Q1 2024

BIRD CONSTRUCTION INC.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the three month periods ended March 31, 2024 and 2023 (unaudited)

bird

Notice to Reader

The accompanying unaudited interim condensed consolidated financial statements of Bird Construction Inc. have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three month periods ended March 31, 2024 and 2023 have not been reviewed by the Company's independent external auditor.

Bird Construction Inc.
Consolidated Statement of Financial Position
As at March 31, 2024 and December 31, 2023

(in thousands of Canadian dollars) (unaudited)

	Note	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash and cash equivalents	8	$ 133,620	$ 177,529
Accounts receivable	9	818,019	850,451
Contract assets		118,257	99,562
Inventory and prepaid expenses		12,574	12,076
Income taxes recoverable		8,117	5,565
Other assets	11	10,483	1,210
Assets held for sale	12	2,023	2,085
Total current assets		1,103,093	1,148,478
Non-current assets			
Other assets	11	3,664	3,649
Investments in equity accounted entities	13	12,725	10,479
Property and equipment	14	57,868	56,323
Right-of-use assets	15	89,421	74,114
Deferred income tax asset		32,316	28,935
Intangible assets	16	54,862	46,394
Goodwill	17	59,695	55,992
Total non-current assets		310,551	275,886
TOTAL ASSETS		$ 1,413,644	$ 1,424,364
LIABILITIES			
Current liabilities			
Accounts payable		$ 643,170	$ 639,963
Contract liabilities		156,608	206,342
Dividends payable to shareholders		2,517	1,925
Income taxes payable		3,617	12,496
Current portion of loans and borrowings	18	17,960	8,305
Current portion of right-of-use liabilities	19	28,150	20,750
Provisions	21	17,247	14,690
Other liabilities	22	15,198	9,997
Total current liabilities		884,467	914,468
Non-current liabilities			
Loans and borrowings	18	71,153	64,621
Right-of-use liabilities	19	63,651	57,680
Deferred income tax liability		44,583	40,959
Other liabilities	22	21,776	24,142
Total non-current liabilities		201,163	187,402
TOTAL LIABILITIES		1,085,630	1,101,870
SHAREHOLDERS' EQUITY			
Shareholders' capital	24	116,949	115,265
Contributed surplus		1,956	1,956
Retained earnings		209,206	205,314
Accumulated other comprehensive income (loss)		(97)	(41)
Total shareholders' equity		328,014	322,494
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 1,413,644	$ 1,424,364

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

Bird Construction Inc.
Consolidated Statement of Income
For the three month periods ended March 31, 2024 and 2023
(in thousands of Canadian dollars, except per share amounts) (unaudited)

		Three months ended March 31,	
	Note	2024	2023
Construction revenue	10	$ 688,200	$ 536,459
Costs of construction		633,065	496,635
Gross profit		55,135	39,824
Income (loss) from equity accounted investments	13	9	84
General and administrative expenses		(40,097)	(31,554)
Income from operations		15,047	8,354
Finance and other income	26	1,679	1,171
Finance and other costs	27	(3,388)	(2,792)
Income before income taxes		13,338	6,733
Income tax expense	20	3,354	1,584
Net income for the period		$ 9,984	$ 5,149
Basic and diluted earnings per share	25	$ 0.19	$ 0.10

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

Bird Construction Inc.
Consolidated Statement of Comprehensive Income
For the three month periods ended March 31, 2024 and 2023
(in thousands of Canadian dollars) (unaudited)

	Note	Three months ended March 31, 2024	2023
Net income for the period		**$ 9,984**	$ 5,149
Other comprehensive income (loss) for the period:			
Items that will not be reclassified to net income in subsequent periods:			
Defined benefit plan actuarial gain (loss)		**379**	203
Deferred tax recovery (expense)		**(96)**	(37)
		283	166
Items that may be reclassified to net income in subsequent periods:			
Foreign currency translation on equity accounted investments	13	**(124)**	(27)
Other foreign currency translation		**35**	(8)
Deferred tax recovery (expense)		**33**	40
		(56)	5
Total comprehensive income for the period		**$ 10,211**	$ 5,320

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

Bird Construction Inc.
Consolidated Statement of Changes in Equity
For the three month periods ended March 31, 2024 and 2023

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

	Note	Shareholders' capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
Balance at December 31, 2023		**$ 115,265**	**$ 1,956**	**$ 205,314**	**$ (41)**	**$ 322,494**
Net income for the period		**—**	**—**	**9,984**	**—**	**9,984**
Other comprehensive income (loss) for the period		**—**	**—**	**283**	**(56)**	**227**
Total comprehensive income (loss) for the period		**—**	**—**	**10,267**	**(56)**	**10,211**
Common shares issued on acquisition of NorCan	7	**1,684**	**—**	**—**	**—**	**1,684**
Dividends declared to shareholders		**—**	**—**	**(6,375)**	**—**	**(6,375)**
		1,684	**—**	**(6,375)**	**—**	**(4,691)**
Balance at March 31, 2024		**$ 116,949**	**$ 1,956**	**$ 209,206**	**$ (97)**	**$ 328,014**
Dividends declared per share				**$ 0.12**		
Balance at December 31, 2022		$ 114,584	$ 1,956	$ 156,537	$ (89)	$ 272,988
Net income for the period		—	—	5,149	—	5,149
Other comprehensive income (loss) for the period		—	—	166	5	171
Total comprehensive income (loss) for the period		—	—	5,315	5	5,320
Contributions by and dividends to owners						
Common shares issued on acquisition of Trinity	7	681	—	—	—	681
Dividends declared to shareholders		—	—	(5,418)	—	(5,418)
		681	—	(5,418)	—	(4,737)
Balance at March 31, 2023		$ 115,265	$ 1,956	$ 156,434	$ (84)	$ 273,571
Dividends declared per share				$ 0.10		

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

Bird Construction Inc.
Consolidated Statement of Cash Flows
For the three month periods ended March 31, 2024 and 2023
(in thousands of Canadian dollars) (unaudited)

	Note	Three months ended March 31, 2024	2023[1]
Cash flows from (used in) operating activities			
Net income for the period		$ 9,984	$ 5,149
Items not involving cash:			
Amortization	16	1,973	1,414
Depreciation	14, 15	7,361	6,421
(Gain) loss on sale of property and equipment and other		(981)	(269)
(Income) loss from equity accounted investments	13	(9)	(84)
Finance and other income	26	(1,679)	(1,171)
Finance and other costs	27	3,388	2,792
Deferred compensation plan expense and other		7,724	2,019
Defined benefit pension plan expense, net of contributions		72	(222)
Unrealized (gain) loss on investments and other		1	(5)
Income tax expense (recovery)	20	3,354	1,584
Cash flows from operations before changes in non-cash working capital		31,188	17,628
Changes in non-cash working capital relating to operating activities	28	(44,990)	(48,327)
Interest received		1,679	1,170
Interest paid		(3,267)	(2,664)
Income taxes recovered (paid)		(14,605)	(5,129)
Net cash from (used in) operating activities		(29,995)	(37,322)
Cash flows from (used in) investing activities			
Investments in equity accounted entities	13	(2,404)	—
Capital distributions from equity accounted entities	12, 13	105	236
Additions to property and equipment and intangible assets	14, 16	(8,360)	(7,673)
Proceeds on sale of property and equipment		1,292	505
Acquisitions, net of cash acquired	7	(9,429)	(5,827)
Other long-term assets		306	69
Net cash from (used in) investing activities		(18,490)	(12,690)
Cash flows from (used in) financing activities			
Dividends paid on shares		(5,783)	(5,238)
Net proceeds (repayment) of draws for working capital purposes	18	10,000	—
Proceeds from loans and borrowings	18	9,420	—
Repayment of loans and borrowings	18	(3,233)	(3,396)
Repayment of right-of-use liabilities	19	(5,861)	(5,225)
Net cash from (used in) financing activities		4,543	(13,859)
Net increase (decrease) in cash and cash equivalents during the period		(43,942)	(63,871)
Effects of foreign exchange on cash balances		33	(3)
Cash and cash equivalents, beginning of the period		177,529	174,607
Cash and cash equivalents, end of the period	8	$ 133,620	$ 110,733

[1] Certain comparative figures in 2023 have been reclassified to conform to the presentation adopted in the current year.

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

Table of Contents – Notes to the Consolidated Financial Statements

1. Structure of the company

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

The Company operates from coast-to-coast and services all of Canada's major geographic markets. The Company provides a comprehensive range of construction services from new construction for industrial, infrastructure and institutional markets; to industrial maintenance, repair and operations ("MRO") services, heavy civil construction and mine support services; as well as vertical infrastructure including, electrical, mechanical, and specialty trades. The Company uses a variety of contract delivery methods including construction management, cost plus, integrated project delivery ("IPD"), alliance, progressive design build, stipulated sum, unit price, standard specification design-build, alternative finance projects, complex design-build, and public private partnership ("PPP") contract delivery methods.

2. Basis of preparation

Statement of compliance

These unaudited interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with IFRS ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 *Interim Financial Reporting*. These financial statements do not include all of the information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023. These financial statements were authorized for issue on May 14, 2024 by the Company's Board of Directors.

Functional and presentation currency

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

Basis of measurement

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

Segmented results

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

3. Use of estimates and judgements

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

Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amount of an asset or liability and/or the reported amount of revenue and expense in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates and judgements used in the preparation of these financial statements are consistent with those used in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2023.

Assets and liabilities acquired in a business combination

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

4. Material accounting policies

The accounting principles used in the preparation of these financial statements are consistent with those followed in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023.

5. New accounting standards, amendments and interpretations adopted

The Company has adopted amendments effective January 1, 2024 related to IAS 1 *Presentation of Financial Statements* relating to the classification of liabilities, and IFRS 16 *Leases*, that did not have a material impact on the Company’s financial statements.

6. Future accounting changes

There are new accounting standards and amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2025 that have not been applied in preparing the financial statements for the period ended March 31, 2024. Except as disclosed below, these standards and interpretations are not expected to have a material impact on the Company's Financial Statements:

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* to improve reporting of financial performance. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. It carries forward many requirements from IAS 1. IFRS 18 applies to annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The Company is currently assessing the impact and efforts related to adopting IFRS 18.

7. Business combinations

Acquisition of NorCan Electric Inc.

On January 18, 2024, the Company acquired the assets of NorCan Electric Inc. ("NorCan") a leading electrical and instrumentation contractor providing maintenance turnaround and sustaining capital services in the Regional Municipality of Wood Buffalo in Alberta. During their 25 years of service in the region, they have developed deep, long-term relationships based on their strong service delivery and safety program.

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

Since 2018, NorCan has operated through an Indigenous partnership, the NorCan/Infinity Limited Partnership, with Infinity Métis Corporation.

The purchase price of the transaction totalled $11,113 and included cash of $9,420 which was funded by debt and equity of $1,693.The Company acquired all customer contracts, NorCan's share of the NorCan/Infinity Limited Partnership, property and equipment, and the highly qualified workforce providing services to clients. Other than certain prepaid assets, no working capital was acquired as part of the transaction.

In connection with this acquisition, the Company incurred acquisition costs of $162, comprised mainly of consulting and other professional fees which were incurred in 2023. Transaction costs of $9 directly attributable to the issue of common shares related to the transaction are recognized as a reduction from shareholders' capital.

The NorCan acquisition has been accounted for as a business combination using the acquisition method of accounting whereby the assets acquired, and liabilities assumed are recognized at their fair value, except for ROU assets and ROU liabilities identified in which the acquiree is the lessee. The fair values assigned to the assets acquired are preliminary, and are based on estimates and assumptions using information available at the date these consolidated financial statements were authorized for issue. The purchase price allocation may be adjusted in the future because certain fair values have not yet been finalized.

Total common shares issued as consideration		**117,270**
Common share price at close on January 18, 2024	**$**	**14.44**
Equity consideration	$	1,693
Cash consideration		9,420
Total Consideration	**$**	**11,113**
Fair value of assets and liabilities of NorCan acquired:		
Assets acquired		
Other current assets		36
Property and equipment		729
ROU assets		408
Intangible assets		6,645
Liabilities assumed		
ROU liabilities		(408)
Net identifiable assets acquired	**$**	**7,410**
Goodwill		**3,703**
Net assets acquired	**$**	**11,113**

Goodwill and intangible assets

Goodwill of $3,703 recognized as part of the acquisition is attributed to expected revenue growth and future market development, specifically in the industrial sector. These benefits are not recognized separately from goodwill, as the future economic benefits arising from them cannot be reliably measured. Identifiable intangible assets acquired of $6,645 include customer relationships and trade names.

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

Acquisition of Trinity Communication Services Ltd.

On February 1, 2023, the Company acquired all of the issued and outstanding shares of Trinity Communication Services Ltd. ("Trinity"). Trinity is a diversified telecommunication and utility infrastructure contractor based in Ontario, and provides services to major national and regional telecommunication, utilities, power, and internet service providers. Trinity specializes in underground, aerial, commercial inside plant, and multi-dwelling unit installations. These self-perform capabilities enable cross-selling opportunities to the Company's sizeable national client base across multiple sectors. Overall, Trinity's capabilities complement the Company's significant electrical service offering and serve as a growth catalyst for the Company's utilities portfolio.

The purchase price of the transaction totalled $6,902 and included cash of $5,620, equity of $688, and a holdback and other liability of $594. The $594 holdback and other liability consisted of $294 related to a working capital reconciliation that was paid in the second quarter of 2023, and $300 relating to any indemnities provisions to be reconciled as at the second anniversary of the closing date.

In connection with this acquisition, the Company incurred acquisition costs of $85, comprised mainly of consulting and other professional fees, which were presented in general and administrative expenses in the statement of income. Transaction costs of $7 directly attributable to the issue of common shares related to the transaction were recognized as a reduction from shareholders' capital.

The Trinity acquisition has been accounted for as a business combination using the acquisition method of accounting whereby the assets acquired, and liabilities assumed are recognized at their fair value, except for deferred tax assets or liabilities and ROU assets and ROU liabilities identified in which the acquiree is the lessee. The value of the assets and liabilities associated with the Trinity acquisition were finalized on February 1, 2024. No measurement period adjustments were made to the purchase price allocation to reflect new information obtained by the Company with respect to the facts and circumstances that existed as of February 1, 2023.

8. Cash and cash equivalents

	March 31, 2024	December 31, 2023
Accessible cash	$ **21,331**	$ 79,884
Cash held for joint operations	**86,166**	62,529
Restricted cash and cash equivalents	**26,123**	35,116
	$ **133,620**	$ 177,529

9. Accounts receivable

	March 31, 2024	December 31, 2023
Progress billings on construction contracts	$ **501,324**	$ 564,704
Holdbacks receivable (due within one operating cycle)	**311,688**	280,582
Other	**5,007**	5,165
	$ **818,019**	$ 850,451

Accounts receivable are reported net of an allowance for doubtful accounts of $181 as at March 31, 2024 (December 31, 2023 – $345). Holdbacks receivable represent amounts billed on construction contracts which are not due until the contract work is substantially complete and the applicable lien period has expired.

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

10. Revenue

Disaggregation of revenue

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Public Private Partnerships ("PPP")	$ 21,729	$ 28,962
Alternative finance projects and complex design-build	22,133	28,326
Stipulated sum, unit price and standard specification design-build	313,171	244,682
Construction management, cost plus and IPD	331,167	234,489
	$ 688,200	$ 536,459

Remaining performance obligations

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

As at March 31, 2024, the aggregate amount of remaining performance obligations from construction contracts was $3,457,736. The value of remaining performance obligations does not include amounts for variable consideration that are constrained, agency relationship construction management projects, and estimated future work orders or other formal documents to proceed to be performed as part of recurring revenue agreements.

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

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

11. Other assets

	March 31, 2024	December 31, 2023
Subcontractor / Supplier insurance deposits	$ 1,103	$ 1,103
Lease receivables	2,947	3,142
TRS derivative (note 23)	9,225	48
Other	872	566
Other assets	$ 14,147	$ 4,859
Less: current portion		
TRS derivative	9,225	48
Lease receivables	1,258	1,162
Current portion	10,483	1,210
Non-current portion	$ 3,664	$ 3,649

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

12. Assets held for sale

Assets held for sale	March 31, 2024
Balance, December 31, 2023	$ 2,085
Capital distributions received	(62)
Balance, March 31, 2024	$ 2,023

13. Projects and entities accounted for using the equity method

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

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

Investments in equity accounted entities	March 31, 2024
Balance, December 31, 2023	$ 10,479
Share of net income (loss) for the period	9
Share of other comprehensive income (loss) for the period	(124)
Investments in equity accounted entities	2,404
	12,768
Capital distributions received	(43)
Balance, March 31, 2024	$ 12,725

14. Property and equipment

	March 31, 2024					
	Land	Buildings	Leasehold improvements	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost						
Balance, December 31, 2023	$ 2,748	$ 13,511	$ 21,876	$ 105,912	$ 3,505	$ 147,552
Acquisition (note 7)	—	—	—	729	—	729
Additions	—	641	1,574	2,331	18	4,564
Disposals	—	—	(2,038)	(2,340)	(338)	(4,716)
Balance, March 31, 2024	2,748	14,152	21,412	106,632	3,185	148,129
Accumulated depreciation						
Balance, December 31, 2023	—	8,114	12,290	68,523	2,302	91,229
Disposals	—	—	(2,032)	(2,085)	(335)	(4,452)
Depreciation expense	—	104	630	2,680	70	3,484
Balance, March 31, 2024	—	8,218	10,888	69,118	2,037	90,261
Net book value	$ 2,748	$ 5,934	$ 10,524	$ 37,514	$ 1,148	$ 57,868

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

15. Right-of-use assets

	March 31, 2024			
	Buildings	Equipment, trucks and automotive	Furniture and office equipment	Total
Cost				
Balance, December 31, 2023	$ 54,911	$ 66,772	$ 1,867	$ 123,550
Acquisition (note 7)	—	408	—	408
Additions	2,837	16,251	—	19,088
Disposals	(318)	(1,143)	—	(1,461)
Balance, March 31, 2024	57,430	82,288	1,867	141,585
Accumulated depreciation				
Balance, December 31, 2023	19,681	27,930	1,825	49,436
Disposals	(173)	(976)	—	(1,149)
Depreciation expense	1,914	1,955	8	3,877
Balance, March 31, 2024	21,422	28,909	1,833	52,164
Net book value	$ 36,008	$ 53,379	$ 34	$ 89,421

16. Intangible assets

	March 31, 2024				
	Trade names	Backlog	Customer relationships	Computer software	Total
Cost					
Balance, December 31, 2023	$ 8,000	$ 4,804	$ 17,707	$ 41,686	$ 72,197
Acquisition (note 7)	323	—	6,322	—	6,645
Additions	—	—	—	3,796	3,796
Disposals	—	—	—	—	—
Balance, March 31, 2024	8,323	4,804	24,029	45,482	82,638
Accumulated amortization					
Balance, December 31, 2023	467	4,804	6,968	13,564	25,803
Amortization expense	50	—	867	1,056	1,973
Disposals	—	—	—	—	—
Balance, March 31, 2024	517	4,804	7,835	14,620	27,776
Net book value	$ 7,806	$ —	$ 16,194	$ 30,862	$ 54,862

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

17. Goodwill

		March 31, 2024
Cost		
Balance, December 31, 2023	$	70,143
Acquisition (note 7)		3,703
Balance, March 31, 2024		73,846
Accumulated impairment		14,151
Net book value	$	59,695

18. Loans and borrowings

Loans and borrowings

	Maturity	Interest rate	March 31, 2024	December 31, 2023
Committed revolving credit facility	December 15, 2026	Variable	$ 32,725	$ 22,725
Committed non-revolving term loan facility	December 15, 2026	Variable	49,559	42,750
Equipment financing	2024 – 2028	Fixed 2.05%-6.45%	6,829	7,451
			89,113	72,926
Current portion			17,960	8,305
Non-current portion			$ 71,153	$ 64,621

The following table provides details of the changes in the Company's Loans and Borrowings for the three months ended March 31, 2024:

	Syndicated committed revolving credit facility	Syndicated committed non-revolving term loan facility	Equipment financing	Total
Balance, December 31, 2023	$ 22,725	$ 42,750	$ 7,451	$ 72,926
Net proceeds (repayment) of draws for working capital purposes	10,000	—	—	10,000
Proceeds	—	9,420	—	9,420
Repayments	—	(2,611)	(622)	(3,233)
Balance, March 31, 2024	$ 32,725	$ 49,559	$ 6,829	$ 89,113

During the quarter ended March 31, 2024, the Company made short term draws on the revolving credit facility to fund working capital. The aggregate of short term draws throughout the period totalled $30,000 with offsetting repayments totalling $20,000. (2023 - $20,000 draws and $20,000 repayments).

Syndicated credit facility

The Company has a committed, syndicated credit facility (the "Syndicated Facility") maturing December 15, 2026. The Syndicated Facility is subject to a number of customary covenants that are tested quarterly, including financial covenants such as a minimum Debt Service Coverage Ratio, maximum Total Funded Debt to EBITDA Ratio, and maximum Direct Funded Debt to EBITDA Ratio. The Company was in compliance with its covenants under the facility as at March 31, 2024. The Syndicated Facility is secured by a general interest in the assets of the Company and consists of the following:

Committed revolving credit facility

The Company has a committed revolving credit facility of up to $250,000 (December 31, 2023 – $250,000) that includes up to $30,000 swingline which allows the Company to enter into an overdraft position, and $125,000 letters of credit availability. Borrowings under the facility bear interest at variable rates based on the bank prime rate or Canadian benchmark rate plus a spread. A standby fee is payable quarterly on the unutilized portion of the facility.

At March 31, 2024, the Company has $11,816 letters of credit outstanding on the facility (December 31, 2023 – $11,816) and has drawn $32,725 on the facility (December 31, 2023 – $22,725). Of the $32,725 drawn on the facility, $22,725 is presented as non-current loans and borrowings on the Company's statement of financial position as the amounts are not expected to be settled in the Company's normal operating cycle, and are not due to be repaid until the maturity of the facility in 2026.

Committed non-revolving term loan facility

The Company has a committed non-revolving term loan facility totalling $47,500 which was fully drawn in a prior year to finance the acquisitions of Stuart Olson and Dagmar in 2020 and 2021 respectively. The term loan has scheduled repayments due quarterly until the maturity date of December 15, 2026. Any repayment of the facility cannot be reborrowed.

The Company also has a committed non-revolving term loan facility totalling $9,420, which was drawn during the first quarter of 2024 to fund cash proceeds for the NorCan acquisition (note 7). The term loan has scheduled repayments due quarterly until the maturity date of December 15, 2026. Any repayment of the term loan availability cannot be reborrowed.

Borrowings under the term facility bear interest at variable rates based on the bank prime rate or Canadian benchmark rate plus a spread. As at March 31, 2024, the Company has a combined outstanding balance of $49,559 on the facility (December 31, 2023 – $42,750).

Accordion

The Syndicated Facility includes a non-committed accordion feature allowing the Company to increase the limit of the revolving credit facility and the non-revolving term debt facility up to an additional $50,000 in aggregate. Any increases under the accordion require creditor approval before becoming available to the Company.

Equipment financing

The Company has committed term credit facilities of up to $40,000 to be used to finance equipment purchases of which as at March 31, 2024, $834 is outstanding (December 31, 2023 – $1,018). Borrowings under the facilities are secured by a first charge against the specific equipment financed using the facilities. Interest on the borrowings is charged at a fixed rate and is paid monthly in arrears.

The Company also has multiple, fixed interest rate, term loans which were used to finance equipment purchases. At March 31, 2024, the balance outstanding on these term loans amounted to $5,995 (December 31, 2023 – $6,433). Principal and interest are payable monthly, and these term loans are secured by a first charge against the specific equipment financed using these loans.

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

Letters of credit facilities

Letters of credit represent performance guarantees issued to support the Company's performance obligations on major construction projects. The Company has authorized operating letters of credit facilities totalling $150,000. At March 31, 2024, the facilities were drawn for outstanding letters of credit of $40,467 (December 31, 2023 – $38,853). All letters of credit issued under these facilities are supported by the pledge of Company-owned financial instruments, including cash, or through a guarantee from Export Development Canada ("EDC").

The Company has an agreement with EDC to provide performance security guarantees of up to $100,000 for letters of credit issued by financial institutions on behalf of the Company. The Company uses this facility when letters of credit have been issued as contract security for projects that qualify for EDC coverage. At March 31, 2024, EDC has issued performance security guarantees totalling $40,467 (December 31, 2023 – $38,763).

19. Leases and right-of-use liabilities

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

The following table provides details of the changes in the Company's ROU liabilities during the period ended March 31, 2024:

		March 31, 2024
Balance, December 31, 2023	$	78,430
Acquisition (note 7)		408
Additions		19,088
Interest		883
Lease terminations and modifications		(264)
Repayment		(6,744)
Balance, March 31, 2024		91,801
Current portion		28,150
Non-current	$	63,651

The Company has established operating lease lines of credit of $25,000 with the financing arms of major heavy equipment suppliers to finance equipment leases. Draws under these facilities are generally recognized as ROU liabilities, with the lease obligations being secured by the specific leased equipment. At March 31, 2024, the Company had used $16,311 (December 31, 2023 – $7,999) under these facilities.

20. Income taxes

Provision for income taxes

	Three months ended March 31,			
		2024		2023
Income tax expense (recovery) comprised of:				
Current income taxes	$	3,178	$	4,383
Deferred income taxes		176		(2,799)
	$	3,354	$	1,584

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

Income tax rate reconciliation

	Three months ended March 31, 2024	2023
Combined federal and provincial income tax rate	25.6%	25.7%
Increase (reductions) applicable to:		
Non-taxable items	0.3%	1.7%
Other	(0.8%)	(3.9%)
Effective rate	25.1%	23.5%

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

21. Provisions

	Warranty claims and other	Legal	Total
Balance, December 31, 2023	$ 7,834	$ 6,856	$ 14,690
Provisions made during the period	2,595	2,981	5,576
Provisions used during the period	(2,190)	(427)	(2,617)
Provisions reversed during the period	(342)	(60)	(402)
Balance, March 31, 2024	$ 7,897	$ 9,350	$ 17,247

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

22. Other liabilities

	March 31, 2024	December 31, 2023
Liabilities for cash-settled share-based compensation plans (note 23)	$ 35,666	$ 32,764
Leasehold inducements	1,008	1,075
Acquisition holdback and other liability	300	300
	36,974	34,139
Less: current portion		
Cash-settled share-based compensation plans (note 23)	14,648	9,729
Leasehold inducements	250	268
Acquisition holdback and other liability	300	—
Current portion	15,198	9,997
Non-current portion	$ 21,776	$ 24,142

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

23. Share-based compensation plans

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

	March 31, 2024	December 31, 2023
MTIP liability	$ 316	$ 203
EIP liability	20,076	19,250
DSU liability	15,274	13,311
Liabilities for cash-settled share-based compensation plans	35,666	32,764
Less: current portion		
MTIP liability	150	105
EIP liability	12,757	8,288
DSU liability	1,741	1,336
Current portion	14,648	9,729
Non-current portion	$ 21,018	$ 23,035

	March 31, 2024		
	MTIP	EIP[1]	DSUs
Units, beginning of period	36,689	2,024,912	924,387
Granted [2]	231	527,219	22,743
Vested and paid	—	(634,270)	(127,722)
Units, end of period	36,920	1,917,861	819,408

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

During the first quarter of 2024, the Company granted 17,530 units under the DSU plan at a fair market value of $18.68 excluding dividend reinvestments. The Company also granted 424,296 units under the EIP plan in March 2024 at a fair market value of $18.70, excluding dividend reinvestments.

Pursuant to the Company's MTIP granted in 2023, the units vest over periods ranging from November 2023 to November 2027 and are cash settled no earlier than the vesting date. Payments pursuant to the Company's EIP granted in 2022, 2023 and 2024 vest on December 2024, December 2025 and December 2026, respectively. Payments pursuant to the Company's DSU Plan are cash settled no later than December 31 of the following year in which the Director ceases to hold any position within the Company.

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

	Three months ended March 31,	
	2024	2023
MTIP	$ 113	$ 207
EIP	12,692	2,560
DSU	4,163	1,467
	$ 16,968	$ 4,234

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

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

The Company entered into a TRS derivative contract for the purpose of managing its exposure to changes in the fair value of its MTIP, EIP and DSU share-based compensation plans, due to changes in the fair value of the Company's common shares. The Company recognized a gain of $9,177 on these derivatives in the statement of income in general and administrative expenses for the quarter ended March 31, 2024 (2023 - $2,164 gain).

24. Shareholders' capital

The Company is authorized to issue an unlimited number of common shares. The Company is authorized to issue unlimited preference shares, which can be issued in series with rights set by the Board of Directors. As at March 31, 2024 and December 31, 2023, no preferred shares have been issued. During the quarter ended March 31, 2024, transaction costs of $9 directly attributable to the issuance of common shares for the acquisition of NorCan were recognized as a deduction from shareholders' capital (note 7).

	March 31, 2024		
	Number of shares		Amount
Balance, December 31, 2023	53,774,639	$	115,265
Common shares issued (note 7)	117,270		1,684
Balance, March 31, 2024	53,891,909	$	116,949

25. Earnings per share

	Three months ended March 31,			
		2024		2023
Net income	$	9,984	$	5,149
Weighted average number of common shares (basic and diluted)		53,868,713		53,747,309
Basic and diluted earnings per share	$	0.19	$	0.10

26. Finance and other income

	Three months ended March 31,			
		2024		2023
Interest income on lease receivables	$	18	$	32
Other interest income		1,661		1,139
	$	1,679	$	1,171

27. Finance and other costs

	Three months ended March 31,			
		2024		2023
Interest on loans and borrowings	$	1,992	$	1,913
Interest on ROU liabilities		883		635
Other		513		244
	$	3,388	$	2,792

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

28. Other cash flow information

Changes in non-cash working capital relating to operating activities

	Three months ended March 31, 2024	2023
Accounts receivable	$ **32,415**	$ (12,198)
Contract assets	**(18,695)**	(21,763)
Inventory and prepaid expenses	**(462)**	573
Other assets	**(93)**	(17)
Accounts payable	**3,088**	(44,628)
Contract liabilities	**(49,734)**	37,372
Provisions	**2,557**	(1,578)
Deferred compensation plan expense and other	**(14,066)**	(6,088)
	$ **(44,990)**	$ (48,327)

29. Financial instruments

Carrying values and fair values

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

The hierarchy of inputs is summarized in note 31 of the Company's December 31, 2023, annual consolidated financial statements.

The Company's TRS derivative contract (note 11) and warrants are classified as Level 2 measurements in the fair value hierarchy. The Company does not have any financial instruments classified as Level 3 that are carried at fair value. There were no transfers between levels in the fair value hierarchy during the three month periods ended March 31, 2024 and 2023.

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

Financial risk management

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

i. Credit risk

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

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

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

At March 31, 2024, accounts receivable outstanding for greater than 90 days and considered past due by the Company represent 17.5% (December 31, 2023 – 12.7%) of the balance of progress billings on construction contracts receivable. The Company has recorded an allowance of $181 (December 31, 2023 – $345) against these past due receivables, net of amounts recoverable from others.

ii. Liquidity risk

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

The Company has working capital of $218,626 (December 31, 2023 – $234,010) which is available to support surety requirements related to construction projects. Working capital is calculated as total current assets less total current liabilities. As a component of working capital, the Company maintains significant balances of cash and cash equivalents. These balances, less $26,123 held in restricted trust accounts and $86,166 in cash held for joint operations, are available to meet the general financial obligations of the Company as they become due. Restricted cash in trust is held in segregated accounts for payment obligations on certain projects. Refer to note 18 in respect of the Syndicated Facility and the Company's other debt instruments, which further improve the Company's access to liquidity. At March 31, 2024, the Company had a total undrawn balance on its committed revolving credit facility of $205,459 (December 31, 2023 – $215,459). Also, the Company has a non-committed accordion of up to an additional $50,000 to increase the limit of the committed revolving credit facility and the committed non-revolving term debt facility. The Company also has committed term credit facilities of up to $40,000 to be used to finance equipment purchases of which $39,166 is undrawn as at March 31, 2024 (December 31, 2023 – $38,982). The Company believes that it has access to sufficient funding through the use of these facilities and its cash and cash equivalents to meet its foreseeable operating requirements.

iii. Market risk

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

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

At March 31, 2024, a one percent change in the interest rate applied to the Company's variable rate long-term debt would change annual income before income taxes by approximately $823 (2023 – $677).

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

The Company has certain share-based compensation plans, where the values are based on the common share price of the Company. At March 31, 2024, a 10 percent change in the share price applied to the Company's share based compensation plans would change income before income taxes by approximately $3,559 (2023 – $683).

The Company has fixed a portion of the settlement costs of these plans by entering into a TRS derivative contract maturing in 2024. The TRS derivative is not designated as a hedge. The change in the value of the TRS derivative is recorded each quarter based on the difference between the notional price and the market price of the Company's common shares at the end of each quarter. The TRS derivative is classified as derivative financial instrument. At March 31, 2024, a 10 percent change in the share price applied to the Company's TRS derivative would change the fair value of the derivative by approximately $3,955 (2023 – $1,856), with a corresponding impact to income before income taxes.

iv. Currency risk

Currency risk is the risk that fluctuations in currency exchange rates will affect the Company's net income. The Company uses foreign currency to settle payments to vendors and subcontractors in the foreign currency. Foreign currency risk is managed by the Company through the use of foreign currency derivatives. At March 31, 2024, a 10 percent movement in the Canadian and U.S. dollar exchange rate would have changed the carrying value of U.S. dollar denominated assets and liabilities by approximately $171 (2023 – $157), with a corresponding impact to income before income taxes.

30. Commitments and contingencies

Commitments

Outstanding surety lien bonds issued on behalf of the Company in connection with liens by subcontractors and suppliers at March 31, 2024 totalled $99,310 (December 31, 2023 – $98,335). The Company has acquired minority equity interests in a number of PPP concession entities (note 13), which require the Company to make $1,816 in future capital injections. These commitments have been secured by letters of credit totalling $1,816 (December 31, 2023 – $1,816).

Contingencies

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

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

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

Eligible dividends declared	Record date	Payment date	Dividend per share
April dividend	April 30, 2024	May 17, 2024	$0.0467
May dividend	May 31, 2024	June 20, 2024	$0.0467
June dividend	June 28, 2024	July 19, 2024	$0.0467
July dividend	July 31, 2024	August 20, 2024	$0.0467