Bird Construction Inc.

Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

Management's Responsibility for Financial Reporting

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

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

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

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

Terrance L. McKibbon

President & Chief Executive Officer

Wayne R. Gingrich

Chief Financial Officer

March 8, 2022

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bird Construction Inc.

Opinion

We have audited the consolidated financial statements of Bird Construction Inc. (the Entity), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Description of the matter

The Entity recognizes revenue from contracts with customers in accordance with the pattern of satisfying the Entity's performance obligations under a contract. In fiscal 2021, Entity recognized $2,220,026 thousand in construction revenue. Revenue from fixed price contracts, which is a significant portion of construction revenue, is recognized using the input method with reference to costs incurred. To determine the estimated costs to complete for fixed price construction contracts, assumptions and estimates are required to evaluate matters related to schedule, material and labour costs, labour productivity, and changes to contract cope and subcontractor costs. Change orders may be issued by customers to modify the original contract scope of work or conditions, and there may be disputes or claims regarding additional amounts owing. Claims against customers for variable consideration due to delays, scope changes, or other matters are assessed under the Entity's revenue recognition policy, which requires significant judgment.

KPMG

Why the matter is a key audit matter

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

How the matter was addressed in our audit

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

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

We evaluated the Entity's ability to estimate costs to complete and variable consideration by comparing to the final costs to complete and variable consideration received for contracts completed in fiscal 2021 and estimated in the prior period.

For a selection of fixed price construction contracts at December 31, 2021, we evaluated the appropriateness of the Entity's determination of costs to complete and variable consideration to be received by performing the following:

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

Other Information

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

- Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- Information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2021 Annual Report".

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

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

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

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "2021 Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

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

Winnipeg, Canada

March 8, 2022

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

	Note	2021	2020 [1]
ASSETS			
Current assets			
Cash and cash equivalents	8	$ **190,191**	$ 212,068
Accounts receivable	9	**597,814**	530,166
Contract assets	10	**55,949**	60,031
Contract assets - alternative finance projects	10,11	**-**	113
Inventory and prepaid expenses		**9,406**	8,038
Income taxes recoverable		**9,175**	7,484
Other assets	12	**6,119**	2,577
Assets held for sale	14	**4,416**	-
Total current assets		**873,070**	820,477
Non-current assets			
Other assets	12	**9,104**	13,171
Investments in equity accounted entities	13	**13,471**	14,710
Property and equipment	15	**55,004**	59,435
Right-of-use assets	16	**67,497**	61,511
Deferred income tax asset	21	**32,784**	33,760
Intangible assets	17	**30,478**	27,526
Goodwill	18	**55,740**	36,960
Total non-current assets		**264,078**	247,073
TOTAL ASSETS		$ **1,137,148**	$ 1,067,550
LIABILITIES			
Current liabilities			
Accounts payable		$ **514,330**	$ 490,470
Contract liabilities	10	**130,315**	121,504
Dividends payable to shareholders		**1,745**	1,724
Income taxes payable		**7,991**	20,187
Current portion of loans and borrowings	19	**7,470**	8,010
Current portion of right-of-use liabilities	20	**19,782**	18,748
Provisions	22	**27,316**	27,569
Other liabilities	23	**12,311**	2,010
Total current liabilities		**721,260**	690,222
Non-current liabilities			
Loans and borrowings	19	**71,211**	64,903
Right-of-use liabilities	20	**59,576**	59,327
Deferred income tax liability	21	**24,798**	23,110
Other liabilities	23	**16,583**	13,778
Pension liabilities	24	**232**	3,600
Total non-current liabilities		**172,400**	164,718
TOTAL LIABILITIES		**893,660**	854,940
SHAREHOLDERS' EQUITY			
Shareholders' capital	26	**114,584**	108,064
Contributed surplus		**1,956**	1,956
Retained earnings		**126,935**	102,520
Accumulated other comprehensive income		**13**	70
Total shareholders' equity		**243,488**	212,610
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ **1,137,148**	$ 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 consolidated financial statements.

Approved on behalf of the Board of Directors

Paul R. Raboud
Chairman of the Board

Karyn A. Brooks
Audit Committee Chair

Bird Construction Inc.
Consolidated Statement of Income
For the years ended December 31, 2021 and 2020
(in thousands of Canadian dollars, except per share amounts)

	Note		2021		2020
Construction revenue	10	$	**2,220,026**	$	1,504,432
Costs of construction	30		**2,033,341**		1,378,132
Gross profit			**186,685**		126,300
Income from equity accounted investments	13		**4,187**		7,792
General and administrative expenses	30		**(127,014)**		(78,777)
Income from operations			**63,858**		55,315
Finance income	28		**1,322**		1,511
Finance and other costs	29		**(7,550)**		(7,506)
Income before income taxes			**57,630**		49,320
Income tax expense	21		**14,847**		13,217
Net income for the period		$	**42,783**	$	36,103
Basic and diluted earnings per share	27	$	**0.80**	$	0.80

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

Bird Construction Inc.
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2021 and 2020
(in thousands of Canadian dollars)

	Note	2021	2020
Net income for the period		**$ 42,783**	$ 36,103
Other comprehensive income (loss) for the period:			
Items that will not be reclassified to net income in subsequent periods:			
Defined benefit plan actuarial gain (loss)	24	**3,197**	1,540
Deferred tax recovery (expense)		**(795)**	(371)
		2,402	1,169
Items that may be reclassified to net income in subsequent periods:			
Foreign currency translation on equity accounted investments	13	**(21)**	47
Other foreign currency translation		**(18)**	(17)
Deferred tax recovery (expense)		**(18)**	-
		(57)	30
Total comprehensive income for the period		**$ 45,128**	$ 37,302

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

Bird Construction Inc.
Consolidated Statement of Changes in Equity
For the years ended December 31, 2021 and 2020
(in thousands of Canadian dollars, except per share amounts)

	Note	Shareholders' capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Total equity
Balance at December 31, 2020		**$ 108,064**	**$ 1,956**	**$ 102,520**	**$ 70**	**$ 212,610**
Net income for the period		**-**	**-**	**42,783**	**-**	**42,783**
Other comprehensive income (loss) for the period	13,24	**-**	**-**	**2,402**	**(57)**	**2,345**
Total comprehensive income (loss) for the period		**-**	**-**	**45,185**	**(57)**	**45,128**
Contributions by and dividends to owners						
Common shares issued on acquisition of Dagmar	7(a)	**6,520**	**-**	**-**	**-**	**6,520**
Dividends declared to shareholders		**-**	**-**	**(20,770)**	**-**	**(20,770)**
		6,520	**-**	**(20,770)**	**-**	**(14,250)**
Balance at December 31, 2021		**$ 114,584**	**$ 1,956**	**$ 126,935**	**$ 13**	**$ 243,488**
Dividends declared per share				**$ 0.39**		
Balance at December 31, 2019		42,527	$ 1,956	$ 83,197	$ 40	$ 127,720
Net income for the period		-	-	36,103	-	36,103
Other comprehensive income (loss) for the period		-	-	1,169	30	1,199
Total comprehensive income (loss) for the period		-	-	37,272	30	37,302
Contributions by and dividends to owners						
Common shares issued on acquisition of Stuart Olson	7(b)	65,537	-	-	-	65,537
Dividends declared to shareholders		-	-	(17,949)	-	(17,949)
		65,537	-	(17,949)	-	47,588
Balance at December 31, 2020		$ 108,064	$ 1,956	$ 102,520	$ 70	$ 212,610
Dividends declared per share				$ 0.39		

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

Bird Construction Inc.
Consolidated Statement of Cash Flows
For the years ended December 31, 2021 and 2020
(in thousands of Canadian dollars)

	Note		2021		2020
Cash flows from (used in) operating activities					
Net income for the period		$	**42,783**	$	36,103
Items not involving cash:					
Amortization	17		**6,258**		2,370
Depreciation	15,16		**28,279**		19,332
Gain on sale of property and equipment			**(1,576)**		(2,359)
Income from equity accounted investments	13		**(4,187)**		(7,792)
Finance income	28		**(1,322)**		(1,511)
Finance and other costs	29		**7,550**		7,506
Deferred compensation plan expense and other			**10,056**		4,699
Defined benefit pension plan expense, net of contributions	24		**(171)**		117
Unrealized (gain) loss on investments and other	24		**106**		14
Income tax expense (recovery)	21		**14,847**		13,217
Cash flows from operations before changes in non-cash working capital			**102,623**		71,696
Changes in non-cash working capital relating to operating activities	32		**(31,535)**		69,093
Interest received			**1,321**		2,037
Interest paid			**(7,243)**		(7,815)
Income taxes recovered (paid)			**(29,340)**		(6,064)
Net cash from (used in) operating activities			**35,826**		128,947
Cash flows from (used in) investing activities					
Investments in equity accounted entities	13		**(768)**		(5,088)
Capital distributions from equity accounted entities	13		**2,193**		5,523
Proceeds on sale of investment in equity accounted entities	14		**-**		11,034
Additions to property and equipment and intangible assets	15,17		**(11,756)**		(14,227)
Proceeds on sale of property and equipment	15		**3,614**		9,211
Acquisitions, net of cash acquired	7		**(20,563)**		(59,960)
Other long-term assets			**3,975**		(392)
Net cash from (used in) investing activities			**(23,305)**		(53,899)
Cash flows from (used in) financing activities					
Proceeds from issue of common shares, net of issue costs	7		**-**		39,876
Dividends paid on shares			**(20,749)**		(17,607)
Proceeds from non-recourse project financing	11		**-**		46,782
Repayment of non-recourse project financing	11		**-**		(131,849)
Proceeds from loans and borrowings	19		**58,600**		88,283
Repayment of loans and borrowings	19		**(52,832)**		(56,658)
Repayment of right-of-use liabilities	20		**(19,265)**		(12,110)
Net cash from (used in) financing activities			**(34,246)**		(43,283)
Net increase (decrease) in cash and cash equivalents during the period			**(21,725)**		31,765
Effects of foreign exchange on cash balances			**(152)**		(31)
Cash and cash equivalents, beginning of the period			**212,068**		180,334
Cash and cash equivalents, end of the period	8	$	**190,191**	$	212,068

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

Table of Contents – Notes to the 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 ("TSX") 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, institutional markets and civil infrastructure 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 a variety of contract delivery methods including 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 consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were authorized for issue on March 8, 2022 by the Company's Board of Directors.

Functional and presentation currency

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

Basis of measurement

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

Segmented results

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

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.

Impact of the COVID-19 pandemic

The COVID-19 pandemic continued to disrupt global health and the economy in 2021. Notwithstanding ongoing vaccination programs and government policies enacted in response to the pandemic, the Canadian construction industry continues to face volatility as each provincial government has responded, and continues to respond, by implementing measures to address the public health threat. The duration of the pandemic and the associated impact to future financial and operational measures are unknown. As a result, the corresponding impacts to key variables including our workforce, supply chain, project pursuit and awards cycle, and project site measures remain uncertain. The situation remains extremely fluid; however, the Company has responded well to the challenges presented to date and is well positioned to continue responding to fluctuating scenarios.

Assets and liabilities acquired in a business combination

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

Revenue and gross profit recognition

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

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

Provisions

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

Impairment of non-financial assets

Management evaluates property and equipment, intangible assets and right-of-use (“ROU”) assets at the end of each reporting period to determine if there are events or circumstances which indicate that the carrying value may not be recoverable. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the recoverable amount of the cash-generating unit ("CGU") or groups of CGUs to its carrying amount. There is a significant amount of uncertainty with respect to the estimate of the recoverable amount given the necessity of making economic projections which employ the following key assumptions: future cash flows, growth opportunities, including economic risk assumptions, and estimates of achieving key operating metrics and drivers, and the discount rate. Refer to note 18 for further details regarding the assumptions and estimates regarding the Company's goodwill impairment assessment.

Measurement of pension obligations

The Company's obligations and expenses related to defined benefit ("DB") pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The DB obligations and benefit cost levels will change as a result of future changes in actuarial methods and assumptions, membership data, plan provisions, legislative rules, and future experience gains or losses, which have not been anticipated at this time. Actual experience that differs from assumptions will result in gains or losses that will be disclosed in future accounting valuations. Refer to note 24 for further details regarding the Company's DB plans as well as a sensitivity analysis of a change in the discount rate assumption used in the calculations and the resultant impact to financial results.

Share-based payments

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

Leases

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

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

Income taxes

Tax regulations and legislation are subject to change and there are differing interpretations requiring management judgement. Deferred tax assets are recognized when it is considered probable that deductible temporary differences will be recovered in future periods, which requires management judgement. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods, which requires management judgement. Income tax filings are subject to audits and re-assessments and changes in facts, circumstances and interpretations of tax laws may result in a material increase or decrease in the Company's provision for income taxes

4. Significant accounting policies

Consolidation

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

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

The financial statements include the accounts of the following significant subsidiaries:

Company	Ownership / Voting Interest 2021	2020
Fully consolidated subsidiaries		
Bird Construction Inc.	100%	100%
Bird Construction Company Limited	100%	100%
Bird Construction Company (Limited Partnership)	100%	100%
Bird Management Ltd.	100%	100%
Bird Design-Build Construction Inc.	100%	100%
Bird Construction Group (Limited Partnership)	100%	100%
Bird Construction Group Ltd.	100%	100%
Bird Construction Industrial Services Ltd.	100%	100%
Bird General Contractors Ltd.	100%	100%
Stuart Olson Inc.[1]	100%	100%
Stuart Olson Buildings Ltd.[1]	100%	100%
Stuart Olson Construction Ltd.[1]	100%	100%
Stuart Olson Industrial Inc.[1]	100%	100%
Stuart Olson Industrial Services Ltd.[1]	100%	100%
Stuart Olson Industrial Projects Inc.[1]	100%	100%
Stuart Olson Industrial Constructors Inc.[1]	100%	100%
Canem Systems Ltd.[1]	100%	100%
The Churchill Corporation[1]	100%	100%
Dagmar Construction Inc. [2]	100%	n/a
Proportionately consolidated joint arrangements		
Bird Kiewit Joint Venture	60%	60%
Pomerleau/O'Connell JV	50%	50%
Bird – Maple Reinders JV	50%	50%
Maple Reinders – Bird JV	50%	50%
Bird – ATCO Joint Venture	60%	60%
CBS Joint Venture	42.5%	42.5%
Chandos Bird Joint Venture	50%	50%
BCIFSL – TCMLP JV	49%	n/a
Acciona Stuart Olson Joint Venture[1]	50%	50%
Stuart Olson/Nunavut Ltd.[1]	40%	40%
Canem/Plan Group Joint Venture[1]	50%	50%
Stuart Olson Industrial Contractors/Andritz Hydro Canada Inc.[1]	50%	50%
FCG Construction/Stuart Olson, a Joint Venture[1]	50%	50%

[1] Acquired on September 25, 2020 (note 7b)
[2] Acquired on September 1, 2021 (note 7a)

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

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

Company	**Ownership / Voting Interest**	
	2021	**2020**
Equity accounted investment in associates/joint ventures		
Chinook Resources Management General Partnership	50%	50%
Harbour City Solutions General Partnership	20%	20%
Hartland Resource Management General Partnership	20%	20%
Plenary Infrastructure ERMF GP	10%	10%
Stack Modular Structures Ltd.	50%	50%
Stack Modular Structures Hong Kong Limited	50%	50%
Niagara Falls Entertainment Partners	20% / 16.2%	20% / 16.2%
Timmiak Construction Limited Partnership	69.99% / 33.33%	69.99% / 33.33%
Bird Capital P3SB2 Holdings Inc.	20%	n/a

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

Revenue recognition

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

For each performance obligation satisfied over time, the Company recognizes revenue by measuring progress toward complete satisfaction of that performance obligation. Using output or input methods based on the type of contract, the Company recognizes revenue in a pattern that reflects the transfer of control of the promised goods or services to the customer. Revenue from fixed price (including PPP, alternative finance, design-build, and stipulated sum) and cost reimbursable (including cost plus and IPD) contracts is recognized using the input method with reference to costs incurred. Revenue from unit price contracts in the heavy construction, civil construction and contract surface mining construction sectors is recognized based on the amount of billable work completed, established by surveys of work performed, an output method. For agency relationships, such as construction management contracts, where the Company acts as an agent for its customers, fee revenue only is recognized, generally in accordance with the contract terms. Some contracts, particularly master service agreements and maintenance service contracts, do not specify the amount of fixed consideration at contract inception, but will have a transaction price assigned to it once a work order is issued. For the purpose of revenue recognition and disclosure, only the transaction price of secured work, as evidenced by work orders, would be included in revenue. If the outcome of a construction contract cannot be estimated reliably for management to estimate the ultimate profitability of the contract with a reasonable degree of certainty, no profit is recognized. As the contract progresses further, the constrained margin and associated revenue are reassessed.

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

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

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

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

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

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

Costs of construction

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

Contract assets and liabilities

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

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

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

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

Business combinations

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

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

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

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

Government assistance

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

Property and equipment

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

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

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

Diminishing balance method	
Buildings	4%
Equipment, trucks and automotive	20% - 40%
Heavy equipment	Hours of use
Furniture, fixtures and office equipment	20% - 55%
Straight line method	
Leasehold improvements	Over the lease term

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

Leases

Lessee arrangements

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

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

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

- Short-term leases and leases of low-value assets are not recognized in the statement of financial position and lease payments are instead recognized in the financial statements as incurred.

- For certain classes of leases, the Company has elected not to separate lease and non-lease components (which transfer a separate good or service under the same contract) and instead the Company accounts for these leases as a single lease component.
- Certain leases having similar characteristics are accounted for as a portfolio.

Lessor arrangements

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

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

Goodwill

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

Intangible assets

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

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

Asset	Basis	Useful Life
Computer software	Straight line	1 to 10 years
Backlog and agency contracts	As related revenue is earned	1 to 3 years
Customer relationships	Straight line	3 to 7 years
Trade names	Straight line	Indefinite or 5 years

Impairment of non-financial assets

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

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

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

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

Provisions and contingent assets

Provisions

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

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

Contingent assets

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

Subcontractor/ supplier performance default insurance

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

Foreign currency translation

Foreign currency transactions

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

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

Translation of equity accounted foreign entities

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

Income taxes

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

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

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

Basic and diluted earnings per share

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

Post-employment benefits

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

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

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

Medium term incentive plan

The Company's Medium Term Incentive Plan ("MTIP") is a cash-settled share-based payment plan which provides for the granting of phantom shares. The phantom shares provide the holder with the opportunity to earn a cash benefit in relation to the value of a specified number of underlying notional shares. Annually, the Board of Directors determines the amount of the initial award, which is then used to determine the number of shares allocated to the employee. The total liabilities for this plan are computed based on the estimated number of phantom shares expected to vest at the end of the vesting period. The liability is measured at each reporting date at fair value with changes in fair value recognized in income. The fair value of the phantom shares outstanding at the end of a reporting period is measured based on the quoted market price of the Company's shares. The phantom shares earn notional dividends, equivalent to actual dividends declared on the Company's shares. Compensation expense relating to the initial award, notional dividends and changes in the market price of the phantom shares is recognized on a straight-line basis in the statement of income over the vesting period.

Equity incentive plan

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

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

Deferred share unit plan

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

Cash and cash equivalents

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

Financial instruments

Classification and measurement of financial instruments

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

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

- Fair value through profit or loss ("FVTPL"): A financial asset is measured at FVTPL if it does not meet the criteria for assets measured at amortized cost or FVTOCI. Financial assets at FVTPL include held for trading assets and derivative instruments. Financial assets at FVTPL are measured at fair value with changes recognized in the statement of income. Transaction costs associated with assets classified as FVTPL are expensed as incurred.

- Fair value through other comprehensive income ("FVTOCI"): The Company does not have any financial assets held at FVTOCI at December 31, 2021 or 2020.

The Company has the following financial assets and liabilities:

	Classification & basis of measurement
Financial assets:	
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Notes receivable	Amortized cost
Subcontractor / Supplier insurance deposits	Amortized cost
Derivative contracts	FVTPL
Lease receivables	Amortized cost
Financial liabilities:	
Accounts payable	Amortized cost
Dividends payable to shareholders	Amortized cost
Loans and borrowings	Amortized cost
Right-of-use liabilities	Amortized cost
Acquisition holdback liability	Amortized cost
Derivative contracts	FVTPL

Derivative financial instruments

The Company uses interest rate swaps to manage its interest rate risk on non-recourse project financing and its variable rate loans and borrowings. The Company also uses Total Return Swap ("TRS") derivative contracts for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans due to changes in the fair value of the Company's common shares. The Company uses foreign currency forward contracts to buy US dollars for the purpose of managing its foreign currency risk. The fair value of the foreign currency forward contracts is recognized in general and administrative expenses in the statement of income. The Company does not employ hedge accounting for any of its derivative contracts currently in place.

Impairment of financial assets

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

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

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

Joint arrangements

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

Finance income and finance costs

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

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

5. New accounting standards, amendments and interpretations adopted

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 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 December 31, 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)

The purchase price of the transaction totalled $32,502 and included cash of $23,600, equity of $6,538 and a holdback and other liability of $2,364. The $2,364 holdback and other liability consists of $1,364 related to a final working capital reconciliation 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 related to the transaction 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 ROU assets and ROU liabilities identified in which the acquiree is the lessee. The value of the assets and liabilities associated with the Dagmar acquisition were not finalized by March 8, 2022 and therefore are preliminary figures. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition that identifies adjustments to the amounts noted below, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

During the three months ended December 31, 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 1, 2021. The impact of these measurement period adjustments include: $3,945 decrease in ROU assets and $3,945 decrease in ROU liabilities.

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 and other liability		2,364
Cash consideration		23,600
Total Consideration	$	**32,502**
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		5,489
Intangible assets		6,004
Liabilities assumed		
Accounts payable		(2,058)
Contract liabilities		(1,043)
ROU liabilities		(5,489)
Net deferred income tax liabilities		(2,790)
Net identifiable assets acquired	$	**13,722**
Goodwill		18,780
Net assets acquired	$	**32,502**

The fair value and gross amount of the trade receivables acquired amounted to $6,887.

Goodwill and intangible assets

Goodwill of $18,780 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 include 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 TSX for the five trading days immediately preceding September 25, 2020.

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

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 30, 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)
Other liabilities		(241)
Net identifiable assets acquired	**$**	**75,090**
Goodwill		20,571
Net assets acquired	**$**	**95,661**

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

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		2021		2020
Accessible cash	$	**102,972**	$	96,671
Cash held for joint operations		**22,708**		60,200
Restricted cash and blocked accounts		**64,421**		55,107
Restricted short-term deposits held to support letters of credit		**90**		90
	$	**190,191**	$	212,068

Restricted cash and cash equivalents		2021		2020
Cash and cash equivalents held to support letters of credit (note 19)	$	**139**	$	139
Cash deposited in blocked accounts for special projects		–		1,033
Restricted cash held in trust		**64,372**		54,025
	$	**64,511**	$	55,197

Support for letters of credit

In the normal course of business, the Company issues letters of credit on certain projects to guarantee its performance. These projects are typically design-build contracts relating to PPP arrangements and other major construction projects. In certain instances, the letters of credit are supported by the hypothecation of cash and cash equivalents that are not available for general corporate purposes (note 19).

Blocked accounts

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

Restricted cash

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.

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

9. Accounts receivable

		2021		2020
Progress billings on construction contracts	$	**412,674**	$	336,627
Holdbacks receivable (due within one operating cycle)		**178,898**		160,364
Other		**6,242**		33,175
	$	**597,814**	$	530,166

Accounts receivable are reported net of an allowance for doubtful accounts of $1,527 as at December 31, 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. Included in other accounts receivable are government assistance receivables of $nil as at December 31, 2021 (December 31, 2020 - $25,847) related to the Canada Emergency Wage Subsidy ("CEWS"). See note 31.

10. Revenue, contract assets and contract liabilities

Disaggregation of revenue

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

		2021		2020
Public Private Partnerships ("PPP")	$	**14,920**	$	28,760
Alternative finance projects and complex design-build		**58,883**		100,572
Stipulated sum, unit price and standard specification design-build		**1,235,828**		942,776
Construction management, cost plus and IPD		**910,395**		432,324
	$	**2,220,026**	$	1,504,432

Remaining performance obligations

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

As at December 31, 2021, the aggregate amount of the transaction price allocated to total remaining performance obligations from construction contracts was $3,002,509. 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 58% 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)

Summary of contract balances

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

		2021		2020
Progress billings and holdbacks receivable (note 9)	$	**591,572**	$	496,991
Contract assets		**55,949**		60,031
Contract assets – alternative finance projects (note 11)		**–**		113
Contract liabilities		**(130,315)**		(121,504)
	$	**517,206**	$	435,631

Progress billings and holdbacks receivable

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

Contract assets including alternative finance projects

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

		2021				
		Construction contracts		**Alternative finance projects**		**Total**
Balance, December 31, 2020	$	**60,031**	$	**113**	$	**60,144**
Acquisition (note 7a)		**50**		**–**		**50**
Reduction of contract assets due to progress billings		**(1,139,620)**		**(113)**		**(1,139,733)**
Additions to contract assets		**1,135,488**		**–**		**1,135,488**
Balance, December 31, 2021	$	**55,949**	$	**–**	$	**55,949**

		2020				
		Construction contracts		Alternative finance projects		Total
Balance, December 31, 2019	$	31,018	$	75,180	$	106,198
Acquisition (note 7b)		33,534		–		33,534
Reduction of contract assets due to progress billings		(325,692)		(149,837)		(475,529)
Additions to contract assets		321,171		74,770		395,941
Balance, December 31, 2020	$	60,031	$	113	$	60,144

Contract liabilities

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

For the year ended December 31, 2021, $121,504 of revenue (2020 – $112,126) was recognized that was included in the contract liability balance at the beginning of the year.

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

For the year ended December 31, 2021, $3,964 of revenue ($nil - December 31, 2020) was recognized from the satisfaction of performance obligations related to previous periods. Amounts represent changes in the transaction price due to contract modifications and various other cumulative catch up adjustments.

11. Alternative finance projects

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

The Company had arranged a $138,475 loan facility related to the project, and the loan was repaid in full in the fourth quarter of 2020. The terms of the debt financing agreement required that scheduled loan advances be deposited into a bank account that could not be accessed directly by the Company unless recommended by the lender's technical advisor that cash was to be released monthly based on the progress of the work (note 8).

Borrowings under the facility had interest at a rate per annum equal to the bankers' acceptance rate plus a spread. Interest expense on the loan during the year ended December 31, 2021 of $nil (2020 – $3,522) were included in finance costs. As part of the loan facility, the Company entered into an interest rate swap agreement that effectively fixed the interest rate at 3.29%. The interest rate swap agreement was settled in the fourth quarter of 2020. The notional amounts of the interest rate swap agreement matched the estimated draws under the loan facility. The interest rate swap agreement was not designated as a hedge, and changes in the fair market value were recorded in finance costs in the statement of income.

12. Other assets

		2021		2020
Subcontractor / Supplier insurance deposits	$	**4,403**	$	5,197
Notes receivable		**–**		1,806
Lease receivables		**5,895**		7,141
Total Return Swap ("TRS") derivatives		**4,896**		1,604
Foreign currency forward swaps		**29**		–
Other assets		**15,223**		15,748
Less: current portion				
TRS derivatives		**4,896**		1,330
Lease receivables		**1,194**		1,247
Foreign currency forward swaps		**29**		–
Current portion		**6,119**		2,577
Non-current portion	$	**9,104**	$	13,171

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

The Company has promissory notes (notes receivable) from an equity accounted joint arrangement. One promissory note is available to the borrower for working capital purposes and is due on September 8, 2022. As at December 31, 2021 the balance outstanding on this note was $nil (December 31, 2020 - $1,806). During the year ended December 31, 2021 the Company issued an additional promissory note available to the borrower for a specific project, that was due upon completion of the project, and was fully repaid in 2021.

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

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

The Company also 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 statement of income. These derivative contracts have settlement dates extending to November 2022. During the year ended December 31, 2021, the Company recognized a gain on these derivatives of $29 (2020 - $nil).

The Company subleases certain facilities. The following is a detailed maturity analysis of the undiscounted finance lease payments receivable as at December 31, 2021:

	Carrying amount	Contractual cash flows	Not later than 1 year	Later than 1 year and less than 3 years	Later than 3 years and less than 5 years	Later than 5 years
Lease receivables	$ 5,895	$ 6,328	$ 1,344	$ 2,826	$ 1,742	$ 416

13. Projects and entities accounted for using the equity method

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

	2021		
	Joint ventures	Associates	Total
Total current assets	$ 29,070	$ 26,717	$ 55,787
Total non-current assets	243,749	176,342	420,091
Total assets	272,819	203,059	475,878
Total current liabilities	19,246	8,694	27,940
Total non-current liabilities	213,177	167,867	381,044
Total liabilities	232,423	176,561	408,984
Net assets – 100%	$ 40,396	$ 26,498	$ 66,894
Attributable to the Company	$ 14,742	$ 2,650	$ 17,392
Revenue – 100%	$ 115,822	$ 7,373	$ 123,195
Total comprehensive income – 100%	$ 11,679	$ 2,108	$ 13,787
Attributable to the Company	$ 3,982	$ 205	$ 4,187

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

	2020		
	Joint ventures	Associates	Total
Total current assets	$ 100,893	$ 38,966	$ 139,859
Total non-current assets	163,170	167,778	330,948
Total assets	264,063	206,744	470,807
Total current liabilities	13,150	12,840	25,990
Total non-current liabilities	214,239	167,759	381,998
Total liabilities	227,389	180,599	407,988
Net assets – 100%	$ 36,673	$ 26,145	$ 62,818
Attributable to the Company	$ 12,008	$ 2,615	$ 14,623
Revenue – 100%	$ 56,009	$ 8,074	$ 64,083
Total comprehensive income – 100%	$ 7,205	$ 2,379	$ 9,584
Attributable to the Company	$ 4,456	$ 232	$ 4,688

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

Investments in equity accounted entities	**2021**	2020
Balance, beginning of period	**$ 14,710**	$ 10,185
Share of net income for the period	**4,187**	4,688
Share of other comprehensive income (loss) for the period	**(21)**	47
Investments in equity accounted entities	**768**	5,088
	19,644	20,008
Capital distributions received	**(2,193)**	(5,298)
Investments in equity accounted entities reclassified as held for sale (note 14)	**(3,980)**	–
Balance, end of period	**$ 13,471**	$ 14,710

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

	2021	2020
Share of net income for the year	**$ 4,187**	$ 4,688
Gain on sale of investments in equity accounted entities (note 14)	**-**	3,104
Income from equity accounted investments	**$ 4,187**	$ 7,792

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

Transactions with these related parties are described in note 36. Amounts committed for future capital injections to concession entities are described in note 35.

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

14. Assets held for sale

Assets held for sale		**2021**		2020
Balance, beginning of period	**$**	**–**	$	6,978
Investments in equity accounted entities classified as held for sale		**3,980**		–
Property classified as held for sale		**436**		–
Capital distributions received		**–**		(225)
Sale of investment		**–**		(6,753)
Balance, end of period	**$**	**4,416**	$	–

Investments in equity accounted entities classified as held for sale

During the year, the Company initiated plans to sell two of its investments in entities accounted for using the equity method. Buyers have been located and the sales are expected to be completed within the next 12 months. As at December 31, 2021, the investments are classified as an asset held for sale on the 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 two investments are expected to exceed their carrying value.

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

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 December 31, 2021, the asset is classified as an asset held for sale on the 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.

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

15. Property and equipment

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)	**–**	**–**	**26**	**3,069**	**116**	**3,211**
Reclassified as held for sale (note 14)	**(436)**	**–**	**–**	**–**	**–**	**(436)**
Additions	**231**	**504**	**619**	**7,089**	**107**	**8,550**
Disposals	**–**	**–**	**(93)**	**(10,271)**	**(195)**	**(10,559)**
Balance, December 31, 2021	**2,352**	**12,685**	**17,282**	**98,695**	**3,184**	**134,198**
Accumulated depreciation						
Balance, December 31, 2020	**–**	**6,719**	**5,836**	**59,315**	**2,127**	**73,997**
Disposals	**–**	**–**	**(53)**	**(8,436)**	**(173)**	**(8,662)**
Depreciation expense	**–**	**491**	**2,669**	**10,463**	**236**	**13,859**
Balance, December 31, 2021	**–**	**7,210**	**8,452**	**61,342**	**2,190**	**79,194**
Net book value	$ **2,352**	$ **5,475**	$ **8,830**	$ **37,353**	$ **994**	$ **55,004**

2020	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, December 31, 2019	$ 2,130	$ 12,129	$ 8,932	$ 92,114	$ 2,752	$ 118,057
Acquisition (note 7b)	436	–	6,848	8,027	172	15,483
Additions	–	52	950	13,061	270	14,333
Disposals	(9)	–	–	(14,394)	(38)	(14,441)
Balance, December 31, 2020	2,557	12,181	16,730	98,808	3,156	133,432
Accumulated depreciation						
Balance, December 31, 2019	–	6,192	4,478	59,415	1,956	72,041
Disposals	–	–	–	(8,497)	(30)	(8,527)
Depreciation expense	–	527	1,358	8,397	201	10,483
Balance, December 31, 2020	–	6,719	5,836	59,315	2,127	73,997
Net book value	$ 2,557	$ 5,462	$ 10,894	$ 39,493	$ 1,029	$ 59,435

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

16. Right-of-use assets

	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)	**4,904**	**585**	**–**	**5,489**
Additions	**4,222**	**11,775**	**–**	**15,997**
Disposals	**(818)**	**(1,972)**	**(52)**	**(2,842)**
Balance, December 31, 2021	**43,393**	**51,441**	**1,848**	**96,682**
Accumulated depreciation				
Balance, December 31, 2020	**6,057**	**10,243**	**227**	**16,527**
Disposals	**(96)**	**(1,637)**	**(29)**	**(1,762)**
Depreciation expense	**6,002**	**7,651**	**767**	**14,420**
Balance, December 31, 2021	**11,963**	**16,257**	**965**	**29,185**
Net book value	**$ 31,430**	**$ 35,184**	**$ 883**	**$ 67,497**

	2020			
	Buildings	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost				
Balance, December 31, 2019	$ 17,564	$ 26,125	$ 136	$ 43,825
Acquisition (note 7b)	15,286	9,827	1,615	26,728
Additions	2,415	9,587	275	12,277
Disposals	(180)	(4,486)	(126)	(4,792)
Balance, December 31, 2020	35,085	41,053	1,900	78,038
Accumulated depreciation				
Balance, December 31, 2019	2,572	6,759	34	9,365
Disposals	(140)	(1,506)	(41)	(1,687)
Depreciation expense	3,625	4,990	234	8,849
Balance, December 31, 2020	6,057	10,243	227	16,527
Net book value	$ 29,028	$ 30,810	$ 1,673	$ 61,511

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

17. Intangible assets

	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	**–**	**–**	**–**	**3,206**	**3,206**
Balance, December 31, 2021	**8,000**	**4,500**	**15,500**	**17,164**	**45,164**
Accumulated amortization					
Balance, December 31, 2020	**–**	**333**	**393**	**7,702**	**8,428**
Amortization expense	**67**	**1,457**	**1,796**	**2,938**	**6,258**
Balance, December 31, 2021	**67**	**1,790**	**2,189**	**10,640**	**14,686**
Net book value	$ **7,933**	$ **2,710**	$ **13,311**	$ **6,524**	$ **30,478**

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

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

18. Goodwill

	2021	2020
Cost		
Balance, December 31, 2020	**$ 51,111**	$ 30,540
Acquisition (note 7a)	**18,780**	–
Acquisition (note 7b)	–	20,571
Balance, December 31, 2021	**69,891**	51,111
Accumulated impairment		
Balance, December 31, 2020	**14,151**	14,151
Balance, December 31, 2021	**14,151**	14,151
Net book value	**$ 55,740**	$ 36,960

At December 31, 2021 and 2020, the Company conducted an impairment test of its goodwill and indefinite life intangible asset. The carrying value of goodwill and the Company's indefinite life intangible asset at December 31, 2021 and 2020 was determined to not be impaired as the recoverable amount of the Company's CGUs exceeded their carrying values.

For the purposes of impairment testing, the Company allocated the carrying value of goodwill to the following groups of CGUs:

Goodwill	2021	2020
Industrial	**$ 41,375**	$ 22,595
Buildings	**12,794**	12,794
Commercial Systems Group	**1,571**	1,571
	$ 55,740	$ 36,960

Key assumptions and sensitivity analysis

The recoverable amount of the CGUs was determined based on a value-in-use calculation using cash flow projections from financial forecasts derived from the Company's 2022 Business Plan and the 2022-2024 Strategic Plan, which was reviewed by management with the Board of Directors.

The Company selected a three-year forecast period for the discounted cash flow analysis with the belief that further periods are adequately represented by a terminal value. Cash flows from growth opportunities are probability-weighted and relate to initiatives management expects to progress on in the medium to long-term time frame. These cash flows require assumptions to be made regarding the likelihood of projects progressing and the future economics of those projects. Cash flows for the remaining periods were extrapolated using a growth rate of 2.0%. An after-tax discount rate of 15.0%, which is based on a market-based cost of capital, was applied in determining the recoverable amounts. The same discount rate has been used in each of the CGUs, given the similarity in the business and the fact that business-specific risks were adjusted for in the forecasted cash flows. In addition, entity-specific risks were separately factored into each CGU forecast.

Sensitivity analyses of significant estimates and assumptions was conducted as part of the Company's impairment testing. The sensitivity ranges were selected based on management's expectations for inflationary growth and knowledge of weighted average cost of capital within the construction industry. A 1% change in the discount rate and a 0.5% change in the growth rate would not result in the carrying values of the CGUs exceeding their recoverable amounts.

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

19. Loans and borrowings

Loans and borrowings

	Maturity	Interest rate		2021		2020
Committed revolving credit facility	Sept 1, 2024	Variable		**22,725**		25,000
Committed non-revolving term loan facility	Sept 1, 2024	Variable		**49,375**		35,000
Equipment financing	2022 – 2025	Fixed 2.04%-3.73%		**6,581**		12,315
Note payable (note 7b)		Fully repaid		**–**		598
			$	**78,681**	$	72,913
Current portion			**$**	**7,470**	$	8,010
Non-current portion			**$**	**71,211**	$	64,903

Syndicated credit facility

The Company has a three-year committed, syndicated credit facility (the "Syndicated Facility") secured by a general interest in the assets of the Company. The Syndicated Facility consists of the following:

Committed revolving credit facility

The Company has a committed revolving credit facility of up to $185,000 (December 31, 2020 - $165,000) that includes a $20,000 swingline which allows the Company to enter into an overdraft position. At December 31, 2021, the Company has $21,989 letters of credit outstanding on the facility (December 31, 2020 - $22,702) and has drawn $22,725 on the facility (December 31, 2020 - $25,000). The full amount outstanding is recorded as non-current, as the facility is due and payable on 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 December 31, 2021, the Company has an outstanding balance of $49,375 on the facility (December 31, 2020 - $35,000). The term loan has scheduled repayments due quarterly until the 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.

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 compliance with its covenants under each facility as at December 31, 2021 and December 31, 2020.

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

Equipment financing

The Company has committed term credit facilities of up to $40,000 to be used to finance equipment purchases. At December 31, 2021, $5,242 is outstanding, of which $nil is classified as ROU liabilities (December 31, 2020 - $9,248 was outstanding, of which $572 was classified as ROU liabilities). Borrowings under the facilities are secured by a first charge against the equipment financed using the facilities. Interest on the facilities is charged at a fixed rate based on the Bank of Canada bond rate plus a spread. Interest is paid monthly in arrears.

The Company also has multiple, fixed interest rate, term loans which were used to finance equipment purchases. At December 31, 2021, the balance outstanding on these term loans amounted to $1,339 (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 December 31, 2021 the facilities were drawn for outstanding letters of credit of $67,426 (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. The Company uses this facility when letters of credit have been issued as contract security for projects that meet the EDC criteria. At December 31, 2021 EDC has issued performance security guarantees totalling $67,289 (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 December 31, 2021 of $139 (December 31, 2020 - $139).

The following table provides details of the changes in the Company’s Loans and Borrowings during the year ended December 31, 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	(45,000)	(1,500)	(598)	(5,734)	(52,832)
Balance, December 31, 2021	$ 22,725	$ 49,375	$ –	$ 6,581	$ 78,681

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

20. Leases and right-of-use liabilities

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

The following table provides details of the changes in the Company's ROU liabilities during the year ended December 31, 2021:

		2021		2020
Balance, beginning of period	$	**78,075**	$	31,100
Acquisition (note 7b)		**5,489**		46,887
Additions		**15,997**		12,277
Interest		**2,937**		1,262
Lease terminations and modifications		**(938)**		(79)
Repayment		**(22,202)**		(13,372)
Balance, end of period	$	**79,358**	$	78,075
Current portion	$	**19,782**	$	18,748
Non-current	$	**59,576**	$	59,327

Potential undiscounted cash outflows of $55,328 (December 31, 2020 - $50,636) have not been included in the measurement of the Company's ROU liabilities as at December 31, 2021 because it is not reasonably certain that particular leases will be extended. Included in the statement of income were expenses related to short-term leases and leases of low-value assets amounting to $2,423 for the year ended December 31, 2021 (2020 - $5,697). Total cash outflows for leases for the year ended December 31, 2021 were $24,625 (2020 - $19,069).

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 December 31, 2021, the Company had used $6,864 (December 31, 2020 - $10,008) under these facilities.

21. Income taxes

Provision for income taxes

		2021		2020
Income tax expense (recovery) comprised of:				
Current income taxes	$	**15,786**	$	18,382
Deferred income taxes		**(939)**		(5,165)
	$	**14,847**	$	13,217

Income tax rate reconciliation

	2021	2020
Combined federal and provincial income tax rate	**25.9%**	26.6%
Increase (reductions) applicable to:		
Effect of different tax rate on equity investments	**–**	(1.5%)
Non-taxable items	**0.3%**	0.4%
Other	**(0.4%)**	1.3%
Effective rate	**25.8%**	26.8%

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

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

Composition of deferred income tax assets and liabilities

		2021		2020
Provisions and accruals	$	**5,255**	$	4,325
Pension and other compensation		**7,658**		4,544
Timing of recognition of construction profits		**(22,007)**		(16,533)
Property and equipment		**(7,254)**		(4,305)
Right of use assets and liabilities and lease receivables		**3,342**		3,464
Intangible assets		**(6,258)**		(5,792)
Investment in equity accounted entities		**(1,653)**		(911)
Other		**(3,270)**		(2,191)
Tax loss carry forward		**32,173**		28,049
	$	**7,986**	$	10,650
Presentation in the statement of financial position				
Deferred income tax asset		**32,784**		33,760
Deferred income tax liability		**(24,798)**		(23,110)
	$	**7,986**	$	10,650

The deferred tax asset balances recognized by the Company are supported by the reversal of existing taxable temporary differences and expected future taxable income in excess of deductible temporary differences. The Company has deferred tax assets in the amount of $945 that have not been recognized in these financial statements in respect of capital losses realized on the disposal of bonds and preferred share investments in 2011, 2013 and 2015. A deferred tax asset has not been recognized because it is not probable the Company will generate future taxable capital gains.

		2021						
		Balance December 31, 2020		**Recognized in profit or loss**	**Recovery in other comprehensive income**	**Acquisition (note 7a)**		**Balance December 31, 2021**
Provisions and accruals	$	**4,325**	$	**930**	**–**	**–**	$	**5,255**
Pension and other compensation		**4,544**		**3,909**	**(795)**	**–**		**7,658**
Timing of recognition of construction profits		**(16,533)**		**(5,063)**	**–**	**(411)**		**(22,007)**
Property and equipment		**(4,305)**		**(2,270)**	**–**	**(679)**		**(7,254)**
ROU assets and liabilities		**3,464**		**(122)**	**–**	**–**		**3,342**
Intangible assets		**(5,792)**		**1,234**	**–**	**(1,700)**		**(6,258)**
Investments in equity accounted entities		**(911)**		**(724)**	**(18)**	**–**		**(1,653)**
Other		**(2,191)**		**(1,079)**	**–**	**–**		**(3,270)**
Tax loss carry forward		**28,049**		**4,124**	**–**	**–**		**32,173**
	$	**10,650**	$	**939**	**(813)**	**(2,790)**	$	**7,986**

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

	2020					
	Balance December 31, 2019	Recognized in profit or loss	Recovery in other comprehensive income	Disposition of equity investment (note 13)	Acquisition (note 7b)	Balance December 31, 2020
Provisions and accruals	$ 2,559	$ 1,175	–	–	591	$ 4,325
Pension and other compensation	2,245	1,436	(371)	–	1,234	4,544
Timing of recognition of construction profits	(35,745)	22,060	–	–	(2,848)	(16,533)
Property and equipment	(3,854)	(562)	–	–	111	(4,305)
ROU assets and liabilities	620	(117)	–	–	2,961	3,464
Intangible assets	(203)	653	–	–	(6,242)	(5,792)
Investments in equity accounted entities	(2,715)	2,982	–	(1,178)	–	(911)
Other	195	(826)	–	–	(1,560)	(2,191)
Tax loss carry forward	34,317	(21,636)	–	–	15,368	28,049
	$ (2,581)	$ 5,165	(371)	(1,178)	9,615	$ 10,650

22. Provisions

	Warranty claims and other	Legal	Total
Balance, December 31, 2020	**$ 16,311**	**$ 11,258**	**$ 27,569**
Provisions made during the period	**24,254**	**5,775**	**30,029**
Provisions used during the period	**(15,578)**	**(834)**	**(16,412)**
Provisions reversed during the period	**(8,561)**	**(5,309)**	**(13,870)**
Balance, December 31, 2021	**$ 16,426**	**$ 10,890**	**$ 27,316**
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.

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

23. Other liabilities

		2021		2020
Liabilities for cash-settled share-based compensation plans (note 25)	$	**24,918**	$	13,929
Leasehold inducements		**1,612**		1,808
Acquisition holdback and other liability (note 7a)		**2,364**		–
Interest rate swaps		**–**		51
	$	**28,894**	$	15,788
Less: current portion				
Cash-settled share-based compensation plans (note 25)		**10,630**		1,795
Leasehold inducements		**317**		164
Acquisition holdback and other liability (note 7a)		**1,364**		–
Interest rate swaps		**–**		51
Current portion	$	**12,311**	$	2,010
Non-current portion	$	**16,583**	$	13,778

24. Pension obligations

DC pension plans

The total expense recognized in the statement of income during the year ended December 31, 2021 of $274 (2020 - $154) represents contributions to these plans by the Company at rates specified in the rules of the plans.

DB pension plans

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

Fair market value of plan assets

		2021		2020
Equity securities	$	**8,255**	$	23,188
Fixed income allocation		**24,907**		–
Debt securities		–		12,916
Other return seeking investments		**4,649**		–
Cash and cash equivalents		**117**		208
	$	**37,928**	$	36,312

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

Reconciliation of amounts in the financial statements

		2021		2020
Accrued benefit obligation				
Balance, beginning of period	$	**39,912**	$	–
Acquisition (note 7b)		–		39,065
Employer current service cost		**275**		64
Interest cost on the defined benefit obligation		**980**		291
Benefit payments		**(1,937)**		(469)
Actuarial loss due to experience adjustments		**60**		–
Actuarial (gain) loss due to changes in financial assumptions		**(1,951)**		961
Balance, end of period	$	**37,339**	$	39,912

		2021		2020
Fair value of plan assets				
Balance, beginning of period	$	**36,312**	$	–
Balance, at acquisition (note 7b)		–		34,042
Employer contributions		**867**		144
Interest income on plan assets		**892**		269
Actuarial gain on plan assets, excluding interest income		**2,127**		2,501
Benefit payments		**(1,937)**		(469)
Administration costs		**(333)**		(175)
Balance, end of period	$	**37,928**	$	36,312

		2021		2020
Funded status – (surplus) deficit	$	**(589)**	$	3,600
Unrecognized amount due to asset ceiling		**821**		–
Recognized liability for defined benefit obligations	$	**232**	$	3,600

		2021		2020
Change in asset ceiling				
Balance, beginning of period	$	–	$	–
Change in asset ceiling		**821**		–
Balance, end of period	$	**821**	$	–

During the period ended December 31, 2021, $696 (2020 – $261) was recorded in general and administrative expenses in the statement of income, and a gain of $3,197 (2020 – $1,540) before tax, was recorded in other comprehensive income, relating to the DB plans. The gain relates to investment earnings being greater than the expected interest income on the plans' assets and changes in financial assumptions, which is partially offset by the impact of an asset ceiling.

Actuarial assumptions

	2021	2020
Discount rate on net benefit obligations	**2.9%**	2.5%
Rate of compensation increase	**3.0%**	3.0%
Inflation rate	**2.0%**	2.0%

The discount rate used to establish the pension obligation is based on AA-rated Canadian corporate bond yields at the measurement date. A change of 100 basis points in the discount rate at the reporting date would have increased or decreased the accrued benefit obligation by $4,983 (December 31, 2020 – $5,659).

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

25. Share-based compensation plans

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

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

		2021		2020
MTIP liability	$	**6,347**	$	2,865
EIP liability		**10,585**		5,618
DSU liability		**7,986**		5,446
Liabilities for cash-settled share-based compensation plans	$	**24,918**	$	13,929
Less: current portion				
MTIP liability		**5,540**		491
EIP liability		**5,090**		1,304
Current portion	$	**10,630**	$	1,795
Non-current portion	$	**14,288**	$	12,134

	2021			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]	**36,741**	**561,016**	**132,540**	697,498	499,398	198,314
Forfeited	**(152,522)**	**(83,580)**	–	(34,358)	(260,402)	–
Change in estimate	**(61,597)**	–	–	60,016	–	–
Vested and paid	**(96,110)**	**(209,460)**	–	(48,636)	(245,041)	–
Units, end of period	**809,213**	**1,398,029**	**813,258**	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 PSUs or time-based RSUs. As at December 31, 2021, the Company had 715,155 outstanding RSUs and 682,874 outstanding PSUs, before the impact of the performance multiplier (December 31, 2020 – 585,667 and 544,386 units, respectively). The outstanding PSU balance as at December 31, 2021, adjusted for the performance conditions that modify the vested value, is 999,422 units (December 31, 2020 – 796,428 units).

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

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

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 2024.

During the first, second, third and fourth quarter of 2021, the Company granted 26,054, 26,221, 23,244 and 23,635 units under the DSU plan at a fair market value of $8.74, $8.75, $9.94 and $9.77 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.

As at December 31, 2021, a total of 2,207,242 unvested phantom units of the MTIP and EIP (December 31, 2020 – 2,212,754) are outstanding and valued at $24,686 (December 31, 2020 - $19,718) of which $16,932 has been recognized to date in the statement of income (2020 - $8,483).

Payments required pursuant to the Company’s MTIP granted in 2019 are due on the vesting dates of November 2022, or upon retirement, if earlier. Pursuant to the Company’s MTIP granted in 2020, payments are due on the vesting dates between December 2022 and November 2023 respectively, or upon retirement, if earlier. Payments pursuant to the Company's EIP granted in 2019, 2020 and 2021 are due by December 2022, December 2023 and December 2024, respectively. Payments pursuant to the Company's DSU Plan are cash settled when the eligible Director ceases to hold any position within the Company.

Expenses arising from share-based payment transactions[1]

		2021		2020
MTIP	**$**	**4,420**	$	2,116
EIP		**6,583**		2,858
DSU		**2,540**		1,996
	$	**13,543**	$	6,970

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

The Company enters 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 $3,292 on these derivatives in the statement of income in general and administrative expenses for the year ended December 31, 2021 (2020 - $1,875).

26. Shareholders’ capital

The Company is authorized to issue an unlimited number of common shares. The Company is authorized to issue preference shares in series with rights set by the Board of Directors, up to a balance not to exceed 35% of the outstanding common shares. As at December 31, 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 (2020 - $124 directly attributable to the issuance of common shares for the acquisition of Stuart Olson) are recognized as a deduction from shareholders’ capital (note 7).

	2021			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

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

27. Earnings per share

		2021		2020
Net income (basic and diluted)	$	**42,783**	$	36,103
Weighted average number of common shares (basic and diluted)		**53,258,316**		45,334,239
Basic and diluted earnings per share	$	**0.80**	$	0.80

28. Finance income

		2021		2020
Interest income on lease receivables	$	**183**	$	51
Other interest income		**1,139**		1,460
	$	**1,322**	$	1,511

29. Finance and other costs

		2021		2020
Interest on loans and borrowings	$	**3,785**	$	2,989
Interest on ROU liabilities		**2,937**		1,262
Loss (gain) on interest rate swaps (note 23)		**(51)**		(683)
Interest on non-recourse project financing		**–**		3,522
Other		**879**		416
	$	**7,550**	$	7,506

30. Personnel costs

		2021		2020
Short-term employee benefits	$	**644,463**	$	330,580
Defined benefit and defined contribution plan expense (note 24)		**970**		322
Deferred compensation (note 25)		**13,543**		6,971
	$	**658,976**	$	337,873

For the year ended December 31, 2021, personnel costs of $577,845 were included in costs of construction (2020 – $291,433) and $81,131 in general and administrative expenses (2020 – $46,440). Short-term employee benefits consist primarily of salaries and bonuses, as well as employee share purchase plan ("ESPP") expense and employee registered retirement savings plan ("RRSP") matching contributions. Deferred compensation consists of share-based compensation expenses.

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

31. 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 year ended December 31, 2021, the Company recognized a recovery of compensation expense in costs of construction of $18,798 (2020 - $21,196) and general and administrative expenses of $3,141 (2020 - $3,590). As at December 31, 2021, the Company has no receivable related to CEWS included in accounts receivable in the statement of financial position (December 31, 2020 - $25,847).

32. Other cash flow information

Changes in non-cash working capital relating to operating activities

		2021		2020
Accounts receivable	$	**(60,944)**	$	153,398
Contract assets		**4,132**		4,521
Contract assets – alternative finance projects*		**113**		75,067
Inventory and prepaid expenses		**(1,294)**		(1,260)
Other assets		**53**		5,971
Accounts payable		**21,444**		(119,903)
Contract liabilities		**7,768**		(48,388)
Provisions		**(253)**		1,173
Deferred compensation plan expense and other		**(2,554)**		(1,486)
	$	**(31,535)**	$	69,093

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

Change in liabilities arising from financing activities

	2021							
		Dividend payable		**Loans and borrowings**		**ROU liabilities**		**Total**
Balance, December 31, 2020	$	**1,724**	$	**72,913**	$	**78,075**	$	**152,712**
Acquisition (note 7a)		**–**		**–**		**5,489**		**5,489**
Cash flows								
Proceeds		**–**		**58,600**		**–**		**58,600**
Repayments		**–**		**(52,832)**		**(22,202)**		**(75,034)**
Dividends paid on shares		**(20,749)**		**–**		**–**		**(20,749)**
Non-cash changes								
Net additions to ROU liabilities		**–**		**–**		**15,059**		**15,059**
Interest accretion		**–**		**–**		**2,937**		**2,937**
Dividends declared		**20,770**		**–**		**–**		**20,770**
Balance, December 31, 2021	$	**1,745**	$	**78,681**	$	**79,358**	$	**159,784**

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

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

33. 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 below:

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

The Company's foreign currency forward contract (note 12), interest rate swaps (note 23) and TRS derivative contracts (note 12) are classified as Level 2 measurements in the fair value hierarchy. The Company does not have any financial instruments classified as Level 3 that are carried at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 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:

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

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 satisfies itself that the customer has adequate resources to fulfil its contractual payment obligations as construction work is completed. If a customer was unable or unwilling to pay the amount owing, the Company will generally have a right to register a lien against the project that will normally provide some security that the amount owed would be realized.

A significant customer is one that represents 10% or more of contract revenue earned during the year. For the year ended December 31, 2021, the Company had revenue of $323,648 from one significant customer (2020 - $206,255).

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

At December 31, 2021, accounts receivable outstanding for greater than 90 days and considered past due by the Company's management represent 14.8% (December 31, 2020 – 17.5%) of the balance of progress billings on construction contracts receivable. Management has recorded an allowance of $1,527 (December 31, 2020 - $1,471) against these past due receivables, net of amounts recoverable from others.

	Amounts past due			
	Up to 12 months	**Over 12 months**	**2021**	2020
Trade receivables	$ **22,798**	$ **38,409**	$ **61,207**	$ 59,081
Impairment	**(41)**	**(1,486)**	**(1,527)**	(1,471)
Total Trade receivables	$ **22,757**	$ **36,923**	$ **59,680**	$ 57,610

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

	2021	2020
Balance, beginning of period	$ **1,471**	$ 1,538
Impairment loss recognized	**280**	747
Amounts written off as uncollectible	**(104)**	(814)
Amounts recovered	**(120)**	–
Balance, end of period	$ **1,527**	$ 1,471

ii. Liquidity risk

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

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

The Company has working capital of $151,810 (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 $64,372 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 19 in respect of the Syndicated facility and the Company's other debt instruments, which further improves the Company's access to liquidity. At December 31, 2021, the Company had a total undrawn balance on its committed revolving credit facility and committed non-revolving term loan facility of $140,286 (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 $34,758 is undrawn as at December 31, 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 December 31, 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	$ 514,330	$ 514,330	$ 452,697	$ 59,863	$ 1,770	$ –
Dividends payable	1,745	1,745	1,745	–	–	–
ROU liabilities	79,358	89,451	22,157	34,191	18,302	14,801
Committed revolving credit facility	22,725	22,725	–	22,725	–	–
Committed non-revolving term loan	49,375	49,375	3,125	46,250	–	–
Equipment financing	6,581	6,761	4,476	2,159	126	–
Acquisition holdback and other liability (note 7a)	2,364	2,364	1,364	1,000	–	–
	$ 676,478	$ 686,751	$ 485,564	$ 166,188	$ 20,198	$ 14,801

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.

The interest rate profile of the Company's loans and borrowings was as follows:

	2021	2020
Fixed-rate facilities	$ 6,581	$ 12,315
Variable-rate facilities	72,100	60,598
Total loans and borrowings	$ 78,681	$ 72,913

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.

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

For the year ended December 31, 2021, a one percent change in the interest rate applied to the Company's variable rate long-term debt would change income before income taxes by approximately $721 (2020 – $606).

The Company has certain share-based compensation plans, where 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 in 2022. The TRS derivatives are not designated as a hedge. The change in the value of the TRS derivatives is recorded each quarter based on the difference between the fixed price and the market price of the Company's common shares at the end of each quarter. The TRS derivatives are classified as derivative financial instruments. For the year ended December 31, 2021, a 10 percent change in the share price applied to the Company's TRS derivatives would change income before income taxes by approximately $1,502 (2020 – $1,175).

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 year ended December 31, 2021, a 10% movement in the Canadian and U.S. dollar exchange rate would have changed income before income taxes by approximately $246 (2020 – $210).

34. Capital management

The Company's capital management objectives are to:

i. ensure that the Company has the financial capacity and liquidity to achieve its strategic objectives and support its current and anticipated volume and mix of business consistent with the risk tolerance of the Company;
ii. have the financial flexibility to absorb the seasonality and cyclicality of the construction industry, as well as unforeseen events with an appropriate level of investment in working capital and available committed credit capacity;
iii. pursue a balanced capital allocation strategy that will deliver superior shareholder value;
iv. generate sufficient cash flow to maintain and grow the dividend in a consistent and sustainable way as determined by the Board of Directors; and
v. provide investors with maximum risk adjusted long-term returns on equity.

In the management of capital, the Company defines capital as the aggregate of its shareholders' equity and non-current loans and borrowings.

The Company manages its capital within the capital management policy approved by the Board of Directors. The Company adjusts its capital structure in light of changes in economic conditions. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new debt or repay existing debt, issue share capital, issue convertible debt, or may adjust capital expenditures. Financing decisions are generally made on a specific transaction basis and depend on such things as the Company's needs, capital markets and economic conditions at the time of the transaction.

The Company monitors its capital on a number of bases; the amounts of shareholders' equity, working capital and non-current loans and borrowings are as follows:

		2021		2020
Shareholders' equity	$	**243,488**	$	212,610
Working capital	$	**151,810**	$	130,255
Loans and borrowings – non current	$	**71,211**	$	64,903

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

35. Commitments and contingencies

Commitments

Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at December 31, 2021 totalled $93,135 (December 31, 2020 - $93,375). The Company has acquired minority equity interests in a number of PPP concession entities (note 13), which require the Company to make $1,816 in future capital injections. These commitments have been secured by letters of credit totalling $1,816 (December 31, 2020 - $1,918).

During the year ended December 31, 2021, the Company signed orders with a fleet management provider for leases totalling $4,989 that have not been recognized in the statement of financial position. The leases are expected to commence and be recognized in the statement of financial position within the next 12 months.

At December 31, 2021, the Company has minimum payments under contracts for other purchase obligations that are not recognized as liabilities in the statement of financial position of $2,597 due within the next 12 months, $6,188 from 1 to 3 years, $6,146 from 3 to 5 years, and $4,349 thereafter.

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.

36. Related party transactions

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

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

		2021		2020
Short-term benefits	**$**	**6,615**	$	6,808
Share-based compensation		**7,059**		3,388
	$	**13,674**	$	10,196

A Director or related parties hold positions in other entities that result in them having control over the financial reporting or operating policies of those entities. The aggregate value of transactions during the year with entities over which Directors have control was $1,030 (2020 - $657) and the outstanding balance receivable at December 31, 2021 was $2 (December 31, 2020 - $nil).

Transactions with proportionally consolidated joint arrangements

The Company provides services of its employees, management services, cost reimbursements, parental guarantees and letters of credit to the joint arrangements. These services were transferred at the exchange amount, agreed to between the parties. The amounts recognized for services provided by the Company for the year ended December 31, 2021 totalled $45,632 (2020 - $47,349).

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

The Company has accounts receivable from the joint arrangements at December 31, 2021 totalling $706 (December 31, 2020 - $22,314).

Transactions with equity accounted joint arrangements

The Company and its proportionately consolidated joint arrangements (note 3), provide development and construction services to its concession investments in associates and joint ventures which are in the normal course of business and on commercial terms. The Company's proportionate share of the amounts billed for construction services provided by these joint arrangements for the year ended December 31, 2021 totalled $26,696 (2020 – $16,492), of which $15,077 has been recognized in revenue in 2021 (2020 - $28,257). The Company's proportionate share of payments made to the joint arrangements for the year ended December 31, 2021 totalled $17,548 (2020 - $11,849). These amounts are not eliminated as they are deemed to be realized by the Company.

The Company and its proportionately consolidated joint arrangements have accounts receivable from these concession investment entities. The Company's proportionate share of accounts receivable at December 31, 2021 totalled $12,423 (December 31, 2020 - $14,341). The Company also has notes receivable from an equity accounted joint arrangement at December 31, 2021 totalling $nil (December 31, 2020 - $1,806).

37. 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
January dividend	January 31, 2022	February 18, 2022	$0.0325
February dividend	February 28, 2022	March 18, 2022	$0.0325
March dividend	March 31, 2022	April 20, 2022	$0.0325
April dividend	April 29, 2022	May 20, 2022	$0.0325