Bird Construction Inc.

Management’s Discussion and Analysis

For the three-month and nine-month periods ended September 30, 2020 and 2019

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of Bird Construction Inc.'s ("the Company" or "Bird") financial condition and results of operations should be read in conjunction with the September 30, 2020 interim consolidated financial statements of Bird Construction Inc. 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 10, 2020. This MD&A has been prepared as of November 10, 2020. Additional information about the Company is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and includes the Company's Annual Information Form and other filings.

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EXECUTIVE SUMMARY

(in thousands of Canadian dollars, except per share amounts)	Nine months ended September 2020	2019
Income Statement Data		
Revenue	$ **949,472**	$ 955,796
Net income	**15,569**	1,317
Basic and diluted earnings per share	**0.36**	0.03
Adjusted Earnings [1]	**20,053**	1,317
Adjusted Earnings Per Share [1]	**0.47**	0.03
Adjusted EBITDA [1]	**41,926**	16,280
Adjusted EBITDA Margin [1]	**4.42%**	1.70%
Cash Flow Data		
Net decrease in cash and cash equivalents	**(23,127)**	(62,069)
Cash flows from operations before changes in non-cash working capital [2]	**31,890**	14,676
Additions to property and equipment [3]	**8,159**	11,624
Cash dividends paid	**12,436**	12,436
Cash dividends declared per share	**0.29**	0.29

Balance Sheet Data	**September 30, 2020**	**December 31, 2019**
Total assets	**1,212,699**	856,787
Working capital	**118,496**	80,503
Loans and borrowings (current and non-current)	**73,217**	40,621
ROU Liabilities (current and non-current)	**73,420**	31,100
Shareholders' equity	**196,010**	127,720

[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 "Non-GAAP Measures"

[2] Refer to the consolidated statement of cash flows

[3] Includes computer software purchases classified as intangible assets

TERMINOLOGY

Throughout this report, management uses the following terms not found in International Financial Reporting Standards (IFRS) and which do not have a standardized meaning. Therefore, these terms may not be comparable with similar terms presented by other companies and require definition:

- **"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.

- **"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, impairment of property and equipment, impairment of goodwill and intangible assets, 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 Margin"** is the percentage derived by dividing Adjusted EBITDA by construction revenue.

- **"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.

- **"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 Master Service Agreements ("MSA') related to maintenance, repairs, and operations ("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.

- **"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 are 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.

- **"Lost Time Incident Frequency" or "LTI Frequency"** is the number of lost time incidents recorded per 200,000 manhours of work by Bird employees.

2020 HIGHLIGHTS

- On September 25, 2020 the Company completed its acquisition of Stuart Olson Inc. ("Stuart Olson") 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.

- During the third quarter of 2020, the Company recorded net income of $8.8 million on construction revenue of $345.1 million compared with a net income of $6.8 million on $378.6 million of construction revenue in 2019. Basic and diluted earnings per share in the third quarter of 2020 and 2019 was $0.20 and $0.16, respectively. Volume was slightly lower, however gross profit improved significantly year-over-year driven by growth in the industrial work program. The year-over-year increase in third quarter net income is primarily attributable to the mix of the higher margin industrial work program. The third quarter of 2020 included approximately $3.8 million of pre-tax acquisition costs related to the acquisition of Stuart Olson Inc. that was completed in the quarter.

- Adjusted Earnings and Adjusted Earnings Per Share in the third quarter of 2020 were $12.4 million and $0.29, respectively, compared with Adjusted Earnings and Adjusted Earnings Per Share in the third quarter of 2019 of $6.8 million and $0.16, respectively. The year-over-year increase in third quarter Adjusted Earnings is reflective of the improvement in earnings attributable to the mix of higher margin industrial work program.

- Adjusted EBITDA and Adjusted EBITDA Margin in the third quarter of 2020 were $22.0 million and 6.39%, respectively. Adjusted EBITDA increased $8.0 million from the Adjusted EBITDA of $14.0 million in the third quarter of 2019. Adjusted EBITDA Margin increased 269 basis points from the Adjusted EBITDA margin of 3.70% recorded in the third quarter of 2019.

- During the first nine months of 2020, the Company recorded net income of $15.6 million on construction revenue of $949.5 million compared with a net income of $1.3 million on $955.8 million of construction revenue in 2019. Basic and diluted earnings per share in the nine months of 2020 and 2019 were $0.36 and $0.03, respectively. There was a slight decrease in revenue year-over-year. The year-over-year increase in net income is primarily attributable to the mix of the higher margin industrial work program. The same nine months period in 2019 was negatively impacted by a Public Private Partnership ("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 in the nine months of 2020 were $20.1 million and $0.47, respectively, compared with $1.3 million and $0.3 respectively, in the nine months of 2019. The year-over-year increase in nine months 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.

- Adjusted EBITDA year-to-date at September 30, 2020 was $41.9 million compared to $16.3 million in the comparable period in 2019. Adjusted EBITDA Margin during the nine months of 2020 was 4.42% and increased 272 basis points from the 1.70% recorded in the nine months of 2019. The year-over-year improvement was driven by an increase in gross profit due to the revenue mix, and the previously described PPP project.

- In the third quarter of 2020, Bird Capital Limited sold its 20% interest in the PPP concessions responsible for 18 schools and nine childcare facilities in Saskatchewan to its project partner, Concert Infrastructure. Developed as the Saskatchewan Joint-Use Schools Project I (SJUSP I) and Saskatchewan Joint-Use Schools Project II (SJUSP II), the projects made up the largest school construction program in the history of the province at the time of construction. The schools are environmentally sustainable infrastructure projects with five joint-use schools achieving LEED Gold certification and four joint-use schools achieving LEED Silver certification.

- 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. While certain preventative measures have eased in various provinces to varying degrees, the duration continues to be unknown and the corresponding impacts to our workforce, supply chain and project sites are key variables that have uncertainty as a result. The financial results of third quarter 2020 were impacted by the COVID-19 pandemic as the Company experienced temporary project shutdowns and reduced productivity on project sites. In addition, financial results were impacted by the COVID-19 pandemic with delays in the conversion of some projects in Pending Backlog to Backlog, delays in project tenders and awards. 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. The situation remains extremely fluid; however, the Company responded to the challenges presented in the nine months of 2020 and is well-positioned to respond to fluctuating scenarios in the near term.

- In 2020, the Company secured $996.1 million of new contract awards and change orders and executed $949.5 million of construction revenues, and through the business combination $995.7 million of Backlog was added. Backlog of $2,589.7 million at September 30, 2020 increased 79.8% from Backlog of $1,440.5 million at September 30, 2019. Backlog increased by $1,042.3 million, or 67.4%, from the $1,547.4 million of Backlog recorded at December 31, 2019.

- In the nine months of 2020, cash and cash equivalents decreased $23.1 million, before the effects of foreign exchange, to $157.2 million from $180.3 million at the end of 2019. Most of the changes 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 used cash of $70.0 million mainly due to changes in non-cash working capital; cash flows from investing activities used cash of $50.9 million mainly related to the purchase of Stuart Olson; and cash flows from financing activities generated cash of $97.7 million mainly from 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 November 2020, December 2020, January 2021 and February 2021.

NON GAAP MEASURES

Adjusted Earnings, Adjusted Earnings Per Share, Adjusted EBITDA and Adjusted EBITDA Margin have no standardized meaning prescribed by IFRS and are considered non-GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other companies. Management uses Adjusted Earnings and Adjusted EBITDA to assess the operating performance of its business. Management believes that investors and analysts use these measures, as they may provide predictive value to assess the on-going operations of the business and a more consistent comparison between financial reporting periods.

Adjusted Earnings

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of Canadian dollars, except per share amounts)	**2020**	2019	**2020**	2019
Net income	**$ 8,822**	$ 6,782	**$ 15,569**	$ 1,317
Add: Acquisition and integration costs	**3,835**	-	**5,111**	-
Add: Restructuring costs [1]	**-**	-	**-**	-
Income tax effect of the above costs	**(293)**	-	**(627)**	-
Adjusted Earnings	**$ 12,364**	$ 6,782	**$ 20,053**	$ 1,317
Adjusted Earnings Per Share [2]	**0.29**	0.16	**0.47**	0.03

Notes

[1] Restructuring costs as defined in accordance with IFRS.

[2] Calculated as Adjusted Earnings divided by basic weighted average shares.

Adjusted EBITDA

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of Canadian dollars, except percentage amounts)	**2020**	2019	**2020**	2019
Income before income taxes	**12,924**	9,302	**22,350**	1,922
Add: Depreciation and amortization	**4,588**	4,568	**11,743**	11,346
Add: Finance and other costs	**1,132**	1,237	**5,775**	4,005
Less: Finance income	**(242)**	(698)	**(1,333)**	(1,827)
Add: Loss (gain) on sale of property and equipment	**(201)**	(443)	**(1,720)**	(1,091)
Add: Restructuring costs [1]	**-**	-	**-**	-
Add: Restructuring and severance costs [2]	**-**	55	**-**	1,925
Add: Acquisition and Integration costs	**3,835**	-	**5,111**	-
Adjusted EBITDA	**$ 22,036**	$ 14,021	**$ 41,926**	$ 16,280
Adjusted EBITDA Margin	**6.39%**	3.70%	**4.42%**	1.70%

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.

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 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; 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. 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.

Fiscal 2020 financial results were impacted by the COVID-19 pandemic with delays in the conversion of some projects in Pending Backlog to Backlog, delays in project tenders and awards and some reduced productivity on project sites. 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, use of face coverings, and other specific measures in addition to normal safety protocols, which meet or exceed guidance from applicable public health authorities. The situation remains extremely fluid; however, the Company responded to the challenges presented to date in 2020 and is well-positioned to continue responding to fluctuating scenarios.

The Company's COVID-19 response plan includes best practices for both office and field employees and managers, self-assessment tools, enhanced cleaning protocols and hygiene measures, physical distancing practices, new COVID-19 measure audits, and a proximity activity hazard management process. This includes 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.

Throughout the pandemic, 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.

The Company proactively managed its cost structure and balance sheet by implementing precautionary measures to position itself in the event of a prolonged impact to the business. In cases where projects had been temporarily slowed down or suspended by the client or by a provincial government, the Company implemented temporary layoffs. Additionally, the Company has 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.

The Executives and Directors want to acknowledge the efforts and sacrifices that our employees have made to ensure that the Company is operating safely and effectively, while delivering upon its project commitments through these unprecedented times.

NATURE OF THE BUSINESS

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

Within the industrial sector, Bird provides general contracting for industrial buildings; civil construction, including site preparation, earthwork, underground piping and concrete foundations; and process construction, including metal and modular fabrication, mechanical process work, and electrical and instrumentation work, for clients primarily operating in the oil and gas, liquified natural gas ("LNG"), mining, and nuclear sectors. These industrial service capabilities have been further enhanced through the recent joining of forces with Stuart Olson. The Company's industrial self-perform abilities 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 ann industrial maintenance contractor with opportunities for additional maintenance clients in a broader geographical footprint.

Within the institutional sector, Bird constructs and renovates hospitals, post-secondary education facilities, K-12 schools, recreation facilities, prisons, courthouses, government buildings, retirement 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 shopping malls, big box stores, office buildings, hotels, and selected mixed-use high-rise condominiums and apartments.

Bird also provides innovative solutions within these sectors. 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. Paving the way for the future of smart building technology and seamless construction delivery, the Stuart Olson Centre for Building Performance provides smart building technologies and life cycle services, which enables the delivery of innovation, efficiency and exceptional value by design. 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.

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.

The Company has 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 invests equity in Public Private Partnerships ("PPP") projects to support construction operations. In all sectors, Bird contracts with its clients using a combination of fixed price, unit price, design-build, alternative finance projects, PPP, cost reimbursable (such as cost plus), construction management, and integrated project delivery methods.

While Bird self-performs some elements of its projects, particularly in the industrial market and in conjunction with its civil construction and contract mining operations, a significant portion of 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Bird has always been committed to adding value to the communities in which we live, work, and build. For over 100 years, the Company has worked to make a positive impact by being a good corporate citizen and steward of the environment. By joining forces with Stuart Olson, Bird has further enhanced its ability to positively impact communities across Canada. Stuart Olson was consistently recognized as a top employer in Alberta and shared Bird's commitment to safe, sustainable operations.

Environment and Sustainability

Bird is active in sustainable construction and protecting the environment and prides itself in building an impressive resume of renewable energy projects. Sustainability and environmental concerns are approached with a rigor similar to that which is applied to Bird's safety strategy. This is not only critical in running a profitable business and generating a return for shareholders but is also a moral obligation. To date, there have been three key areas of focus for Bird in which significant progress has been made at the project level.

Environmental Certifications

Bird strives to deliver projects that are designed and built with the environment in mind. Many of the buildings Bird constructs across the country have attained a Leadership in Energy and Environmental Design ("LEED") certification. To achieve a LEED certification, points are earned for sustainability and resource efficiency. An example is sorting and tracking construction waste on project sites that gets diverted from landfills for recycling. This includes wood, gypsum, metal, and paper. Bird has also achieved certification for projects under the Zero Carbon Certification and Green Globes green building rating system, which are alternative environmental building certifications. In addition, all of Bird's PPP/Alternative Finance projects have an owner-driven energy performance requirement.

Modular Construction

The Company's investment in modular construction, through its ownership stake in Stack Modular, contributes to Bird's overall environmental performance. Modular construction is an inherently greener process than conventional construction, constructing with a low waste method, and delivering a highly energy efficient solution. It also minimizes site disturbances, including less noise, less dust and reduced road traffic movements, while consuming less energy during the construction process.

Sustainable Construction

Mass Timber projects present an opportunity for greener buildings by using a renewable resource as a primary construction material. Furthermore, through sustainable forestry, wood-based materials capture carbon and therefore offset total CO_2 emissions. Bird has built one of the strongest resumes in the country in mass timber projects, and the Company aims to continue being a leader in this sector.

Social Responsibility

Bird is a people-focused company that is committed to investing in the development and wellbeing of its employees, stakeholders and communities. The Company's longevity and success is rooted in a belief of ensuring a healthy workplace that promotes safety and overall wellbeing, strengthening our neighbourhoods, and creating inclusive, respectful and equitable working environments. Bird's key areas of focus include:

Health & Safety

As befitting of a Company that started out as a family business, a fundamental factor to Bird's successful growth is a continued commitment to the health and safety of all employees and stakeholders. This is a critical component of Bird's operational strategy, a core value of the Company, and a key corporate social responsibility. A corporate commitment to health and safety yields tremendous dividends in both business and human capital. In addition to reducing related health and safety costs and reducing the frequency and severity of work-related personal injuries and property damage, a robust health and safety program leads to greater engagement of both employees and stakeholders. This ultimately produces a stronger commitment to product and service quality, and improved productivity and client satisfaction.

From project planning to execution, through ongoing communication, documentation, orientation, training, and review and analysis, Bird seeks to ensure continuous improvement in all facets of its operations. This approach better prepares and supports all workers and managers to act as safety leaders in the construction industry. In a highly competitive business environment, resourcing remains one of the greatest challenges facing the construction industry. Bird's commitment to the health and safety of employees and partners enhances both employee recruitment and retention, and serves to provide a strategic competitive advantage, allowing the Company to continue to successfully pursue and execute challenging work.

Community Engagement & Social Responsibility

The Company directs its efforts towards youth and education initiatives, community sponsorship, health and wellness in the community, and Indigenous engagement. Bird and Stuart Olson employees consistently demonstrate a passion for giving back. The Company supports national charities, health care foundation initiatives, food and clothing banks, community festivals and events, youth and community sports, and much more.

The Company's approach to Indigenous relations is closely aligned with the core values of the company to operate with integrity, provide stewardship, and invest in people. Bird is committed to building capacity within Indigenous business communities and investing in community programs that support Indigenous skills development, including offering a variety of post-secondary scholarships and bursaries. The Company adopted a National Indigenous Engagement Policy to ensure a consistent and culturally appropriate approach across all operations and has instituted a mandatory Indigenous Cultural Awareness Training Program for all employees, which is also available to subtrades.

Bird is proud to be part of the Canadian Council for Aboriginal Business' ("CCAB") Progressive Aboriginal Relations ("PAR") certification process, successfully achieving recertification at the bronze level in spring 2020. PAR certification confirms corporate performance in Indigenous relations and indicates to communities that participating companies are strong business partners, a great place to work, and committed to prosperity in Indigenous communities. Bird is also a member of CCAB's Aboriginal Procurement Champions Group, which provides assurance that procurement opportunities are made available to businesses that are independently pre-certified as at least 51 per cent Indigenous owned and controlled.

Governance

The Board of Directors and the Management of the Company are committed to a strong corporate governance framework. As a public company whose securities are traded on the Toronto Stock Exchange, the Company's Board of Directors has adopted 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.

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.

The Director Code of Ethics requires that the Company's Directors disclose any potential or actual conflict of interest to ensure independent judgement 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 has also approved the following written codes and policies applicable to all employees: Employee Code of Ethics, Anti-Bribery and Corruption Policy, Insider Trading and Blackout Policy, and Whistleblower Policy.

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.
- The Whistleblower Policy gives employees and others the opportunity to report any potential violations of regulatory matters including accounting, financial reporting, securities laws, and financial audit matters, as well as matters relating to business practices including conflicts, business, professional and personal ethics, and other matters set out in the company's Ethics Policies. The Board has discretion to hire independent advisors (including outside legal counsel, independent auditors and others) to help investigate any matter.
- 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 Resource, Safety and Governance Committee ("HRS&G"), each of their chairs and individual Directors on a regular basis. In 2019, each of the Directors completed confidential questionnaires to evaluate the effectiveness of the Board, its committees and the Directors, and made recommendations for improving performance. The chair of the Board and the chair of the HRS&G Committee also conducted informal discussions with each individual Director.

Now more than ever, companies are being called upon to be leaders in environmental, social, and governance initiatives. Bird endeavors to be at the forefront of industry efforts to be responsible, responsive, and innovative corporate citizens. More information can be found in our Management Information Circular.

KEY PERFORMANCE DRIVERS

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, 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 the Pending Backlog and Backlog. The following table shows the Company's balances at the end of the comparative reporting periods:

(in thousands of Canadian dollars)	**September 30, 2020**	December 31, 2019	September 30, 2019
Pending Backlog	**$ 1,300,455**	$ 625,000	$ 600,000
Backlog	**$ 2,589,698**	$ 1,547,427	$ 1,440,521

Pending Backlog at September 30, 2020 was approximately $1,300.5 million compared to $600.0 million at September 30, 2019. The projects are geographically diverse and span multiple sectors and contracting methods. The majority of the $698.3 million Pending Backlog added through the business combination comes from estimated MRO work orders over the remaining MSA periods. Projecting the timing of converting these projects into contracts has become more difficult as a result of the pandemic and several have shifted beyond the third quarter into the fourth quarter of 2020 and into 2021.

The Company's Backlog of $2,589.7 million at September 30, 2020 increased $1,149.2 million or 79.8% from September 30, 2019, mainly due to the business combination which added $995.7 million of Backlog. The year-over-year increase is a result of securing additional projects in the LNG sector as well as medium and low risk contracts in the commercial and institutional markets, and the business combination with Stuart Olson. Backlog increased $1,042.3 from the $1,547.4 million, or 67.4%, from December 31, 2019. The increase in Backlog from December 31, 2019 reflects the Company's success in building backlog over a broad range of sectors and the acquisition of Stuart Olson.

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

(in millions of Canadian dollars)	**Nine months ended September 30, 2020**	**Year ended December 31, 2019**	**Nine months ended September 30, 2019**
Opening balance	**$ 1,547.4**	$ 1,295.9	$ 1,295.9
Business combination	**995.7**	-	-
Securement and change orders	**996.1**	1,627.9	1,100.4
Realized in construction revenues	**(949.5)**	(1,376.4)	(955.8)
Closing balance	**$ 2,589.7**	$ 1,547.4	$ 1,440.5

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. The following table shows the Gross Profit Percentage realized by the Company in the comparative periods:

	Nine months ended		Year ended
	September 30, 2020	**September 30, 2019**	December 31, 2019
Gross Profit Percentage	**6.8%**	4.7%	5.2%

During the first nine months of 2020 the Company realized a Gross Profit Percentage of 6.8% compared with 4.7% in the first nine months of 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. The first nine months of 2019 was also 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.

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 of the Company in the comparative reporting periods:

(in thousands of Canadian dollars)	**September 30, 2020**	December 31, 2019	September 30, 2019
Working capital	$ **118,496**	$ 80,503	$ 59,501
Shareholders' equity	$ **196,010**	$ 127,720	$ 123,678

At September 30, 2020, the Company had working capital of $118.5 million compared with $80.5 million at December 31, 2019, an increase of $38.0 million, mainly related to the business combination with Stuart Olson, which added $39.7 million. The $1.7 million remaining variance is the result of the Company's net income $15.6 million exceeding the $12.8 million of dividends by $2.8 million, and the increase in non-current assets of $4.6 million.

The $68.3 million increase in the Company's shareholders' equity since December 31, 2019 was the result of the $65.5 million of common shares issued and net income of $15.6 million, partially offset by $12.8 million dividends declared.

As a result of the strength of the Company's balance sheet, the Company believes it has adequate amounts of both working capital and equity to execute on its diversified work program.

Safety

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. We call this Safe Production, and it is a cornerstone of our operational philosophy and approach.

Ensuring that all workers leave our jobsites everyday just as healthy and safe as when they arrived is a shared commitment and by working collaboratively with our employees and subcontractors to achieve this, 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.

Through our robust orientation and training programs and our ongoing communication and engagement activities, we encourage all workers to actively contribute to our ongoing efforts to continuously improve not only our safety program, but overall collaboration and effectiveness. In this way, we not only ensure they leave work healthy and safe every day, but in doing so, help contribute to our overall operational excellence.

At Bird, Safe Production is not just a vision or a philosophy, it is a daily routine practiced with discipline and rigor on all our job sites. To the end of September 30, 2020, Bird executed 3,055,797 man-hours of work, incurring zero lost time incidents (LTI).

	Nine month period ended		Year ended
	September 30, 2020	September 30, 2019	December 31, 2019
Man-hours of work	**3,055,797**	2,687,491	3,943,486
LTI frequency	**0.00**	0.00	0.00

RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2020 COMPARED WITH NINE MONTHS ENDED SEPTEMBER 30, 2019

During the nine months of 2020, the Company recorded net income of $15.6 million on construction revenue of $949.5 million compared with net income of $1.3 million on $955.8 million of construction revenue respectively in 2019. The year-over-year decrease in revenue was driven by declines in the commercial and institutional work programs, as a result of COVID-19 pandemic delays in new tenders and awards. The year-over-year increase in net income is reflective of the mix of higher margin industrial work program, in addition to less margin erosion on a challenging PPP project.

The Company's 2020 first nine months gross profit of $64.8 million was $20.2 million higher than the $44.6 million recorded for the same period last year. Despite the lower construction revenues year-over-year, the gross profit increase 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. The Company accrued $2.5 million of Canada Emergency Wage Subsidy ("CEWS") in Gross Profit in the first nine months of 2020. The first nine months of 2019 was negatively impacted by a PPP project that incurred additional cost due to design-related scope growth and acceleration expenses. Gross Profit Percentage in the first nine months of 2020 was 6.8% and 210 basis points higher than the Gross Profit Percentage of 4.7% recorded a year ago for the same reasons as gross profit.

Income from equity accounted investments in the first nine months of 2020 was $8.0 million, compared with $2.0 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.

In the first nine months of 2020, general and administrative expenses of $46.0 million (4.8% of revenue) were higher than the $42.4 million (4.4% of revenue) in the corresponding period a year ago. During the first nine months, the Company had lower compensation expense of $0.7 million (of which $0.6 million related to CEWS), $0.6 million lower pursuit costs and gains on sale of property and equipment were $1.0 million higher than the amounts recorded a year ago. Travel, conference and other discretionary spend were also lower by $1.5 million as a result of the Company's response to COVID-19. Offsetting these reductions in expenses were professional fees of $6.2 million (including $5.1 million related to acquisition and integration activities), higher foreign exchange costs of $0.6 million and higher technology related costs of $0.4 million.

Finance income of $1.3 million in the nine months of 2020 was lower than the $1.8 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 $5.8 million were $1.8 million higher than the $4.0 million reported in the nine months of 2019. The increase was due to $0.6 million higher interest expense on loans and borrowings and right of use liabilities, and $2.1 million higher interest on non-recourse project financing only partially offset by the year-over-year gain on the mark-to-market of interest swaps and in other interest expenses of $0.5 million each.

In the nine months of 2020, income tax expense was $6.8 million, compared to $0.6 million recorded in the nine months of 2019. The increase in income tax expense was in-line with the year-over-year income before taxes improvement.

THREE MONTHS ENDED SEPTEMBER 30, 2020 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2019

During the third quarter of 2020, the Company recorded net income of $8.8 million on construction revenue of $345.1 million (including 5 days of Stuart Olson revenue and costs of construction) compared with net income of $6.8 million on $378.6 million of construction revenue respectively in 2019. The year-over-year decrease of revenue in the third quarter of 8.9% was driven by projects that have been temporarily slowed down by clients as a result of the COVID-19 pandemic primarily in Quebec and Atlantic Canada, despite a year-over-year increase in the industrial work program. The year-over-year increase in third quarter net income is primarily attributable to the mix of higher margin industrial work program.

The Company's 2020 third quarter gross profit of $27.4 million was $3.6 million higher than the $23.8 million recorded a year ago. The increase in gross profit is due to the higher-margin industrial work program as revenue continues to shift from institutional and commercial projects to a more balanced work program including industrial. Gross Profit earned in Quebec and Atlantic Canada has been significantly impacted year-over-year by the COVID-19 pandemic resulting in project delays. The Company accrued $2.5 million of CEWS in Gross Profit in the third quarter of 2020. Gross Profit Percentage in the third quarter of 2020 was 7.9% and 160 basis points higher than the Gross Profit Percentage of 6.3% recorded a year ago for the same reasons as Gross Profit.

Income from equity accounted investments in the third quarter of 2020 was $4.1 million, compared with $0.3 million in same period of 2019. The increase represents additional equity income earned from several equity accounted investments across Canada. Included in the third quarter of 2020 were net gains on sale of two of the Company's investments in equity accounted entities totalling $2.7 million in the quarter.

In the third quarter of 2020, general and administrative expenses of $17.7 million (5.1% of revenue) were higher than the $14.2 million (3.8% of revenue) in the corresponding period a year ago. The Company recognized $0.6 million of CEWS in general and administrative expenses, as a reduction to compensation expense, in the third quarter of 2020. During the third quarter, the Company had $1.1 million lower pursuit costs, lower travel and other discretionary costs of $1.7 million, and lower foreign exchange costs of $0.2 million than the amounts recorded a year ago. Offsetting these reductions in expenses were $4.4 million of acquisition related professional fees, and higher compensation and stock-based compensation expenses of $0.4 million than the amounts recorded in 2019.

Finance income of $0.2 million in the third quarter of 2020 was lower than the $0.7 million recorded in the same period of 2019. Interest rates earned on average cash balances during the quarter were lower compared to the prior year.

Finance and other costs of $1.1 million were comparable to the $1.2 million reported in the third quarter of 2019. The increase in interest costs associated with alternative project financing was offset by the gain on mark-to-market of interest rate swaps year-over-year.

In the third quarter of 2020, income tax expense was $4.1 million, compared to $2.5 million recorded in the third 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 associated to the business combination with Stuart Olson are non-deductible for tax purposes, which increased the effective tax rate.

OUTLOOK

Bird closed its acquisition of Stuart Olson ("the Transaction") late in the third quarter and immediately began the important work of integrating the two companies. One of the key rationales for the Transaction was to further diversify Bird's risk profile by being able to expand its service offerings and revenue streams. The Company has expanded its industrial general contracting business, including becoming an industrial maintenance contractor, which provides opportunities for additional maintenance clients across the country. In the institutional and commercial sectors, Bird has added an increased capability in construction management services, and its newly acquired commercial systems business is one of Canada's largest electrical and data system contractors.

Integration efforts are ongoing in the fourth quarter as the Company continues to implement its 100-day plan to maximize value from the combination of the two firms. Adopting a "best of both" approach, the plan includes regularly scheduled communications with staff and focusses on people, organizational structure and technology needs.

The Company is in the process of identifying new cross-selling opportunities as a result of the Transaction, while continuing to take a disciplined approach in matching available talent to the risk profile of a project and overall work program.

Progress has been made in identifying and realizing the previously announced $25.0 million in total forecasted cost synergies resulting from the combination. This total includes targets of $10.0 million in EBITDA, $10.0 million in interest and $5.0 million in depreciation and amortization savings. The Company has identified annualized Adjusted EBITDA synergies of $10.0 million and the realization of the synergies will ramp up throughout 2021. The annualized interest savings target of $10.0 million was achieved as of the closing date and the depreciation and amortization target of $5.0 million annually is expected to be achieved by the end of the fourth quarter 2020. In the fourth quarter 2020, the Company expects to realize $0.7 million in EBITDA savings, $2.5 million in interest savings and $1.2 million in depreciation and amortization savings.

COVID-19

The Company's underlying future assumptions are subject to greater risk the longer the COVID-19 pandemic persists. Bird expects fourth quarter 2020 financial results to be impacted by the COVID-19 pandemic with delays in the conversion of some projects in Pending Backlog to Backlog, delays in project tenders and awards, and some reduced productivity on project sites. There may be additional negative impacts if temporary project shutdowns are required for health and safety reasons.

The Company expects that it will continue to qualify for the Canadian Emergency Wage Subsidy in the fourth quarter for certain portions of its business. The subsidy will help offset the costs of maintaining the Company's workforce in parts of the business that were most impacted by the pandemic.

New projects in the pursuit pipeline have slowed somewhat since the start of the pandemic as some clients shift the timing of opportunities to a more stable environment. While Bird has historically won many smaller projects which could be executed quickly, rounding out its work program, the Company has seen a decrease in these types of projects, which will also impact short term results.

The Company is, however, well positioned to benefit from government stimulus spending, given its expanded capabilities, and will closely monitor projects as they are announced.

Backlog

At September 30, 2020, the Company was carrying a combined Backlog of $2.6 billion, including approximately $1.0 billion from the business combination. The Company expects to recognize 61% 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 consolidation of the Stuart Olson Backlog means that, when compared to prior years, the Backlog is more diversified across a broad range of markets and contracting methods with a more balanced risk profile. Revenue earned in higher risk contract categories such as PPP, Alternative Finance and Complex

Design Build projects comprised 11.2% of total revenue year to date in 2020 compared to 22.1% in the same time period in 2019. The proportion of revenue earned from higher risk contract types is expected to remain lower in 2020 when compared year-over-year. Outside of the MRO projects portfolio, the Company has minimal direct exposure to projects in the oil sector in its Backlog.

The future work program will benefit from $1.3 billion in Pending Backlog as at September 30, 2020. Due to the pandemic, projecting the timing of converting some of these projects into contracts has become more difficult and several have shifted into 2021. Pending Backlog now includes a greater proportion of MSA contracts from Stuart Olson. These contracts are typically with industrial clients, that span multiple years for MRO services, and comprise approximately $0.6 billion, which represents a recurring revenue steam over the remaining two to six years. The Company expects to convert a portion of these MSAs to Backlog as purchase orders are received.

Balance Sheet

In planning for both the Transaction and managing through the pandemic, the Company has been focused on maintaining a strong balance sheet. This enables the Company to invest in long-term growth opportunities as well as sustaining its dividend. Bird continues to identify opportunities to further diversify its work program both organically and through additional acquisitions. The Company expects to benefit in the fourth quarter of 2020 through 2021 from having a healthy Backlog with strong margins and more balance in terms of the contractual risk profile of the work program.

Based on information known at this time, coupled with the impacts from the pandemic already experienced and projected for the coming quarter, the Company anticipates that it will achieve considerably higher levels of profitability for fiscal 2020 than seen in recent years. With the addition of Stuart Olson's operating results in the fourth quarter of 2020, year over year revenue is expected to surpass Bird's 2019 revenue, although pressure on revenue may persist through the early stages of 2021. The higher levels of profitability are a result of the Company's record Backlog, a strong margin profile in the work program and an expectation that the Stuart Olson acquisition will contribute positively to the business in 2021.

ACCOUNTING POLICIES

The Company's significant accounting policies are outlined in the notes to the audited December 31, 2019 and 2018 Consolidated Financial Statements. The interim consolidated financial statements were prepared using the same accounting policies as the 2019 consolidated financial statements except for the following and for new accounting standards adopted January 1, 2020:

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;
- Any right-of-use assets and right-of-use liabilities identified in which the acquiree is the lessee, IFRS 3 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 right-of-use 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.

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, it is recognized in the consolidated statement of income 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.

Employee benefits and post-employment benefits

Post-employment benefits

The Company has a Registered Retirement Savings Plan ("RRSP"). The Company contributes to the plan based on the amount of employee contributions. The related obligation of RRSPs is measured on an undiscounted basis and are expensed as the related services are provided.

The Company maintains two registered pension plans. Each plan includes a defined contribution ("DC") provision and a non-contributory defined benefit ("DB") provision. The DB provision covers salaried employees for two of the operating segments. 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 profit or loss 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 profit or loss.

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, commences once the asset is available for use and is recognized in profit or loss based on the expected pattern of consumption of the economic benefits of the asset. Amortization methods, useful lives and residual values are reviewed at each financial year end 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	2 to 5 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

New Accounting Standards Adopted

Amendments to IFRS 3 – Definition of a Business

The Company adopted the amendments to IFRS 3 on a prospective basis on January 1, 2020. 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 adoption of the amendments to IFRS 3 did not have an impact on the financial statements.

Future accounting changes

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that: settlement of a liability includes transferring a company's own equity instruments to the counterparty; and when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity. The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

Amendments to IFRS 16 – COVID-19-Related Rent Concessions

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.

SUMMARY OF QUARTERLY RESULTS

The Company experiences more seasonality in its business in the first quarter and early second quarter as a result of a 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 in the second quarter of 2020.

(in thousands of Canadian dollars, except per share amounts)

	2018	2019				**2020**		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Revenue	385,854	261,777	315,428	378,591	420,612	321,646	282,766	**345,060**
Net income (loss)	6,379	(6,466)	1,001	6,782	8,167	1,123	5,624	**8,822**
Earnings (loss) per share	0.15	(0.15)	0.02	0.16	0.19	0.03	0.13	**0.20**

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

The following table presents a summary of the Company's financial condition for the periods indicated:

(in thousands of Canadian dollars)		September 30, 2020		December 31, 2019
Cash and cash equivalents	$	**157,234**	$	180,334
Non-cash working capital		**(38,738)**		(99,831)
Working capital		**118,496**		80,503
Non-current loans and borrowings		**65,180**		34,738
Non-current right-of-use liabilities		**55,111**		23,075
Shareholders' equity		**196,010**		127,720

As a result of the strength of the Company's balance sheet, the Company believes it has adequate amounts of both working capital and liquidity to execute its Backlog and to support its current dividend rate barring any unforeseen risks that may occur, including risks as a result of the COVID-19 pandemic.

As a component of working capital, the Company maintains a balance of cash and cash equivalents. At September 30, 2020, this balance totalled $157.2 million. Included in cash and cash equivalents was $74.9 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 September 30, 2020 was $54.3 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 $38.7 million at September 30, 2020, which improved from 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 September 30, 2020, the Company had working capital of $118.5 million compared with $80.5 million at December 31, 2019, an increase of $38.0 million, mainly related to the business combination with Stuart Olson, which added $39.7 million. The $1.7 million remaining variance is primarily the result of the Company's net income $15.6 million exceeding the $12.8 million of dividends by $2.8 million, and the increase in non-current assets of $4.6 million.

Credit Facilities

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 $54.3 million of accessible cash and cash equivalents (excluding cash held in joint ventures and trust accounts) and $49.0 million of capacity available in committed credit facilities 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 expects to remain in compliance with all banking covenants. During the third quarter, the Company increased the committed revolving credit facility from $85,000 to $100,000. The additional $15,000 is temporary and expires November 25, 2020 or when a new syndicated credit agreement is established. The original $85,000 revolving credit facility matures December 31, 2022.

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.

Operating Credit Facilities

- **Committed revolving operating credit facilities**

  During the third quarter, the Company increased the committed revolving credit facility from $85,000 to $100,000. The additional $15,000 is temporary and expires November 25, 2020 or when a new syndicated credit agreement is established. The original $85,000 revolving credit facility matures December 31, 2022. This facility may be used in the normal course of business for general working capital purposes, to issue non-collateralized letters of credit, and to fund future capital expenditures and qualifying permitted acquisitions. At September 30, 2020, the Company has $26.0 million in letters of credit outstanding (December 31, 2019 - $28.5 million) and has drawn $25.0 million on this facility (December 31, 2019 - $15.0 million). The $25.0 million draw is presented as long-term loans and borrowings on the Company's statement of financial position. At September 30, 2020, the Company was in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

- **Committed revolving term loan facility**

  The Company has a committed revolving term loan facility of up to $35.0 million for the purpose of financing acquisitions and for working capital advances in support of major projects. As of September 30, 2020, the Company has drawn $35.0 million (December 31, 2019 - $10.0 million) on the facility. The loan has scheduled repayments due quarterly until the maturity date of September 24, 2028.

  Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A commitment fee that varies depending on certain consolidated financial ratios is due on the unutilized portion of the facility. At September 30, 2020, the Company was in compliance with the working capital, minimum equity and debt-to-equity covenants of this facility.

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 September 30, 2020, the Company has $44.0 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 major 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:

(in thousands of Canadian dollars)		**September 30, 2020**		December 31, 2019
Committed revolving operating credit facility	$	**100,000**	$	85,000
Letters of credit issued from committed revolving operating credit facility		**26,035**		28,504
Drawn from committed revolving operating credit facility		**25,000**		15,000
Available committed revolving operating credit facility		**48,965**		41,496
Committed revolving term loan facility	$	**35,000**	$	35,000
Drawn from committed revolving term loan facility		**35,000**		10,000
Available committed revolving term loan facility		**-**		25,000
Letters of credit facilities		**125,000**		80,000
Letters of credit issued from letters of credit facilities		**43,972**		6,559
Available letters of credit facilities	$	**81,028**	$	73,441
Collateral pledged to support letters of credit	$	**139**	$	139
Guarantees provided by EDC	$	**43,834**	$	6,421

Equipment Financing

The Company and its subsidiaries have term credit facilities of up to $35.0 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 September 30, 2020, there is $12.6 million outstanding on the facilities (December 31, 2019 - $12.4 million). 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.

In addition, subsidiaries of the Company have equipment acquisition operating lease lines of credit for $31.8 million (December 31, 2019 - $31.8 million) with the financing arms of several major heavy equipment suppliers to finance the purchase of equipment. At September 30, 2020, the Company has used $10.5 million under these facilities (December 31, 2019 - $11.7 million). The Company's total lease commitments are outlined under Contractual Obligations.

At September 30, 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 periods indicated:

(in thousands of Canadian dollars)	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Cash flows from operations before changes in non-cash working capital	$ **15,841**	$ 13,851	$ **31,890**	$ 14,676
Changes in contract assets - alternative finance projects	**(14,079)**	(19,959)	**(64,913)**	(39,687)
Changes in non-cash working capital and other	**(37,749)**	(16,201)	**(36,961)**	(67,769)
Cash flows from (used in) operating activities	**(35,987)**	(22,309)	**(69,984)**	(92,780)
Investments in equity accounted entities	**(496)**	-	**(4,781)**	(112)
Capital distributions from equity accounted entities	**2,843**	1,138	**3,870**	1,493
Proceeds on sale of investment in equity accounted entities	**5,620**	-	**11,034**	-
Additions to property, equipment and intangible assets	**(2,516)**	(3,934)	**(8,159)**	(11,624)
Proceeds on sale of property and equipment	**782**	565	**6,368**	1,928
Acquisition of Stuart Olson	**(59,960)**	-	**(59,960)**	-
Proceeds on maturity of short-term investments	**-**	-	**-**	1,666
Other long-term assets	**1,222**	(1,506)	**742**	283
Cash flows from (used in) investing activities	**(52,505)**	(3,737)	**(50,886)**	(6,366)
Proceeds from issue of common shares	**39,876**	-	**39,876**	-
Dividends paid on shares	**(4,145)**	(4,145)	**(12,436)**	(12,436)
Proceeds from non-recourse project financing	**5,807**	28,093	**44,891**	43,793
Proceeds from loans and borrowings	**45,657**	-	**61,907**	14,536
Repayment of loans and borrowings	**(10,823)**	(1,546)	**(29,974)**	(3,606)
Repayment of right-of-use liabilities	**(2,063)**	(1,971)	**(6,521)**	(5,210)
Cash flows from (used in) financing activities	**74,309**	20,431	**97,743**	37,077

Operating Activities

During the nine months of 2020, cash flows from operating activities used cash of $70.0 million compared with cash used of $92.8 million in 2019.

In the first nine months, cash flows from operations before changes in non-cash working capital of $31.9 million increased $17.2 million year-over-year from the $14.7 million cash generated in 2019 primarily due to the $14.3 million improvement in net income, a $6.2 million higher non-cash addback of income tax expense year-over-year, a $1.8 million higher non-cash addback of finance and other costs, partially offset by $6.0 million higher non-cash reduction for income from equity accounted investments.

Changes in contract assets – alternative finance projects during the first nine months of 2020 used $64.9 million of cash. This use of cash was partially offset by the $44.9 million on proceeds from non-recourse project financing. The activity in 2019 and 2020 relates to the OPP Modernization Phase 2 alternative finance project. The OPP Modernization project was ramping up construction throughout 2019, continuing in 2020 and therefore builds up contract assets until the project is completed and billed to the client.

During the first nine months of 2020, the $37.0 million decrease in cash from changes in non-cash working capital and other was driven mainly by a $72.0 million decrease in accounts receivable and contract assets, collection of other assets of $5.8 million, partially offset by a $94.2 million decrease in accounts payable and a $20.1 million decrease in contract liabilities. During 2019, the primary drivers of the $67.8 million decrease in cash from the changes in non-cash working capital and other was a $92.6 million increase in accounts receivable and contract assets and collection of other assets combined with $26.8 million decrease in accounts payable and offset by the $57.2 million increase in contract liabilities.

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 the nine months of 2020, the Company used $50.9 million of cash from investing activities compared to the $6.4 million used in 2019. In 2020, the Company primarily 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 distributions from equity investments of $3.9 million, which was partially offset by the additional investments in equity accounted entities of $4.8 million. The Company also benefited from higher proceeds from the sale of equipment of $4.4 million, and lower additions to property and equipment and intangible assets of $3.5 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 the nine months of 2020, the Company generated $97.7 million of cash from financing activities compared to $37.1 million in 2019. The year-over-year changes are primarily driven by proceeds of $39.9 million from the issuance of common shares related to the acquisition of Stuart Olson, and higher proceeds of $47.4 million of loans and borrowings. This was partially offset by repayment of loans and borrowings and right-of-use liabilities that were $27.7 million higher than the same period in 2019.

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 the dividend history:

July 1, 2019	to	September 30, 2019	$	0.0975
October 1, 2019	to	December 31, 2019	$	0.0975
January 1, 2020	to	March 31, 2020	$	0.0975
April 1, 2020	to	June 30, 2020	$	0.0975
July 1, 2020	**to**	**September 30, 2020**	**$**	**0.0975**

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 September 30, 2020. There were 42,516,853 common shares outstanding at December 31, 2019.

During the third quarter, 100,000 stock options with a weighted average exercise price of $11.87 per common shareexpired. At September 30, 2020 there are no stock options outstanding. With the approval of the Equity Incentive Plan (EIP) in May 2017, the Board of Directors resolved to suspend the stock option plan.

The common shares are listed on the Toronto Stock Exchange (“TSX”) under the trading symbol BDT.

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.

CONTRACTUAL OBLIGATIONS

At September 30, 2020, the Company has future contractual obligations of $811.7 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	Later than 1 year and less than 3 years	Later than 3 year and less than 5 years	Later than 5 years
Accounts payable	$	**517,825**	**517,825**	513,672	4,153	-	-
Non-recourse project financing		**130,352**	**130,879**	130,879	-	-	-
ROU liabilities		**73,420**	**84,935**	19,971	31,121	15,466	18,377
Loans and borrowings		**73,217**	**78,024**	9,301	42,008	11,370	15,345
	$	**794,814**	**811,663**	673,823	77,282	26,836	33,722

OFF BALANCE SHEET ARRANGEMENTS

The Company has surety lien bonds issued on behalf of the Company valued at $100.5 million at September 30, 2020.

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 its adoption of IFRS 16.

CRITICAL ACCOUNTING ESTIMATES

The preparation of 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 any future periods affected.

On March 11, 2020 the World Health Organization ("WHO") declared a global pandemic ("COVID-19 pandemic") due to contagiousness of the novel coronavirus and the severe respiratory disease, COVID-19, that could be developed after contracting the virus. As a result of the COVID-19 pandemic, states of emergency were declared across the various provinces and jurisdictions that the Company operates. The Company has quickly responded to protect its people and has implemented numerous health and safety measures based on public health authority guidance. The Company's operations could be negatively impacted as a result of the global pandemic due to suspension of projects, availability of labour and disruptions to the supply chain. 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 COVID-19 pandemic has caused significant disruption to the global economy, and the duration and full financial impact of the COVID-19 pandemic is yet to be determined. The effectiveness of the Company's business continuity plan, various safety and austerity measures implemented are also yet to be determined. There is significant uncertainty relating to any assumptions and estimates relating to the impact of COVID-19 pandemic on the operating and financial results, which could materially and adversely affect the Company.

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 judgments 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 and impairment testing.

Revenue and gross profit recognition

Construction revenue, construction costs, deferred revenue and contract assets are based on estimates and judgements used in determining contract revenue and contract costs to determine the stage of completion for a particular construction project, depending on the nature of the construction project, as more fully described in the revenue recognition policy included in the notes to the Company's annual financial statements. To determine the estimated costs to complete construction projects, assumptions and estimates are required to evaluate issues related to schedule, material and labour costs, labour productivity, changes in contract scope and subcontractor costs. Due to the nature of construction, 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 our clients 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. As many change orders and claims may not be settled until the end of the construction project, significant increases or decreases in revenue and income may arise during any particular accounting period, applying the new revenue recognition policy under IFRS 15.

Provisions

Provisions involve the use of estimates, as determined by management. Estimates and assumptions are required to determine when to record and measure a provision in the financial statements for legal and warranty claims. The outcomes can differ significantly from the estimates used in preparing the financial statements resulting in required adjustments to expenses and liabilities.

Asset impairments

Impairment testing is performed annually or earlier, if a triggering event occurs, for indefinite-lived intangible assets and goodwill resulting from business combinations, by comparing the recoverable amount of the cash generating unit ("CGU"), or groups of CGUs to its carrying amount. The recoverable amount of the CGU is determined based on a value in use calculation. There is significant amount of uncertainty with respect to the estimates of recoverable amounts of the CGUs' assets given the necessity of making key economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, estimates of achieving key operating metrics and the discount rate.

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 may differ from assumptions, will result in gains or losses that will be disclosed in future accounting valuations.

CONTROLS AND PROCEDURES

Controls & Procedures

All of the controls and procedures set out below encompass all legacy Bird companies and scope out controls for the legacy Stuart Olson business, as permitted by National Instrument 52-109 for 365 days following the acquisition.

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.

An evaluation of the effectiveness of the design of the disclosure controls and procedures was carried out under the supervision of management, including the CEO and CFO, with oversight by the Board of Directors and the Audit Committee, as of September 30, 2020. Based on their evaluations, the CEO and CFO have concluded that the design of the disclosure controls and procedures as defined in NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings was effective as at September 30, 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.

With oversight of the Board of Directors and the Audit Committee, under the supervision and with the participation of management, including the CEO and CFO, the design of our internal controls over financial reporting was 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. As at September 30, 2020, the CEO and CFO have concluded that the design of the internal controls over financial reporting as defined in NI 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, was effective.

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 September 30, 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 10, 2020, which is available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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.

Economy and Cyclicality

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 above-average margins on particular projects. There is also no assurance that above-average 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.

PPP Project Risk

Bird is active 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.

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.

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.

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.

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.

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.

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.

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.

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.

FORWARD LOOKING INFORMATION

This MD&A contains forward-looking statements and information ("forward-looking statements") within the meaning of applicable Canadian securities laws. The forward-looking statements contained in this MD&A are based on the expectations, estimates and projections of management of Bird as of the date of this MD&A 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: operational risks, industry and inherent project delivery risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; compliance with environmental laws risks; competition, ethics and reputational risks; ability to access sufficient capital from internal and external sources; global pandemics; repayment of credit facility; collection of recognized revenue; performance bonds and contract security; potential for non-payment and credit risk and ongoing financing availability; regional concentration; regulations; dependence on the public sector; client concentration; labour matters; loss of key management; ability to hire and retain qualified and capable personnel; subcontractor performance; unanticipated shutdowns, work stoppages, strikes and lockouts; maintaining safe worksites; cyber security risks; litigation risk; corporate guarantees and letters of credit; volatility of market trading; failure of clients to obtain required permits and licenses; payment of dividends; economy and cyclicality; Public Private Partnerships project risk; design risks; completion and performance guarantees/design-build risks; ability to secure work; estimating costs and schedules/assessing contract risks; quality assurance and quality control; accuracy of cost to complete estimates; insurance risk; adjustments and cancellations of backlog; joint venture risk; internal and disclosure controls; Public Private Partnerships equity investments; failure to realize the anticipated benefits of the Transaction; and changes in legislation, including but not limited to tax laws and environmental regulations.

The forward-looking statements in this 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, 2019 and most recently filed Management's Discussion and Analysis, 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 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.