1, 2019	–	–	4,017	9	4,026
Disposals	–	–	(99)	(9)	(108)
Depreciation expense	–	2,572	2,841	34	5,447
Balance, December 31, 2019	–	2,572	6,759	34	9,365
Net book value	\$ 53	\$ 14,939	\$ 19,366	\$ 102	\$ 34,460

16. Intangible assets

	2020				Total
	Trade Names	Backlog and Agency Contracts	Customer Relationships	Computer Software	
Cost					
Balance, December 31, 2019	\$ –	\$ –	\$ –	\$ 8,542	\$ 8,542
Acquisition (note 7)	7,000	4,000	11,000	3,430	25,430
Additions	–	–	–	1,982	1,982
Balance, December 31, 2020	7,000	4,000	11,000	13,954	35,954
Accumulated amortization					
Balance, December 31, 2019	–	–	–	6,058	6,058
Amortization expense	–	333	393	1,644	2,370
Balance, December 31, 2020	–	333	393	7,702	8,428
Net book value	\$ 7,000	\$ 3,667	\$ 10,607	\$ 6,252	\$ 27,526

	2019				Total
	Trade Names	Backlog and Agency Contracts	Customer Relationships	Computer Software	
Cost					
Balance, December 31, 2018	\$ –	\$ –	\$ –	\$ 7,760	\$ 7,760
Additions	–	–	–	782	782
Balance, December 31, 2019	–	–	–	8,542	8,542
Accumulated amortization					
Balance, December 31, 2018	–	–	–	5,185	5,185
Amortization expense	–	–	–	873	873
Balance, December 31, 2019	–	–	–	6,058	6,058
Net book value	\$ –	\$ –	\$ –	\$ 2,484	\$ 2,484

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

17. Goodwill

	<u>2020</u>	<u>2019</u>
Cost		
Balance, beginning of period	\$ 30,540	\$ 30,540
Acquisition (note 7)	16,665	–
Balance, end of period	<u>47,205</u>	<u>30,540</u>
Accumulated impairment		
Balance, beginning of period	14,151	14,151
Balance, end of period	<u>14,151</u>	<u>14,151</u>
Net book value	\$ <u>33,054</u>	\$ <u>16,389</u>

At December 31, 2020 and 2019, the Company conducted an impairment test of its goodwill. The carrying value of goodwill at December 31, 2020 and 2019 was determined to not be impaired as the recoverable amount of the Company's CGUs exceeded their carrying values.

The Company allocated the carrying value of goodwill to the following CGUs:

Goodwill	<u>2020</u>	<u>2019</u>
Rideau CGU	\$ 9,294	\$ 9,294
Nason CGU	7,095	7,095
Stuart Olson CGU (note 7)	<u>16,665</u>	<u>–</u>
	\$ <u>33,054</u>	\$ <u>16,389</u>

Key assumptions and sensitivity analysis

The recoverable amount of the CGUs was determined based on a value-in-use calculation using cash flow projections from financial forecasts approved by senior management covering a three-year period. A three-year period for the discounted cash flow analysis was used since financial projections beyond a three-year time period are generally best represented by a terminal value. This period is appropriate given the timing of the project backlog and the predictability of CGU cash flows. Cash flows from growth opportunities are probability-weighted and relate to initiatives management expects to progress on in the medium to long-term time frame. These cash flows require assumptions to be made regarding the likelihood of projects progressing and the future economics of those projects.

There is a significant amount of uncertainty with respect to the estimates of the recoverable amounts of the CGUs' assets given the necessity of making key economic assumptions about the future. Significant assumptions used in the calculation of value-in-use were the level of new awards, the construction gross margin percentage, the level of operating and capital costs, the discount rate and the terminal value growth rate. Budgeted net income was based on expectation of future outcomes considering past experience, the Company's annual business plan and the Company's strategic plan adjusted for a number of weighted probabilities based on current economic conditions. Cash flows for the remaining periods were extrapolated using a growth rate of 2.5%. An after-tax discount rate of 15.0%, which is based on a market-based cost of capital, was applied in determining the recoverable amounts. The same discount rate has been used in each of the CGUs, given the similarity in the business and the fact that business-specific risks were adjusted for in the forecasted cash flows. In addition, entity-specific risks were separately factored into each CGU forecast. They take into consideration market rates of return, capital structure, company size, industry risk and the after-tax cost of debt and equity.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

A sensitivity analysis of significant estimates is conducted as part of the Company's impairment testing. A 1% change in the discount rate and a 0.5% change in the growth rate did not materially change the recoverable amount of the CGUS's, which continue to remain in excess of their carrying values.

18. Loans and borrowings and right-of-use liabilities

Loans and borrowings

	<u>Maturity</u>	<u>Interest rate</u>	<u>2020</u>	<u>2019</u>
Committed revolving facility	fully repaid	Variable	\$ –	\$ 15,000
Committed revolving term loan facility	fully repaid	Variable	–	10,000
Committed revolving credit facility	Dec 7, 2023	Variable	25,000	–
Committed non-revolving term loan facility	Dec 7, 2023	Variable	35,000	–
Equipment financing	2020 – 2024	Fixed 2.04%-3.73%	12,315	15,621
Note payable (note 7)		Variable	598	–
			\$ 72,913	\$ 40,621
Current portion			\$ 8,010	\$ 5,883
Non-current portion			\$ 64,903	\$ 34,738

Syndicated credit facility

During the fourth quarter of 2020, the Company entered into a three-year, \$200,000 committed, syndicated credit facility (the "Syndicated facility") consisting of the following:

Committed revolving credit facility

As part of the Syndicated facility, the Company replaced its previous committed revolving operating credit facility of \$85,000 at December 31, 2019, which was increased to \$100,000 during the third quarter of 2020, with a \$165,000 committed revolving credit facility. The \$165,000 committed revolving credit facility matures December 7, 2023. As part of the agreement, the Company provided a general secured interest in the assets of the Company. At December 31, 2020, the Company has \$22,702 letters of credit outstanding on the facility and has drawn \$25,000 on the facility. The full amount is recorded as non-current, as the facility is due and payable December 7, 2023. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A standby fee is payable quarterly on the unutilized portion of the facility. Draws of \$25,000 (December 31, 2019 - \$15,000) on the previous committed revolving operating credit facility were repaid in full in 2020.

Committed non-revolving term debt facility

As part of the Syndicated facility, the Company replaced its previous \$35,000 committed, term debt revolving facility with a committed non-revolving term loan facility totalling \$35,000. As of December 31, 2020, the Company has drawn \$35,000 to finance the acquisition of Stuart Olson (note 7). The loan has scheduled repayments due quarterly until the maturity date of September 24, 2028. Any repayment of the facility cannot be reborrowed. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. Draws of \$26,250 (December 31, 2019 - \$10,000) on the previous committed revolving term loan facility were repaid in full in 2020.

Accordion

The Company has an accordion of up to an additional \$50,000 to increase the limit of the committed revolving credit facility and the committed non-revolving term debt facility. The aggregate increases to the committed revolving credit facility and committed non-revolving term debt facility combined may not exceed \$50,000.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

The Company was in full compliance with its covenants under each facility as at December 31, 2020 and 2019.

Equipment financing

The Company has committed term credit facilities of up to \$40,000 to be used to finance equipment purchases. At December 31, 2020, \$9,248 is outstanding, of which \$572 is classified as ROU liabilities (December 31, 2019 - \$12,397 is outstanding, of which \$2,722 is classified as ROU liabilities). Borrowings under the facilities are secured by a first charge against the equipment financed using the facilities. Interest on the facilities is charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

The Company also has multiple, fixed interest rate, term loans which were used to finance equipment purchases. At December 31, 2020, the balance outstanding on these term loans amounted to \$3,639 (December 31, 2019 - \$5,946). Principal and interest are payable monthly, and these term loans are secured by specific equipment of the Company.

Letters of credit facilities

The Company has authorized operating letters of credit facilities totalling \$125,000. At December 31, 2020 the facilities were drawn for outstanding letters of credit of \$44,490 (December 31, 2019 - \$6,559). All letters of credit issued under these facilities are supported by the pledge of Company-owned financial instruments, including cash, or through a guarantee from EDC.

The Company has an agreement with Export Development Canada (“EDC”) to provide performance security guarantees of up to \$75,000 for letters of credit issued by financial institutions on behalf of the Company. The Company uses this facility when letters of credit have been issued as contract security for projects that meet the EDC criteria. At December 31, 2020 EDC has issued performance security guarantees totalling \$44,353 (December 31, 2019 - \$6,421).

The letters of credit represent performance guarantees primarily issued in connection with design-build construction contracts related to PPP and other major construction projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value at December 31, 2020 of \$139 (December 31, 2019 - \$139).

The following table provides details of the changes in the Company’s Loans and Borrowings during the year ended December 31, 2020:

	Revolving Credit Facility	Syndicated Revolving Credit Facility	Committed Revolving Term Loan Facility	Syndicated Committed Non- Revolving Term Loan Facility	Note Payable	Equipment financing	Total
Balance, December 31, 2019	\$ 15,000	\$ -	\$ 10,000	\$ -	\$ -	\$ 15,621	\$ 40,621
Proceeds	10,000	25,000	16,250	35,000	-	2,033	88,283
Acquisition (note 7)	-	-	-	-	667	-	667
Repayment	(25,000)	-	(26,250)	-	(69)	(5,339)	(56,658)
Balance, December 31, 2020	\$ -	\$ 25,000	\$ -	\$ 35,000	\$ 598	\$ 12,315	\$ 72,913

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

ROU liabilities

The Company's lease contracts are effective for periods of one to fifteen years but may have extension options.

The following table provides details of the changes in the Company's ROU liabilities during the period ended December 31, 2020:

	<u>2020</u>	<u>2019</u>
Balance, beginning of period	\$ 31,100	\$ 27,029
Acquisition (note 7)	46,887	-
Additions	12,277	10,783
Interest	1,262	903
Lease terminations	(79)	-
Repayment	(13,372)	(7,615)
Balance, end of period	<u>\$ 78,075</u>	<u>\$ 31,100</u>
Current portion	<u>\$ 18,748</u>	<u>\$ 8,025</u>
Non-current	<u>\$ 59,327</u>	<u>\$ 23,075</u>

Potential undiscounted cash outflows of \$50,636 have not been included in the measurement of the Company's ROU liabilities as at December 31, 2020 because it is not reasonably certain that particular leases will be extended. Included in the statement of income were expenses related to short-term leases and leases of low-value assets amounting to \$5,697 for the year ended December 31, 2020 (2019 - \$6,943). Total cash outflows for leases for the year ended December 31, 2020 were \$19,069 (2019 - \$14,558).

Subsidiaries of the Company have established operating lease lines of credit of \$31,800 with the financing arms of major heavy equipment suppliers to finance equipment leases. Draws under these facilities are generally recognized as right of use liabilities, with the lease obligations being secured by the specific leased equipment (note 15). At December 31, 2020, the subsidiaries had used \$10,008 (December 31, 2019 - \$11,653) under these facilities.

19. Income taxes

Provision for income taxes

	<u>2020</u>	<u>2019</u>
Income tax expense (recovery) comprised of:		
Current income taxes	\$ 18,382	\$ (4,194)
Deferred income taxes	(5,165)	6,669
	<u>\$ 13,217</u>	<u>\$ 2,475</u>

Income tax rate reconciliation

	<u>2020</u>	<u>2019</u>
Combined federal and provincial income tax rate	26.6%	27.5%
Increase (reductions) applicable to:		
Effect of different tax rate on equity investments	(1.5%)	(10.4%)
Non-taxable items	0.4%	1.0%
Other	1.3%	2.6%
Effective rate	<u>26.8%</u>	<u>20.7%</u>

The Company's statutory tax rate is the combined federal and provincial tax rates in the jurisdictions in which the Company operates. The year-over-year decline in the statutory rate reflects the decline in the Alberta corporate income tax rate in 2020.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Composition of deferred income tax assets and liabilities

	2020	2019
Provisions and accruals	\$ 4,187	\$ 2,559
Pension and other compensation	4,544	2,245
Timing of recognition of construction profits	(17,748)	(35,745)
Property and equipment	(4,305)	(3,854)
Right of use assets and liabilities and lease receivables	3,464	620
Intangible assets	(5,792)	(203)
Investment in equity accounted entities	(911)	(2,715)
Other	(2,191)	195
Tax loss carry forward	28,049	34,317
	<u>\$ 9,297</u>	<u>\$ (2,581)</u>

Presentation in the statement of financial position

Deferred income tax asset	32,253	11,287
Deferred income tax liability	(22,956)	(13,868)
	<u>\$ 9,297</u>	<u>\$ (2,581)</u>

The Company has deferred tax assets in the amount of \$945 that have not been recognized in these financial statements in respect of capital losses realized on the disposal of bonds and preferred share investments in 2011, 2013 and 2015. A deferred tax asset has not been recognized because it is not probable the Company will generate future taxable capital gains.

Included in the tax loss carry forward balance in 2019 is \$21,768 related to an alternative finance project, which was off-set by a deferred tax liability of \$21,793 included in timing of recognition of construction profits, and a deferred tax asset of \$179 included in provisions and accruals. In 2020 this project achieved substantial completion and the tax loss carry forward balance was utilized to off-set the tax liability.

2020						
	Balance December 31, 2019	Recognized in profit or loss	Recovery in Other Comprehensive Income	Disposition of equity investment (note 13)	Acquisition (note 7)	Balance December 31, 2020
Provisions and accruals	\$ 2,559	\$ 1,175	-	-	453	\$ 4,187
Pension and other compensation	2,245	1,436	(371)	-	1,234	4,544
Timing of recognition of construction profits	(35,745)	22,060	-	-	(4,063)	(17,748)
Property and equipment	(3,854)	(562)	-	-	111	(4,305)
ROU assets and liabilities	620	(117)	-	-	2,961	3,464
Intangible assets	(203)	653	-	-	(6,242)	(5,792)
Investments in equity accounted entities	(2,715)	2,982	-	(1,178)	-	(911)
Other	195	(826)	-	-	(1,560)	(2,191)
Tax loss carry forward	34,317	(21,636)	-	-	15,368	28,049
	<u>\$ (2,581)</u>	<u>\$ 5,165</u>	<u>(371)</u>	<u>(1,178)</u>	<u>8,262</u>	<u>\$ 9,297</u>

2019				
	Balance December 31, 2018	Recognized in profit or loss	Adoption of IFRS 16	Balance December 31, 2019
Provisions and accruals	\$ 2,306	\$ 253	\$ -	\$ 2,559
Other compensation	1,175	1,070	-	2,245
Timing of recognition of construction profits	(9,028)	(26,717)	-	(35,745)
Property and equipment	(1,083)	(2,771)	-	(3,854)
Right of use assets and liabilities	(736)	822	534	620
Intangible assets	(321)	118	-	(203)
Investments in equity accounted entities	(3,293)	578	-	(2,715)
Other	701	(506)	-	195
Tax loss carry forward	13,833	20,484	-	34,317
	<u>\$ 3,554</u>	<u>\$ (6,669)</u>	<u>\$ 534</u>	<u>\$ (2,581)</u>

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

20. Provisions

	<u>Warranty claims and other</u>		<u>Legal</u>		<u>Total</u>
Balance, December 31, 2019	\$ 5,218	\$	2,545	\$	7,763
Acquisition (note 7)	9,076		5,406		14,482
Provisions made during the period	22,578		6,903		29,481
Provisions used during the period	(16,761)		(986)		(17,747)
Provisions reversed during the period	(7,400)		(3,160)		(10,560)
Balance, December 31, 2020	\$ 12,711	\$	10,708	\$	23,419
Balance, December 31, 2018	\$ 6,666	\$	1,927	\$	8,593
Provisions made during the period	20,588		1,365		21,953
Provisions used during the period	(20,416)		(549)		(20,965)
Provisions reversed during the period	(1,620)		(198)		(1,818)
Balance, December 31, 2019	\$ 5,218	\$	2,545	\$	7,763

Various claims and litigation arise in the normal course of the construction business. It is management's opinion that adequate provision has been made for any potential settlements relating to such matters and that they will not materially affect the financial position or future operations of the Company.

21. Other liabilities

	<u>2020</u>		<u>2019</u>
Liabilities for cash-settled share-based compensation plans (note 23)	\$ 13,929	\$	8,443
Leasehold inducements	1,808		1,964
TRS derivatives (note 12)	-		271
Interest rate swaps	51		58
	\$ 15,788	\$	10,736
Less: current portion			
Cash-settled share-based compensation plans (note 23)	1,795		1,762
Leasehold inducements	164		261
TRS derivatives (note 12)	-		175
Interest rate swaps	51		7
Current portion	\$ 2,010	\$	2,205
Non-current portion	\$ 13,778	\$	8,531

As at December 31, 2020, the Company recognized an asset on the TRS derivatives which are recorded in other assets on the statement of financial position (note 12).

22. Pension obligations

The following pension obligations were acquired on the acquisition of Stuart Olson (note 7):

DC Pension Plans

The total expense recognized in the statement of income during the year ended December 31, 2020 of \$154 represents contributions to these plans by the Company at rates specified in the rules of the plans.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

DB Pension Plans

The Company maintains two non-contributory DB provisions that cover salaried employees for two of the operating entities. Annual employer contributions to the DB provisions, determined by an independent actuary, meet minimum amounts required by provincial pension supervisory authorities. The benefits provided by the DB provisions of the pension plans are based on years of service and final average earnings of the employees who are members of the plans.

Future benefits

	<u>2020</u>
Wholly or partially funded defined benefit obligation	\$ 39,912
Fair value of plan assets	<u>36,312</u>
Recognized liability for defined benefit obligations	\$ 3,600

Fair market value of plan assets

	<u>2020</u>
Equity securities	\$ 23,188
Debt securities	12,916
Cash and cash equivalents	<u>208</u>
	\$ 36,312

Reconciliation of amounts in the financial statements

	<u>2020</u>
Accrued benefit obligation	
Balance, at acquisition (note 7)	\$ 39,065
Employer current service cost	64
Interest cost on the defined benefit obligation	291
Benefit payments	(469)
Actuarial loss due to changes in financial assumptions	<u>961</u>
Balance, end of period	\$ 39,912

	<u>2020</u>
Fair value of plan assets	
Balance, at acquisition (note 7)	\$ 34,042
Employer contributions	144
Interest income on plan assets	269
Actuarial gain on plan assets, excluding interest income	2,501
Benefit payments	(469)
Administration costs	<u>(175)</u>
Balance, end of period	\$ 36,312

	<u>2020</u>
Net pension liability	\$ 3,600
Funded status - deficit	<u>\$ 3,600</u>

During the period ended December 31, 2020, \$228 was recorded in general and administrative expenses in the statement of income, and a gain of \$1,540 before tax, was recorded in other comprehensive income, relating to the DB plans. The gain relates to investment earnings being greater than the expected interest income on the plans' assets, and is partially offset by a loss due to changes in financial assumptions, specifically a decrease in the assumed discount rate from September 30, 2020 to December 31, 2020.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Actuarial assumptions

	<u>2020</u>
Discount rate on net benefit obligations	<u>2.5%</u>
Rate of compensation increase	<u>3.0%</u>
Inflation rate	<u>2.0%</u>

The discount rate used to establish the pension obligation is based on AA-rated Canadian corporate bond yields at the measurement date. A change of 100 basis points in the discount rate at the reporting date would have increased or decreased the accrued benefit obligation by \$5,659.

23. Share-based compensation plans

Medium term incentive plan (“MTIP”), Equity incentive plan (“EIP”) and Deferred share unit (“DSU”) plan

The terms of the Company’s MTIP, EIP and DSU plan are described in note 4.

	<u>2020</u>	<u>2019</u>
MTIP liability	\$ 2,865	\$ 1,069
EIP liability	5,618	3,925
DSU liability	5,446	3,449
Liabilities for cash-settled share-based compensation plans	<u>\$ 13,929</u>	<u>\$ 8,443</u>
Less: current portion		
MTIP liability	491	257
EIP liability	1,304	1,505
Current portion	<u>\$ 1,795</u>	<u>\$ 1,762</u>
Non-current portion	<u>\$ 12,134</u>	<u>\$ 6,681</u>

	<u>MTIP & EIP</u>	
	<u>2020</u>	<u>2019</u>
Balance, beginning of the period	\$ 4,994	\$ 2,562
Granted	1,849	2,011
Vested and paid	(1,486)	(1,295)
Granted – notional dividends	182	116
Change in fair value and forfeitures	2,944	1,600
Balance, end of the period *	<u>\$ 8,483</u>	<u>\$ 4,994</u>
Less: current portion	<u>1,795</u>	<u>1,762</u>
Non-current portion	<u>\$ 6,688</u>	<u>\$ 3,232</u>

* Includes the effects of the performance multiplier on PSUs of \$3,102 (December 31, 2019 - \$1,718).

During the year ended December 31, 2020 the Company granted 664,821 units, 499,398 units, and 198,314 units under the MTIP, EIP and DSU plans respectively (2019 - 163,143 units, 582,226 units, and 185,867 units under the MTIP, EIP and DSU plans respectively).

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

As at December 31, 2020, a total of 2,212,754 unvested phantom units of the MTIP and EIP (December 31, 2019 – 1,482,683) are outstanding and valued at \$19,718 (December 31, 2019 - \$11,057) of which \$8,483 has been recognized to date in the statement of income (December 31, 2019 - \$4,994).

As at December 31, 2020, a total of 680,718 DSU phantom units (December 31, 2019 – 482,404) were outstanding and valued at \$5,446 (December 31, 2019 - \$3,449).

Compensation expense accrued for PSUs issued under the Company’s EIP is dependent on an adjustment to the final number of PSUs that will vest based on a performance multiplier that is estimated by management and approved by the Board of Directors. The performance multiplier applicable to the PSUs is determined based on relative total shareholder return (“TSR”) and based on the achievement of earnings before income tax compared to the Company’s business plan. The performance multiplier for achievement of TSR is based on a comparison against TSR achieved in the performance period by comparative companies. The range of the performance multiplier for the TSR and the achievement of earnings before income tax is between zero to a maximum of 2, if the Company performs within the highest range of its performance targets. RSU awards are set at a specific number of shares which are time-vested with no performance multiplier.

The Company entered into TRS derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans, due to changes in the fair value of the Company’s common shares. The Company recognized a gain on these derivatives in the statement of income in general and administrative expenses for the year ended December 31, 2020 of \$1,875 (2019 - \$1,947 gain).

Stock option plan

The Company has a Stock Option Plan that provides all option holders the right to receive common shares in exchange for the options exercised. The Board of Directors selects eligible employees to be granted options, the number of options granted, the exercise price, the term of the option and the vesting periods. The number of common shares issuable under the Stock Option Plan shall not exceed 10% of the number of common shares outstanding. With the approval of the Equity Incentive Plan in May 2017, the Board of Directors has resolved to suspend the stock option plan.

	Number of stock options outstanding		Weighted average exercise price
Outstanding at December 31, 2018	490,000	\$	13.55
Expired during the year	(390,000)		13.98
Outstanding at December 31, 2019	100,000		11.87
Forfeited during the year	(100,000)		11.87
Outstanding at December 31, 2020	–	\$	–

There was \$nil share-based compensation expense related to the stock options recognized during the year ended December 31, 2020 (2019 – \$nil).

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

24. Shareholders' capital

The Company is authorized to issue an unlimited number of common shares. The Company is authorized to issue preference shares in series with rights set by the Board of Directors, up to a balance not to exceed 35% of the outstanding common shares. As at December 31, 2020 and 2019, no preferred shares have been issued. Transaction costs of \$124 directly attributable to the issuance of common shares are recognized as a deduction from shareholders' capital.

	2020		2019	
	Number of shares	Amount	Number of shares	Amount
Balance, beginning of period	42,516,853	\$ 42,527	42,516,853	\$ 42,527
Common shares issued (note 7)	10,522,076	65,537	–	–
Balance, end of period	53,038,929	\$ 108,064	42,516,853	\$ 42,527

25. Earnings per share

	2020	2019
Net income (basic and diluted)	\$ 36,103	\$ 9,484
Weighted average number of common shares (basic and diluted)	45,334,239	42,516,853
Basic and diluted earnings per share	\$ 0.80	\$ 0.22

For the year ended December 31, 2020, nil options (2019 - 100,000 options) were excluded from the diluted weighted average number of common shares calculation, as their effect would have been anti-dilutive.

26. Finance income

	2020	2019
Interest income on lease receivables	\$ 51	\$ –
Other interest income	1,460	2,596
	\$ 1,511	\$ 2,596

27. Finance and other costs

	2020	2019
Interest on loans and borrowings	\$ 2,989	\$ 2,331
Interest on ROU liabilities	1,262	903
(Gain) loss on interest rate swaps (note 11 and note 21)	(683)	67
Interest on non-recourse project financing (note 11)	3,522	1,995
Other	416	262
	\$ 7,506	\$ 5,558

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

28. Personnel costs

	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 330,580	\$ 233,634
Defined benefit and defined contribution plan expense (note 22)	322	–
Deferred compensation	6,971	5,354
	<u>\$ 337,873</u>	<u>\$ 238,988</u>

For the year ended December 31, 2020, personnel costs of \$291,433 were included in costs of construction (2019 – \$202,450) and \$46,440 in general and administrative expenses (2019 – \$36,538). Short-term employee benefits consist primarily of salaries and bonuses, as well as employee share purchase plan (“ESPP”) expense and employee registered retirement savings plan (“RRSP”) matching contributions. Deferred compensation consists of share-based compensation expenses.

29. Government assistance

On April 11, 2020, the Government of Canada passed the CEWS to support employers facing financial hardship as measured by certain revenue declines as a result of the COVID-19 pandemic. Certain entities of the Company qualified for CEWS in the March to December 2020 qualification periods. During the year ended December 31, 2020, the Company recognized a recovery of compensation expense in costs of construction of \$21,196 and general and administrative expenses of \$3,590. As at December 31, 2020, the Company recognized an amount receivable related to CEWS of \$25,847 included in accounts receivable in the statement of financial position. Included in the amount receivable is an amount of \$9,995 from the acquisition of Stuart Olson, net of acquisition adjustments of \$144. The Government of Canada announced they will extend CEWS until at least June 2021 and the Company will continue to monitor its eligibility under the program.

30. Other cash flow information

Changes in non-cash working capital relating to operating activities

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 153,398	\$ (75,911)
Contract assets	4,521	(2,606)
Contract assets – alternative finance projects*	75,067	(68,054)
Inventory and prepaid expenses	(1,260)	(262)
Other assets	5,971	(5,240)
Accounts payable	(119,903)	36,563
Contract liabilities	(48,388)	52,123
Provisions	1,173	(830)
EIP and other	(1,486)	(2,052)
	<u>\$ 69,093</u>	<u>\$ (66,269)</u>

* Contract assets – alternative finance project changes are driven by design-build-finance projects. Refer to note 11 for loan proceeds to fund contract assets – alternative finance projects.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

Change in liabilities arising from financing activities

	Dividend payable	Non- recourse project financing	Loans and borrowings	ROU liabilities	Total
Balance, December 31, 2019	\$ 1,382	\$ 85,374	\$ 40,621	\$ 31,100	\$ 158,477
Acquisition (note 7)	-	-	667	46,887	47,554
Cash flows					
Proceeds	-	46,782	88,283	-	135,065
Repayments	-	(131,849)	(56,658)	(13,372)	(201,879)
Dividends paid on shares	(17,607)	-	-	-	(17,607)
Non-cash changes					
Net additions to ROU liabilities	-	-	-	12,198	12,198
Transaction costs, net of amortization	-	369	-	-	369
Change in fair value of interest rate swaps	-	(676)	-	-	(676)
Interest accretion	-	-	-	1,262	1,262
Dividends declared	17,949	-	-	-	17,949
Balance, December 31, 2020	\$ 1,724	\$ -	\$ 72,913	\$ 78,075	\$ 152,712

	Dividend payable	Non- recourse project financing	Loans and borrowings	ROU liabilities	Total
Balance, December 31, 2018	\$ 1,382	\$ 11,824	\$ 21,198	\$ 27,029	\$ 61,433
Cash flows					
Proceeds	-	72,832	24,536	-	97,368
Repayments	-	-	(5,113)	(7,615)	(12,728)
Dividends paid on shares	(16,582)	-	-	-	(16,582)
Non-cash changes					
Net additions to ROU liabilities	-	-	-	10,783	10,783
Transaction costs, net of amortization	-	655	-	-	655
Change in fair value of interest rate swaps	-	63	-	-	63
Interest accretion	-	-	-	903	903
Dividends declared	16,582	-	-	-	16,582
Balance, December 31, 2019	\$ 1,382	\$ 85,374	\$ 40,621	\$ 31,100	\$ 158,477

31. Financial instruments

Fair values

Determination of fair value and the resulting hierarchy requires the use of observable market data whenever available. The classification of a financial instrument in the hierarchy is based upon the lowest level of input that is significant to the measurement of fair value.

The hierarchy of inputs is summarized below:

- i. Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 - inputs used in a valuation technique are not based on observable market data in determining fair values of the instruments.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

The Company's non-recourse project financing interest rate swaps (note 11), interest rate swaps and total return swap derivative contracts (note 12 and note 21) are classified as Level 2 measurements in the fair value hierarchy. The Company does not have any financial instruments classified as Level 3 that are carried at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2020 and 2019.

The fair value of the Company's loans and borrowings approximate their carrying values on a discounted cash flow basis as the majority of these obligations bear interest at market rates. The fair values of the remaining financial instruments approximate their carrying value due to their relatively short periods to maturity.

Financial Risk Management

In the normal course of business, the Company is exposed to several risks related to financial instruments that can affect its operating performance. These risks and the actions taken to manage them are as follows:

i. Credit Risk

Credit risk relates to the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet their contractual obligation.

With respect to accounts receivable, concentration of credit risk is limited due to the geographic dispersion of revenues and a diversified customer base. Before entering into any construction contract and during the course of the construction project, the Company goes to considerable lengths to satisfy itself that the customer has adequate resources to fulfil its contractual payment obligations as construction work is completed. If a customer was unable or unwilling to pay the amount owing, the Company will generally have a right to register a lien against the project that will normally provide some security that the amount owed would be realized.

A significant customer is one that represents 10% or more of contract revenue earned during the year. For the year ended December 31, 2020, the Company had revenue of \$206,255 from one significant customer (2019 - \$188,070).

Short-term deposits and short-term investments are subject to minimal credit risk as they are placed with only major Canadian financial institutions. As is reasonably practical, these investments are placed with several different Canadian financial institutions, thereby reducing the Company's exposure to a default by any one financial institution.

At December 31, 2020, accounts receivable outstanding for greater than 90 days and considered past due by the Company's management represent 17.2% (December 31, 2019 – 17.1%) of the balance of progress billings on construction contracts receivable. Management has recorded an allowance of \$1,471 (December 31, 2019 - \$1,538) against these past due receivables, net of amounts recoverable from others.

	Amounts past due			
	Up to 12 months	Over 12 months	2020	2019
Trade receivables	\$ 30,223	\$ 28,517	\$ 58,740	\$ 47,174
Impairment	(8)	(1,463)	(1,471)	(1,538)
Total Trade receivables	\$ 30,215	\$ 27,054	\$ 57,269	\$ 45,636

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

The movement in the allowance for impairment in respect of loans and receivables during the period was as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of period	\$ 1,538	\$ 1,271
Impairment loss recognized	747	313
Amounts written off as uncollectible	(814)	-
Amounts recovered	-	(46)
Balance, end of period	<u>\$ 1,471</u>	<u>\$ 1,538</u>

ii. Liquidity risk

Liquidity risk relates to the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk through management of its capital structure, monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants, and maintaining unused credit facilities where possible to ensure there are available cash resources to meet the Company's liquidity needs. In managing liquidity risk, the Company has access to committed short and long-term debt facilities as well as equity markets, the availability of which is dependent on market conditions.

The Company has working capital of \$135,514 which is available to support surety requirements related to construction projects. As a component of working capital, the Company maintains significant balances of cash and cash equivalents and investments in liquid securities. These investments, less \$139 hypothecated to support outstanding letters of credit and \$55,058 held in restricted accounts, are available to meet the financial obligations of the Company as they become due. Refer to note 18 in respect of the Syndicated facility entered into in the fourth quarter of 2020 and the Company's other debt instruments, which further improves the Company's access to liquidity. As at December 31, 2020, the Company had a total undrawn balance on its Syndicated facility of \$167,298 (December 31, 2019 - \$81,496 undrawn on its revolving credit facility and committed revolving term loan facility). The Company also has committed term credit facilities of up to \$40,000 to be used to finance equipment purchases of which \$30,752 is undrawn as at December 31, 2020 (December 31, 2019 - \$22,603). The Company believes that it has access to sufficient funding through the use of these facilities and its cash and cash equivalents to meet its foreseeable operating requirements.

The following are the contractual obligations, including estimated interest payments, as at December 31, 2020, in respect of the financial obligations of the Company. Interest payments on the committed revolving credit facility, committed non-revolving term loan facility and note payable are not included in the table below since they are subject to variability based upon outstanding balances at various points throughout the period.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Not later than 1 year</u>	<u>2 – 3 years</u>	<u>4 – 5 years</u>	<u>Later than 5 years</u>
Trade payables	\$ 490,470	\$ 490,470	\$ 479,189	\$ 11,281	\$ -	\$ -
Dividends payable	1,724	1,724	1,724	-	-	-
ROU liabilities	78,075	87,881	20,646	32,762	18,860	15,613
Committed revolving credit facility	25,000	25,000	-	25,000	-	-
Committed non-revolving term loan	35,000	35,000	1,750	8,750	9,800	14,700
Equipment financing	12,315	12,807	5,973	6,066	768	-
Note payable	598	598	598	-	-	-
	<u>\$ 643,182</u>	<u>\$ 653,480</u>	<u>\$ 509,880</u>	<u>\$ 83,859</u>	<u>\$ 29,428</u>	<u>\$ 30,313</u>

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

As disclosed in notes 4 and 23, payments required pursuant to the Company's MTIP granted in 2018 and 2019 are due on the vesting dates of November 2021 and November 2022 respectively, or upon retirement, if earlier. Pursuant to the Company's MTIP granted in 2020, payments are due on the vesting dates between December 2022 and November 2023 respectively, or upon retirement, if earlier. Payments pursuant to the Company's EIP granted in 2018, 2019 and 2020 are due by December 2021, December 2022 and December 2023, respectively. Payments pursuant to the Company's DSU Plan are cash settled when the eligible Director ceases to hold any position within the Company.

iii. **Market risk**

Market risk is the risk that changes in market prices, such as interest rates, equity prices and corporate bond yields, will affect the Company's income or the value of its holdings in liquid securities. The discount rate used to establish the pension obligation was determined by reference to market interest rates on AA-rated corporate bonds with cash flows that approximate the timing and amount of expected benefit payments.

At December 31, 2020, the interest rate profile of the Company's loans and borrowings and non-recourse project financing was as follows:

	<u>2020</u>	<u>2019</u>
Fixed-rate facilities	\$ 12,315	\$ 15,621
Variable-rate facilities	60,598	25,000
Non-recourse project financing facilities	–	85,067
Total loans and borrowings and non-recourse project financing	\$ 72,913	\$ 125,688

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk to the extent that its credit facilities and TRS derivatives are based on variable rates of interest. Interest rate risk is managed through the use of interest rate swaps.

For the year ended December 31, 2020, a one percent change in the interest rate applied to the Company's variable rate long-term debt would change annual income before income taxes by approximately \$606 (2019 – \$250).

The Company has certain share-based compensation plans, whereby the values are based on the common share price of the Company. The Company has fixed a portion of the settlement costs of these plans by entering into various TRS derivatives maturing between 2021 and 2022. The TRS derivatives are not designated as a hedge. The change in the value of the TRS derivatives is recorded each quarter based on the difference between the fixed price and the market price of the Company's common shares at the end of each quarter. The TRS derivatives are classified as derivative financial instruments. For the year ended December 31, 2020, a 10 percent change in the share price applied to the Company's TRS derivatives would change income before income taxes by approximately \$1,175 (2019 – \$987).

iv. **Currency risk**

Currency risk is the risk that fluctuations in currency exchange rates will affect the Company's net income. The Company uses foreign currency to settle payments to vendors and subcontractors in the foreign currency. For the year ended December 31, 2020, a 10% movement in the Canadian and U.S. dollar exchange rate would have changed income by approximately \$210 (2019 – \$141).

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

32. Capital management

The Company's capital management objectives are to:

- i. Ensure that the Company has the financial capacity to support its current and anticipated volume and mix of business and to manage unforeseen operational and industry developments.
- ii. Ensure that the Company has sufficient financial capacity to support the execution of its longer-term growth strategies.
- iii. Provide its investors with the maximum long-term returns on equity and to generate sufficient cash flow to sustain shareholder dividends and payments on long-term debt.

In the management of capital, the Company defines capital as shareholders' equity and loans and borrowings. Loans and borrowings include the current and non-current portions of long-term debt and finance leases.

The Company manages its capital within the investment policy approved by the Board of Directors. The Company makes changes to capital based on changes in business conditions and the mix of construction contracts. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Company shareholders, issue new debt or repay existing debt, issue new Company shares, and to a lesser degree, may adjust capital expenditures.

As a component of working capital, the Company maintains significant balances of cash and cash equivalents. These cash and cash equivalents are intended to cover net current liabilities, fund current dividends payable to shareholders and provide capital to support surety and contract security requirements, including issuing letters of credit relating to the current and near-term backlog of construction projects.

The amounts of shareholders' equity, working capital and loans and borrowings at December 31, 2020 and December 31, 2019 are as follows:

	2020		2019	
Shareholders' equity	\$	212,610	\$	127,720
Working capital	\$	135,514	\$	80,503
Loans and borrowings	\$	72,913	\$	40,621

33. Commitments and contingencies

Commitments

Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at December 31, 2020 totalled \$93,375 (December 31, 2019 - \$56,606). The Company has acquired minority equity interests in a number of PPP concession entities (note 13), which require the Company to make \$768 in future capital injections. These commitments have been secured by letters of credit totalling \$1,918 (December 31, 2019 - \$5,859).

Contingencies

The Company is contingently liable for the usual contractor's obligations relating to performance and completion of construction contracts. These include the Company's contingent liability for the performance obligations of its subcontractors. Where possible and appropriate, the Company obtains performance bonds, subcontract/supplier insurance or alternative security from subcontractors. However, where this is not possible, the Company is exposed to the risk that subcontractors will fail to meet their performance obligations. In that eventuality, the Company would be obliged to complete the subcontractor's contract, generally by engaging another subcontractor, and the cost of completing the work could exceed the original subcontract price. The Company makes appropriate provision in the financial statements for all known liabilities relating to subcontractor defaults.

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

34. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. Each of the related party transactions described below was made on terms equivalent to those that prevail in arm's length transactions unless otherwise noted.

Compensation of key management personnel represents the aggregate amounts paid and accrued to the Company's Named Executives and the Company's Board of Directors.

	<u>2020</u>		<u>2019</u>
Short-term benefits	\$ 6,808	\$	4,375
Share-based compensation	3,388		4,126
	<u>\$ 10,196</u>	\$	<u>8,501</u>

A Director or related parties hold positions in other entities that result in them having control over the financial reporting or operating policies of those entities. The aggregate value of transactions during the year with entities over which Directors have control was \$657 (2019 - \$1,935) and the outstanding balance receivable at December 31, 2020 was \$nil (December 31, 2019 - \$891).

Transactions with proportionally consolidated joint arrangements

The Company provides services of its employees, management services, cost reimbursements, parental guarantees and letters of credit to the joint arrangements. These services were transferred at the exchange amount, agreed to between the parties. The amounts recognized for services provided by the Company for the year ended December 31, 2020 totalled \$47,349 (2019 - \$35,565).

The Company has accounts receivable from the joint arrangements at December 31, 2020 totalling \$22,314 (December 31, 2019 - \$4,154).

Transactions with equity accounted joint arrangements

The Company and its proportionately consolidated joint arrangements (note 3), provide development and construction services to its concession investments in associates and joint ventures which are in the normal course of business and on commercial terms. The Company's proportionate share of the amounts billed for construction services provided by these joint arrangements for the year ended December 31, 2020 totalled \$16,492 (2019 - \$98,889), of which \$28,257 has been recognized in revenue in 2020 (2019 - \$109,574). The Company's proportionate share of payments made to the joint arrangements for the year ended December 31, 2020 totalled \$11,849 (2019 - \$6,827). These amounts are not eliminated as they are deemed to be realized by the Company.

The Company and its proportionately consolidated joint arrangements have accounts receivable from these concession investment entities. The Company's proportionate share of accounts receivable at December 31, 2020 totalled \$14,341 (December 31, 2019 - \$39,867). The Company also has notes receivable from an equity accounted joint arrangement at December 31, 2020 totalling \$1,806 (December 31, 2019 - \$8,069).

Bird Construction Inc.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars, except per share amounts)

35. Subsequent event

Eligible dividends declared with a record date subsequent to the financial statement date

As of the date of the approval of these financial statements, the Board of Directors has declared eligible dividends with a record date subsequent to the financial statement date for the following months:

<u>Eligible dividends declared</u>	<u>Record date</u>	<u>Payment date</u>	<u>Dividend per share</u>
January dividend	January 29, 2021	February 19, 2021	\$0.0325
February dividend	February 26, 2021	March 19, 2021	\$0.0325
March dividend	March 31, 2021	April 20, 2021	\$0.0325
April dividend	April 30, 2021	May 20, 2021	\$0.0325

Bird Construction Inc.

Five Year Summary

December 31, 2020

(in thousands of Canadian dollars, except Other Information)

	2020	2019	2018	2017 ⁽¹⁾	2016 ⁽²⁾
OPERATING RESULTS					
Revenue	\$ 1,504,432	1,376,408	1,381,784	1,418,557	1,589,868
Income before income taxes	\$ 49,320	11,959	(2,674)	13,078	34,327
Income taxes	13,217	2,475	(1,661)	4,242	9,325
Net income	\$ 36,103	9,484	(1,013)	8,836	25,002 ⁽²⁾
Dividends declared to shareholders	\$ 17,949	16,582	16,582	16,582	32,297
Cash flows from operations before changes in non-cash working capital	\$ 71,696	30,201	12,320	26,938	48,449

Notes:

⁽¹⁾ 2017 reported figures have been restated applying IFRS 15.

⁽²⁾ Adjusting 2016 net income for the non-cash impairment charge, the Company's adjusted earnings was \$27,741 (a non-GAAP measure).

	2020	2019	2018 ⁽¹⁾	2017 ⁽²⁾	2016 ⁽³⁾
FINANCIAL POSITION					
Current assets	\$ 820,136	729,358	546,553	607,979	729,799
Current liabilities	684,622	648,855	476,338	523,901	614,527
Working capital	\$ 135,514	80,503	70,215	84,078	115,272
Property and equipment	\$ 59,435	46,016	43,153	52,397	45,517
Right-of-use assets	\$ 61,511	34,460	13,073	n/a	n/a
Shareholders' equity	\$ 212,610	127,720	136,229	153,816	161,543

Notes:

⁽¹⁾ 2018 Property and equipment figures have been reclassified following the adoption of IFRS 16 on January 1, 2019.

⁽²⁾ 2017 reported figures have been restated applying IFRS 15.

⁽³⁾ 2016 reported figures have been restated on January 1, 2017 after the adoption of IFRS 15.

	2020	2019	2018	2017	2016
BACKLOG	\$ 2,682,498	1,547,427	1,295,940	1,186,000	1,137,000

OTHER INFORMATION

Weighted average number of shares outstanding	45,334,239	42,516,853	42,516,853	42,516,853	42,516,853
Return on revenue ⁽¹⁾	% 2.40	0.69	(0.07)	0.62	1.57
Return on prior year shareholders' equity ⁽²⁾	% 28.27	6.96	(0.66)	5.47	14.63
Net income per share	\$ 0.80	0.22	(0.02)	0.21	0.59
Book value per share	\$ 4.69	3.00	3.20	3.62	3.80

⁽¹⁾ Return on revenue is derived by dividing net income by construction revenue.

⁽²⁾ Return on prior year shareholders' equity is derived by dividing current year net income by the prior year's shareholders' equity balance.

Eligible Dividends

Bird Construction Inc. designates any and all dividends paid or deemed for Canadian federal, provincial or territorial income tax purposes to be paid on or after January 1, 2007 to be "eligible dividends", unless indicated otherwise in respect of dividends paid subsequent to this notification, and thereby notifies all recipients of such dividends of this designation.



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annual report 2020

