Bird Construction Inc.

Interim Condensed Consolidated Financial Statements

For the three and nine month periods ended September 30, 2021 and 2020

(unaudited)

Notice required under National Instrument 51 - 102

The unaudited interim condensed consolidated financial statements have been prepared by management of Bird Construction Inc. and have not been reviewed by the Company’s independent external auditors.

Bird Construction Inc.
Consolidated Statement of Financial Position
As at September 30, 2021 and December 31, 2020
(in thousands of Canadian dollars) (unaudited)

	Note		September 30, 2021		December 31, 2020 [1]
ASSETS					
Current assets					
Cash and cash equivalents	8	$	**155,361**	$	212,068
Accounts receivable	9		**646,959**		530,166
Contract assets			**63,410**		60,031
Contract assets - alternative finance projects			**-**		113
Inventory and prepaid expenses			**10,913**		8,038
Income taxes recoverable			**6,697**		7,484
Other assets	11		**6,806**		2,577
Assets held for sale	13		**1,863**		-
Total current assets			**892,009**		820,477
Non-current assets					
Other assets	11		**8,118**		13,171
Investments in equity accounted entities	12		**15,316**		14,710
Property and equipment	14		**56,156**		59,435
Right-of-use assets	15		**68,362**		61,511
Deferred income tax asset			**32,565**		33,760
Intangible assets	16		**30,119**		27,526
Goodwill	16		**54,995**		36,960
Total non-current assets			**265,631**		247,073
TOTAL ASSETS		$	**1,157,640**	$	1,067,550
LIABILITIES					
Current liabilities					
Accounts payable		$	**522,040**	$	490,470
Contract liabilities			**136,463**		121,504
Dividends payable to shareholders			**1,745**		1,724
Income taxes payable			**8,520**		20,187
Current portion of loans and borrowings	17		**7,408**		8,010
Current portion of right-of-use liabilities	18		**18,262**		18,748
Provisions	20		**33,125**		27,569
Other liabilities	21		**9,563**		2,010
Total current liabilities			**737,126**		690,222
Non-current liabilities					
Loans and borrowings	17		**78,257**		64,903
Right-of-use liabilities	18		**63,025**		59,327
Deferred income tax liability			**22,882**		23,110
Other liabilities	21		**17,223**		13,778
Pension liabilities			**443**		3,600
Total non-current liabilities			**181,830**		164,718
TOTAL LIABILITIES			**918,956**		854,940
SHAREHOLDERS' EQUITY					
Shareholders' capital	23		**114,584**		108,064
Contributed surplus			**1,956**		1,956
Retained earnings			**122,136**		102,520
Accumulated other comprehensive income			**8**		70
Total shareholders' equity			**238,684**		212,610
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**1,157,640**	$	1,067,550

[1] December 31, 2020 comparatives have been restated as a result of measurement period adjustments made to the purchase price allocation at September 25, 2020. (See note 7b).

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

Approved on behalf of the Board of Directors

Paul R. Raboud
Chairman of the Board

Karyn Brooks

Karyn A. Brooks
Audit Committee Chair

Bird Construction Inc.
Consolidated Statement of Income
For the three and nine month periods ended September 30, 2021 and 2020
(in thousands of Canadian dollars, except per share amounts) (unaudited)

		For the three months ended September 30,		For the nine months ended September 30,	
	Note	**2021**	2020	**2021**	2020
Construction revenue	10	**$ 621,224**	$ 345,060	**$ 1,622,223**	$ 949,472
Costs of construction	27	**574,791**	317,686	**1,486,852**	884,706
Gross profit		**46,433**	27,374	**135,371**	64,766
Income from equity accounted investments	12	**1,168**	4,135	**3,286**	7,981
General and administrative expenses	27	**(29,918)**	(17,695)	**(89,879)**	(45,955)
Income from operations		**17,683**	13,814	**48,778**	26,792
Finance income	25	**304**	242	**896**	1,333
Finance and other costs	26	**(1,720)**	(1,132)	**(5,660)**	(5,775)
Income before income taxes		**16,267**	12,924	**44,014**	22,350
Income tax expense	19	**4,150**	4,102	**11,148**	6,781
Net income for the period		**$ 12,117**	$ 8,822	**$ 32,866**	$ 15,569
Basic and diluted earnings per share	24	**$ 0.23**	$ 0.20	**$ 0.62**	$ 0.36

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

Bird Construction Inc.
Consolidated Statement of Comprehensive Income
For the three and nine month periods ended September 30, 2021 and 2020
(in thousands of Canadian dollars) (unaudited)

	Note	For the three months ended September 30, 2021	2020	For the nine months ended September 30, 2021	2020
Net income for the period		**$ 12,117**	$ 8,822	**$ 32,866**	$ 15,569
Other comprehensive income (loss) for the period:					
Defined benefit plan actuarial gain (loss)		**(429)**	-	**3,029**	-
Foreign currency translation on equity accounted investments	12	**(82)**	31	**(33)**	(33)
Other foreign currency translation		**15**	(3)	**(14)**	(5)
Deferred tax recovery (expense) on other comprehensive income (loss)		**128**	-	**(759)**	-
Items that may be reclassified to net income in subsequent periods		**(368)**	28	**2,223**	(38)
Total comprehensive income for the period		**$ 11,749**	$ 8,850	**$ 35,089**	$ 15,531

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

Bird Construction Inc.
Consolidated Statement of Changes in Equity
For the three and nine month periods ended September 30, 2021 and 2020
(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note	Shareholders' capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance at December 31, 2020		**$ 108,064**	**$ 1,956**	**$ 102,520**	**$ 70**	**$ 212,610**
Net income for the period		**-**	**-**	**32,866**	**-**	**32,866**
Other comprehensive income (loss) for the period	12	**-**	**-**	**2,285**	**(62)**	**2,223**
Total comprehensive income (loss) for the period		**-**	**-**	**35,151**	**(62)**	**35,089**
Contributions by and dividends to owners						
Common shares issued on acquisition of Dagmar	7(a)	**6,520**	**-**	**-**	**-**	**6,520**
Dividends declared to shareholders		**-**	**-**	**(15,535)**	**-**	**(15,535)**
		6,520	**-**	**(15,535)**	**-**	**(9,015)**
Balance at September 30, 2021		**$ 114,584**	**$ 1,956**	**$ 122,136**	**$ 8**	**$ 238,684**
Dividends declared per share				**$ 0.29**		
Balance at December 31, 2019		42,527	$ 1,956	$ 83,197	$ 40	$ 127,720
Net income for the period		-	-	15,569	-	15,569
Other comprehensive income (loss) for the period		-	-	-	(38)	(38)
Total comprehensive income (loss) for the period		-	-	15,569	(38)	15,531
Contributions by and dividends to owners						
Common shares issued on acquisition of Stuart Olson	7(b)	65,537	-	-	-	65,537
Dividends declared to shareholders		-	-	(12,778)	-	(12,778)
		65,537	-	(12,778)	-	52,759
Balance at September 30, 2020		$ 108,064	$ 1,956	$ 85,988	$ 2	$ 196,010
Dividends declared per share				$ 0.29		

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

Bird Construction Inc.
Consolidated Statement of Cash Flows
For the nine month periods ended September 30, 2021 and 2020
(in thousands of Canadian dollars) (unaudited)

	Note	For the nine months ended September 30, 2021	2020
Cash flows from (used in) operating activities			
Net income for the period		**$ 32,866**	$ 15,569
Items not involving cash:			
Amortization		**4,373**	721
Depreciation		**20,450**	11,022
Gain on sale of property and equipment		**(968)**	(1,720)
Income from equity accounted investments	12	**(3,286)**	(7,981)
Finance income	25	**(896)**	(1,333)
Finance and other costs	26	**5,660**	5,775
Deferred compensation plan expense and other		**7,599**	3,083
Defined benefit pension plan expense, net of contributions		**(128)**	-
Unrealized (gain) loss on investments and other		**14**	(27)
Income tax expense (recovery)	19	**11,148**	6,781
Cash flows from operations before changes in non-cash working capital		**76,832**	31,890
Changes in non-cash working capital relating to operating activities	28	**(69,828)**	(101,255)
Interest received		**762**	1,473
Interest paid		**(4,853)**	(5,649)
Income taxes recovered (paid)		**(24,276)**	3,052
Net cash from (used in) operating activities		**(21,363)**	(70,489)
Cash flows from (used in) investing activities			
Investments in equity accounted entities	12	**(768)**	(4,781)
Capital distributions from equity accounted entities	12	**1,988**	3,870
Proceeds on sale of investment in equity accounted entities	12	**-**	11,034
Additions to property and equipment		**(5,255)**	(6,753)
Proceeds on sale of property and equipment		**2,497**	6,368
Additions to intangible assets		**(962)**	(1,406)
Acquisitions, net of cash acquired	7	**(20,563)**	(59,960)
Other long-term assets		**4,919**	742
Net cash from (used in) investing activities		**(18,144)**	(50,886)
Cash flows from (used in) financing activities			
Proceeds from issue of common shares, net of issue costs	7	**-**	39,876
Dividends paid on shares		**(15,514)**	(12,436)
Proceeds from non-recourse project financing		**-**	44,891
Proceeds from loans and borrowings	17	**58,600**	61,907
Repayment of loans and borrowings	17	**(45,848)**	(29,974)
Repayment of right-of-use liabilities	18	**(14,312)**	(6,016)
Net cash from (used in) financing activities		**(17,074)**	98,248
Net increase (decrease) in cash and cash equivalents during the period		**(56,581)**	(23,127)
Effects of foreign exchange on cash balances		**(126)**	27
Cash and cash equivalents, beginning of the period		**212,068**	180,334
Cash and cash equivalents, end of the period	8	**$ 155,361**	$ 157,234

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

Table of Contents – Notes to the Interim Condensed Consolidated Financial Statements

1. Structure of the company

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

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

2. Basis of preparation

Statement of compliance

These unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. These financial statements do not include all of the information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2020. These financial statements were authorized for issue on November 9, 2021 by the Company's Board of Directors.

Functional and presentation currency

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

Basis of measurement

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

Segmented results

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

3. Use of estimates and judgements

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

Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates and judgements used in the preparation of these financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2020.

Impact of the COVID-19 pandemic

The COVID-19 pandemic has continued to disrupt global health and the economy in 2021. Notwithstanding the vaccination programs that are underway, the Canadian construction industry continues to face volatility as each provincial government has responded by implementing measures to address the public health threat. During the third quarter of 2021 and subsequent to September 30, 2021, certain areas of Canada are in the fourth wave and preventative safety measures remain in place and continue to vary from province to province as governments respond to fluctuations in case numbers. The duration of the pandemic and the associated impact to future financial and operational measures are unknown.

Due to the impact of the COVID-19 pandemic on both current and future market conditions and the economic environment, there is significant uncertainty and complexity in respect of certain judgements, estimates and assumptions used in the preparation of these financial statements. These include the amount of government assistance the Company has accrued or may qualify for in the future, project timing and progress, future contract awards, and collectability of accounts receivable and contract assets. The Company's operations could be impacted from disruptions to projects, the supply chain, and shortages of labour. The future effectiveness of the Company's business continuity plan and various safety and austerity measures implemented is also subject to uncertainty.

4. Significant accounting policies

The accounting principles used in the preparation of these financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2020.

5. New accounting standards, amendments and interpretations adopted

The Company adopted amendments to IFRS 16 *Leases* on a prospective basis on January 1, 2021. 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. Subsequently, on March 31, 2021, the IASB extended the practical expedient by 12 months; permitting lessees to apply it to rent concessions that reduce lease payments originally due on or before June 30, 2022. The new 2021 amendments are effective for annual periods beginning on or after April 1, 2021. Early adoption is permitted. The adoption of these amendments to IFRS 16 did not have a material impact on the financial statements.

6. Future accounting changes

There are new accounting standards, amendments to accounting standards and interpretations that are either effective for annual periods beginning on or after January 1, 2022 and have not been applied in preparing the financial statements for the period ended September 30, 2021. These standards and interpretations are not expected to have a material impact on the Company's financial statements.

7. Business combinations

(a) Acquisition of Dagmar Construction Inc.

Effective September 1, 2021, the Company acquired all of the issued and outstanding shares of Dagmar Construction Inc. ("Dagmar"). Dagmar is an Ontario-based construction company with extensive experience across key civil infrastructure sub-sectors including road, bridge, rail, sewer and water, and commercial-institutional sites. One of the key rationales for the business combination was to combine and integrate Dagmar's capabilities and service offerings for both private and public owners across Ontario, acting as a catalyst in this attractive end market. In selected national markets where Bird has civil activity, Dagmar will add specialized capabilities to broaden client service offerings and increase diversification.

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

The purchase price of the transaction is $32,138 and includes cash of $23,600, equity of $6,538 and a holdback liability of $2,000. The $2,000 holdback liability consists of $1,000 related to a final working capital reconciliation to be completed within 120 days of closing and $1,000 relating to any indemnities provisions to be reconciled, as at the second anniversary of the closing date.

In connection with this acquisition, the Company incurred acquisition costs of approximately $787 comprised mainly of consulting and other professional fees, which are presented in general and administrative expenses in the statement of income. Transaction costs of $18 directly attributable to the issue of common shares are recognized as a reduction from shareholders' capital.

The Dagmar acquisition has been accounted for as a business combination using the acquisition method of accounting whereby the assets acquired and liabilities assumed are recognized at their fair value, except for deferred tax assets or liabilities and assets or liabilities related to right-of-use assets ("ROU") and ROU liabilities identified in which the acquiree is the lessee. The fair value assigned to the net assets acquired is preliminary and based on estimates and assumptions using information available at the time of preparation of these interim condensed consolidated financial statements. The purchase price allocation may be adjusted in the future because certain fair values have not yet been finalized. Working capital adjustments, receipt of appraisals for the fair values of acquired intangible assets and property, plant and equipment, as well as management's assessment of deferred taxes are not finalized.

Total common shares issued as consideration		**656,364**
Common share price at close on September 1, 2021	$	**9.96**
Equity consideration	$	6,538
Acquisition holdback liability		2,000
Cash consideration		23,600
Total Consideration	$	**32,138**
Fair value of assets and liabilities of Dagmar acquired:		
Assets acquired		
Cash and cash equivalents	$	3,055
Accounts receivable		6,887
Contract assets		50
Income taxes recoverable		332
Prepaid expenses		74
Property and equipment		3,211
ROU assets		9,434
Intangible assets		6,004
Liabilities assumed		
Accounts payable		(1,677)
Contract liabilities		(1,043)
ROU liabilities		(9,434)
Net deferred income tax liabilities		(2,790)
Net identifiable assets acquired	$	**14,103**
Goodwill		18,035
Net assets acquired	$	**32,138**

The fair value of the trade receivables acquired amounts to $6,887. The gross amount of trade receivables was $6,887, of which $nil was expected to be uncollectible at the acquisition date.

Goodwill and intangible assets

Goodwill of $18,035 recognized as part of the acquisition is attributed to expected revenue growth and future market development specifically in the civil infrastructure sector. These benefits are not recognized separately from goodwill, as the future economic benefits arising from them cannot be reliably measured. The goodwill recognized is not deductible for tax purposes. Identifiable intangible assets acquired of $6,004 includes computer software, backlog and agency contracts, customer relationships and trade names.

(b) Acquisition of Stuart Olson Inc.

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

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

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

- Stuart Olson's secured creditors received an aggregate cash payment of $70,000 in full satisfaction of all obligations, indebtedness and liabilities of Stuart Olson and its affiliates under the bank credit facility, including unpaid interest, fees and expenses;

- Canso Investment Counsel Ltd. ("Canso"), in its capacity as portfolio manager for and on behalf of certain accounts managed by it, acquired an aggregate of 6,329,114 common shares for gross proceeds of approximately $40,000;

- Those accounts managed by Canso, in its capacity as portfolio manager, that held the convertible unsecured subordinated debentures due September 20, 2024 (the “Debentures”), received 3,560,127 common shares valued at $21,800 based on a deemed issue price equal to $6.32 per share for $22,500 of principal value of Debentures in full satisfaction of all indebtedness, accrued interest and obligations of Stuart Olson and its affiliates under the indenture governing the Debentures; and

- Stuart Olson shareholders received an aggregate of 632,835 common shares, based on an exchange ratio of 0.02006051 common shares for each Stuart Olson common share. Those Stuart Olson shareholders entitled to receive less than one common share for all Stuart Olson shares received a cash payment determined by reference to the volume weighted average trading price of the Company’s common shares on the Toronto Stock Exchange for the five trading days immediately preceding September 25, 2020.

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

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

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

The value of the assets and liabilities associated with the Stuart Olson acquisition were finalized on September 25, 2021. During the nine month period ended September 31, 2021, measurement period adjustments were made to the purchase price allocation to reflect new information obtained by management with respect to facts and circumstances that existed as of September 25, 2020. The impact of these measurement period adjustments include a: $341 increase in accounts receivable, $1,353 increase in net deferred tax assets, $1,450 increase in contract liabilities, $4,150 increase in provisions and $3,906 increase in goodwill.

Number of common shares issued to Stuart Olson shareholders		**632,835**
Number of common shares issued on settlement of Debentures		**3,560,127**
Total common shares issued as consideration		**4,192,962**
Common share price at close on September 25, 2020	**$**	**6.12**
Equity consideration	$	25,661
Cash consideration		70,000
Total Consideration	**$**	**95,661**
Fair value of assets and liabilities of Stuart Olson acquired:		
Assets acquired		
Cash and cash equivalents	$	10,040
Accounts receivable		270,077
Contract assets		33,534
Income taxes recoverable		622
Lease receivables		7,506
Other assets		3,634
Property and equipment		15,483
ROU assets		26,728
Intangible assets		25,430
Net deferred income tax assets		9,615
Liabilities assumed		
Accounts payable		(190,450)
Contract liabilities		(57,766)
Income taxes payable		(7,913)
Provisions		(18,632)
Pension liabilities		(5,023)
Loans and borrowings		(667)
ROU liabilities		(46,887)

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

Other liabilities		(241)
Net identifiable assets acquired	**$**	**75,090**
Goodwill		20,571
Net assets acquired	**$**	**95,661**

The fair value of the trade receivables acquired amounts to $270,077. The gross amount of trade receivables was $282,443, of which $12,366 was expected to be uncollectible at the acquisition date.

Goodwill and intangible assets

Goodwill of $20,571 recognized as part of the acquisition is attributed to expected revenue growth, future market development, the assembled workforce and the synergies achieved from the integration of Stuart Olson into the Company's business. These benefits are not recognized separately from goodwill, as the future economic benefits arising from them cannot be reliably measured. The goodwill recognized is not deductible for tax purposes. Identifiable intangible assets acquired of $25,430 includes computer software, backlog and agency contracts, customer relationships and trade names.

8. Cash and cash equivalents

Cash and cash equivalents		**September 30, 2021**		December 31, 2020
Accessible cash	**$**	**74,973**	$	96,671
Restricted cash and blocked accounts		**48,900**		55,107
Cash held for joint operations		**31,398**		60,200
Restricted short-term deposits held to support letters of credit		**90**		90
	$	**155,361**	$	212,068

Restricted cash and cash equivalents		**September 30, 2021**		December 31, 2020
Cash and cash equivalents held to support letters of credit (note 17)	**$**	**139**	$	139
Cash deposited in blocked accounts for special projects		**–**		1,033
Restricted cash held in trust		**48,851**		54,025
	$	**48,990**	$	55,197

Restricted cash and cash equivalents represent amounts that are not available for general operating purposes. Restricted cash held in trust relates to trust obligations on certain projects for which we have segregated accounts.

The description of the components of cash and cash equivalents is summarized in note 8 of the Company's December 31, 2020 annual consolidated financial statements.

9. Accounts receivable

		September 30, 2021		December 31, 2020
Progress billings on construction contracts	**$**	**471,493**	$	336,627
Holdbacks receivable (due within one operating cycle)		**167,194**		160,364
Other		**8,272**		33,175
	$	**646,959**	$	530,166

Accounts receivable are reported net of an allowance for doubtful accounts of $1,240 as at September 30, 2021 (December 31, 2020 - $1,471). Holdbacks receivable represent amounts billed on construction contracts which are not due until the contract work is substantially complete and the applicable lien period has expired.

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

Included in other accounts receivable are government assistance receivables of $2,825 as at September 30, 2021 (December 31, 2020 - $25,847) related to the Canada Emergency Wage Subsidy ("CEWS"). See note 27.

10. Revenue

Disaggregation of revenue

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Public Private Partnerships ("PPP")	**$ 5,202**	$ 5,960	**$ 6,742**	$ 27,335
Alternative finance projects and complex design-build	**16,617**	15,182	**41,686**	79,731
Stipulated sum, unit price and standard specification design-build	**340,564**	241,137	**900,889**	607,106
Construction management, cost plus and IPD	**258,841**	82,781	**672,906**	235,300
	$ 621,224	$ 345,060	**$ 1,622,223**	$ 949,472

Remaining performance obligations

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

As at September 30, 2021, the aggregate amount of the transaction price allocated to total remaining performance obligations from construction contracts was $2,827,956. The value of remaining performance obligations does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders to be performed as part of master services agreements.

The Company expects to recognize approximately 62% of the remaining performance obligations over the next 12 months with the remaining balance being recognized beyond 12 months. This expectation is based on management's best estimate but contains uncertainty as it is subject to factors outside of management's control.

The Company's measure of remaining performance obligations is also referred to as "Backlog" and additions to remaining performance obligations are also referred to by the Company as "Securements"; these measures may not be comparable with the calculation of similar measures by other entities as Backlog and Securements are not terms defined under IFRS.

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

11. Other assets

	September 30, 2021	December 31, 2020
Subcontractor / Supplier insurance deposits	$ **3,114**	$ 5,197
Notes receivable	**756**	1,806
Lease receivables (note 7b)	**6,174**	7,141
Total Return Swap ("TRS") derivatives	**4,781**	1,604
Foreign currency forward swaps	**99**	–
Other assets	**14,924**	15,748
Less: current portion		
Notes receivable	**756**	–
TRS derivatives	**4,781**	1,330
Lease receivables (note 7b)	**1,170**	1,247
Foreign currency forward swaps	**99**	–
Current portion	**6,806**	2,577
Non-current portion	$ **8,118**	$ 13,171

During the nine month period ended September 30, 2021, the Company entered into foreign currency forward contracts to buy US dollars for the purpose of managing its foreign currency risk. The foreign currency derivatives are not designated as a hedge and unrealized gains and losses in the fair value of the foreign currency forward contracts are recognized in general and administrative expenses in the consolidated statement of income. These derivative contracts have settlement dates extending to November 2022. During the three and nine month period ended September 30, 2021, the Company recognized a gain on these derivatives of $182 and $99 respectively.

12. Projects and entities accounted for using the equity method

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

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

Investments in equity accounted entities	September 30, 2021	December 31, 2020
Balance, beginning of period	$ **14,710**	$ 10,185
Share of net income for the period	**3,286**	4,688
Share of other comprehensive income (loss) for the period	**(33)**	47
Investments in equity accounted entities	**768**	5,088
	18,731	20,008
Capital distributions received	**(1,988)**	(5,298)
Investments in equity accounted entities reclassified as held for sale (note 13)	**(1,427)**	–
Balance, end of period	$ **15,316**	$ 14,710

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

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Share of net income for the period	$ **1,168**	$ 1,435	$ **3,286**	$ 4,877
Gain on sale of investments in equity accounted entities	–	2,700	–	3,104
Income from equity accounted investments	$ **1,168**	$ 4,135	$ **3,286**	$ 7,981

13. Assets held for sale

	September 30, 2021
Investment in equity accounted entities classified as held for sale	$ **1,427**
Property classified as held for sale	**436**
Assets held for sale	$ **1,863**

Investment in equity accounted entities classified as held for sale

The Company has initiated plans to sell its investment in an entity accounted for using the equity method. A buyer has been located and the sale is expected to be completed within the next 12 months. As at September 30, 2021, the investment is classified as an asset held for sale on the consolidated statement of financial position at the lesser of its carrying amount and fair value less costs to sell. The estimated fair value less cost to sell of the investment is expected to exceed its carrying value.

Property classified as held for sale

The Company has initiated plans to sell land located in Northern Alberta. The sale is expected to be completed within the next 12 months. As at September 30, 2021, the asset is classified as an asset held for sale on the consolidated statement of financial position at the lesser of its carrying amount and fair value less costs to sell. The estimated fair value less cost to sell of the property is expected to exceed its carrying value.

14. Property and equipment

September 30, 2021	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, December 31, 2020	$ **2,557**	$ **12,181**	$ **16,730**	$ **98,808**	$ **3,156**	$ **133,432**
Acquisition (note 7a)	**–**	**–**	**–**	**3,211**	**–**	**3,211**
Reclassified as held for sale (note 13)	**(436)**	**–**	**–**	**–**	**–**	**(436)**
Additions	**231**	**353**	**361**	**4,246**	**64**	**5,255**
Disposals	**–**	**–**	**(74)**	**(8,333)**	**(195)**	**(8,602)**
Balance, September 30, 2021	**2,352**	**12,534**	**17,017**	**97,932**	**3,025**	**132,860**
Accumulated depreciation						
Balance, December 31, 2020	**–**	**6,719**	**5,836**	**59,315**	**2,127**	**73,997**
Disposals	**–**	**–**	**(51)**	**(6,940)**	**(173)**	**(7,164)**
Depreciation expense	**–**	**359**	**2,071**	**7,275**	**166**	**9,871**
Balance, September 30, 2021	**–**	**7,078**	**7,856**	**59,650**	**2,120**	**76,704**
Net book value	$ **2,352**	$ **5,456**	$ **9,161**	$ **38,282**	$ **905**	$ **56,156**

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

15. Right-of-use assets

	September 30, 2021			
	Buildings	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost				
Balance, December 31, 2020	$ 35,085	$ 41,053	$ 1,900	$ 78,038
Acquisition (note 7a)	8,849	585	–	9,434
Additions	5,253	3,651	–	8,904
Disposals	(817)	(996)	(52)	(1,865)
Balance, September 30, 2021	48,370	44,293	1,848	94,511
Accumulated depreciation				
Balance, December 31, 2020	6,057	10,243	227	16,527
Disposals	(96)	(832)	(29)	(957)
Depreciation expense	4,407	5,597	575	10,579
Balance, September 30, 2021	10,368	15,008	773	26,149
Net book value	$ 38,002	$ 29,285	$ 1,075	$ 68,362

16. Intangible assets and Goodwill

Intangible assets

	September 30, 2021				
	Trade Names	Backlog and Agency Contracts	Customer Relationships	Computer Software	Total
Cost					
Balance, December 31, 2020	$ 7,000	$ 4,000	$ 11,000	$ 13,954	$ 35,954
Acquisition (note 7a)	1,000	500	4,500	4	6,004
Additions	–	–	–	962	962
Balance, September 30, 2021	8,000	4,500	15,500	14,920	42,920
Accumulated amortization					
Balance, December 31, 2020	–	333	393	7,702	8,428
Amortization expense	–	999	1,179	2,195	4,373
Balance, September 30, 2021	–	1,332	1,572	9,897	12,801
Net book value	$ 8,000	$ 3,168	$ 13,928	$ 5,023	$ 30,119

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

Goodwill

		2021		2020
Cost				
Balance, December 31, 2020	$	**51,111**	$	30,540
Acquisition (note 7a)		**18,035**		–
Acquisition (note 7b)		–		20,571
Balance, September 30, 2021		**69,146**		51,111
Accumulated impairment				
Balance, December 31, 2020		**14,151**		14,151
Balance, September 30, 2021		**14,151**		14,151
Net book value	$	**54,995**	$	36,960

17. Loans and borrowings

Loans and borrowings

	Maturity	Interest rate		September 30, 2021		December 31, 2020
Committed revolving credit facility	Sept 1, 2024	Variable		**27,725**		25,000
Committed non-revolving term loan facility	Sept 1, 2024	Variable		**50,000**		35,000
Equipment financing	2021 – 2024	Fixed 2.04%-3.73%		**7,940**		12,315
Note payable (note 7b)		Fully repaid		**–**		598
			$	**85,665**	$	72,913
Current portion			$	**7,408**	$	8,010
Non-current portion			$	**78,257**	$	64,903

Syndicated credit facility

The Company has a three-year committed, syndicated credit facility (the "Syndicated facility") consisting of the following:

Committed revolving credit facility

The Company has a committed revolving credit facility up to $185,000 which was increased in the third quarter by $20,000 from the previous amount of $165,000. The $185,000 facility includes a $20,000 swingline which allows the Company to enter into an overdraft position. As part of the agreement, the Company provides a general secured interest in the assets of the Company. At September 30, 2021, the Company has $22,173 letters of credit outstanding on the facility (December 31, 2020 - $22,702) and has drawn $27,725 on the facility (December 31, 2020 - $25,000). The full amount outstanding is recorded as non-current, as the facility is due and payable September 1, 2024. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread. A standby fee is payable quarterly on the unutilized portion of the facility.

Committed non-revolving term loan facility

The Company has a committed non-revolving term loan facility totalling $50,000 used to finance the acquisitions of Stuart Olson and Dagmar (note 7). As at September 30, 2021, the Company has an outstanding balance of $50,000 on the facility (December 31, 2020 - $35,000). The loan has a maturity date of September 1, 2024. Any repayment of the facility cannot be reborrowed. Borrowings under the facility bear interest at a rate per annum equal to the Canadian prime rate plus a spread.

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

Accordion

The Company has a non-committed accordion of up to an additional $50,000 to increase the limit of the committed revolving credit facility and the committed non-revolving term debt facility. The aggregate increases to the committed revolving credit facility and Committed non-revolving term debt facility combined may not exceed $50,000. The accordion requires creditor approval before it is available.

The Company was in full compliance with its covenants under each facility as at September 30, 2021 and December 31, 2020.

Equipment financing

The Company has committed term credit facilities of up to $40,000 to be used to finance equipment purchases. At September 30, 2021, $6,084 is outstanding, of which $nil is classified as ROU liabilities (December 31, 2020 - $9,248 is outstanding, of which $572 is classified as ROU liabilities). Borrowings under the facilities are secured by a first charge against the equipment financed using the facilities. Interest on the facilities is charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

The Company also has multiple, fixed interest rate, term loans which were used to finance equipment purchases. At September 30, 2021, the balance outstanding on these term loans amounted to $1,856 (December 31, 2020 - $3,639). Principal and interest are payable monthly, and these term loans are secured by a first charge against the specific equipment financed using these facilities.

Letters of credit facilities

The Company has authorized operating letters of credit facilities totalling $150,000. At September 30, 2021 the facilities were drawn for outstanding letters of credit of $66,989 (December 31, 2020 - $44,490). 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 Export Development Canada (“EDC”).

The Company has an agreement with EDC to provide performance security guarantees of up to $100,000 for letters of credit issued by financial institutions on behalf of the Company, as at September 30, 2021. The Company uses this facility when letters of credit have been issued as contract security for projects that meet the EDC criteria. At September 30, 2021 EDC has issued performance security guarantees totalling $66,850 (December 31, 2020 - $44,353).

The letters of credit represent performance guarantees issued to support the Company’s performance obligations on major construction projects. These letters of credit are supported through the hypothecation of certain financial instruments having a market value at September 30, 2021 of $139 (December 31, 2020 - $139).

The following table provides details of the changes in the Company’s Loans and Borrowings during the nine month period ended September 30, 2021:

	Syndicated revolving credit facility	Syndicated committed non-revolving term loan facility	Note payable	Equipment financing	Total
Balance, December 31, 2020	$ 25,000	$ 35,000	$ 598	$ 12,315	$ 72,913
Proceeds	42,725	15,875	–	–	58,600
Repayment	(40,000)	(875)	(598)	(4,375)	(45,848)
Balance, September 30, 2021	$ 27,725	$ 50,000	$ –	$ 7,940	$ 85,665

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

18. Leases and right-of-use liabilities

The following table provides details of the changes in the Company's ROU liabilities during the nine month period ended September 30, 2021:

		September 30, 2021		December 31, 2020
Balance, beginning of period	**$**	**78,075**	$	31,100
Acquisition (note 7b)		**9,434**		46,887
Additions		**8,904**		12,277
Interest		**2,195**		1,262
Lease terminations and modifications		**(814)**		(79)
Repayment		**(16,507)**		(13,372)
Balance, end of period	**$**	**81,287**	$	78,075
Current portion	**$**	**18,262**	$	18,748
Non-current	**$**	**63,025**	$	59,327

The Company has established operating lease lines of credit of $25,000 with the financing arms of major heavy equipment suppliers to finance equipment leases. Draws under these facilities are generally recognized as right of use liabilities, with the lease obligations being secured by the specific leased equipment. At September 30, 2021, the Company had used $7,762 (December 31, 2020 - $10,008) under these facilities.

19. Income taxes

Provision for income taxes

	Three months ended September 30,				Nine months ended September 30,			
		2021		2020		**2021**		2020
Income tax expense (recovery) comprised of:								
Current income taxes	**$**	**3,291**	$	8,153	**$**	**13,731**	$	10,862
Deferred income taxes		**859**		(4,051)		**(2,583)**		(4,081)
	$	**4,150**	$	4,102	**$**	**11,148**	$	6,781

Income tax rate reconciliation

	Nine months ended September 30,	
	2021	2020
Combined federal and provincial income tax rate	**25.7%**	26.9%
Increase (reductions) applicable to:		
Effect of different tax rate on equity investments	**(0.4%)**	(3.2%)
Non-taxable items	**0.4%**	3.4%
Other	**(0.4%)**	3.2%
Effective rate	**25.3%**	30.3%

The Company's statutory tax rate is the combined federal and provincial tax rates in the jurisdictions in which the Company operates.

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

20. Provisions

		Warranty claims and other		Legal		Total
Balance, December 31, 2020 (note 7b)	**$**	**16,311**	**$**	**11,258**	**$**	**27,569**
Provisions made during the period		**21,070**		**3,793**		**24,863**
Provisions used during the period		**(11,196)**		**(753)**		**(11,949)**
Provisions reversed during the period		**(5,102)**		**(2,256)**		**(7,358)**
Balance, September 30, 2021	**$**	**21,083**	**$**	**12,042**	**$**	**33,125**
Balance, December 31, 2019	$	5,218	$	2,545	$	7,763
Acquisition (note 7b)		12,676		5,956		18,632
Provisions made during the period		22,578		6,903		29,481
Provisions used during the period		(16,761)		(986)		(17,747)
Provisions reversed during the period		(7,400)		(3,160)		(10,560)
Balance, December 31, 2020	$	16,311	$	11,258	$	27,569

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

21. Other liabilities

		September 30, 2021		December 31, 2020
Liabilities for cash-settled share-based compensation plans (note 22)	**$**	**23,093**	$	13,929
Leasehold inducements		**1,693**		1,808
Acquisition holdback liability (note 7a)		**2,000**		–
Interest rate swaps		**–**		51
	$	**26,786**	$	15,788
Less: current portion				
Cash-settled share-based compensation plans (note 22)		**8,246**		1,795
Leasehold inducements		**317**		164
Acquisition holdback liability (note 7a)		**1,000**		–
Interest rate swaps		**–**		51
Current portion	**$**	**9,563**	$	2,010
Non-current portion	**$**	**17,223**	$	13,778

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

22. Share-based compensation plans

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

		September 30, 2021		December 31, 2020
MTIP liability	**$**	**6,439**	$	2,865
EIP liability		**8,960**		5,618
DSU liability		**7,694**		5,446
Liabilities for cash-settled share-based compensation plans	**$**	**23,093**	$	13,929
Less: current portion				
MTIP liability		**3,879**		491
EIP liability		**4,367**		1,304
Current portion	**$**	**8,246**	$	1,795
Non-current portion	**$**	**14,847**	$	12,134

	September 30, 2021			December 31, 2020		
	MTIP	EIP[1]	DSUs	MTIP	EIP[1]	DSUs
Units, beginning of period	**1,082,701**	**1,130,053**	**680,718**	408,181	1,136,098	482,404
Granted [2]	**29,350**	**514,670**	**101,223**	697,498	499,398	198,314
Forfeited	**(124,499)**	**(65,159)**	–	(34,358)	(260,402)	–
Change in estimate	**(47,861)**	**37,405**	–	60,016	–	–
Vested and paid	**(12,431)**	**(209,460)**	–	(48,636)	(245,041)	–
Units, end of period	**927,260**	**1,407,509**	**781,947**	1,082,701	1,130,053	680,718

[1] Based on underlying units before the impact of a performance multiplier, but after the effects of the dividend adjustment ratio and the estimated forfeiture rate.

[2] MTIP and DSU grants include dividend reinvestments.

The Company's EIP provides certain officers and employees of the Company with the opportunity to be granted performance share units ("PSU") or time-based restricted share units ("RSU"). As at September 30, 2021, the Company had 719,798 outstanding RSU and 687,711 outstanding PSU, before the impact of the performance multiplier (December 31, 2020 – 585,667 and 544,386 units, respectively). The outstanding PSU balance as at September 30, 2021, adjusted for the performance conditions that modify the vested value, is 964,739 units (December 31, 2020 – 796,428 units).

In the second quarter of 2021, the Company granted 505,815 units under the EIP plan at a fair market value of $8.96, excluding dividend reinvestments. Payments pursuant to the Company's EIP granted in 2021 are due by December 2023.

During the first, second and third quarter of 2021, the Company granted 26,054, 26,221 and 23,244 units under the DSU plan at a fair market value of $8.74, $8.75 and $9.94 respectively, excluding dividend reinvestments. Payments pursuant to the Company's DSU Plan are cash settled when the eligible Director ceases to hold any position within the Company.

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

Expenses (recoveries) arising from share-based payment transactions[1]

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
MTIP	**$ 1,388**	$ 451	**$ 3,684**	$ 680
EIP	**2,167**	1,549	**4,959**	1,358
DSU	**1,065**	609	**2,248**	687
	$ 4,620	$ 2,609	**$ 10,891**	$ 2,725

[1] Expenses (recoveries) are before the effect of the TRS derivative contracts.

The Company entered into TRS derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans, due to changes in the fair value of the Company's common shares. The Company recognized a gain of $1,674 and $3,177 respectively on these derivatives in the statement of income in general and administrative expenses for the three and nine month period ended September 30, 2021 (2020 - $820 gain and $553 loss respectively).

23. Shareholders' capital

The Company is authorized to issue an unlimited number of common shares. The Company is authorized to issue preference shares in series with rights set by the Board of Directors, up to a balance not to exceed 35% of the outstanding common shares. As at September 30, 2021 and December 31, 2020, no preferred shares have been issued. Transaction costs of $18 directly attributable to the issuance of common shares for the acquisition of Dagmar are recognized as a deduction from shareholders' capital (note 7a).

	September 30, 2021		December 31, 2020	
	Number of shares	**Amount**	Number of shares	Amount
Balance, beginning of period	**53,038,929**	**$ 108,064**	42,516,853	$ 42,527
Common shares issued (note 7)	**656,364**	**6,520**	10,522,076	65,537
Balance, end of period	**53,695,293**	**$ 114,584**	53,038,929	$ 108,064

24. Earnings per share

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net income (basic and diluted)	**$ 12,117**	$ 8,822	**$ 32,866**	$ 15,569
Weighted average number of common shares (basic and diluted)	**53,252,961**	43,203,075	**53,111,057**	42,747,263
Basic and diluted earnings per share	**$ 0.23**	$ 0.20	**$ 0.62**	$ 0.36

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

25. Finance income

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Interest income on lease receivables	**$ 45**	$ –	**$ 140**	$ –
Other interest income	**259**	242	**756**	1,333
	$ 304	$ 242	**$ 896**	$ 1,333

26. Finance and other costs

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	**2021**	2020
Interest on loans and borrowings	**$ 849**	$ 520	**$ 2,956**	$ 2,122
Interest on ROU liabilities	**670**	200	**2,085**	542
(Gain) loss on interest rate swaps (note 21)	**–**	(722)	**(51)**	(246)
Interest on non-recourse project financing	**–**	1,064	**–**	3,162
Other	**201**	70	**670**	195
	$ 1,720	$ 1,132	**$ 5,660**	$ 5,775

27. Government assistance

On April 11, 2020, the Government of Canada passed the CEWS to support a company's ability to continue employing its workforce in the face of revenue declines because of the COVID-19 pandemic. During the nine month period ended September 30, 2021, the Company recognized a recovery of compensation expense in costs of construction of $18,798 (2020 - $2,480) and general and administrative expenses of $3,141 (2020 - $620). As at September 30, 2021, the Company recognized a receivable related to CEWS of $2,825 included in accounts receivable in the statement of financial position (December 31, 2020 - $25,847).

28. Other cash flow information

Changes in non-cash working capital relating to operating activities

	Nine months ended September 30,	
	2021	2020
Accounts receivable	**$ (109,912)**	$ 61,200
Contract assets	**(3,329)**	10,845
Contract assets – alternative finance projects*	**113**	(64,913)
Inventory and prepaid expenses	**(2,801)**	(1,099)
Other assets	**(679)**	5,759
Accounts payable	**29,035**	(94,214)
Contract liabilities	**13,916**	(20,078)
Provisions	**5,556**	2,411
Deferred compensation plan expense and other	**(1,727)**	(1,166)
	$ (69,828)	$ (101,255)

* Contract assets – alternative finance project changes are driven by design-build-finance projects.

29. Financial instruments

Carrying values and fair values

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

The hierarchy of inputs is summarized in note 31 of the Company's December 31, 2020 annual consolidated financial statements.

The Company's foreign currency forward contract (note 11), interest rate swaps (note 21) and TRS derivative contracts (note 11) are classified as Level 2 measurements in the fair value hierarchy. The Company does not have any financial instruments classified as Level 3 that are carried at fair value. There were no transfers between levels in the fair value hierarchy during the three and nine month periods ended September 30, 2021 and 2020.

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

Financial Risk Management

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

i. Credit Risk

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

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

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

At September 30, 2021, accounts receivable outstanding for greater than 90 days and considered past due by the Company's management represent 12.1% (December 31, 2020 – 17.5%) of the balance of progress billings on construction contracts receivable. Management has recorded an allowance of $1,240 (December 31, 2020 - $1,471) against these past due receivables, net of amounts recoverable from others.

ii. Liquidity risk

Liquidity risk relates to the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages this risk through management of its capital structure, monitoring and reviewing actual and forecasted cash flows and the effect on bank covenants, and maintaining unused credit facilities where possible to ensure there are available cash resources to meet the Company's liquidity needs.

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

In managing liquidity risk, the Company has access to committed short and long-term debt facilities as well as equity markets, the availability of which is dependent on market conditions.

The Company has working capital of $154,883 (December 31, 2020 - $130,255) which is available to support surety requirements related to construction projects. Working capital is calculated as total current assets less total current liabilities. As a component of working capital, the Company maintains significant balances of cash and cash equivalents. These balances, less $139 hypothecated to support outstanding letters of credit and $48,851 held in restricted trust accounts, are available to meet the general financial obligations of the Company as they become due. Restricted cash in trust is held in segregated accounts for payment obligations on certain projects. Refer to note 17 in respect of the Syndicated facility and the Company's other debt instruments, which further improves the Company's access to liquidity. At September 30, 2021, the Company had a total undrawn balance on its committed revolving credit facility and committed non-revolving term loan facility of $135,102 (December 31, 2020 - $117,298). Also, the Company has a non-committed accordion of up to an additional $50,000 to increase the limit of the committed revolving credit facility and the committed non-revolving term debt facility. The Company also has committed term credit facilities of up to $40,000 to be used to finance equipment purchases of which $33,916 is undrawn as at September 30, 2021 (December 31, 2020 - $30,752). The Company believes that it has access to sufficient funding through the use of these facilities and its cash and cash equivalents to meet its foreseeable operating requirements.

The following are the contractual obligations, including estimated interest payments, as at September 30, 2021, in respect of the financial obligations of the Company. Interest payments on the committed revolving credit facility and committed non-revolving term loan facility are not included in the table below since they are subject to variability based upon outstanding balances at various points throughout the period.

	Carrying amount	Contractual cash flows	Not later than 1 year	2 – 3 years	4 – 5 years	Later than 5 years
Trade payables	$ 522,040	$ 522,040	$ 499,109	$ 22,167	$ 735	$ 29
Dividends payable	1,745	1,745	1,745	–	–	–
ROU liabilities	81,287	92,059	20,586	31,798	17,233	22,442
Committed revolving credit facility	27,725	27,725	–	27,725	–	–
Committed non-revolving term loan	50,000	50,000	2,500	47,500	–	–
Equipment financing	7,940	8,256	5,155	2,893	208	–
Acquisition holdback (note 7a)	2,000	2,000	1,000	1,000	–	–
	$ 692,737	$ 703,825	$ 530,095	$ 133,083	$ 18,176	$ 22,471

iii. Market risk

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

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

For the period ended September 30, 2021, a one percent change in the interest rate applied to the Company's variable rate long-term debt would change annual income before income taxes by approximately $777 (2020 – $607).

The Company has certain share-based compensation plans, whereby the values are based on the common share price of the Company. The Company has fixed a portion of the settlement costs of these plans by entering into various TRS derivative contracts maturing between 2021 and 2022. The TRS derivatives are not designated as a hedge. The change in the value of the TRS derivatives is recorded each quarter based on the difference between the fixed price and the market price of the Company's common shares at the end of each quarter. The TRS derivatives are classified as derivative financial instruments. For the period ended September 30, 2021, a 10 percent change in the share price applied to the Company's TRS derivatives would change income before income taxes by approximately $1,491 (2020 – $887).

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

iv. Currency risk

Currency risk is the risk that fluctuations in currency exchange rates will affect the Company's net income. The Company uses foreign currency to settle payments to vendors and subcontractors in the foreign currency. Foreign currency risk is managed by the Company through the use of foreign currency derivatives. For the period ended September 30, 2021, a 10% movement in the Canadian and U.S. dollar exchange rate would have changed income by approximately $372 (2020 – $213).

30. Commitments and contingencies

Commitments

Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at September 30, 2021 totalled $90,770 (December 31, 2020 - $93,375). The Company has acquired minority equity interests in a number of PPP concession entities (note 12), which require the Company to make $1,816 in future capital injections. These commitments have been secured by letters of credit totalling $2,000 (December 31, 2020- $1,918).

During the nine month period ended September 30, 2021, the Company signed an order with a fleet management provider for leases totalling $5,000. The leases have a term of 60 months. As at September 30, 2021, $500 has been recognized in the statement of financial position and the remainder are expected to commence and be recognized on the statement of financial position in the fourth quarter of 2021.

Contingencies

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

31. Eligible dividends declared with a record date subsequent to the financial statement date

As of the date of the approval of these financial statements, the Board of Directors has declared eligible dividends with a record date subsequent to the date of the financial statements, for the following months:

Eligible dividends declared	Record date	Payment date	Dividend per share
October dividend	October 29, 2021	November 19, 2021	$0.0325
November dividend	November 30, 2021	December 20, 2021	$0.0325
December dividend	December 31, 2021	January 20, 2022	$0.0325
January dividend	January 31, 2022	February 18, 2022	$0.0325
February dividend	February 28, 2022	March 18, 2022	$0.0325