

**AECON GROUP INC.**  
THIRD QUARTER

**INTERIM CONDENSED  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**

September 30, 2021

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2021 AND 2020

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# MANAGEMENT REPORT

October 28, 2021

## Notice to Reader

The management of Aecon Group Inc. (the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by the Company’s auditor. These interim condensed consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows of the Company.

(signed) Jean-Louis Servranckx, President and Chief Executive Officer

(signed) David Smales, Executive Vice-President and Chief Financial Officer

# CONSOLIDATED BALANCE SHEETS

AS AT SEPTEMBER 30, 2021 AND DECEMBER 31, 2020

(in thousands of Canadian dollars) (unaudited)

	Note	September 30 2021	December 31 2020
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	\$ 551,813	\$ 658,270
Restricted cash	7	85,483	111,208
Trade and other receivables	8	870,412	807,111
Unbilled revenue		674,661	526,079
Inventories	9	26,412	21,341
Income tax recoverable		17,268	8,005
Prepaid expenses		69,817	68,996
		<b>2,295,866</b>	<b>2,201,010</b>
<b>Non-current assets</b>			
Long-term financial assets		2,508	3,230
Projects accounted for using the equity method	10	55,905	37,378
Deferred income tax assets		27,764	34,154
Property, plant and equipment	11	376,149	362,177
Intangible assets	12	633,272	649,450
		<b>1,095,598</b>	<b>1,086,389</b>
<b>TOTAL ASSETS</b>		<b>\$ 3,391,464</b>	<b>\$ 3,287,399</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank indebtedness	13	\$ 50,000	\$ -
Trade and other payables	14	995,061	924,338
Provisions	15	23,427	16,475
Deferred revenue		456,431	486,259
Income taxes payable		4,712	45,962
Current portion of long-term debt	16	55,785	56,568
		<b>1,585,416</b>	<b>1,529,602</b>
<b>Non-current liabilities</b>			
Provisions	15	8,173	5,976
Non-recourse project debt	16	359,266	358,871
Long-term debt	16	169,585	143,534
Convertible debentures	17	172,675	169,057
Concession related deferred revenue	18	96,369	99,138
Deferred income tax liabilities		96,004	106,470
Other liabilities		1,661	644
		<b>903,733</b>	<b>883,690</b>
<b>TOTAL LIABILITIES</b>		<b>2,489,149</b>	<b>2,413,292</b>
<b>EQUITY</b>			
Capital stock	22	397,219	395,733
Convertible debentures	17	12,707	12,707
Contributed surplus		66,095	53,774
Retained earnings		449,913	444,088
Accumulated other comprehensive loss		(23,619)	(32,195)
<b>TOTAL EQUITY</b>		<b>902,315</b>	<b>874,107</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 3,391,464</b>	<b>\$ 3,287,399</b>

Contingencies (Note 21)

# CONSOLIDATED STATEMENTS OF INCOME

## FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

	Note	For the three months ended		For the nine months ended	
		September 30 2021	September 30 2020	September 30 2021	September 30 2020
Revenue		\$ 1,163,441	\$ 1,039,456	\$ 2,888,757	\$ 2,566,419
Direct costs and expenses	23	(1,040,191)	(877,227)	(2,616,304)	(2,289,140)
<b>Gross profit</b>		<b>123,250</b>	<b>162,229</b>	<b>272,453</b>	<b>277,279</b>
Marketing, general and administrative expense	23	(42,376)	(37,868)	(134,380)	(128,698)
Depreciation and amortization	23	(22,111)	(22,329)	(66,358)	(64,504)
Income from projects accounted for using the equity method	10	3,957	4,353	10,375	9,894
Other income	24	934	394	5,977	2,384
<b>Operating profit</b>		<b>63,654</b>	<b>106,779</b>	<b>88,067</b>	<b>96,355</b>
Finance income		137	139	403	885
Finance cost	25	(11,820)	(6,816)	(33,666)	(19,561)
<b>Profit before income taxes</b>		<b>51,971</b>	<b>100,102</b>	<b>54,804</b>	<b>77,679</b>
Income tax expense	19	(13,542)	(26,478)	(17,195)	(21,632)
<b>Profit for the period</b>		<b>\$ 38,429</b>	<b>\$ 73,624</b>	<b>\$ 37,609</b>	<b>\$ 56,047</b>
<b>Basic earnings per share</b>	26	<b>\$ 0.64</b>	<b>\$ 1.23</b>	<b>\$ 0.62</b>	<b>\$ 0.93</b>
<b>Diluted earnings per share</b>	26	<b>\$ 0.56</b>	<b>\$ 0.99</b>	<b>\$ 0.59</b>	<b>\$ 0.83</b>

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(in thousands of Canadian dollars) (unaudited)

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
<b>Profit for the period</b>	\$ 38,429	\$ 73,624	\$ 37,609	\$ 56,047
<b>Other comprehensive income (loss):</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences - foreign operations	6,071	(4,552)	(1,689)	2,929
Cash flow hedges - subsidiaries	-	(1,054)	1,668	(118)
Cash flow hedges - equity accounted investees	2,996	1,498	12,360	(25,689)
Cash flow hedges - joint operations	4,487	(4,719)	(341)	3,356
Income taxes on the above	(1,986)	1,042	(3,422)	5,965
<b>Total other comprehensive income (loss) for the period</b>	<b>11,568</b>	<b>(7,785)</b>	<b>8,576</b>	<b>(13,557)</b>
<b>Comprehensive income for the period</b>	<b>\$ 49,997</b>	<b>\$ 65,839</b>	<b>\$ 46,185</b>	<b>\$ 42,490</b>

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			Shareholders' equity
					Currency translation differences	Actuarial gains and losses	Cash flow hedges	
<b>Balance as at January 1, 2021</b>	\$ 395,733	\$ 12,707	\$ 53,774	\$ 444,088	\$ (8,378)	\$ 729	\$ (24,546)	\$ 874,107
<b>Profit for the period</b>	-	-	-	37,609	-	-	-	37,609
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	(1,689)	-	-	(1,689)
Cash flow hedges - subsidiaries	-	-	-	-	-	-	1,668	1,668
Cash flow hedges - equity accounted investees	-	-	-	-	-	-	12,360	12,360
Cash flow hedges - joint operations	-	-	-	-	-	-	(341)	(341)
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	(3,422)	(3,422)
<b>Total other comprehensive income (loss) for the period</b>	-	-	-	-	(1,689)	-	10,265	8,576
<b>Total comprehensive income (loss) for the period</b>	-	-	-	37,609	(1,689)	-	10,265	46,185
Dividends declared	-	-	-	(31,662)	-	-	-	(31,662)
Stock-based compensation expense	-	-	13,483	-	-	-	-	13,483
Shares issued to settle LTIP/ESU/Director DSU obligations	1,486	-	(1,550)	(122)	-	-	-	(186)
Stock-based compensation settlements and receipts	-	-	388	-	-	-	-	388
<b>Balance as at September 30, 2021</b>	\$ 397,219	\$ 12,707	\$ 66,095	\$ 449,913	\$ (10,067)	\$ 729	\$ (14,281)	\$ 902,315

	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)			Shareholders' equity
					Currency translation differences	Actuarial gains and losses	Cash flow hedges	
<b>Balance as at January 1, 2020</b>	\$ 394,291	\$ 12,707	\$ 48,858	\$ 403,821	\$ (698)	\$ 2,174	\$ (3,157)	\$ 857,996
<b>Profit for the period</b>	-	-	-	56,047	-	-	-	56,047
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	2,929	-	-	2,929
Cash flow hedges - subsidiaries	-	-	-	-	-	-	(118)	(118)
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	(25,689)	(25,689)
Cash flow hedges - joint operations	-	-	-	-	-	-	3,356	3,356
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	5,965	5,965
<b>Total other comprehensive income (loss) for the period</b>	-	-	-	-	2,929	-	(16,486)	(13,557)
<b>Total comprehensive income (loss) for the period</b>	-	-	-	56,047	2,929	-	(16,486)	42,490
Dividends declared	-	-	-	(28,740)	-	-	-	(28,740)
Common shares purchased under Normal Course Issuer Bid	(6,091)	-	-	(9,364)	-	-	-	(15,455)
Stock-based compensation expense	-	-	12,587	-	-	-	-	12,587
Shares issued to settle LTIP/ESU/Director DSU obligations	1,438	-	(1,414)	(24)	-	-	-	-
Stock based compensation settlements and receipts	-	-	(3,321)	-	-	-	-	(3,321)
<b>Balance as at September 30, 2020</b>	\$ 389,638	\$ 12,707	\$ 56,710	\$ 421,740	\$ 2,231	\$ 2,174	\$ (19,643)	\$ 865,557

During the nine months ended September 30, 2021, the Company declared dividends amounting to \$0.525 per share (September 30, 2020 - \$0.48 per share).

# CONSOLIDATED STATEMENTS OF CASH FLOWS

## FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(in thousands of Canadian dollars) (unaudited)

	Note	September 30 2021	September 30 2020
<b>CASH PROVIDED BY (USED IN)</b>			
<b>Operating activities</b>			
Profit before income taxes		\$ 54,804	\$ 77,679
Income taxes paid		(73,777)	(26,313)
Defined benefit pension		1,078	(28)
Stock-based compensation settlements and receipts		55	(3,321)
Items not affecting cash:			
Depreciation and amortization		66,358	64,504
Income from projects accounted for using the equity method		(10,375)	(9,894)
Gain on sale of assets and other		(6,628)	(3,076)
Concession deferred revenue		(2,777)	-
Unrealized foreign exchange loss (gain)		591	(59)
Increase in provisions		12,019	5,092
Notional interest representing accretion		4,142	3,904
Stock-based compensation expense		14,842	12,587
Change in other balances relating to operations	27	(165,259)	(62,186)
		<b>(104,927)</b>	<b>58,889</b>
<b>Investing activities</b>			
Decrease in restricted cash balances		25,709	8,322
Purchase of property, plant and equipment		(24,537)	(34,221)
Proceeds on sale of contract mining business		-	11,806
Proceeds on sale of property, plant and equipment		6,149	4,413
Investment in concession rights		(3,686)	(41,889)
Increase in intangible assets		(2,195)	(2,677)
Decrease (increase) in long-term financial assets		215	(254)
Distributions from projects accounted for using the equity method		2,779	972
Net cash outflow on acquisition of a business		-	(29,754)
		<b>4,434</b>	<b>(83,282)</b>
<b>Financing activities</b>			
Increase in bank indebtedness		50,000	-
Issuance of long-term debt		30,048	12,603
Repayments of lease liabilities		(43,118)	(41,324)
Repayments of long-term debt		(10,046)	(10,072)
Dividends paid		(30,741)	(27,963)
Common shares purchased under NCIB		-	(15,455)
		<b>(3,857)</b>	<b>(82,211)</b>
<b>Decrease in cash and cash equivalents during the period</b>		<b>(104,350)</b>	<b>(106,604)</b>
<b>Effect of foreign exchange on cash balances</b>		<b>(2,107)</b>	<b>1,481</b>
<b>Cash and cash equivalents - beginning of period</b>		<b>658,270</b>	<b>682,264</b>
<b>Cash and cash equivalents - end of period</b>	7	<b>\$ 551,813</b>	<b>\$ 577,141</b>



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## 1. CORPORATE INFORMATION

Aecon Group Inc. (“Aecon” or the “Company”) is a publicly traded construction and infrastructure development company incorporated in Canada. Aecon and its subsidiaries provide services to private and public sector clients throughout Canada and on a selected basis internationally. Its registered office is located in Toronto, Ontario at 20 Carlson Court, Suite 105, M9W 7K6.

The Company operates in two segments within the infrastructure development industry: Construction and Concessions.

## 2. DATE OF AUTHORIZATION FOR ISSUE

The interim condensed consolidated financial statements of the Company were authorized for issue on October 28, 2021 by the Board of Directors of the Company.

## 3. BASIS OF PRESENTATION

### Basis of presentation

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company’s annual consolidated financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2020. The accounting policies that are set out in Note 5, “*Summary of Significant Accounting Policies*” to the Company’s annual consolidated financial statements for the year ended December 31, 2020 were consistently applied to all periods presented, except for new accounting standards and amendments that became effective on January 1, 2021 as described in Note 5, “*New Accounting Standards*”.

### Seasonality

The construction industry in Canada is seasonal in nature for companies like Aecon who do a significant portion of their work outdoors, particularly road construction and utilities work. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profits than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

### Basis of measurement

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

### Principles of consolidation

The interim condensed consolidated financial statements include the accounts of the Company and all of its subsidiaries. In addition, the Company’s participation in joint arrangements classified as joint operations is accounted for in the interim condensed consolidated financial statements by reflecting, line by line, the Company’s share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations. The interim condensed consolidated financial statements also include the Company’s investment in and share of the earnings of projects accounted for using the equity method.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## 4. CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying value of the asset or liability affected.

Critical accounting estimates are those that require management to make assumptions about matters that are highly uncertain at the time the estimate or assumption is made. Critical accounting estimates are also those that could potentially have a material impact on the Company's financial results were a different estimate or assumption used.

Estimates and underlying assumptions are reviewed on an ongoing basis. These estimates and assumptions are subject to change at any time based on experience and new information. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates are also not specific to any one segment unless otherwise noted below.

The Company's significant accounting policies are described in Note 5, "Summary of Significant Accounting Policies," in the Company's annual consolidated financial statements for the year ended December 31, 2020. The following discussion is intended to describe those judgments and key assumptions concerning major sources of estimation uncertainty at the end of the reporting period that have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

### COVID-19 PANDEMIC

The COVID-19 pandemic has continued to disrupt global health and the economy in 2021 and has created an indeterminate period of volatility in the markets in which Aecon operates. The COVID-19 pandemic impacted Aecon's operations in 2020 and the first nine months of 2021 at varying times by way of suspensions of certain of the Company's projects, either by its clients or due to a broader government directive, by disruption to the progress of projects due to the need to modify work practices to meet appropriate health and safety standards, or by other COVID-19 related impacts on the availability of labour or to the supply chain.

As the COVID-19 pandemic continues to evolve, notwithstanding the vaccination campaigns that are currently underway in Canada and other countries, the duration and full financial effect of the COVID-19 pandemic is still uncertain at this time, as is the efficacy of government and central bank interventions, the Company's business continuity plan and other mitigating measures. Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgments, estimates and assumptions made by management during the preparation of the Company's consolidated financial statements related to potential impacts of the COVID-19 pandemic on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected. The major sources of estimation uncertainty and judgment affecting the Company are discussed in greater detail below.

### 4.1 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

#### REVENUE AND GROSS PROFIT RECOGNITION

Revenue and income from fixed price construction contracts, including contracts in which the Company participates through joint operations, are determined on the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs. The Company has a process whereby progress on jobs is reviewed by management on a regular basis and estimated costs to complete are updated. However, due to unforeseen changes in the nature or cost of the work to be completed or performance factors, contract profit can differ significantly from earlier estimates.

The Company's estimates of contract revenue and cost are highly detailed. Management believes, based on its experience, that its current systems of management and accounting controls allow the Company to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period, which can result in a change to contract profitability from one financial

## **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

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

reporting period to another. Some of the factors that can change the estimate of total contract revenue and cost include differing site conditions (to the extent that contract remedies are unavailable), the availability of skilled contract labour, the performance of major material suppliers to deliver on time, the performance of major subcontractors, unusual weather conditions and the accuracy of the original bid estimate. Fixed price contracts are common across all of the Company's sectors, as are change orders and claims, and therefore these estimates are not unique to one core segment. Because the Company has many contracts in process at any given time, these changes in estimates can offset each other without impacting overall profitability. Changes in cost estimates, which on larger, more complex construction projects can have a material impact on the Company's consolidated financial statements, are reflected in the results of operations when they become known.

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the Company seeks to collect from clients for delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. Management, in making judgments, estimates and assumptions that affect the contract revenue and cost amounts from unpriced change orders and claims, also considered the impacts of the COVID-19 pandemic on the Company's operations. As noted above in greater detail, Aecon's operations in 2021 and 2020 were impacted at varying times by the suspension of certain of the Company's projects, by disruption to the progress of projects, or by other COVID-19 related impacts on the availability of labour or to the supply chain. These judgments, estimates and assumptions affecting the revenue and cost forecasts of individual performance obligations were based on facts and circumstances that existed at the time when such judgments, estimates and assumptions were made. In accordance with the Company's accounting policy, unpriced change orders and claims are recognized in revenue at the amount the Company expects to be entitled to, where it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Where such revenue amounts cannot be estimated with reasonable assurance, they are excluded from the revenue forecast of the related performance obligation. Therefore, it is possible for the Company to have substantial contract costs recognized in one accounting period with associated revenue recognized in a later period.

Given the above-noted critical accounting estimates associated with the accounting for construction contracts, including change orders and claims, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year or later could be different from the estimates and assumptions adopted and could require a material adjustment to revenue and/or the carrying amount of the asset or liability affected. The Company is unable to quantify the potential impact to the consolidated financial results from a change in estimate in calculating revenue.

### **LITIGATION RISK AND CLAIMS RISK**

Disputes are common in the construction industry and as such, in the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial, including the legal proceedings discussed in Note 21, "*Contingencies*". The Company must make certain assumptions and rely on estimates regarding potential outcomes of legal proceedings in order to determine if a provision is required. Estimating and recording the future outcome of litigation proceedings requires management to make significant judgments and assumptions, which are inherently subject to risks and uncertainties. Management regularly analyzes current information about these matters, and internal and external legal counsel, as well as other claim specialists, are often used for these assessments. In making decisions regarding the need for provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. As part of its analysis, the Company also considered any impacts of the COVID-19 pandemic on management's assumptions and estimates related to the potential outcomes of legal proceedings. The outcome of matters related to disputes, legal actions and proceedings may have a material effect on the financial position, results of operations or cash flows of the Company, and there is no guarantee that there will not be a future rise in litigation which, depending on the nature of the litigation, could impact the financial position, results of operations, or cash flows of the Company.

The Company also pursues claims against project owners for additional costs exceeding the contract price or for amounts not included in the original contract price. When these types of events occur and unresolved claims are pending, the Company may invest significant working capital in projects to cover costs pending the resolution of the relevant claims. A failure to ultimately recover on claims could have a material effect on liquidity and financial results.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## FAIR VALUING FINANCIAL INSTRUMENTS

From time to time, the Company, often through its subsidiaries, joint arrangements and equity accounted investees, enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. In addition, some of the Company's equity accounted investees enter into derivative financial instruments, namely interest rate swaps, to hedge the variability of interest rates related to non-recourse project debt. The Company is required to measure certain financial instruments at fair value, using the most readily available market comparison data and where no such data is available, using quoted market prices of similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated.

Management considered the potential impacts of the COVID-19 pandemic on the Company's cash flow hedges. For derivative instruments that hedge the Company's exposure to variability in expected future cash flows and that are designated as cash flow hedges, management assessed whether the occurrence of future transactions that are the subject of these hedges were still considered highly probable as at September 30, 2021. Based on this assessment, the Company determined that there was no change that would require prospectively discontinuing the application of hedge accounting for such transactions.

Further information with regard to the treatment of financial instruments can be found in Note 28, "*Financial Instruments.*"

## MEASUREMENT OF RETIREMENT BENEFIT OBLIGATIONS

The Company's obligations and expenses related to defined benefit pension plans, including supplementary executive retirement plans, are determined using actuarial valuations and are dependent on many significant assumptions. The defined benefit 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. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to Note 23, "*Employee Benefit Plans,*" in the Company's annual consolidated financial statements for the year ended December 31, 2020, for further details regarding the Company's defined benefit plans as well as the impact to the financial results of a 0.5% change in the discount rate assumption used in the calculations.

## INCOME TAXES

The Company is subject to income taxes in both Canada and several foreign jurisdictions. Significant estimates and judgments are required in determining the Company's worldwide provision for income taxes. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Management estimates income taxes for each jurisdiction the Company operates in, taking into consideration different income tax rates, non-deductible expenses, valuation allowances, changes in tax laws, and management's expectations of future results. Management bases its estimates of deferred income taxes on temporary differences between the assets and liabilities reported in the Company's consolidated financial statements, and the assets and liabilities determined by the tax laws in the various countries in which the Company operates. Although the Company believes its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits and litigation will not be materially different from that reflected in the Company's historical income tax provisions and accruals. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax expense and current and deferred income tax assets and liabilities in the period in which such determinations are made. Although management believes it has adequately provided for any additional taxes that may be assessed as a result of an audit or litigation, the occurrence of either of these events could have an adverse effect on the Company's current and future results and financial condition.

The Company also considered the effect of the COVID-19 pandemic on projections and assumptions of future taxable income and therefore the recoverability of deferred income tax assets recognized as at September 30, 2021 and concluded that there was no significant impact.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020 (in thousands of Canadian dollars, except per share amounts) (unaudited)

The Company is unable to quantify the potential future impact to its consolidated financial results from a change in estimate in calculating income tax assets and liabilities.

## IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets with finite lives are amortized over their useful lives. Goodwill, which has an indefinite life, is not amortized. Management evaluates intangible assets that are not amortized at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives are tested for impairment whenever events or circumstances indicate the carrying value may not be recoverable. As part of its review of impairment indicators, the Company also considered the potential impacts of the COVID-19 pandemic on goodwill and other intangible assets as at September 30, 2021. Goodwill and intangible assets with indefinite lives, if any, are tested for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change, which suggest the goodwill or intangible assets should be evaluated.

Impairment assessments inherently involve management judgment as to the assumptions used to project these amounts and the impact of market conditions on those assumptions. The key assumptions used to estimate the fair value of cash generating units under the fair value less cost to disposal approach are: weighted average cost of capital used to discount the projected cash flows; cash flows generated from new work awards; and projected operating margins.

The weighted average cost of capital rates used to discount projected cash flows are developed via the capital asset pricing model, which is primarily based on market inputs. Management uses discount rates it believes are an accurate reflection of the risks associated with the forecasted cash flows of the respective reporting units.

To develop the cash flows generated from project awards and projected operating margins, the Company tracks prospective work primarily on a project-by-project basis as well as the estimated timing of when new work will be bid or prequalified, started and completed. Management also gives consideration to its relationships with prospective customers, the competitive landscape, changes in its business strategy, and the Company's history of success in winning new work in each reporting unit. With regard to operating margins, consideration is given to historical operating margins in the end markets where prospective work opportunities are most significant, and changes in the Company's business strategy.

Unanticipated changes in these assumptions or estimates could materially affect the determination of the fair value of a reporting unit and, therefore, could reduce or eliminate the excess of fair value over the carrying value of a reporting unit entirely and could potentially result in an impairment charge in the future.

Refer to Note 14, "*Intangible Assets*", in the Company's annual consolidated financial statements for the year ended December 31, 2020, for further details regarding goodwill and other intangible assets.

## LEASES

The application of IFRS 16 "*Leases*" requires significant judgments and certain key estimations to be made.

Critical judgments required in the application of IFRS 16 include the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Determining whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement; and
- Determining the stand-alone selling price of lease and non-lease components.

Key sources of estimation uncertainty in the application of IFRS 16 include the following:

- Estimating the lease term;
- Determining the appropriate rate to discount lease payments; and
- Assessing whether a right-of-use asset is impaired.

Unanticipated changes in these judgments or estimates could affect the identification and determination of the value of lease liabilities and right-of-use assets at initial recognition, as well as the subsequent measurement of lease liabilities and right-of-use assets. These items could potentially result in changes to amounts reported in the consolidated statements of income and consolidated balance sheets in a given period.

# **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020**

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Refer to Note 11, “*Property, plant and equipment*”, and Note 16, “*Long-term debt and non-recourse project debt*” for further details regarding leases.

## **ALLOWANCE FOR EXPECTED CREDIT LOSSES**

The Company considered any potential impact of the COVID-19 pandemic in its analysis of expected credit losses as at September 30, 2021. The Company maintains an allowance for expected credit losses to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of creditworthiness of the portfolio of customers (most of which are government clients, crown corporations, or major industrial companies), historical payment experience, the age of outstanding receivables, collateral to the extent applicable, and forward-looking information regarding collectability. Based on this review, there was no significant change to the Company’s allowance for expected credit losses as at September 30, 2021.

## **4.2 JUDGMENTS**

The following are critical judgments management has made in the process of applying accounting policies and that have the most significant effect on how certain amounts are reported in the consolidated financial statements.

## **BASIS FOR CONSOLIDATION AND CLASSIFICATION OF JOINT ARRANGEMENTS**

Assessing the Company’s ability to control or influence the relevant financial and operating policies of another entity may, depending on the facts and circumstances, require the exercise of significant judgment to determine whether the Company controls, jointly controls, or exercises significant influence over the entity performing the work. This assessment of control impacts how the operations of these entities are reported in the Company’s consolidated financial statements (i.e., full consolidation, equity investment or proportional share).

The Company performs the majority of its construction projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplinary projects, are executed through partnering agreements. As such, the classification of these entities as a subsidiary, joint operation, joint venture, associate or financial instrument requires judgment by management to analyze the various indicators that determine whether control exists. In particular, when assessing whether an entity is classified as either a joint operation, joint venture or associate, management considers the contractual rights and obligations, voting shares, share of board members and the legal structure of the joint arrangement. Subject to reviewing and assessing all the facts and circumstances of each joint arrangement, joint arrangements contracted through agreements and general partnerships would generally be classified as joint operations whereas joint arrangements contracted through corporations would be classified as joint ventures. The majority of the current partnering agreements are classified as joint operations.

The application of different judgments when assessing control or the classification of joint arrangements could result in materially different presentations in the consolidated financial statements.

## **SERVICE CONCESSION ARRANGEMENTS**

The accounting for concession arrangements requires the application of judgment in determining if the project falls within the scope of IFRIC Interpretation 12, “*Service Concession Arrangements*”, (“IFRIC 12”). Additional judgments are needed when determining, among other things, the accounting model to be applied under IFRIC 12, the allocation of the consideration receivable between revenue-generating activities, the classification of costs incurred on such activities, as well as the effective interest rate to be applied to the financial asset. As the accounting for concession arrangements under IFRIC 12 requires the use of estimates over the term of the arrangement, any changes to these long-term estimates could result in a significant variation in the accounting for the concession arrangement.

## **5. NEW ACCOUNTING STANDARDS**

The following amendments to standards and interpretations became effective for the annual periods beginning on or after January 1, 2021. The application of these amendments and interpretations had no significant impact on the Company’s consolidated financial position or results of operations.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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## **Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 7, Financial Instruments: Disclosures, IFRS 9, Financial Instruments, IFRS 16, Leases, and IAS 39, Financial Instruments: Recognition and Measurement)**

The Interest Rate Benchmark Reform Phase 2 amendments to IFRS 7, IFRS 9, IFRS 16, and IAS 39 address specific hedge accounting requirements and permit a practical expedient for modifications of financial assets, financial liabilities and lease liabilities required by the IBOR (interbank offered rate) reform. The amendments also require additional disclosures for users to understand the nature and extent of risks arising from the IBOR reform and how the entity manages those risks.

## **6. FUTURE ACCOUNTING CHANGES**

### **Classification of Liabilities as Current or Non-current (Amendments to IAS 1, Presentation of Financial Statements)**

The amendments to IAS 1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively.

### **Disclosure of Accounting Policies (Amendments to IAS 1)**

The amendments to IAS 1 require an entity to disclose its material accounting policies instead of its significant accounting policies. The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied prospectively.

### **Reference to the Conceptual Framework (Amendments to IFRS 3, Business Combinations)**

The amendments to IFRS 3 update an outdated reference in IFRS 3 without significantly changing its requirements and add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendments are effective for annual periods beginning on or after January 1, 2022 and are to be applied prospectively.

### **Definition of Accounting Estimates (Amendments to IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors)**

The amendments to IAS 8 provide guidance to assist entities in distinguishing between accounting policies and accounting estimates. The amendments replace the definition of a change in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied prospectively.

### **Fees in the "10 Per Cent Test" for Derecognition of Financial Liabilities (Amendments to IFRS 9, Financial Instruments)**

The amendments to IFRS 9 clarify which fees an entity includes when it applies the "10 per cent test" in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments are effective for annual periods beginning on or after January 1, 2022 and are to be applied prospectively.

### **Deferred Tax on Assets and Liabilities Arising From Lease and Decommissioning Obligation Transactions (Amendments to IAS 12, Income Taxes)**

The amendments to IAS 12 provide clarifications in accounting for deferred tax on certain transactions such as leases and decommissioning obligations. The amendments clarify that the initial recognition exemption does not apply to transactions such as leases and decommissioning obligations. As a result, entities may need to recognize both a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of leases and decommissioning

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obligations. The amendments are effective for annual periods beginning on or after January 1, 2023 and are to be applied to transactions that occur on or after the beginning of the earliest comparative period presented.

## Extension of an Exemption From Assessing Whether a COVID-19-related Rent Concession is a Lease Modification (Amendments to IFRS 16, Leases)

The amendments to IFRS 16 issued in May 2020 provided lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification, and instead required lessees that applied the exemption to account for COVID-19-related rent concessions as if they were not lease modifications. The exemption was initially limited to any reduction in lease payments originally due on or before June 30, 2021. The new amendments have extended the applicable period, by one year, to payments originally due on or before June 30, 2022. The amendments are effective for annual reporting periods beginning on or after April 1, 2021 and are to be applied retrospectively.

## Property, Plant and Equipment - Proceeds Before Intended Use (Amendments to IAS 16, Property, Plant and Equipment)

The amendments to IAS 16 prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendments are effective for annual periods beginning on or after January 1, 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

## Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37, Provisions, Contingent Liabilities and Contingent Assets)

The amendments to IAS 37 provide guidance regarding the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract and can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after January 1, 2022 with comparative figures not restated.

The Company is still assessing the impact of adopting these amendments on its future financial statements.

## 7. CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

	September 30 2021	December 31 2020
Cash balances excluding joint operations	\$ 7,402	\$ 100,454
Cash balances of joint operations	544,411	557,816
	<b>\$ 551,813</b>	<b>\$ 658,270</b>
Restricted cash	<b>\$ 85,483</b>	\$ 111,208
	<b>\$ 85,483</b>	\$ 111,208

Cash and cash equivalents on deposit in the bank accounts of joint operations cannot be accessed directly by the Company.

Restricted cash is cash held by Bermuda Skyport Corporation Limited ("Skyport"). This cash cannot be used by the Company other than to finance the Bermuda International Airport Redevelopment Project.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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### 8. TRADE AND OTHER RECEIVABLES

	September 30 2021	December 31 2020
Trade receivables	\$ 491,092	\$ 435,432
Allowance for expected credit losses	(1,032)	(1,140)
	<b>490,060</b>	<b>434,292</b>
Holdbacks receivable	329,959	327,466
Other	50,393	45,353
	<b>380,352</b>	<b>372,819</b>
<b>Total</b>	<b>\$ 870,412</b>	<b>\$ 807,111</b>
<b>Amounts receivable beyond one year</b>	<b>\$ 102,745</b>	<b>\$ 96,317</b>

A reconciliation of the beginning and ending carrying amounts of the Company's allowance for expected credit losses is as follows:

	September 30 2021	December 31 2020
<b>Balance - beginning of period</b>	<b>\$ (1,140)</b>	<b>\$ (758)</b>
Additional amounts provided for during period	(412)	(1,054)
Trade receivables written off during period	159	92
Amounts recovered	361	580
<b>Balance - end of period</b>	<b>\$ (1,032)</b>	<b>\$ (1,140)</b>

### 9. INVENTORIES

	September 30 2021	December 31 2020
Raw materials and supplies	\$ 8,072	\$ 9,918
Finished goods	18,340	11,423
	<b>\$ 26,412</b>	<b>\$ 21,341</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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## 10. PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company performs some construction and concession related projects through non-consolidated entities. The Company's participation in these entities is conducted through joint ventures and associates and is accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market price available for their shares.

The summarized financial information below reflects the Company's share of the amounts presented in the financial statements of joint ventures and associates:

	September 30, 2021			December 31, 2020		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Cash and cash equivalents	\$ 13,953	\$ 935	\$ 14,888	\$ 12,425	\$ 2,251	\$ 14,676
Other current assets	433,994	110	434,104	260,870	264	261,134
<b>Total current assets</b>	<b>447,947</b>	<b>1,045</b>	<b>448,992</b>	<b>273,295</b>	<b>2,515</b>	<b>275,810</b>
Non-current assets	893,922	-	893,922	838,647	-	838,647
<b>Total assets</b>	<b>1,341,869</b>	<b>1,045</b>	<b>1,342,914</b>	<b>1,111,942</b>	<b>2,515</b>	<b>1,114,457</b>
Trade and other payables and provisions	148,131	814	148,945	121,986	1,214	123,200
Other current financial liabilities	-	-	-	1,413	-	1,413
<b>Total current liabilities</b>	<b>148,131</b>	<b>814</b>	<b>148,945</b>	<b>123,399</b>	<b>1,214</b>	<b>124,613</b>
Non-current financial liabilities	1,129,862	-	1,129,862	944,716	-	944,716
Other non-current liabilities	8,202	-	8,202	7,750	-	7,750
<b>Total non-current liabilities</b>	<b>1,138,064</b>	<b>-</b>	<b>1,138,064</b>	<b>952,466</b>	<b>-</b>	<b>952,466</b>
<b>Total liabilities</b>	<b>1,286,195</b>	<b>814</b>	<b>1,287,009</b>	<b>1,075,865</b>	<b>1,214</b>	<b>1,077,079</b>
<b>Net assets</b>	<b>\$ 55,674</b>	<b>\$ 231</b>	<b>\$ 55,905</b>	<b>\$ 36,077</b>	<b>\$ 1,301</b>	<b>\$ 37,378</b>

	For the three months ended					
	September 30, 2021			September 30, 2020		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Revenue	\$ 171,917	\$ 120	\$ 172,037	\$ 199,358	\$ 279	\$ 199,637
Depreciation and amortization	(156)	-	(156)	(154)	-	(154)
Other costs and expenses	(157,343)	6	(157,337)	(185,913)	(397)	(186,310)
<b>Operating profit (loss)</b>	<b>14,418</b>	<b>126</b>	<b>14,544</b>	<b>13,291</b>	<b>(118)</b>	<b>13,173</b>
Finance cost	(10,052)	-	(10,052)	(8,208)	-	(8,208)
Income tax expense	(535)	-	(535)	(612)	-	(612)
<b>Profit (loss) for the period</b>	<b>3,831</b>	<b>126</b>	<b>3,957</b>	<b>4,471</b>	<b>(118)</b>	<b>4,353</b>
Other comprehensive income	2,784	-	2,784	1,423	-	1,423
<b>Total comprehensive income (loss)</b>	<b>\$ 6,615</b>	<b>\$ 126</b>	<b>\$ 6,741</b>	<b>\$ 5,894</b>	<b>\$ (118)</b>	<b>\$ 5,776</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

	For the nine months ended					
	September 30, 2021			September 30, 2020		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Revenue	\$ 542,308	\$ 664	\$ 542,972	\$ 504,331	\$ 1,680	\$ 506,011
Depreciation and amortization	(463)	-	(463)	(461)	-	(461)
Other costs and expenses	(502,679)	(134)	(502,813)	(471,042)	(1,988)	(473,030)
<b>Operating profit (loss)</b>	39,166	530	39,696	32,828	(308)	32,520
Finance cost	(28,473)	-	(28,473)	(21,817)	-	(21,817)
Income tax expense	(848)	-	(848)	(809)	-	(809)
<b>Profit (loss) for the period</b>	9,845	530	10,375	10,202	(308)	9,894
Other comprehensive income (loss)	10,931	-	10,931	(22,701)	-	(22,701)
<b>Total comprehensive income (loss)</b>	\$ 20,776	\$ 530	\$ 21,306	\$ (12,499)	\$ (308)	\$ (12,807)

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

	For the nine months ended	For the year ended
	September 30 2021	December 31 2020
<b>Projects accounted for using the equity method - as at beginning of period</b>	\$ 37,378	\$ 45,513
Share of profit for the period	10,375	14,081
Share of other comprehensive income (loss) for the period	10,931	(20,226)
Distributions from projects accounted for using the equity method	(2,779)	(1,990)
<b>Projects accounted for using the equity method - as at end of period</b>	\$ 55,905	\$ 37,378

The following joint ventures and associates are included in projects accounted for using the equity method:

Name	Ownership interest	Joint Venture or Associate	Years included
Yellowline Asphalt Products Ltd.	50%	Joint Venture	2021, 2020
Lower Mattagami Project	20%	Associate	2020
Waterloo LRT Concessionaire	10%	Joint Venture	2021, 2020
Eglinton Crosstown LRT Concessionaire	25%	Joint Venture	2021, 2020
New Post Creek Project	20%	Associate	2020
Finch West LRT Concessionaire	33%	Joint Venture	2021, 2020
Gordie Howe International Bridge Concessionaire	20%	Joint Venture	2021, 2020
Sky-Tec Fibre JV	50%	Joint Venture	2021, 2020
Highway 401 Expansion Project SPV	50%	Joint Venture	2021, 2020
Pattullo Bridge Replacement Project SPV	50%	Joint Venture	2021, 2020
Eglinton Crosstown West Extension Advance Tunnel Project SPV	40%	Joint Venture	2021

Projects accounted for using the equity method include various concession joint ventures or project special purpose vehicles ("SPVs") as listed above. However, the construction activities related to these concessions and project SPVs are classified as joint operations which are accounted for in the consolidated financial statements by reflecting, line by line, the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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## 11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and leasehold improvements	Aggregate properties	Machinery and construction equipment	Office equipment, furniture and fixtures, and computer hardware	Vehicles	Total
<b>Cost</b>							
Balance at January 1, 2021	\$ 47,246	\$ 171,586	\$ 56,656	\$ 337,858	\$ 38,483	\$ 66,941	\$ 718,770
Additions - purchased assets	7,131	5,239	-	10,079	2,041	47	24,537
Additions - right-of-use assets	-	7,809	-	26,643	-	8,178	42,630
Disposals	(1,034)	(14,324)	-	(20,641)	(52)	(6,005)	(42,056)
Foreign currency translation adjustments	-	1	-	10	2	3	16
Balance as at September 30, 2021	\$ 53,343	\$ 170,311	\$ 56,656	\$ 353,949	\$ 40,474	\$ 69,164	\$ 743,897
<b>Accumulated depreciation and impairment</b>							
Balance at January 1, 2021	1,584	66,333	21,275	189,895	34,307	43,199	356,593
Depreciation - purchased assets	-	4,536	633	11,329	2,089	653	19,240
Depreciation - right-of-use assets (a)	194	5,766	-	12,203	-	6,733	24,896
Disposals	(1,006)	(7,598)	-	(18,661)	(47)	(5,692)	(33,004)
Foreign currency translation adjustments	-	5	-	12	3	3	23
Balance as at September 30, 2021	\$ 772	\$ 69,042	\$ 21,908	\$ 194,778	\$ 36,352	\$ 44,896	\$ 367,748
<b>Net book value as at September 30, 2021</b>	<b>\$ 52,571</b>	<b>\$ 101,269</b>	<b>\$ 34,748</b>	<b>\$ 159,171</b>	<b>\$ 4,122</b>	<b>\$ 24,268</b>	<b>\$ 376,149</b>
<b>Net book value as at January 1, 2021</b>	<b>\$ 45,662</b>	<b>\$ 105,253</b>	<b>\$ 35,381</b>	<b>\$ 147,963</b>	<b>\$ 4,176</b>	<b>\$ 23,742</b>	<b>\$ 362,177</b>
<b>Net book value of right-of-use assets included in property, plant &amp; equipment as at January 1, 2021</b>							
	\$ 1,103	\$ 38,481	\$ 75	\$ 74,156	\$ -	\$ 21,089	\$ 134,904
<b>Net book value of right-of-use assets included in property, plant &amp; equipment as at September 30, 2021</b>							
	\$ 909	\$ 33,795	\$ 75	\$ 88,583	\$ -	\$ 22,409	\$ 145,771

(a) Depreciation of land relates to leases of land following the adoption of IFRS 16.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## 12. INTANGIBLE ASSETS

	Concession Rights		Goodwill		Licences, software and other rights		Total
<b>Cost</b>							
Balance as at January 1, 2021	\$	624,476	\$	83,830	\$	97,025	\$ 805,331
Additions							
Separately acquired or constructed		3,686		-		2,195	5,881
Disposals		-		-		(7)	(7)
Foreign currency translation adjustments		508		-		-	508
Balance as at September 30, 2021	\$	628,670	\$	83,830	\$	99,213	\$ 811,713
<b>Accumulated amortization and impairment</b>							
Balance as at January 1, 2021		97,566		-		58,315	155,881
Amortization		15,099		-		7,123	22,222
Disposals		-		-		(7)	(7)
Foreign currency translation adjustments		344		-		1	345
Balance as at September 30, 2021	\$	113,009	\$	-	\$	65,432	\$ 178,441
<b>Net book value as at September 30, 2021</b>	\$	515,661	\$	83,830	\$	33,781	\$ 633,272
<b>Net book value as at January 1, 2021</b>	\$	526,910	\$	83,830	\$	38,710	\$ 649,450

Amortization of intangible assets is included in the depreciation and amortization expense line item on the consolidated statements of income.

## 13. BANK INDEBTEDNESS

	September 30 2021	December 31 2020
Bank indebtedness	\$ 50,000	\$ -
	\$ 50,000	\$ -

As at September 30, 2021, the Company had a committed revolving credit facility of \$600,000 (December 31, 2020 - \$600,000). In 2021, the Company's uncommitted demand letter of credit facilities were increased to \$201,000 as at September 30, 2021 (December 31, 2020 - \$101,000) from Canadian banks and \$44,403 (€30,000) from a Spanish bank (December 31, 2020 - \$46,824 (€30,000)). Bank indebtedness representing borrowings on the Company's revolving credit facility as at September 30, 2021 was \$50,000 (December 31, 2020 - \$nil). Letters of credit amounting to \$7,994 and \$20,264, respectively, were issued against the revolving credit facility and the uncommitted demand letter of credit facilities as at September 30, 2021 (December 31, 2020 - \$6,008 and \$24,018, respectively). Cash drawings under the revolving credit facility bear interest at rates between prime and prime plus 1.20% per annum. Letters of credit drawn on the revolving credit facility reduce the amount available-for-use under this facility. On June 30, 2021, the Company completed a two-year extension of its revolving credit facility which now matures on June 30, 2025.

The Company also maintains an additional performance security guarantee facility to support letters of credit provided by Export Development Canada. In the first quarter of 2021, this performance security guarantee facility was increased from \$700,000 at December 31, 2020 to \$900,000 at September 30, 2021, of which \$450,097 was utilized as at September 30, 2021 (December 31, 2020 - \$462,950). On June 30, 2021, this performance security guarantee facility was extended and now matures with respect to supporting new letters of credit on June 30, 2023.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## 14. TRADE AND OTHER PAYABLES

	September 30 2021	December 31 2020
Trade payables and accrued liabilities	\$ 853,825	\$ 792,323
Holdbacks payable	141,236	132,015
	<b>\$ 995,061</b>	<b>\$ 924,338</b>
Amounts payable beyond one year	<b>\$ 39,280</b>	<b>\$ 33,807</b>

## 15. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
<b>Balance as at January 1, 2021</b>	\$ 7,228	\$ 5,524	\$ 8,286	\$ 1,413	<b>\$ 22,451</b>
Additions made	10,342	7	-	2,264	<b>12,613</b>
Amounts used	(777)	(69)	-	(2,024)	<b>(2,870)</b>
Other changes	(104)	155	-	-	<b>51</b>
Unused amounts reversed	(645)	-	-	-	<b>(645)</b>
<b>Balance as at September 30, 2021</b>	<b>\$ 16,044</b>	<b>\$ 5,617</b>	<b>\$ 8,286</b>	<b>\$ 1,653</b>	<b>\$ 31,600</b>
<b>Reported as:</b>					
<b>Current</b>	\$ 13,488	\$ -	\$ 8,286	\$ 1,653	<b>\$ 23,427</b>
<b>Non-current</b>	2,556	5,617	-	-	<b>8,173</b>
	<b>\$ 16,044</b>	<b>\$ 5,617</b>	<b>\$ 8,286</b>	<b>\$ 1,653</b>	<b>\$ 31,600</b>

## 16. LONG-TERM DEBT AND NON-RECOURSE PROJECT DEBT

### LONG-TERM DEBT

	September 30 2021	December 31 2020
<b>Long-term debt:</b>		
Leases	\$ 170,069	\$ 164,774
Equipment and other loans	55,301	35,328
<b>Total long-term debt</b>	<b>\$ 225,370</b>	<b>\$ 200,102</b>
<b>Reported as:</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 55,785	\$ 56,568
<b>Non-current liabilities:</b>		
Long-term debt	169,585	143,534
	<b>\$ 225,370</b>	<b>\$ 200,102</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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The following describes the components of long-term debt:

- (a) As at September 30, 2021, leases of \$170,069 (December 31, 2020 - \$164,774) bore interest at fixed rates averaging 2.96% (December 31, 2020 – 3.27%) per annum, with specific equipment provided as security.
- (b) As at September 30, 2021, equipment and other loans of \$55,301 (December 31, 2020 - \$35,328) bore interest at fixed rates averaging 2.85% (December 31, 2020 – 2.92%) per annum, with specific equipment provided as security.

The weighted average interest rate on total long-term debt outstanding (excluding convertible debentures and non-recourse project debt) as at September 30, 2021 was 2.94% (December 31, 2020 – 3.21%).

Expenses relating to short-term leases and leases of low-value assets recognized in the statement of income during the three and nine months ended September 30, 2021 were \$25,252 and \$58,702, respectively (2020 - \$24,568 and \$62,608, respectively).

Total cash outflow related to lease liabilities for the three and nine months ended September 30, 2021 were \$16,229 and \$43,118, respectively (2020 – \$13,940 and \$41,324).

Refer to Note 11, “*Property, plant and equipment*” for further details of additions to right-of-use assets and depreciation charged on right-of-use assets during the nine months ended September 30, 2021.

Refer to Note 25, “*Finance cost*” for further details of interest on lease liabilities recognized during the three and nine months ended September 30, 2021.

Refer to Note 28, “*Financial instruments*” for contractual maturities of lease liabilities as at September 30, 2021.

### NON-RECOURSE PROJECT DEBT

	September 30 2021	December 31 2020
<b>Non-recourse project debt:</b>		
Bermuda International Airport Redevelopment Project financing (a)	\$ 359,266	\$ 358,871
<b>Total non-recourse project debt</b>	<b>\$ 359,266</b>	<b>\$ 358,871</b>
<b>Reported as:</b>		
<b>Non-current liabilities:</b>		
Non-recourse project debt	\$ 359,266	\$ 358,871
	<b>\$ 359,266</b>	<b>\$ 358,871</b>

- (a) Included in the Company’s consolidated balance sheet as at September 30, 2021 is debt, net of transaction costs, of \$359,266 (US\$281,976) (December 31, 2020 – \$358,871 (US\$281,865)) representing the debt of Skyport. This debt is secured by the assets of Skyport and is without recourse to the Company.

The financing is denominated in US dollars and bears interest at 5.90% annually. Debt repayments commence in 2022 and are scheduled to continue until 2042.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## 17. CONVERTIBLE DEBENTURES

Convertible subordinated debentures consist of:

	September 30 2021	December 31 2020
<b>Debt component:</b>		
Debenture maturing on December 31, 2023 - 5.0% Debentures	172,675	169,057
<b>Total convertible debentures</b>	<b>\$ 172,675</b>	<b>\$ 169,057</b>
<b>Reported as:</b>		
<b>Non-current liabilities:</b>		
Convertible debentures	172,675	169,057
	<b>\$ 172,675</b>	<b>\$ 169,057</b>
	September 30 2021	December 31 2020
<b>Equity component:</b>		
Debenture maturing on December 31, 2023 - 5.0% Debentures	\$ 12,707	\$ 12,707

Finance cost associated with the debentures consists of:

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Interest expense on face value	\$ 2,300	\$ 2,300	\$ 6,900	\$ 6,900
Notional interest representing accretion	1,215	1,181	3,618	3,517
	<b>\$ 3,515</b>	<b>\$ 3,481</b>	<b>\$ 10,518</b>	<b>\$ 10,417</b>

At the holder's option, the 5.0% Debentures may be converted into common shares of the Company at any time up to the maturity dates at a conversion price of \$23.47 for each common share, subject to adjustment in certain circumstances. The 5.0% Debentures will not be redeemable before December 31, 2021. The Company may, at its option, redeem the 5.0% Debentures from December 31, 2021 to December 31, 2022, in whole or in part, at par plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange during a specified period prior to redemption is not less than 125% of the conversion price. From December 31, 2022 through to the maturity date, the Company, at its option, may redeem the 5.0% Debentures, in whole or in part, at par plus accrued and unpaid interest.

As at September 30, 2021, the face value of the 5.0% Debentures which remains outstanding was \$184,000 (December 31, 2020 - \$184,000).



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## 18. CONCESSION RELATED DEFERRED REVENUE

Concession related deferred revenue consists of:

	September 30 2021	December 31 2020
Bermuda International Airport Redevelopment Project	\$ 96,369	\$ 99,138
	<b>\$ 96,369</b>	<b>\$ 99,138</b>

As part of acquiring, in 2017, the rights to operate the Existing Bermuda Airport, concession related deferred revenue includes the estimated value of the "inducement" received by Skyport to develop, finance and operate the New Airport Terminal as well as development funds related to the Bermuda International Airport Redevelopment Project. These concession deferred revenue amounts are amortized to earnings over the term of the New Airport Terminal concession period. The New Airport Terminal commenced operations on December 9, 2020. Amounts recognized as revenue for the three and nine months ended September 30, 2021 were \$931 and \$2,777, respectively (2020 - \$nil and \$nil, respectively).

## 19. INCOME TAXES

The provision for income taxes differs from the result that would be obtained by applying combined Canadian federal and provincial (Ontario, Alberta, Quebec and British Columbia) statutory income tax rates to profit or loss before income taxes. This difference results from the following:

	For the nine months ended	
	September 30 2021	September 30 2020
Profit before income taxes	\$ 54,804	\$ 77,679
Statutory income tax rate	26.20%	26.50%
Expected income tax expense	(14,359)	(20,585)
Effect on income taxes of:		
Projects accounted for using the equity method	622	644
Provincial and foreign rate differences	(3,119)	(2,395)
Other	(339)	704
	<b>(2,836)</b>	<b>(1,047)</b>
Income tax expense	<b>\$ (17,195)</b>	<b>\$ (21,632)</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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## 20. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Defined benefit pension expense:				
Company sponsored pension plans	\$ 124	\$ 95	\$ 373	\$ 285
Defined contribution pension expense:				
Company sponsored pension plans	2,246	2,058	6,817	6,135
Multi-employer pension plans	24,985	17,627	64,475	42,332
Total employee future benefit expense	\$ 27,355	\$ 19,780	\$ 71,665	\$ 48,752

## 21. CONTINGENCIES

### Coastal GasLink Pipeline, Sections 3 and 4

The project has been delayed and impacted by various events for which SA Energy Group ("SAEG"), a partnership in which the Company holds a 50% interest, asserts Coastal GasLink ("CGL") is contractually responsible, including, but not limited to, significant scope changes and delays by the client, unforeseen site conditions, recoverable weather impacts and a suspension implemented by the client as a result of regulatory restrictions imposed due to the COVID-19 pandemic. SAEG asserts that it is entitled to additional compensation for costs associated with those delays and impacts. During the second quarter of 2021, CGL issued a Change Directive instructing SAEG to proceed with completing the remaining work on the project without an agreement as to the price for that work and without making any interim additional payments on account of the increased costs. In the third quarter, the difference between costs being incurred by SAEG and compensation being agreed to by CGL has further increased due to CGL's failure to appropriately administer its change management process and its unilateral decision to stop paying amounts it had previously agreed to pay on an interim basis pending dispute resolution. As a result, RB Somerville, the Company's 50% partner in SAEG, has expressed that it will be unable to continue funding its share of the cash flow requirements of the project beyond the first quarter of 2022 should the situation not improve. Should RB Somerville cease funding its share of the cash flow requirements of the project, the Company's requirement to fund further cash flow shortfalls from that point on would double. If that were the case, and in the absence of a resolution with CGL that improves the cash flow situation on the project, the Company may not be in a position to continue funding the project to completion (projected for the first quarter of 2023). As SAEG believes it has strong contractual entitlement to additional compensation that CGL is not addressing on a timely basis, it has commenced an arbitration pursuant to the terms of the contract to resolve the matter. While this commercial dispute could result in a material impact to Aecon's earnings, cash flow, and financial position if not resolved favourably in a timely manner, the ultimate results cannot be predicted at this time.

### Kemano Generating Station Second Tunnel Project

During the second quarter of 2020, Rio Tinto issued a notice of termination of contract to the joint venture in which Aecon holds a 40% interest with respect to the Kemano Generating Station Second Tunnel Project. Rio Tinto also issued notice to the joint ventures' sureties asserting a claim on the 50% performance bonds; the sureties entered into a cooperation agreement with Rio Tinto but have not taken a position on the validity of this claim on the bonds. In the third quarter of 2020, the joint venture issued a notice of civil claim seeking approximately \$105,000 in damages from Rio Tinto. The joint venture has also registered and perfected a builders' lien against project lands, providing security over approximately \$97,000 of the claimed damages. Rio Tinto has issued a counterclaim against the joint venture but has not articulated the amount of damages it may seek from the joint venture; such amount is expected to be material. While it is possible that this commercial dispute could result in a material impact to Aecon's earnings and cash flow if not resolved, the ultimate

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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results cannot be predicted at this time. The aforementioned notice of civil claim was commenced in the Supreme Court of British Columbia between Frontier Kemper Constructors and Frontier Kemper – Aecon Joint Venture as plaintiffs/defendants by counterclaim and Rio Tinto Alcan Inc. and Aluminum Company of Canada Limited/Aluminum Du Canada Limitee as the defendants/plaintiffs by counterclaim.

### K+S Potash Canada

During the second quarter of 2018, the Company filed a statement of claim in the Court of Queen's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking \$180,000 in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately \$14,000 in damages. The Company has recorded \$139,300 of unbilled revenue and accounts receivable as at September 30, 2021. Offsetting this amount to some extent, the Company has accrued \$45,000 in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately \$195,000 already paid to the Company pursuant to such agreements. The Company has also been brought into two other lawsuits in the same Court between KSPC and various other contractors involved with the Legacy mine project, both relating to matters which the Company believes are materially covered by insurance coverage, to the extent of any liability. These claims may not be resolved for several years. While the Company considers KSPC's claim to be without merit and does not expect that the resolution of these claims will cause a material impact to its financial position, the ultimate results cannot be predicted at this time.

The Company is involved in various other disputes and litigation both as plaintiff and defendant. In the opinion of management, the resolution of other disputes against the Company, including those provided for (see Note 15, "Provisions"), will not result in a material effect on the consolidated financial position of the Company.

See also Note 4, "Critical Accounting Estimates" for judgments and estimates impacting litigation risk and claims risk.

As part of regular operations, the Company has the following guarantees and letters of credit outstanding:

	Project	September 30 2021
<b>Letters of credit:</b>		
Financial and performance - issued by Export Development Canada	Various joint arrangement projects	\$ 450,097
Financial and performance - issued in the normal conduct of business	Various	\$ 28,258

Under the terms of many of the Company's associate and joint arrangement contracts with project owners, each of the partners is jointly and severally liable for performance under the contracts. As at September 30, 2021, the value of uncompleted work for which the Company's associate and joint arrangement partners are responsible, and which the Company could be responsible for assuming, amounted to approximately \$13,319,757 a portion of which is supported by performance bonds. In the event the Company assumed this additional work, it would have the right to receive the partner's share of billings to the project owners pursuant to the respective associate or joint arrangement contract.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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## 22. CAPITAL STOCK

	For the nine months ended September 30, 2021		For the year ended December 31, 2020	
	Number	Amount	Number	Amount
<b>Number of common shares outstanding - beginning of period</b>	<b>60,219,825</b>	<b>\$ 395,733</b>	60,715,625	\$ 394,291
Shares issued to settle LTIP/ESU/Director DSU obligations	100,772	1,486	442,137	7,533
Common shares purchased under Normal Course Issuer Bid	-	-	(937,937)	(6,091)
<b>Number of common shares outstanding - end of period</b>	<b>60,320,597</b>	<b>\$ 397,219</b>	60,219,825	\$ 395,733

The Company is authorized to issue an unlimited number of common shares.

## STOCK-BASED COMPENSATION

### Long-Term Incentive Plan

In 2005 and 2014, the Company adopted Long-Term Incentive Plans (collectively “LTIP” or individually “2005 LTIP” or “2014 LTIP”) to provide a financial incentive for its senior executives to devote their efforts to the long-term success of the Company’s business. Awards to participants are based on the financial results of the Company and are made in the form of Deferred Share Units (“DSUs”) or in the form of Restricted Share Units (“RSUs”). Awards made in the form of DSUs will vest only on the retirement or termination of the participant. Awards made in the form of RSUs will vest annually over three years. Compensation charges related to the LTIP are expensed over the estimated vesting period of the awards in marketing, general and administrative expense. Awards made to individuals who are eligible to retire under the plan are assumed, for accounting purposes, to vest immediately.

For the three and nine months ended September 30, 2021, the Company recorded LTIP compensation charges of \$4,246 (2020 - \$4,584) and \$12,379 (2020 - \$10,484), respectively.

### Other Stock-based Compensation – Director DSU Awards

In February 2021, the Board of Directors modified its director compensation program by replacing the 2014 Director DSU Plan (as defined below) with a director deferred share unit plan that provides for the settlement of DSUs in cash only (the “2021 Director DSU Plan”) for future grants. A DSU is a right to receive an amount from the Company equal to the value of one common share. In addition to the discretionary award of DSUs, directors have an option to elect to receive 50% or 100% of their Board annual retainer fee that is otherwise payable in cash in the form of DSUs. The number of DSUs awarded to a director is equal to the value of the compensation that a director elects to receive in DSUs or the value awarded by the Company on an annual basis divided by the volume weighted average trading price of a common share on the TSX for the five trading days prior to the date of the award. DSUs are redeemable on the first business day following the date the director ceases to serve on the Board.

The Board of Directors will no longer issue new DSUs under the director deferred share unit plan dated May 2014 (the “2014 Director DSU Plan”). The last award of DSUs under the 2014 Director DSU Plan was made on March 12, 2020. DSUs granted under the 2014 Director DSU Plan will continue to be governed by the terms of the 2014 Director DSU Plan.

Director DSU awards are expensed in full on the date of grant and recognized in marketing, general and administrative expense in the consolidated statements of income. DSU awards under the 2014 Director DSU Plan are accounted for as equity-settled stock-based transactions. DSU awards under the 2021 Director DSU Plan are accounted for as cash-settled stock-based transactions with the related liability revalued to fair value at the end of each reporting period. Director DSUs have accompanying dividend equivalent rights, which are also expensed as earned in marketing, general and administrative expense.

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For the three and nine months ended September 30, 2021, the Company recorded Director DSU compensation expense, net of fair value adjustments, of \$593 and \$1,759, respectively (2020 - \$140 and \$1,265, respectively).

**Other Stock-based Compensation – Employee Share Unit (ESU) Awards**

In April 2019, the Company adopted an Employee Share Unit (“ESU”) plan, an employee benefit program that enables all permanent, non-unionized, Canadian resident employees to become shareholders of the Company. The program includes ESUs gifted to eligible employees, and additional ESUs that may be purchased by eligible employees during a predetermined window each year at a discounted price.

ESU awards and purchases vest annually over three years. ESUs are equity settled awards with compensation charges related to ESU awards and purchases expensed over the estimated vesting period in marketing, general and administrative expense.

For the three and nine months ended September 30, 2021, the Company recorded an ESU compensation charge of \$213 (2020 - \$199) and \$705 (2020 - \$838), respectively.

Details of the changes in the balance of LTIP awards, Director DSUs, and ESUs outstanding are detailed below:

	<b>For the nine months ended September 30, 2021</b>		
	<b>LTIP</b>	<b>Director DSUs</b>	<b>ESUs</b>
	<b>Share Units</b>		
Balance outstanding - beginning of period	<b>2,624,761</b>	<b>330,480</b>	<b>202,706</b>
Granted	<b>810,385</b>	<b>75,302</b>	<b>140,961</b>
Dividend equivalent rights	<b>87,516</b>	<b>10,485</b>	<b>13,077</b>
Settled	<b>(100,772)</b>	<b>(67,655)</b>	<b>(9,688)</b>
Forfeited	<b>(64,236)</b>	<b>(19)</b>	<b>(29,319)</b>
Balance outstanding - end of period	<b>3,357,654</b>	<b>348,593</b>	<b>317,737</b>

	<b>Weighted Average Grant Date Fair Value Per Unit</b>		
Balance outstanding - beginning of period	<b>\$ 14.82</b>	<b>\$ 15.99</b>	<b>\$ 17.05</b>
Granted	<b>19.15</b>	<b>18.82</b>	<b>19.15</b>
Dividend equivalent rights	<b>15.56</b>	<b>16.30</b>	<b>17.54</b>
Settled	<b>13.70</b>	<b>18.19</b>	<b>17.56</b>
Forfeited	<b>16.57</b>	<b>18.19</b>	<b>16.31</b>
Balance outstanding - end of period	<b>\$ 15.88</b>	<b>\$ 16.67</b>	<b>\$ 18.05</b>

Amounts included in Contributed Surplus in the Consolidated Balance Sheets as at September 30, 2021 in respect of LTIP, Director DSUs, and ESUs were \$44,669 (December 31, 2020 - \$33,670), \$4,599 (December 31, 2020 - \$5,283), and \$4,560 (December 31, 2020 - \$2,553), respectively. Amounts included in Trade and Other Payables in the Consolidated Balance Sheets as at September 30, 2021 in respect of Director DSUs was \$1,212 (December 31, 2020 - \$nil).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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### 23. EXPENSES

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Personnel	\$ 286,226	\$ 163,571	\$ 840,001	\$ 554,348
Subcontractors	499,016	394,536	1,207,944	1,079,009
Materials	235,196	321,697	541,186	650,179
Equipment costs	55,929	24,857	146,610	108,387
Depreciation of property, plant and equipment and amortization of intangible assets	22,111	22,329	66,358	64,504
Other expenses	6,200	10,434	14,943	25,915
<b>Total expenses</b>	<b>\$ 1,104,678</b>	<b>\$ 937,424</b>	<b>\$ 2,817,042</b>	<b>\$ 2,482,342</b>

#### Reported as:

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Direct costs and expenses	\$ 1,040,191	\$ 877,227	\$ 2,616,304	\$ 2,289,140
Marketing, general and administrative expense	42,376	37,868	134,380	128,698
Depreciation and amortization	22,111	22,329	66,358	64,504
<b>Total expenses</b>	<b>\$ 1,104,678</b>	<b>\$ 937,424</b>	<b>\$ 2,817,042</b>	<b>\$ 2,482,342</b>

### 24. OTHER INCOME

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Foreign exchange loss	\$ (52)	\$ (464)	\$ (651)	\$ (692)
Gain on sale of property, plant and equipment	986	858	3,961	1,971
Other gains	-	-	2,667	1,105
<b>Total other income</b>	<b>\$ 934</b>	<b>\$ 394</b>	<b>\$ 5,977</b>	<b>\$ 2,384</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

### 25. FINANCE COST

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Interest and notional interest on long-term debt and debentures	\$ 9,263	\$ 3,887	\$ 27,469	\$ 11,598
Interest on leases	1,142	1,207	3,248	3,564
Interest on short-term debt	1,263	1,646	2,898	4,162
Notional interest on provisions	152	76	51	237
<b>Total finance cost</b>	<b>\$ 11,820</b>	<b>\$ 6,816</b>	<b>\$ 33,666</b>	<b>\$ 19,561</b>

### 26. EARNINGS PER SHARE

Details of the calculations of earnings per share are set out below:

	For the three months ended		For the nine months ended	
	September 30 2021	September 30 2020	September 30 2021	September 30 2020
Profit attributable to shareholders	\$ 38,429	\$ 73,624	\$ 37,609	\$ 56,047
Interest on convertible debentures, net of tax <sup>(1)</sup>	2,583	2,558	7,731	7,656
Diluted net earnings	\$ 41,012	\$ 76,182	\$ 45,340	\$ 63,703
Average number of common shares outstanding	60,320,454	59,876,749	60,282,565	60,059,228
Effect of dilutive securities: <sup>(1)</sup>				
Convertible debentures <sup>(1)</sup>	9,565,926	13,513,900	10,193,151	12,971,988
Long-term incentive plan	3,643,014	3,337,317	3,643,014	3,337,317
Weighted average number of diluted common shares outstanding	73,529,394	76,727,966	74,118,730	76,368,533
Basic earnings per share	\$ 0.64	\$ 1.23	\$ 0.62	\$ 0.93
Diluted earnings per share <sup>(1)</sup>	\$ 0.56	\$ 0.99	\$ 0.59	\$ 0.83

<sup>(1)</sup> When the impact of dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings (loss) per share.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

## 27. SUPPLEMENTARY CASH FLOW INFORMATION

### Change in other balances relating to operations

	For the nine months ended	
	September 30 2021	September 30 2020
Decrease (increase) in:		
Trade and other receivables	\$ (62,483)	\$ (147,772)
Unbilled revenue	(136,031)	(114,250)
Inventories	(5,070)	3,253
Prepaid expenses	(736)	(12,041)
Increase (decrease) in:		
Trade and other payables	72,519	176,136
Provisions	(2,870)	(11,472)
Deferred revenue	(30,588)	43,960
	<b>\$ (165,259)</b>	<b>\$ (62,186)</b>

### Cash flows from interest

	For the nine months ended	
	September 30 2021	September 30 2020
<b>Operating activities</b>		
Cash interest paid	\$ (32,800)	\$ (35,481)
Cash interest received	442	1,426

## 28. FINANCIAL INSTRUMENTS

### Fair value

From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar but does not hold or issue such financial instruments for speculative trading purposes. As at September 30, 2021, the Company had contracts to buy US\$5,080 (December 31, 2020 - US\$5,240) on which there was a cumulative net unrealized exchange loss of \$127 recorded in the consolidated statements of income as at that date (December 31, 2020 - \$62). In addition, as at September 30, 2021, outstanding contracts to buy US\$145,228 (December 31, 2020 – buy US\$195,749) were designated as cash flow hedges on which there was a cumulative unrealized loss recorded in other comprehensive income of \$813 (December 31, 2020 – \$2,139). The net unrealized exchange gain or loss represents the estimated amount the Company would have received/paid if it terminated the contracts at the end of the respective periods.

In addition, some of the Company's investments in projects accounted for using the equity method enter into derivative financial instruments, namely interest rate swaps, to hedge the variability of interest rates related to non-recourse project debt. As at September 30, 2021, for these derivative financial instruments designated as cash flow hedges, there was a cumulative unrealized loss recorded in other comprehensive income of \$18,636 (December 31, 2020 - \$30,996).



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

IFRS 13, "Fair Value Measurement", enhances disclosures about fair value measurements. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs, other than Level 1 inputs, that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include: quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's fair value disclosures of financial instruments are calculated.

	As at September 30, 2021			
	Total	Level 1	Level 2	Level 3
<b>Financial assets (liabilities) measured at fair value:</b>				
Cash flow hedges	\$ (19,449)	\$ -	\$ (19,449)	\$ -
<b>Financial assets (liabilities) disclosed at fair value:</b>				
Long-term financial assets	2,258	-	2,258	-
Current portion of long-term debt	(61,391)	-	(61,391)	-
Long-term debt	(174,086)	-	(174,086)	-
Non-recourse project debt	(359,266)	-	(359,266)	-
Convertible debentures	(192,280)	(192,280)	-	-

During the nine months ended September 30, 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

## Risk management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated Company basis.

## Credit risk

Concentration of credit risk associated with accounts receivable, holdbacks receivable and unbilled revenue is limited by the Company's diversified customer base and its dispersion across different business and geographic areas.

As at September 30, 2021, the Company had \$74,443 in trade receivables that were past due. Of this amount, \$57,743 was over 60 days past due, against which the Company has recorded an allowance for expected credit losses of \$1,032.

## Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or another financial asset.

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Contractual maturities for financial liabilities as at September 30, 2021 are as follows:

	Due within one year	Due between one and five years	Due after five years	Total undiscounted cash flows	Effect of interest	Carrying value
Bank indebtedness	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ 50,000
Trade and other payables	\$ 955,781	\$ 39,280	\$ -	\$ 995,061	\$ -	\$ 995,061
Leases	\$ 50,272	\$ 116,260	\$ 16,550	\$ 183,082	\$ (13,013)	\$ 170,069
Equipment and other loans	11,271	37,637	12,698	61,606	(6,305)	55,301
	61,543	153,897	29,248	244,688	(19,318)	225,370
Non-recourse project debt	21,424	102,919	553,306	677,649	(318,383)	359,266
Convertible debentures	9,200	197,800	-	207,000	(34,325)	172,675
Long-term financial liabilities	\$ 92,167	\$ 454,616	\$ 582,554	\$ 1,129,337	\$ (372,026)	\$ 757,311

**Interest rate risk**

The Company is exposed to interest rate risk on its short-term deposits and its long-term debt to the extent that its investments or credit facilities are based on floating rates of interest.

For the nine months ended September 30, 2021, a 1% increase or a 1% decrease in interest rates applied to the Company's variable rate long-term debt would not have a significant impact on net earnings or comprehensive income.

**Currency risk**

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company is mainly exposed to fluctuations in the US dollar.

The Company's sensitivity to a 10% change in the US dollar against the Canadian dollar as at September 30, 2021 to profit or loss for currency exposures would be \$11,759. The sensitivity analysis includes foreign currency denominated monetary items but excludes all investments in joint ventures and hedges and adjusts their translation at year-end for the above 10% change in foreign currency rates.

**29. CAPITAL DISCLOSURES**

For capital management purposes, the Company defines capital as the aggregate of its shareholders' equity and debt. Debt includes the current and non-current portions of long-term debt (excluding non-recourse debt) and the current and non-current long-term debt components of convertible debentures.

Although the Company monitors capital on a number of bases, including liquidity and working capital, total debt (excluding non-recourse debt and drawings on the Company's credit facility presented as bank indebtedness) as a percentage of total capitalization (debt to capitalization percentage) is considered to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. As at September 30, 2021, the debt to capitalization percentage including convertible debentures as debt was 31% (December 31, 2020 - 30%). If the convertible debentures were to be excluded from debt and added to equity on the basis that they could be redeemed for equity, either at the Company's option or at the holder's option, then the adjusted debt to capitalization percentage would be 17% as at September 30, 2021 (December 31, 2020 - 16%). While the Company believes this debt to capitalization percentage is acceptable, because of the cyclical nature of its business, the Company will continue its current efforts to maintain a conservative capital position.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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As at September 30, 2021, the Company complied with all of its financial debt covenants.

**30. OPERATING SEGMENTS**

Segment reporting is based on the Company's divisional operations. The breakdown by division mirrors the Company's internal reporting systems.

The Company currently operates in two segments within the infrastructure development industry: Construction and Concessions. The other costs and eliminations category in the summary below includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

For the three months ended September 30, 2021					
	Construction	Concessions	Other and eliminations		Total
<b>Consolidated statements of income</b>					
External customer revenue	\$ 1,141,789	\$ 21,652	\$ -		\$ 1,163,441
Inter-segment revenue	648	-	(648)		-
<b>Total revenue</b>	<b>1,142,437</b>	<b>21,652</b>	<b>(648)</b>		<b>1,163,441</b>
<b>Expenses</b>	<b>\$ (1,081,764)</b>	<b>\$ (15,257)</b>	<b>\$ (7,657)</b>		<b>\$ (1,104,678)</b>
Which include:					
Depreciation and amortization	(16,566)	(5,274)	(271)		(22,111)
<b>Other income (loss):</b>					
Foreign exchange gain (loss)	\$ 296	\$ 14	\$ (362)		\$ (52)
Gain on sale of property, plant and equipment	986	-	-		986
<b>Income from projects accounted for using the equity method</b>	<b>\$ 1,453</b>	<b>\$ 2,504</b>	<b>\$ -</b>		<b>\$ 3,957</b>
<b>Operating profit (loss)</b>	<b>\$ 63,408</b>	<b>\$ 8,913</b>	<b>\$ (8,667)</b>		<b>\$ 63,654</b>
<b>Finance income (cost):</b>					
Finance income					\$ 137
Finance cost					(11,820)
<b>Profit before income taxes</b>					<b>\$ 51,971</b>
<b>Income tax expense</b>					<b>(13,542)</b>
<b>Profit for the period</b>					<b>\$ 38,429</b>
<b>Revenue by contract type</b>					
Fixed price	\$ 603,870	\$ -	\$ (32)		\$ 603,838
Cost plus/unit price	538,567	-	(616)		537,951
Concession operations	-	21,652	-		21,652
<b>Total revenue</b>	<b>1,142,437</b>	<b>21,652</b>	<b>(648)</b>		<b>1,163,441</b>
<b>Revenue by service type</b>					
Construction revenue	\$ 1,142,437	\$ -	\$ (648)		\$ 1,141,789
Concession revenue	-	21,652	-		21,652
<b>Total revenue</b>	<b>1,142,437</b>	<b>21,652</b>	<b>(648)</b>		<b>1,163,441</b>
	Construction	Concessions	Other and eliminations		Total
<b>Consolidated balance sheets</b>					
<b>Segment assets</b>	<b>\$ 2,891,394</b>	<b>\$ 670,031</b>	<b>\$ (169,960)</b>		<b>\$ 3,391,465</b>
Which include:					
Projects accounted for using the equity method	18,919	36,986	-		55,905
<b>Segment liabilities</b>	<b>\$ 1,448,933</b>	<b>\$ 409,233</b>	<b>\$ 630,983</b>		<b>\$ 2,489,149</b>
<b>Additions to non-current assets:</b>					
Property, plant and equipment	\$ 17,807	\$ 42	\$ 1,257		\$ 19,106
Intangible assets	-	(187)	1,085		898

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

For the nine months ended September 30, 2021					
	Construction	Concessions	Other and eliminations		Total
<b>Consolidated statements of income</b>					
External customer revenue	\$ 2,838,798	\$ 49,959	\$ -		\$ 2,888,757
Inter-segment revenue	2,359	-	(2,359)		-
<b>Total revenue</b>	<b>2,841,157</b>	<b>49,959</b>	<b>(2,359)</b>		<b>2,888,757</b>
<b>Expenses</b>	<b>\$ (2,746,358)</b>	<b>\$ (48,363)</b>	<b>\$ (22,321)</b>		<b>\$ (2,817,042)</b>
Which include:					
Depreciation and amortization	(49,647)	(15,658)	(1,053)		(66,358)
<b>Other income (loss):</b>					
Foreign exchange gain (loss)	\$ 1,175	\$ (382)	\$ (1,444)		\$ (651)
Gain on sale of property, plant and equipment	3,961	-	-		3,961
Other gains	2,667	-	-		2,667
<b>Income from projects accounted for using the equity method</b>	<b>\$ 2,135</b>	<b>\$ 8,240</b>	<b>\$ -</b>		<b>\$ 10,375</b>
<b>Operating profit (loss)</b>	<b>\$ 104,737</b>	<b>\$ 9,454</b>	<b>\$ (26,124)</b>		<b>\$ 88,067</b>
<b>Finance income (cost):</b>					
Finance income				\$	403
Finance cost					(33,666)
<b>Profit before income taxes</b>				\$	54,804
<b>Income tax expense</b>					(17,195)
<b>Profit for the period</b>				\$	37,609
<b>Revenue by contract type</b>					
Fixed price	\$ 1,658,570	\$ 3,014	\$ (1,459)		\$ 1,660,125
Cost plus/unit price	1,182,587	-	(900)		1,181,687
Concession operations	-	46,945	-		46,945
<b>Total revenue</b>	<b>2,841,157</b>	<b>49,959</b>	<b>(2,359)</b>		<b>2,888,757</b>
<b>Revenue by service type</b>					
Construction revenue	\$ 2,841,157	\$ -	\$ (2,359)		\$ 2,838,798
Concession revenue	-	49,959	-		49,959
<b>Total revenue</b>	<b>2,841,157</b>	<b>49,959</b>	<b>(2,359)</b>		<b>2,888,757</b>
<b>Consolidated balance sheets</b>					
<b>Additions to non-current assets:</b>					
Property, plant and equipment	\$ 64,202	\$ 261	\$ 2,704		\$ 67,167
Intangible assets	-	3,686	2,195		5,881

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

For the three months ended September 30, 2020				
	Construction	Concessions	Other and eliminations	Total
<b>Consolidated statements of income</b>				
External customer revenue	\$ 1,030,481	\$ 8,975	\$ -	\$ 1,039,456
Inter-segment revenue	4,357	-	(4,357)	-
<b>Total revenue</b>	<b>1,034,838</b>	<b>8,975</b>	<b>(4,357)</b>	<b>1,039,456</b>
<b>Expenses</b>	<b>\$ (924,299)</b>	<b>\$ (15,143)</b>	<b>\$ 2,018</b>	<b>\$ (937,424)</b>
Which include:				
Depreciation and amortization	(17,833)	(3,995)	(501)	(22,329)
<b>Other income (loss):</b>				
Foreign exchange loss	\$ (144)	\$ (12)	\$ (308)	\$ (464)
Gain on sale of property, plant and equipment	858	-	-	858
<b>Income from projects accounted for using the equity method</b>	<b>\$ 1,373</b>	<b>\$ 2,980</b>	<b>\$ -</b>	<b>\$ 4,353</b>
<b>Operating profit (loss)</b>	<b>\$ 112,626</b>	<b>\$ (3,200)</b>	<b>\$ (2,647)</b>	<b>\$ 106,779</b>
<b>Finance income (cost):</b>				
Finance income				\$ 139
Finance cost				(6,816)
<b>Profit before income taxes</b>				<b>\$ 100,102</b>
<b>Income tax expense</b>				<b>(26,478)</b>
<b>Profit for the period</b>				<b>\$ 73,624</b>
<b>Revenue by contract type</b>				
Fixed price	\$ 650,378	\$ 3,508	\$ (3,437)	\$ 650,449
Cost plus/unit price	384,460	-	(920)	383,540
Concession operations	-	5,467	-	5,467
<b>Total revenue</b>	<b>1,034,838</b>	<b>8,975</b>	<b>(4,357)</b>	<b>1,039,456</b>
<b>Revenue by service type</b>				
Construction revenue	\$ 1,034,838	\$ -	\$ (832)	\$ 1,034,006
Concession revenue	-	8,975	(3,525)	5,450
<b>Total revenue</b>	<b>1,034,838</b>	<b>8,975</b>	<b>(4,357)</b>	<b>1,039,456</b>
	Construction	Concessions	Other and eliminations	Total
<b>Consolidated balance sheets</b>				
<b>Segment assets</b>	<b>\$ 2,910,410</b>	<b>\$ 651,615</b>	<b>\$ (171,892)</b>	<b>\$ 3,390,133</b>
Which include:				
Projects accounted for using the equity method	14,636	17,098	-	31,734
<b>Segment liabilities</b>	<b>\$ 1,581,530</b>	<b>\$ 429,958</b>	<b>\$ 513,088</b>	<b>\$ 2,524,576</b>
<b>Additions to non-current assets:</b>				
Property, plant and equipment	\$ 17,146	\$ 22	\$ 1,259	\$ 18,427
Intangible assets	\$ 1,572	\$ 11,495	\$ 48	\$ 13,115

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

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

For the nine months ended September 30, 2020					
	Construction	Concessions	Other and eliminations	Total	
<b>Consolidated statements of income</b>					
External customer revenue	\$ 2,521,854	\$ 44,565	\$ -	\$ 2,566,419	
Inter-segment revenue	26,139	-	(26,139)	-	
<b>Total revenue</b>	<b>2,547,993</b>	<b>44,565</b>	<b>(26,139)</b>	<b>2,566,419</b>	
<b>Expenses</b>	<b>\$ (2,430,606)</b>	<b>\$ (56,281)</b>	<b>\$ 4,545</b>	<b>\$ (2,482,342)</b>	
Which include:					
Depreciation and amortization	(53,256)	(10,391)	(857)	(64,504)	
<b>Other income (loss):</b>					
Foreign exchange gain (loss)	\$ 241	\$ 106	\$ (1,039)	\$ (692)	
Gain on sale of property, plant and equipment	1,971	-	-	1,971	
Other gains	1,105	-	-	1,105	
<b>Income from projects accounted for using the equity method</b>	<b>\$ 1,312</b>	<b>\$ 8,582</b>	<b>\$ -</b>	<b>\$ 9,894</b>	
<b>Operating profit (loss)</b>	<b>\$ 122,016</b>	<b>\$ (3,028)</b>	<b>\$ (22,633)</b>	<b>\$ 96,355</b>	
<b>Finance income (cost):</b>					
Finance income				\$ 885	
Finance cost				(19,561)	
<b>Profit before income taxes</b>				<b>\$ 77,679</b>	
<b>Income tax expense</b>				<b>(21,632)</b>	
<b>Profit for the period</b>				<b>\$ 56,047</b>	
<b>Revenue by contract type</b>					
Fixed price	\$ 1,563,179	\$ 24,050	\$ (23,053)	\$ 1,564,176	
Cost plus/unit price	984,814	-	(3,086)	981,728	
Concession operations	-	20,515	-	20,515	
<b>Total revenue</b>	<b>2,547,993</b>	<b>44,565</b>	<b>(26,139)</b>	<b>2,566,419</b>	
<b>Revenue by service type</b>					
Construction revenue	\$ 2,547,993	\$ -	\$ (2,743)	\$ 2,545,250	
Concession revenue	-	44,565	(23,396)	21,169	
<b>Total revenue</b>	<b>2,547,993</b>	<b>44,565</b>	<b>(26,139)</b>	<b>2,566,419</b>	
	Construction	Concessions	Other and eliminations	Total	
<b>Consolidated balance sheets</b>					
<b>Additions to non-current assets:</b>					
Property, plant and equipment	\$ 68,088	\$ 93	\$ 3,509	\$ 71,690	
Intangible assets	\$ 33,561	\$ 42,022	\$ 647	\$ 76,230	