

AECON

First Quarter Report 2021



Aecon Group Inc.

**Management's Discussion and Analysis
of Operating Results and Financial Condition**

March 31, 2021

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Management's Discussion and Analysis of Operating Results and Financial Condition ("MD&A")

The following discussion and analysis of the consolidated results of operations and financial condition of Aecon Group Inc. ("Aecon" or the "Company") should be read in conjunction with the Company's March 31, 2021 interim condensed consolidated financial statements and notes, which have not been reviewed by the Company's external auditors, and in conjunction with the Company's annual MD&A for the year ended December 31, 2020 (the "2020 Annual MD&A"). This MD&A has been prepared as of April 22, 2021. Additional information on Aecon is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and includes the Company's Annual Information Form and other securities and continuous disclosure filings.

1. INTRODUCTION

Aecon operates in two principal segments within the infrastructure development industry: Construction and Concessions.

The infrastructure development industry in Canada is seasonal in nature for companies like Aecon that perform 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 profit 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.

2. FORWARD-LOOKING INFORMATION

The information in this Management's Discussion and Analysis includes certain forward-looking statements. These forward-looking statements are based on currently available competitive, financial and economic data and operating plans but are subject to risks and uncertainties. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies and outlook for Aecon, including statements regarding the sufficiency of Aecon's liquidity and working capital requirements for the foreseeable future. Forward-looking statements may in some cases be identified by words such as "will," "plans," "believes," "expects," "anticipates," "estimates," "projects," "intends," "should" or the negative of these terms, or similar expressions. In addition to events beyond Aecon's control, there are factors which could cause actual or future results, performance or achievements to differ materially from those expressed or inferred herein including, but not limited to: the timing of projects, unanticipated costs and expenses, the failure to recognize and adequately respond to climate change concerns or public and governmental expectations on climate matters, general market and industry conditions and operational and reputational risks, including large project risk and contractual factors, and risks relating to the COVID-19 pandemic. Risk factors are discussed in greater detail in Section 13 – "Risk Factors" in the 2020 Annual MD&A dated February 25, 2021 and available through SEDAR at www.sedar.com. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

3. FINANCIAL REPORTING STANDARDS

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”).

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

4. NON-GAAP AND SUPPLEMENTARY FINANCIAL MEASURES

The MD&A presents certain non-GAAP and supplementary financial measures, as well as non-GAAP ratios to assist readers in understanding the Company’s performance (GAAP refers to Canadian Generally Accepted Accounting Principles). These measures do not have any standardized meaning and therefore are unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Management uses these non-GAAP and supplementary financial measures, as well as certain non-GAAP ratios to analyze and evaluate operating performance. Aecon also believes the financial measures defined below are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in the construction industry. The most directly comparable measures calculated in accordance with GAAP are profit (loss) attributable to shareholders or earnings (loss) per share.

Throughout this MD&A, the following terms are used, which are not found in the Chartered Professional Accountants of Canada Handbook and do not have a standardized meaning under GAAP.

Non-GAAP Financial Measures

A non-GAAP financial measure: (a) depicts the historical or expected future financial performance, financial position or cash flow of the Company; (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most comparable financial measure presented in the primary consolidated financial statements; (c) is not presented in the primary financial statements of the Company; and (d) is not a ratio.

Non-GAAP financial measures presented and discussed in this MD&A are as follows:

- **“Adjusted EBITDA”** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, and net income (loss) from projects accounted for using the equity method, but including “Equity Project EBITDA” from projects accounted for using the equity method (refer to Section 9 “Quarterly Financial Data” for a quantitative reconciliation to the most comparable financial measure).
- **“Equity Project EBITDA”** represents Aecon’s proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, finance income, finance cost and income taxes (refer to Section 9 “Quarterly Financial Data” for a quantitative reconciliation to the most comparable financial measure).

- **“Backlog”** means the total value of work that has not yet been completed that: (a) has a high certainty of being performed as a result of the existence of an executed contract or work order specifying job scope, value and timing; or (b) has been awarded to Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance (“O&M”) activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, Aecon limits backlog for O&M activities to the earlier of the contract term and the next five years.

Primary financial statements

Primary financial statements include any of the following: the consolidated balance sheets, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, and the consolidated statements of cash flows.

Key financial measures presented in the primary financial statements of the Company and discussed in this MD&A are as follows:

- **“Gross profit”** represents revenue less direct costs and expenses. Not included in the calculation of gross profit are marketing, general and administrative expense (“MG&A”), depreciation and amortization, income or losses from projects accounted for using the equity method, foreign exchange, net financing expense, gain (loss) on sale of assets and investments, income taxes, and non-controlling interests.
- **“Operating profit (loss)”** represents the profit (loss) from operations, before net financing expense, income taxes and non-controlling interests.

The above measures are presented on the face of the Company’s consolidated statements of income and are not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS measures.

Non-GAAP Ratios

A non-GAAP ratio is a financial measure presented in the form of a ratio, fraction, percentage or similar representation and that has a non-GAAP financial measure as one of its components.

A non-GAAP ratio presented and discussed in this MD&A is as follows:

- **“Adjusted EBITDA margin”** represents Adjusted EBITDA as a percentage of revenue.

Supplementary Financial Measures

A supplementary financial measure: (a) is, or is intended to be, disclosed on a periodic basis to depict the historical or expected future financial performance, financial position or cash flow of the Company; (b) is not presented in the financial statements of the Company, (c) is not a non-GAAP financial measure; and (d) is not a non-GAAP ratio.

Key supplementary financial measures presented discussed in this MD&A are as follows:

- **“Gross profit margin”** represents gross profit as a percentage of revenue.
- **“Operating margin”** represents operating profit (loss) as a percentage of revenue.
- **“MG&A as a percent of revenue”** represents marketing, general and administrative expense as a percentage of revenue.

5. RECENT DEVELOPMENTS

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 the first quarter 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. Certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed or suspended.

Aecon continues to monitor developments and mitigate risks related to the COVID-19 pandemic and the impact on Aecon’s projects, operations, supply chain, and most importantly the health and safety of its employees. At this time, the majority of governments across the jurisdictions in which Aecon operates have deemed the types of construction projects that constitute the majority of Aecon’s contracts to be essential services and, therefore, operations are broadly continuing, although in many cases on a modified basis. As this situation may continue to evolve for some time, shifting directives and policies from clients and governments are expected to continue. Aecon’s financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future.

6. BUSINESS STRATEGY

Refer to the discussion on Business Strategy as outlined in the 2020 Annual Report available on the Company’s website at www.aecon.com or through SEDAR at www.sedar.com.

7. CONSOLIDATED FINANCIAL HIGHLIGHTS

\$ millions (except per share amounts)	Three months ended March 31	
	2021	2020
Revenue	\$ 754.0	\$ 747.5
Gross profit	57.3	61.2
Marketing, general and administrative expense	(47.7)	(50.4)
Income from projects accounted for using the equity method	2.6	2.9
Other income (loss)	0.4	(0.6)
Depreciation and amortization	(22.8)	(22.8)
Operating loss	(10.2)	(9.7)
Finance income	0.1	0.6
Finance cost	(10.8)	(5.9)
Loss before income taxes	(20.9)	(15.0)
Income tax recovery	2.5	3.6
Loss	\$ (18.4)	\$ (11.4)
Gross profit margin⁽³⁾	7.6%	8.2%
MG&A as a percent of revenue⁽³⁾	6.3%	6.7%
Adjusted EBITDA⁽¹⁾	20.8	19.2
Adjusted EBITDA Margin⁽²⁾	2.8%	2.6%
Operating margin⁽³⁾	(1.4)%	(1.3)%
Loss per share – basic	\$ (0.31)	\$ (0.19)
Loss per share – diluted	\$ (0.31)	\$ (0.19)
Backlog⁽¹⁾	\$ 5,913	\$ 6,954

(1) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

(2) This is a non-GAAP ratio. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP ratio.

(3) This is a supplementary financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each supplementary financial measure.

Revenue for the three months ended March 31, 2021 of \$754 million was \$7 million, or 1%, higher compared to the same period in 2020. Although revenue in the first quarter of 2021 was negatively impacted by COVID-19, particularly in certain end market sectors, growth overall was achieved in the Construction segment (\$9 million) compared to the same period in 2020, driven by higher revenue in nuclear (\$42 million) and utilities operations (\$9 million) and partially offset by lower revenue in civil operations and urban transportation systems (\$34 million) and industrial operations (\$8 million). In the Concessions segment, lower revenue of \$16 million for the three months ended March 31, 2021 was primarily due to decreased construction activity related to the Bermuda International Airport Redevelopment Project and a decrease in commercial flight operations compared to the same quarter in 2020 for reasons related to the COVID-19 pandemic. This decrease in Concessions segment revenue was partially offset by inter-segment revenue eliminations that decreased by \$14 million, primarily due to lower revenue between the Concessions and Construction segments related to construction activity at the Bermuda International Airport Redevelopment Project.

Operating loss of \$10.2 million for the three months ended March 31, 2021 worsened by \$0.5 million compared to an operating loss of \$9.7 million in the same period in 2020. The negative revenue impact of COVID-19 had a

corresponding impact on operating profit, primarily due to the loss of related gross profit from affected projects and concession operations in the first quarter of 2021. However, these impacts were offset in the first three months of 2021 by amounts related to the Canada Emergency Wage Subsidy program.

Gross profit of \$57.3 million in the first quarter of 2021 decreased by \$3.9 million compared to the same period in 2020. In the Construction segment, gross profit increased by \$1.7 million primarily from higher volume and gross profit margin in utilities operations and from a volume driven increase in nuclear operations. These increases were partially offset by lower volume and gross profit margin in industrial operations and lower volume in civil operations and urban transportation systems. In the Concessions segment, gross profit in the first quarter of 2021 decreased by \$5.4 million primarily due to a lower volume of commercial flights at the Bermuda International Airport compared to the same period in 2020 for reasons related to the COVID-19 pandemic.

Marketing, general and administrative expenses (“MG&A”) decreased in the first quarter of 2021 by \$2.7 million compared to the same period in 2020. The decrease in MG&A was driven primarily by lower project pursuit and bid costs due to timing, and a decrease in discretionary costs. MG&A as a percentage of revenue decreased from 6.7% in the first quarter of 2020 to 6.3% in the first quarter of 2021.

Aecon’s participation in projects that are classified for accounting purposes as a joint venture or an associate, as opposed to a joint operation, are accounted for using the equity method of accounting. In the three months ended March 31, 2021, Aecon reported income of \$2.6 million from projects accounted for using this method of accounting, a decrease of \$0.3 million. The decrease occurred primarily in the Concessions segment (\$0.4 million) from lower management and development fees related to light rail transit (“LRT”) projects in Ontario.

Depreciation and amortization expense in the first quarter of 2021 of \$22.8 million was unchanged compared to the same period in 2020.

Net financing expense of \$10.7 million in the first quarter of 2021, consisting of finance cost of \$10.8 million less finance income of \$0.1 million, was \$5.4 million higher than in the same period in 2020, primarily from an increase in interest expense of \$5.3 million related to the non-recourse debt financing for the Bermuda International Airport Redevelopment project. Previously during the construction phase of this project, interest related to the non-recourse debt financing was being capitalized, but after the new airport terminal commenced operations in December 2020, interest is now being recognized as finance cost in the consolidated statements of income.

Set out in Note 19 of the March 31, 2021 consolidated financial statements is a reconciliation between the expected income tax for 2021 and 2020 based on statutory income tax rates and the actual income tax expense reported for both these periods.

Reported backlog as at March 31, 2021 of \$5,913 million compares to backlog of \$6,954 million as at March 31, 2020. New contract awards of \$213 million were booked in the first quarter of 2021 compared to \$912 million in the same period in 2020.

Backlog⁽¹⁾ \$ millions	As at March 31	
	2021	2020
Construction	\$ 5,838	\$ 6,895
Concessions	75	59
Consolidated	\$ 5,913	\$ 6,954

(1) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

Estimated backlog duration \$ millions	As at March 31	
	2021	2020
Next 12 months	\$ 2,729 46%	\$ 2,515 36%
Next 13-24 months	1,546 26%	1,747 25%
Beyond	1,638 28%	2,692 39%
	\$ 5,913 100%	\$ 6,954 100%

The timing of work to be performed for projects in backlog as at March 31, 2021 is based on current project schedules, taking into account the current impacts of COVID-19 and related slowdowns, re-scheduling, and in some cases, suspension of work and agreed future restart dates. It is possible that these schedules could change in the future as the COVID-19 pandemic evolves.

Aecon does not report as backlog the significant number of contracts and arrangements in hand where the exact amount of work to be performed cannot be reliably quantified or where a minimum number of units at the contract specified price per unit is not guaranteed. Examples include time and material and some cost-plus and unit priced contracts where the extent of services to be provided is undefined or where the number of units cannot be estimated with reasonable certainty. Other examples include the value of construction work managed under construction management advisory contracts, concession agreements, multi-year operating and maintenance service contracts where the value of the work is not specified, supplier of choice arrangements and alliance agreements where the client requests services on an as-needed basis. None of the expected revenue from these types of contracts and arrangements is included in backlog. Therefore, Aecon’s anticipated future work to be performed at any given time is greater than what is reported as backlog.

Reported backlog includes the revenue value of backlog that relates to projects that are accounted for using the equity method. The equity method reports a single amount (revenue less expense) on Aecon’s consolidated statement of income, and as a result the revenue component of backlog for these projects is not included in Aecon’s reported revenue. As at March 31, 2021, reported backlog from projects that are accounted for using the equity method was \$nil (March 31, 2020 - \$nil).

Further detail for each segment is included in the discussion below under Reporting Segments.

8. REPORTABLE SEGMENTS FINANCIAL HIGHLIGHTS

8.1. CONSTRUCTION

Financial Highlights

\$ millions	Three months ended	
	March 31	
	2021	2020
Revenue	\$ 744.1	\$ 735.3
Gross profit	\$ 57.4	\$ 55.6
Adjusted EBITDA ⁽¹⁾	\$ 22.1	\$ 16.5
Operating profit (loss)	\$ 4.0	\$ (0.4)
Gross profit margin ⁽³⁾	7.7%	7.6%
Adjusted EBITDA margin ⁽²⁾	3.0%	2.2%
Operating margin ⁽³⁾	0.5%	(0.1)%
Backlog ⁽¹⁾	\$ 5,838	\$ 6,895

(1) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this document for more information on each non-GAAP financial measure.

(2) This is a non-GAAP ratio. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP ratio.

(3) This is a supplementary financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each supplementary financial measure.

Revenue in the Construction segment for the three months ended March 31, 2021 of \$744 million was \$9 million, or 1%, higher compared to the same period in 2020. Construction segment revenue was higher in nuclear operations (\$42 million) driven by higher volume of refurbishment work in Ontario. Revenue was also higher in utilities operations (\$9 million) from increased volume of gas distribution and telecommunication work. Partially offsetting these increases was lower revenue in civil operations and urban transportation systems (\$34 million) driven primarily by a decrease in roadbuilding construction work, and in industrial operations (\$8 million) largely due to decreased activity on mainline pipeline work in western Canada.

Operating profit in the Construction segment of \$4.0 million in the first three months of 2021 improved by \$4.4 million compared to an operating loss of \$0.4 million in the same period in 2020. This increase resulted from higher volume and gross profit margin in utilities operations, higher volume in nuclear operations, and higher operating profit in civil operations and urban transportation systems due primarily to lower MG&A and depreciation. These increases were partially offset by lower operating profit in industrial operations due to lower volume and gross profit margin.

Construction backlog as at March 31, 2021 was \$5,838 million compared to \$6,895 million at the same time in 2020. Backlog decreased period-over-period in civil operations and urban transportation systems (\$744 million), nuclear (\$223 million) and industrial operations (\$184 million), while backlog was higher in utilities operations (\$94 million). New contract awards of \$200 million in the first quarter of 2021 were \$696 million lower than the same period in 2020. The period-over-period decrease in new awards was primarily due to the award in the first quarter of 2020 for the Pattullo Bridge Replacement Project in British Columbia, whereas in the first quarter of 2021 there were no awards of a similar scale.

As discussed in Section 7 “Consolidated Financial Highlights”, the Construction segment’s anticipated future work to be performed at any given time is greater than what is reported as backlog.

8.2. CONCESSIONS

Financial Highlights

\$ millions	Three months ended March 31	
	2021	2020
Revenue	\$ 11.4	\$ 27.1
Gross profit	\$ 0.3	\$ 5.7
Income from projects accounted for using the equity method	\$ 2.9	\$ 3.3
Adjusted EBITDA⁽¹⁾	\$ 9.6	\$ 14.3
Operating profit (loss)	\$ (3.0)	\$ 2.5
Backlog⁽¹⁾	\$ 75	\$ 59

(1) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

Aecon holds a 100% interest in Bermuda Skyport Corporation Limited (“Skyport”), the concessionaire responsible for the Bermuda airport's operations, maintenance and commercial functions, and the entity that will manage and coordinate the overall delivery of the Bermuda International Airport Redevelopment Project over a 30-year concession term that commenced in 2017. On December 9, 2020, Skyport opened the new passenger terminal building at the L.F. Wade International Airport. Aecon’s participation in Skyport is consolidated and, as such, is accounted for in the consolidated financial statements by reflecting, line by line, the assets, liabilities, revenue and expenses of Skyport. However, Aecon’s concession participation in the Eglinton Crosstown LRT, Finch West LRT, Gordie Howe International Bridge, and Waterloo LRT projects are joint ventures that are accounted for using the equity method.

For the three months ended March 31, 2021, revenue in the Concessions segment of \$11 million was \$16 million lower than in the first quarter of 2020. This was due to decreased construction activity related to the Bermuda International Airport Redevelopment Project (\$13 million) and a decrease in the volume of commercial flight operations compared to the same period last year for reasons related to the COVID-19 pandemic (\$3 million). Included in Concessions’ revenue for the first quarter of 2021 was \$1 million of construction revenue that was eliminated on consolidation as inter-segment revenue (compared to \$14 million in the same period in 2020).

Operating loss in the Concessions segment of \$3.0 million for the three months ended March 31, 2021 worsened by \$5.5 million compared to an operating profit of \$2.5 million in the same period in 2020 primarily due to the above noted COVID-19 impact on airport construction and operations in Bermuda.

Except for “O&M” activities under contract for the next five years and that can be readily quantified, Aecon does not include in its reported backlog expected revenue from concession agreements. As such, while Aecon expects future revenue from its concession assets, no concession backlog, other than from such O&M activities for the next five years, is reported.

9. QUARTERLY FINANCIAL DATA

Set out below is quarterly financial data for the most recent eight quarters:

	2021	2020				2019		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Revenue	\$ 754.0	\$ 1,077.2	\$ 1,039.5	\$ 779.4	\$ 747.5	\$ 917.3	\$ 1,025.4	\$ 867.3
Adjusted EBITDA ⁽¹⁾	20.8	83.6	137.2	24.4	19.2	61.7	91.1	57.3
Earnings (loss) before income taxes	(20.9)	46.3	100.1	(7.4)	(15.0)	25.3	53.2	23.2
Profit (loss)	(18.4)	32.0	73.6	(6.2)	(11.4)	20.2	42.1	20.4
Earnings (loss) per share:								
Basic	(0.31)	0.53	1.23	(0.10)	(0.19)	0.33	0.69	0.34
Diluted	(0.31)	0.46	0.99	(0.10)	(0.19)	0.31	0.60	0.31

(1) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

Earnings (loss) per share for each quarter has been computed using the weighted average number of shares issued and outstanding during the respective quarter. Any dilutive securities, which increase the earnings per share or decrease the loss per share, are excluded for purposes of calculating diluted earnings per share. Due to the impacts of dilutive securities, such as convertible debentures, and share issuances and repurchases throughout the periods, the sum of the quarterly earnings (losses) per share will not necessarily equal the total for the year.

Set out below is the calculation of Adjusted EBITDA for the most recent eight quarters:

\$ millions

	2021	2020				2019		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit (loss)	\$ (10.2)	\$ 53.5	\$ 106.8	\$ (0.8)	\$ (9.7)	\$ 31.1	\$ 58.8	\$ 28.1
Depreciation and amortization	22.8	27.2	22.3	19.4	22.8	24.9	26.8	23.9
(Gain) loss on sale of assets	(0.9)	(5.8)	(0.9)	(1.8)	(0.3)	(1.0)	(0.7)	(1.1)
Income from projects accounted for using the equity method	(2.6)	(4.2)	(4.4)	(2.7)	(2.9)	(3.5)	(4.3)	(2.2)
Equity Project EBITDA ⁽¹⁾	11.7	12.9	13.4	10.3	9.4	10.1	10.6	8.6
Adjusted EBITDA ⁽¹⁾	\$ 20.8	\$ 83.6	\$ 137.2	\$ 24.4	\$ 19.2	\$ 61.7	\$ 91.1	\$ 57.3

(1) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

Set out below is the calculation of Equity Project EBITDA for the most recent eight quarters:

\$ millions

	2021	2020				2019		
Aecon's proportionate share of projects accounted for using the equity method (1)	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Operating profit	\$ 11.5	\$ 12.7	\$ 13.2	\$ 10.1	\$ 9.2	\$ 10.0	\$ 10.4	\$ 8.4
Depreciation and amortization	0.2	0.2	0.2	0.2	0.2	0.1	0.2	0.2
Equity Project EBITDA ⁽²⁾	11.7	12.9	13.4	10.3	9.4	10.1	10.6	8.6

(1) Refer to Note 10 “Projects Accounted for Using the Equity Method” in the March 31, 2021 interim condensed consolidated financial statements.

(2) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

Set out below is the calculation of Adjusted EBITDA by segment for the three months ended March 31, 2021 and 2020:

\$ millions

	Three months ended March 31, 2021				Three months ended March 31, 2020			
	Construction	Concessions	Other costs and eliminations	Consolidated	Construction	Concessions	Other costs and eliminations	Consolidated
Operating profit (loss)	\$ 4.0	\$ (3.0)	\$ (11.2)	\$ (10.2)	\$ (0.4)	\$ 2.5	\$ (11.8)	\$ (9.7)
Depreciation and amortization	17.2	5.2	0.4	22.8	16.8	5.7	0.3	22.8
(Gain) on sale of assets	(0.9)	-	-	(0.9)	(0.3)	-	-	(0.3)
Income from projects accounted for using the equity method	0.3	(2.9)	-	(2.6)	0.4	(3.3)	-	(2.9)
Equity Project EBITDA ⁽¹⁾	1.5	10.2	-	11.7	-	9.4	-	9.4
Adjusted EBITDA ⁽¹⁾	\$ 22.1	\$ 9.6	\$ (10.8)	\$ 20.8	\$ 16.5	\$ 14.3	\$ (11.5)	\$ 19.2

(1) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

Set out below is the calculation of Equity Project EBITDA by segment for the three months ended March 31, 2021 and 2020:

\$ millions

Aecon's proportionate share of projects accounted for using the equity method ⁽¹⁾	Three months ended March 31, 2021				Three months ended March 31, 2020			
	Construction	Concessions	Other costs and eliminations	Consolidated	Construction	Concessions	Other costs and eliminations	Consolidated
Operating profit (loss)	\$ 1.3	\$ 10.2	\$ -	\$ 11.5	\$ (0.2)	\$ 9.4	\$ -	\$ 9.2
Depreciation and amortization	0.2	-	-	0.2	0.2	-	-	0.2
Equity Project EBITDA ⁽²⁾	1.5	10.2	-	11.7	-	9.4	-	9.4

(1) Refer to Note 10 “Projects Accounted for Using the Equity Method” in the March 31, 2021 interim condensed consolidated financial statements.

(2) This is a non-GAAP financial measure. Refer to Section 4 “Non-GAAP And Supplementary Financial Measures” in this MD&A for more information on each non-GAAP financial measure.

10. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

10.1. INTRODUCTION

Aecon’s participation in joint arrangements classified as joint operations is accounted for in the consolidated financial statements by reflecting, line by line, Aecon’s share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

Aecon’s participation in joint arrangements classified as joint ventures, as well as Aecon’s participation in project entities where Aecon exercises significant influence over the entity but does not control or jointly control the entity (i.e. associates), is accounted for using the equity method.

For further information, see Note 10 to the March 31, 2021 interim condensed consolidated financial statements.

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 million in damages from Rio Tinto. The joint venture has also registered and perfected a builders' lien against project lands, providing security over approximately \$97 million 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 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 million in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately \$14 million in damages. The Company has recorded \$138 million of unbilled revenue and accounts receivable as at March 31, 2021. Offsetting this amount to some extent, the Company has accrued \$45 million 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 million already paid to the Company pursuant to such agreements. 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.

10.2. CASH AND DEBT BALANCES

Cash balances at March 31, 2021 and December 31, 2020 are as follows:

\$ millions		March 31, 2021		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	\$ 32	\$ 551	\$ 583
Restricted cash	(2)	94	-	94
		December 31, 2020		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	\$ 100	\$ 558	\$ 658
Restricted cash	(2)	111	-	111

(1) Cash and cash equivalents include cash on deposit in bank accounts of joint operations which Aecon cannot access directly.

(2) Restricted cash is cash held by Bermuda Skyport Corporation Limited.

Total long-term recourse debt of \$359.9 million as at March 31, 2021 compares to \$369.2 million as at December 31, 2020, the composition of which is as follows:

\$ millions		
	March 31, 2021	December 31, 2020
Current portion of long-term debt – recourse	\$ 53.8	\$ 56.6
Long-term debt – recourse	135.8	143.5
Long-term portion of convertible debentures	170.3	169.1
Total long-term recourse debt	\$ 359.9	\$ 369.2
Long-term project debt - non-recourse	\$ 354.5	\$ 358.9

The \$9.3 million net decrease in total long-term recourse debt results from a decrease in leases of \$9.5 million and equipment loans of \$1.0 million, offset partially by an increase in convertible debentures of \$1.2 million related to the accretion of notional interest.

The \$4.4 million decrease in long-term non-recourse project debt, which all relates to the financing of the Bermuda International Airport Redevelopment Project, is due to the impact of the change in the US:Canadian dollar exchange rate since December 31, 2020.

Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. As at March 31, 2021, Aecon had \$31.5 million of cash on hand (excluding cash in joint operations and restricted cash), and a committed revolving credit facility of \$600 million, of which \$nil was drawn and \$7 million utilized for letters of credit. In the first quarter of 2021, the performance security guarantee facility provided by Export Development Canada to support letters of credit was increased from \$700 million to \$900 million. This facility when combined with Aecon's committed revolving credit facility provides Aecon with committed credit facilities for working capital and letter of credit requirements totalling \$1,500 million. The Company has no debt or working capital credit facility maturities until the second half of 2023, except equipment loans and leases in the normal course. As at March 31, 2021, Aecon was in compliance with all debt covenants related to its credit facility.

In the first quarter of 2021, Aecon's Board of Directors approved an increase in the dividend to be paid to all holders of Aecon common shares. Quarterly dividends increased to \$0.175 per share (annual dividend of \$0.70 per share). Prior to this increase, Aecon paid a quarterly dividend of \$0.16 per share (annual dividend of \$0.64 per share). The first quarterly dividend payment of \$0.175 per share was paid on April 5, 2021.

10.3. SUMMARY OF CASH FLOWS

The construction industry in Canada is seasonal in nature for companies like Aecon that perform a significant portion of their work outdoors, particularly road construction and utilities work. As a result, a larger portion of this work is performed in the summer and fall months than in the winter and early spring months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating cash flow, with cash balances typically being at their lowest levels in the middle of the year as investments in working capital increase. These seasonal impacts typically result in cash balances peaking near year-end or during the first quarter of the year.

A summary of sources and uses of cash during the three months ended March 31, 2021 and 2020 is as follows:

\$ millions	Three months ended March 31	
	2021	2020
Operating Activities		
Cash provided by (used in):		
Cash flows from operations before changes in working capital	\$ (49.5)	\$ (18.0)
Higher investments in working capital	(2.1)	(2.9)
Cash used in operating activities	\$ (51.6)	\$ (20.9)
Investing Activities		
Cash provided by (used in):		
Decrease in restricted cash balances held by Skyport to finance the Bermuda International Airport Redevelopment Project	\$ 16.4	\$ 0.4
Expenditures made by Skyport related to the construction of the new airport terminal in Bermuda	(0.6)	(12.8)
Expenditures (net of disposals) on property, plant and equipment and intangible assets	(12.3)	(20.5)
Cash outflow related to the acquisition of Voltage Power	-	(29.4)
Cash distributions received from projects accounted for using the equity method	0.2	0.1
Cash provided by (used for) investments in long-term financial assets	1.3	(0.3)
Cash provided by (used in) investing activities	\$ 5.0	\$ (62.5)
Financing Activities		
Cash provided by (used in):		
Increase in bank indebtedness associated with borrowings under the Company's revolving credit facility	\$ -	\$ 30.0
Increase in long-term recourse debt borrowings	1.5	2.2
Repayments of long-term recourse debt relating primarily to equipment financing arrangements	(18.1)	(15.8)
Cash used for dividends paid	(9.6)	(8.8)
Common shares purchased under NCIB	-	(15.5)
Cash used in financing activities	\$ (26.2)	\$ (7.9)
Decrease in cash and cash equivalents	(72.8)	(91.3)
Effects of foreign exchange on cash balances	(2.7)	5.6
Cash and cash equivalents - beginning of period	658.3	682.3
Cash and cash equivalents - end of period	\$ 582.8	\$ 596.6

In the first quarter of 2021, Aecon acquired, either through purchase or lease, property, plant and equipment totalling \$22.3 million. Of this amount, \$11.6 million of expenditures related to the purchase of equipment yards and buildings in Alberta for use by the civil operations in the Construction segment, with the balance of the investment in property, plant and equipment related to the purchase or lease of new machinery and construction equipment as part of normal ongoing business operations in the Construction segment. In the first three months of 2020, investments in property, plant and equipment totalled \$25 million (excluding property, plant and equipment acquired at the time of the Voltage Power acquisition). Of this amount, \$16.5 million of expenditures related to the purchase of an equipment yard and building in Ontario for use by the civil and utilities equipment fleet operations in the Construction segment.

11. NEW ACCOUNTING STANDARDS

Note 5, “*New Accounting Standards*”, to Aecon’s March 31, 2021 interim condensed consolidated financial statements includes new IFRS standards and amendments that became effective for the Company on January 1, 2021, and Note 6, “*Future Accounting Changes*” discusses IFRS standards and amendments that are issued, but not yet effective.

The new accounting standards had no significant impact on profit (loss), comprehensive income (loss), or earnings (loss) per share in the first three months of 2021.

12. SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures

The Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), together with management, have designed disclosure controls and procedures to provide reasonable assurance that material information with respect to the Company, including its consolidated subsidiaries, is made known to them by others and is recorded, processed, summarized and reported within the time periods specified in securities legislation. The CEO and CFO, together with management, have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. In designing such controls, it should be recognized that any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements due to error or fraud.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company’s internal controls over financial reporting during the period beginning on January 1, 2021 and ended on March 31, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

In response to the COVID-19 pandemic, certain physical distancing measures taken by Aecon, clients and governments have the potential to impact the design and performance of internal controls over financial reporting at the Company while these measures remain in place. While no material changes in the Company’s internal controls over financial reporting are anticipated at this time, the Company continues to monitor and mitigate any risks associated with changes to its control environment in response to COVID-19.

Contractual Obligations

At March 31, 2021, the Company had commitments totalling \$417 million for equipment and premises under leases requiring minimum payments, and for obligations under long-term recourse debt and convertible debentures.

At March 31, 2021, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was \$5,913 million.

Further details on Contractual Obligations are included in the Company's 2020 Annual Report.

Off-Balance Sheet Arrangements

Aecon's defined benefit pension plans (the "Pension Plans") had a combined surplus of \$0.1 million as at March 31, 2021 (December 31, 2020 a combined surplus of \$0.1 million). The defined benefit obligations and benefit cost levels will change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have 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 the Company's 2020 Annual Report for further details regarding Aecon's Pension Plans.

Further details of contingencies and guarantees are included in the March 31, 2021 interim condensed consolidated financial statements and in the 2020 Annual Report.

Related Party Transactions

Other than transactions with certain equity accounted investees as part of the normal course of operations, there were no other significant related party transactions in the first three months of 2021.

Critical Accounting Estimates and Judgements

Refer to the detailed discussion on Critical Accounting Estimates as outlined in Note 4 to the March 31, 2021 interim condensed consolidated financial statements.

13. RISK FACTORS

Refer to the detailed discussion on Risk Factors as outlined in the Company's 2020 Annual MD&A dated February 25, 2021. These risk factors could materially and adversely affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. These risks and uncertainties which management reviews on a quarterly basis, have not materially changed in the period since February 25, 2021.

14. OUTSTANDING SHARE DATA

Aecon is authorized to issue an unlimited number of common shares. The following are details of common shares outstanding and securities that are convertible into common shares.

In thousands of dollars (except share amounts)		April 22, 2021
Number of common shares outstanding		60,284,079
Outstanding securities exchangeable or convertible into common shares:		
Principal amount of convertible debentures outstanding (see Note 17 to the March 31, 2021 interim condensed consolidated financial statements)	\$	182,961
Number of common shares issuable on conversion of convertible debentures		7,760,439
Increase in paid-up capital on conversion of convertible debentures	\$	182,961
DSUs and RSUs outstanding under the Long-Term Incentive Plan and the Director DSU Plan		3,789,181

15. OUTLOOK

Aecon's overall outlook for 2021 remains positive despite the ongoing background of COVID-19. Backlog, recurring revenue programs, and the pipeline of bidding opportunities for new work, remain at strong levels. Furthermore, the Company expects that demand for its services will remain healthy for the foreseeable future as the federal government and provincial governments across Canada have identified investment in infrastructure as a key source of stimulus as part of economic recovery plans. An Aecon consortium has been named as first negotiations proponent for the Eglinton Crosstown West Extension Advance Tunnel project in Toronto, which is expected to be awarded in the second quarter of 2021 upon closing of related project financing, and Aecon is also pre-qualified on a number of large project bids due to be awarded during 2021 and 2022. Recurring revenue in the utilities sector in particular is expected to grow based on the capital investment plans of a number of key clients, particularly in telecommunications and power-related work.

Despite this overall positive outlook, the COVID-19 pandemic is expected to continue to have some impact in moderating overall revenue and profitability growth expectations in 2021, either due to client decisions related to schedules or operating policies or due to broader government directives to modify work practices to meet relevant health and safety standards. In addition, certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed. A small number of construction projects have been impacted by cases of COVID-19 as infections in the community have increased across Canada, which has resulted in an increase in the number of employees quarantining and self-isolating as a precautionary measure. While the primary impact from COVID-19 in Canada will be to reduce revenue in certain areas of Aecon's Construction segment until normal operations fully resume, there is no guarantee that all related costs will be recovered and therefore it is possible that future project margins could be impacted as well.

In the Concessions segment, commercial operations at the Bermuda International Airport continue to be challenged by COVID-19 related travel restrictions, which have significantly impacted the aviation industry. The aviation industry is not expected to improve meaningfully until significant portions of the global population have been vaccinated and existing travel restrictions are lifted.

Aecon's financial position, liquidity and capital resources remain strong, and are expected to be sufficient to finance its operations and working capital requirements for the foreseeable future. As at March 31, 2021, Aecon had a committed revolving credit facility of \$600 million, of which \$nil was drawn, and \$7 million was utilized for letters of credit. The Company has no debt or working capital credit facility maturities until the second half of 2023, except equipment loans and leases in the normal course.

As noted above, the overall outlook for 2021 remains positive as construction continues on a number of projects that ramped up in 2019 and 2020, the level of backlog and new awards during 2020, and the strong demand environment for Aecon's services, including recurring revenue programs, all subject to the unknown impacts of COVID-19 going forward.

AECON GROUP INC.
FIRST QUARTER

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL
STATEMENTS**

March 31, 2021

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2021 AND 2020

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MANAGEMENT REPORT

April 22, 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 MARCH 31, 2021 AND DECEMBER 31, 2020

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2021	December 31 2020
ASSETS			
Current assets			
Cash and cash equivalents	7	\$ 582,787	\$ 658,270
Restricted cash	7	93,583	111,208
Trade and other receivables	8	721,955	807,111
Unbilled revenue		573,605	526,079
Inventories	9	22,005	21,341
Income tax recoverable		16,731	8,005
Prepaid expenses		62,813	68,996
		2,073,479	2,201,010
Non-current assets			
Long-term financial assets		1,757	3,230
Projects accounted for using the equity method	10	44,530	37,378
Deferred income tax assets		36,530	34,154
Property, plant and equipment	11	361,889	362,177
Intangible assets	12	636,500	649,450
		1,081,206	1,086,389
TOTAL ASSETS		\$ 3,154,685	\$ 3,287,399
LIABILITIES			
Current liabilities			
Trade and other payables	14	851,769	924,338
Provisions	15	23,219	16,475
Deferred revenue		510,637	486,259
Income taxes payable		2,310	45,962
Current portion of long-term debt	16	53,766	56,568
		1,441,701	1,529,602
Non-current liabilities			
Provisions	15	5,683	5,976
Non-recourse project debt	16	354,492	358,871
Long-term debt	16	135,819	143,534
Convertible debentures	17	170,254	169,057
Concession related deferred revenue	18	96,981	99,138
Deferred income tax liabilities		98,503	106,470
Other liabilities		2,551	644
		864,283	883,690
TOTAL LIABILITIES		2,305,984	2,413,292
EQUITY			
Capital stock	22	396,603	395,733
Convertible debentures	17	12,707	12,707
Contributed surplus		57,612	53,774
Retained earnings		415,127	444,088
Accumulated other comprehensive loss		(33,348)	(32,195)
TOTAL EQUITY		848,701	874,107
TOTAL LIABILITIES AND EQUITY		\$ 3,154,685	\$ 3,287,399

Contingencies (Note 21)

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

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

	Note	March 31 2021	March 31 2020
Revenue		\$ 754,030	\$ 747,515
Direct costs and expenses	23	(696,697)	(686,299)
Gross profit		57,333	61,216
Marketing, general and administrative expense	23	(47,691)	(50,380)
Depreciation and amortization	23	(22,848)	(22,781)
Income from projects accounted for using the equity method	10	2,618	2,891
Other income (loss)	24	365	(597)
Operating loss		(10,223)	(9,651)
Finance income		127	583
Finance cost	25	(10,775)	(5,941)
Loss before income taxes		(20,871)	(15,009)
Income tax recovery	19	2,460	3,595
Loss for the period		\$ (18,411)	\$ (11,414)
Basic loss per share	26	\$ (0.31)	\$ (0.19)
Diluted loss per share	26	\$ (0.31)	\$ (0.19)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(in thousands of Canadian dollars) (unaudited)

	March 31 2021	March 31 2020
Loss for the period	\$ (18,411)	\$ (11,414)
Other comprehensive income (loss):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences - foreign operations	(4,827)	13,974
Cash flow hedges - subsidiaries	1,668	4,185
Cash flow hedges - equity accounted investees	5,712	(20,829)
Cash flow hedges - joint operations	(2,671)	16,635
Income taxes on the above	(1,035)	554
Total other comprehensive income (loss) for the period	(1,153)	14,519
Comprehensive income (loss) for the period	\$ (19,564)	\$ 3,105

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

	Accumulated other comprehensive income (loss)							
	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Currency translation differences	Actuarial gains and losses	Cash flow hedges	Shareholders' equity
Balance as at January 1, 2021	\$ 395,733	\$ 12,707	\$ 53,774	\$ 444,088	\$ (8,378)	\$ 729	\$ (24,546)	\$ 874,107
Loss for the period	-	-	-	(18,411)	-	-	-	(18,411)
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	(4,827)	-	-	(4,827)
Cash flow hedges - subsidiaries	-	-	-	-	-	-	1,668	1,668
Cash flow hedges - equity accounted investees	-	-	-	-	-	-	5,712	5,712
Cash flow hedges - joint operations	-	-	-	-	-	-	(2,671)	(2,671)
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	(1,035)	(1,035)
Total other comprehensive income (loss) for the period	-	-	-	-	(4,827)	-	3,674	(1,153)
Total comprehensive income (loss) for the period	-	-	-	(18,411)	(4,827)	-	3,674	(19,564)
Dividends declared	-	-	-	(10,550)	-	-	-	(10,550)
Stock-based compensation expense	-	-	4,756	-	-	-	-	4,756
Shares issued to settle LTIP/ESU/Director DSU obligations	870	-	(870)	-	-	-	-	-
Stock-based compensation settlements and receipts	-	-	(48)	-	-	-	-	(48)
Balance as at March 31, 2021	\$ 396,603	\$ 12,707	\$ 57,612	\$ 415,127	\$ (13,205)	\$ 729	\$ (20,872)	\$ 848,701

	Accumulated other comprehensive income (loss)							
	Capital stock	Convertible debentures	Contributed surplus	Retained earnings	Currency translation differences	Actuarial gains and losses	Cash flow hedges	Shareholders' equity
Balance as at January 1, 2020	\$ 394,291	\$ 12,707	\$ 48,858	\$ 403,821	\$ (698)	\$ 2,174	\$ (3,157)	\$ 857,996
Loss for the period	-	-	-	(11,414)	-	-	-	(11,414)
Other comprehensive income (loss):								
Currency translation differences - foreign operations	-	-	-	-	13,974	-	-	13,974
Cash flow hedges - subsidiaries	-	-	-	-	-	-	4,185	4,185
Cash flow hedges - equity-accounted investees	-	-	-	-	-	-	(20,829)	(20,829)
Cash flow hedges - joint operations	-	-	-	-	-	-	16,635	16,635
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	-	554	554
Total other comprehensive income for the period	-	-	-	-	13,974	-	545	14,519
Total comprehensive income (loss) for the period	-	-	-	(11,414)	13,974	-	545	3,105
Dividends declared	-	-	-	(9,579)	-	-	-	(9,579)
Common shares purchased under Normal Course Issuer Bid	(6,091)	-	-	(9,364)	-	-	-	(15,455)
Stock-based compensation expense	-	-	3,655	-	-	-	-	3,655
Shares issued to settle LTIP/ESU/Director DSU obligations	1,215	-	(1,215)	-	-	-	-	-
Stock based compensation settlements and receipts	-	-	(1,592)	-	-	-	-	(1,592)
Balance as at March 31, 2020	\$ 389,415	\$ 12,707	\$ 49,706	\$ 373,464	\$ 13,276	\$ 2,174	\$ (2,612)	\$ 838,130

During the three months ended March 31, 2021, the Company declared dividends amounting to \$0.175 per share (March 31, 2020 - \$0.16 per share).

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2021	March 31 2020
CASH PROVIDED BY (USED IN)			
Operating activities			
Loss before income taxes		\$ (20,871)	\$ (15,009)
Income taxes paid		(60,381)	(25,768)
Defined benefit pension		(11)	(12)
Stock-based compensation settlements and receipts		(48)	(1,592)
Items not affecting cash:			
Depreciation and amortization		22,848	22,781
Income from projects accounted for using the equity method		(2,618)	(2,891)
Gain on sale of assets and other		(862)	(348)
Concession deferred revenue		(945)	-
Unrealized foreign exchange gain		(128)	(1,937)
Increase in provisions		7,392	1,842
Notional interest representing accretion		1,374	1,293
Stock-based compensation expense		4,756	3,655
Change in other balances relating to operations	27	(2,120)	(2,864)
		(51,614)	(20,850)
Investing activities			
Decrease in restricted cash balances		16,396	410
Purchase of property, plant and equipment		(13,001)	(21,747)
Proceeds on sale of property, plant and equipment		1,150	1,432
Investment in concession rights		(598)	(12,754)
Increase in intangible assets		(422)	(240)
Decrease (increase) in long-term financial assets		1,275	(255)
Distributions from projects accounted for using the equity method		235	66
Net cash outflow on acquisition of a business		-	(29,411)
		5,035	(62,499)
Financing activities			
Increase in bank indebtedness		-	30,000
Issuance of long-term debt		1,507	2,170
Repayments of lease liabilities		(15,609)	(13,957)
Repayments of long-term debt		(2,501)	(1,870)
Dividends paid		(9,635)	(8,804)
Common shares purchased under NCIB		-	(15,455)
		(26,238)	(7,916)
Decrease in cash and cash equivalents during the period		(72,817)	(91,265)
Effect of foreign exchange on cash balances		(2,666)	5,572
Cash and cash equivalents - beginning of period		658,270	682,264
Cash and cash equivalents - end of period	7	\$ 582,787	\$ 596,571

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 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 April 22, 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").

These interim condensed consolidated financial statements have been prepared in accordance with 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 MONTHS ENDED MARCH 31, 2021 AND 2020

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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 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. Certain projects that were expected to be available to Aecon to bid on to secure new revenue have been delayed or suspended.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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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 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 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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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.

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 March 31, 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.

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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 March 31, 2021 and concluded that there was no significant impact.

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 March 31, 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.

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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.

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 March 31, 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 March 31, 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.

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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.

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)

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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.

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

	March 31 2021	December 31 2020
Cash balances excluding joint operations	\$ 31,542	\$ 100,454
Cash balances of joint operations	551,245	557,816
	\$ 582,787	\$ 658,270
Restricted cash	\$ 93,583	\$ 111,208
	\$ 93,583	\$ 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.

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8. TRADE AND OTHER RECEIVABLES

	March 31 2021	December 31 2020
Trade receivables	\$ 378,145	\$ 435,432
Allowance for expected credit losses	(932)	(1,140)
	377,213	434,292
Holdbacks receivable	306,155	327,466
Other	38,587	45,353
	344,742	372,819
Total	\$ 721,955	\$ 807,111
Amounts receivable beyond one year	\$ 96,315	\$ 96,317

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

	March 31 2021	December 31 2020
Balance - beginning of period	\$ (1,140)	\$ (758)
Additional amounts provided for during period	(65)	(1,054)
Trade receivables written off during period	159	92
Amounts recovered	114	580
Balance - end of period	\$ (932)	\$ (1,140)

9. INVENTORIES

	March 31 2021	December 31 2020
Raw materials and supplies	\$ 6,145	\$ 9,918
Finished goods	15,860	11,423
	\$ 22,005	\$ 21,341

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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:

	March 31, 2021			December 31, 2020		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Cash and cash equivalents	\$ 10,036	\$ 2,050	\$ 12,086	\$ 12,425	\$ 2,251	\$ 14,676
Other current assets	305,943	548	306,491	260,870	264	261,134
Total current assets	315,979	2,598	318,577	273,295	2,515	275,810
Non-current assets	852,903	-	852,903	838,647	-	838,647
Total assets	1,168,882	2,598	1,171,480	1,111,942	2,515	1,114,457
Trade and other payables and provisions	134,487	1,132	135,619	121,986	1,214	123,200
Other current financial liabilities	-	-	-	1,413	-	1,413
Total current liabilities	134,487	1,132	135,619	123,399	1,214	124,613
Non-current financial liabilities	983,432	-	983,432	944,716	-	944,716
Other non-current liabilities	7,899	-	7,899	7,750	-	7,750
Total non-current liabilities	991,331	-	991,331	952,466	-	952,466
Total liabilities	1,125,818	1,132	1,126,950	1,075,865	1,214	1,077,079
Net assets	\$ 43,064	\$ 1,466	\$ 44,530	\$ 36,077	\$ 1,301	\$ 37,378

	For the three months ended					
	March 31, 2021			March 31, 2020		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Revenue	\$ 141,353	\$ 291	\$ 141,644	\$ 167,848	\$ 1,058	\$ 168,906
Depreciation and amortization	(152)	-	(152)	(153)	-	(153)
Other costs and expenses	(129,856)	(126)	(129,982)	(158,603)	(946)	(159,549)
Operating profit	11,345	165	11,510	9,092	112	9,204
Finance cost	(8,984)	-	(8,984)	(6,407)	-	(6,407)
Income tax expense	92	-	92	94	-	94
Profit for the period	2,453	165	2,618	2,779	112	2,891
Other comprehensive income (loss)	4,769	-	4,769	(18,677)	-	(18,677)
Total comprehensive income (loss)	\$ 7,222	\$ 165	\$ 7,387	\$ (15,898)	\$ 112	\$ (15,786)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

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

	For the three months ended	For the year ended
	March 31 2021	December 31 2020
Projects accounted for using the equity method - as at beginning of period	\$ 37,378	\$ 45,513
Share of profit for the period	2,618	14,081
Share of other comprehensive income (loss) for the period	4,769	(20,226)
Distributions from projects accounted for using the equity method	(235)	(1,990)
Projects accounted for using the equity method - as at end of period	\$ 44,530	\$ 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

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 MONTHS ENDED MARCH 31, 2021 AND 2020

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

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
Cost							
Balance at January 1, 2021	\$ 47,246	\$ 171,586	\$ 56,656	\$ 337,858	\$ 38,483	\$ 66,941	\$ 718,770
Additions - purchased assets	7,131	4,636	-	1,012	222	-	13,001
Additions - right-of-use assets	-	283	-	6,457	-	2,556	9,296
Disposals	(1,006)	(7,993)	-	(3,046)	(19)	(1,129)	(13,193)
Foreign currency translation adjustments	-	(24)	-	(84)	(11)	(13)	(132)
Balance as at March 31, 2021	\$ 53,371	\$ 168,488	\$ 56,656	\$ 342,197	\$ 38,675	\$ 68,355	\$ 727,742
Accumulated depreciation and impairment							
Balance at January 1, 2021	1,584	66,333	21,275	189,895	34,307	43,199	356,593
Depreciation - purchased assets	-	2,282	225	3,960	669	244	7,380
Depreciation - right-of-use assets (a)	93	1,845	-	3,834	-	2,193	7,965
Disposals	(1,006)	(1,268)	-	(2,823)	(14)	(929)	(6,040)
Foreign currency translation adjustments	-	(10)	-	(20)	(7)	(8)	(45)
Balance as at March 31, 2021	\$ 671	\$ 69,182	\$ 21,500	\$ 194,846	\$ 34,955	\$ 44,699	\$ 365,853
Net book value as at March 31, 2021	\$ 52,700	\$ 99,306	\$ 35,156	\$ 147,351	\$ 3,720	\$ 23,656	\$ 361,889
Net book value as at January 1, 2021	\$ 45,662	\$ 105,253	\$ 35,381	\$ 147,963	\$ 4,176	\$ 23,742	\$ 362,177
Net book value of right-of-use assets included in property, plant & equipment as at January 1, 2021							
	\$ 1,103	\$ 38,481	\$ 75	\$ 74,156	\$ -	\$ 21,089	\$ 134,904
Net book value of right-of-use assets included in property, plant & equipment as at March 31, 2021							
	\$ 1,010	\$ 30,182	\$ 75	\$ 76,516	\$ -	\$ 21,402	\$ 129,185

(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 MONTHS ENDED MARCH 31, 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
Cost				
Balance as at January 1, 2021	\$ 624,476	\$ 83,830	\$ 97,025	\$ 805,331
Additions				
Separately acquired or constructed	598	-	422	1,020
Foreign currency translation adjustments	(7,705)	-	(5)	(7,710)
Balance as at March 31, 2021	\$ 617,369	\$ 83,830	\$ 97,442	\$ 798,641
Accumulated amortization and impairment				
Balance as at January 1, 2021	97,566	-	58,315	155,881
Amortization	5,038	-	2,465	7,503
Foreign currency translation adjustments	(1,239)	-	(4)	(1,243)
Balance as at March 31, 2021	\$ 101,365	\$ -	\$ 60,776	\$ 162,141
Net book value as at March 31, 2021	\$ 516,004	\$ 83,830	\$ 36,666	\$ 636,500
Net book value as at January 1, 2021	\$ 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

As at March 31, 2021, the Company had a committed revolving credit facility of \$600,000 (December 31, 2020 - \$600,000). The Company also has uncommitted demand letter of credit facilities of \$101,000 (December 31, 2020 - \$101,000) from Canadian banks and \$44,277 (€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 March 31, 2021 was \$nil (December 31, 2020 - \$nil). Letters of credit amounting to \$6,807 and \$24,470, respectively, were issued against the revolving credit facility and the uncommitted demand letter of credit facilities as at March 31, 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. These facilities mature July 19, 2023.

The Company also maintains an additional performance security guarantee facility to support letters of credit provided by Export Development Canada. In 2021, this performance security guarantee facility was increased from \$700,000 at December 31, 2020 to \$900,000 at March 31, 2021, of which \$457,790 was utilized as at March 31, 2021 (December 31, 2020 - \$462,950). This performance security guarantee facility matures with respect to supporting new letters of credit on June 30, 2021, unless renewed prior to this date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

14. TRADE AND OTHER PAYABLES

	March 31 2021	December 31 2020
Trade payables and accrued liabilities	\$ 717,977	\$ 792,323
Holdbacks payable	133,792	132,015
	\$ 851,769	\$ 924,338
Amounts payable beyond one year	\$ 35,221	\$ 33,807

15. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
Balance as at January 1, 2021	\$ 7,228	\$ 5,524	\$ 8,286	\$ 1,413	\$ 22,451
Additions made	6,957	-	-	652	7,609
Amounts used	-	(352)	-	(589)	(941)
Other changes	3	55	-	-	58
Unused amounts reversed	(275)	-	-	-	(275)
Balance as at March 31, 2021	\$ 13,913	\$ 5,227	\$ 8,286	\$ 1,476	\$ 28,902
Reported as:					
Current	\$ 13,457	\$ -	\$ 8,286	\$ 1,476	\$ 23,219
Non-current	456	5,227	-	-	5,683
	\$ 13,913	\$ 5,227	\$ 8,286	\$ 1,476	\$ 28,902

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

LONG-TERM DEBT

	March 31 2021	December 31 2020
Long-term debt:		
Leases	\$ 155,297	\$ 164,774
Equipment and other loans	34,288	35,328
Total long-term debt	\$ 189,585	\$ 200,102
Reported as:		
Current liabilities:		
Current portion of long-term debt	\$ 53,766	\$ 56,568
Non-current liabilities:		
Long-term debt	135,819	143,534
	\$ 189,585	\$ 200,102

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

The following describes the components of long-term debt:

- (a) As at March 31, 2021, leases of \$155,297 (December 31, 2020 - \$164,774) bore interest at fixed rates averaging 3.21% (December 31, 2020 – 3.27%) per annum, with specific equipment provided as security.
- (b) As at March 31, 2021, equipment and other loans of \$34,288 (December 31, 2020 - \$35,328) bore interest at fixed rates averaging 2.93% (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 March 31, 2021 was 3.16% (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 months ended March 31, 2021 were \$14,487 (2020 - \$18,943).

Total cash outflow related to lease liabilities for the three months ended March 31, 2021 was \$15,609 (2020 – \$13,957).

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 three months ended March 31, 2021.

Refer to Note 25, “*Finance cost*” for further details of interest on lease liabilities recognized during the three months ended March 31, 2021.

Refer to Note 28, “*Financial instruments*” for contractual maturities of lease liabilities as at March 31, 2021.

NON-RECOURSE PROJECT DEBT

		March 31 2021	December 31 2020
Non-recourse project debt:			
Bermuda International Airport Redevelopment Project financing	(a)	\$ 354,492	\$ 358,871
Total non-recourse project debt		\$ 354,492	\$ 358,871
Reported as:			
Non-current liabilities:			
Non-recourse project debt		\$ 354,492	\$ 358,871
		\$ 354,492	\$ 358,871

- (a) Included in the Company’s consolidated balance sheet as at March 31, 2021 is debt, net of transaction costs, of \$354,492 (US\$281,902) (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 MONTHS ENDED MARCH 31, 2021 AND 2020

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

17. CONVERTIBLE DEBENTURES

Convertible subordinated debentures consist of:

	March 31 2021	December 31 2020
Debt component:		
Debenture maturing on December 31, 2023 - 5.0% Debentures	170,254	169,057
Total convertible debentures	\$ 170,254	\$ 169,057
Reported as:		
Non-current liabilities:		
Convertible debentures	170,254	169,057
	\$ 170,254	\$ 169,057
	March 31 2021	December 31 2020
Equity component:		
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	
	March 31 2021	March 31 2020
Interest expense on face value	\$ 2,300	\$ 2,300
Notional interest representing accretion	1,197	1,164
	\$ 3,497	\$ 3,464

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

18. CONCESSION RELATED DEFERRED REVENUE

Concession related deferred revenue consists of:

	March 31 2021	December 31 2020
Bermuda International Airport Redevelopment Project	\$ 96,981	\$ 99,138
	\$ 96,981	\$ 99,138

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 months ended March 31, 2021 was \$945 (2020 - \$nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

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 three months ended	
	March 31 2021	March 31 2020
Loss before income taxes	\$ (20,871)	\$ (15,009)
Statutory income tax rate	26.20%	26.50%
Expected income tax recovery	5,468	3,977
Effect on income taxes of:		
Projects accounted for using the equity method	(50)	(67)
Provincial and foreign rate differences	(2,910)	(125)
Other non-deductible expenses	(48)	(190)
	(3,008)	(382)
Income tax recovery	\$ 2,460	\$ 3,595

20. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended	
	March 31 2021	March 31 2020
Defined benefit pension expense:		
Company sponsored pension plans	\$ 124	\$ 95
Defined contribution pension expense:		
Company sponsored pension plans	2,168	1,959
Multi-employer pension plans	16,318	12,644
Total employee future benefit expense	\$ 18,610	\$ 14,698

21. CONTINGENCIES

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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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 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 \$138,432 of unbilled revenue and accounts receivable as at March 31, 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. 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.

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

The Company is involved in various disputes and litigation both as plaintiff and defendant. In the opinion of management, the resolution of 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.

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

	Project	March 31 2021
Letters of credit:		
Financial and performance - issued by Export Development Canada	Various joint arrangement projects	\$ 457,790
Financial and performance - issued in the normal conduct of business	Various	\$ 31,277

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 March 31, 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 \$14,229,677 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 MONTHS ENDED MARCH 31, 2021 AND 2020

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

22. CAPITAL STOCK

	For the three months ended March 31, 2021		For the year ended December 31, 2020	
	Number	Amount	Number	Amount
Number of common shares outstanding - beginning of period	60,219,825	\$ 395,733	60,715,625	\$ 394,291
Shares issued to settle LTIP/ESU/Director DSU obligations	64,254	870	442,137	7,533
Common shares purchased under Normal Course Issuer Bid	-	-	(937,937)	(6,091)
Number of common shares outstanding - end of period	60,284,079	\$ 396,603	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 months ended March 31, 2021, the Company recorded LTIP compensation charges of \$3,425 (2020 - \$2,250).

Other Stock-based Compensation – Director DSU Awards

In May 2014, the Board of Directors modified the director compensation program by replacing stock option grants to non-management directors with a director deferred share unit plan (the “Director DSU Plan”). A DSU is a right to receive an amount from the Company equal to the value of one common share. Commencing in 2021, pursuant to the Director DSU Plan, directors have the option to elect to receive their annual retainer fee in one of three ways: (i) 100% cash, (ii) 50% cash and 50% DSUs, or (iii) 100% 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.

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. Director DSU awards prior to 2021 are accounted for as equity settled awards. Commencing in 2021, new Director DSU awards are accounted for as cash-settled awards 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.

For the three months ended March 31, 2021, the Company recorded Director DSU compensation charges of \$1,172 (2020 - \$1,059).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

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 months ended March 31, 2021, the Company recorded an ESU compensation charge of \$161 (2020 - \$346).

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

	For the three months ended March 31, 2021		
	LTIP	Director DSUs	ESUs
	Share Units		
Balance outstanding - beginning of period	2,624,761	330,480	202,706
Granted	810,385	58,945	7,250
Dividend equivalent rights	25,629	3,235	3,752
Settled	(64,254)	-	-
Forfeited	-	-	(13,556)
Balance outstanding - end of period	3,396,521	392,660	200,152

	Weighted Average Grant Date Fair Value Per Unit		
Balance outstanding - beginning of period	\$ 14.82	\$ 15.99	\$ 17.05
Granted	19.15	19.00	16.44
Dividend equivalent rights	14.81	15.98	17.09
Settled	13.55	-	-
Forfeited	-	-	15.74
Balance outstanding - end of period	\$ 15.87	\$ 16.44	\$ 17.11

Amounts included in contributed surplus in the consolidated balance sheets as at March 31, 2021 in respect of LTIP, Director DSUs, and ESUs were \$36,224 (December 31, 2020 - \$33,670), \$6,454 (December 31, 2020 - \$5,283), and \$2,665 (December 31, 2020 - \$2,553), respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

23. EXPENSES

	For the three months ended	
	March 31 2021	March 31 2020
Personnel	\$ 240,172	\$ 186,234
Subcontractors	297,824	299,900
Materials	152,708	203,442
Equipment costs	49,275	38,123
Depreciation of property, plant and equipment and amortization of intangible assets	22,848	22,781
Other expenses	4,409	8,980
Total expenses	\$ 767,236	\$ 759,460

Reported as:

	For the three months ended	
	March 31 2021	March 31 2020
Direct costs and expenses	\$ 696,697	\$ 686,299
Marketing, general and administrative expense	47,691	50,380
Depreciation and amortization	22,848	22,781
Total expenses	\$ 767,236	\$ 759,460

24. OTHER INCOME (LOSS)

	For the three months ended	
	March 31 2021	March 31 2020
Foreign exchange loss	\$ (497)	\$ (945)
Gain on sale of property, plant and equipment	862	348
Total other income (loss)	\$ 365	\$ (597)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

25. FINANCE COST

	For the three months ended	
	March 31 2021	March 31 2020
Interest and notional interest on long-term debt and debentures	\$ 9,183	\$ 3,849
Interest on leases	1,067	1,172
Interest on short-term debt	467	837
Notional interest on provisions	58	83
Total finance cost	\$ 10,775	\$ 5,941

26. EARNINGS PER SHARE

Details of the calculation of earnings (loss) per share are set out below:

	For the three months ended	
	March 31 2021	March 31 2020
Loss attributable to shareholders	\$ (18,411)	\$ (11,414)
Interest on convertible debentures, net of tax ⁽¹⁾	2,571	2,546
Diluted net loss	\$ (15,840)	\$ (8,868)
Average number of common shares outstanding	60,276,940	60,426,273
Effect of dilutive securities: ⁽¹⁾		
Convertible debentures ⁽¹⁾	10,623,167	12,311,347
Long-term incentive plan	3,789,181	3,266,700
Weighted average number of diluted common shares outstanding	74,689,288	76,004,320
Basic loss per share	\$ (0.31)	\$ (0.19)
Diluted loss per share ⁽¹⁾	\$ (0.31)	\$ (0.19)

⁽¹⁾ 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 MONTHS ENDED MARCH 31, 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 three months ended	
	March 31 2021	March 31 2020
Decrease (increase) in:		
Trade and other receivables	\$ 85,219	\$ 73,129
Unbilled revenue	(43,938)	(33,888)
Inventories	(667)	1,286
Prepaid expenses	6,039	(5,236)
Increase (decrease) in:		
Trade and other payables	(71,938)	(32,862)
Provisions	(941)	(7,050)
Deferred revenue	24,106	1,757
	\$ (2,120)	\$ (2,864)

Cash flows from interest

	For the three months ended	
	March 31 2021	March 31 2020
Operating activities		
Cash interest paid	\$ (12,775)	\$ (13,123)
Cash interest received	166	983

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 March 31, 2021, the Company had contracts to buy US\$4,160 (December 31, 2020 - US\$5,240) on which there was a cumulative net unrealized exchange loss of \$27 recorded in the consolidated statements of income as at that date (December 31, 2020 - \$62). In addition, as at March 31, 2021, outstanding contracts to buy US\$143,790 (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 \$3,143 (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 March 31, 2021, for these derivative financial instruments designated as cash flow hedges, there was a cumulative unrealized loss recorded in other comprehensive income of \$25,283 (December 31, 2020 - \$30,996).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 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 March 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets (liabilities) measured at fair value:				
Cash flow hedges	\$ (28,427)	\$ -	\$ (28,427)	\$ -
Financial assets (liabilities) disclosed at fair value:				
Long-term financial assets	1,555	-	1,555	-
Current portion of long-term debt	(58,765)	-	(58,765)	-
Long-term debt	(139,805)	-	(139,805)	-
Non-recourse project debt	(354,492)	-	(354,492)	-
Convertible debentures	(198,720)	(198,720)	-	-

During the three months ended March 31, 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 March 31, 2021, the Company had \$84,107 in trade receivables that were past due. Of this amount, \$64,821 was over 60 days past due, against which the Company has recorded an allowance for expected credit losses of \$932.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

Contractual maturities for financial liabilities as at March 31, 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
Trade and other payables	\$ 816,548	\$ 35,221	\$ -	\$ 851,769	\$ -	\$ 851,769
Leases	\$ 48,971	\$ 101,255	\$ 17,933	\$ 168,159	\$ (12,862)	\$ 155,297
Equipment and other loans	9,918	19,729	7,701	37,348	(3,060)	34,288
	58,889	120,984	25,634	205,507	(15,922)	189,585
Non-recourse project debt	21,145	101,578	546,097	668,820	(314,328)	354,492
Convertible debentures	9,200	202,400	-	211,600	(41,346)	170,254
Long-term financial liabilities	\$ 89,234	\$ 424,962	\$ 571,731	\$ 1,085,927	\$ (371,596)	\$ 714,331

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 three months ended March 31, 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 March 31, 2021 to profit or loss for currency exposures would be \$12,018. 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 March 31, 2021, the debt to capitalization percentage including convertible debentures as debt was 30% (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 16% as at March 31, 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 FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

As at March 31, 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 MONTHS ENDED MARCH 31, 2021 AND 2020

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

For the three months ended March 31, 2021						
	Construction		Concessions		Other and eliminations	Total
Consolidated statements of income						
External customer revenue	\$	742,674	\$	11,356	\$ -	\$ 754,030
Inter-segment revenue		1,432		-	(1,432)	-
Total revenue		744,106		11,356	(1,432)	754,030
Expenses	\$	(740,763)	\$	(17,069)	\$ (9,404)	\$ (767,236)
Which include:						
Depreciation and amortization		(17,244)		(5,218)	(386)	(22,848)
Other income (loss):						
Foreign exchange gain (loss)	\$	88	\$	(198)	\$ (387)	\$ (497)
Gain on sale of property, plant and equipment		862		-	-	862
Income (loss) from projects accounted for using the equity method						
	\$	(295)	\$	2,913	\$ -	\$ 2,618
Operating profit (loss)	\$	3,998	\$	(2,998)	\$ (11,223)	\$ (10,223)
Finance income (cost):						
Finance income						\$ 127
Finance cost						(10,775)
Loss before income taxes						\$ (20,871)
Income tax recovery						2,460
Loss for the period						\$ (18,411)
Revenue by contract type						
Fixed price	\$	489,829	\$	2,821	\$ (1,231)	\$ 491,419
Cost plus/unit price		254,277		-	(201)	254,076
Concession operations		-		8,535	-	8,535
Total revenue		744,106		11,356	(1,432)	754,030
Revenue by service type						
Construction revenue	\$	744,106	\$	-	\$ (1,432)	\$ 742,674
Concession revenue		-		11,356	-	11,356
Total revenue		744,106		11,356	(1,432)	754,030
	Construction		Concessions		Other and eliminations	Total
Consolidated balance sheets						
Segment assets	\$	2,687,953	\$	653,607	\$ (186,875)	\$ 3,154,685
Which include:						
Projects accounted for using the equity method		16,584		27,946	-	44,530
Segment liabilities	\$	1,330,531	\$	430,431	\$ 545,022	\$ 2,305,984
Additions to non-current assets:						
Property, plant and equipment	\$	21,912	\$	-	\$ 385	\$ 22,297
Intangible assets	\$	-	\$	598	\$ 422	\$ 1,020

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

For the three months ended March 31, 2020						
	Construction		Concessions		Other and eliminations	Total
Consolidated statements of income						
External customer revenue	\$	720,420	\$	27,095	\$ -	\$ 747,515
Inter-segment revenue		14,917		-	(14,917)	-
Total revenue		735,337		27,095	(14,917)	747,515
Expenses	\$	(735,848)	\$	(28,082)	\$ 4,470	\$ (759,460)
Which include:						
Depreciation and amortization		(16,861)		(5,739)	(181)	(22,781)
Other income (loss):						
Foreign exchange gain (loss)	\$	199	\$	159	\$ (1,303)	\$ (945)
Gain on sale of property, plant and equipment		348		-	-	348
Income (loss) from projects accounted for using the equity method						
	\$	(429)	\$	3,320	\$ -	\$ 2,891
Operating profit (loss)	\$	(393)	\$	2,492	\$ (11,750)	\$ (9,651)
Finance income (cost):						
Finance income						\$ 583
Finance cost						(5,941)
Loss before income taxes						
Income tax recovery						(15,009)
Income tax recovery						
3,595						
Loss for the period						
(11,414)						
Revenue by contract type						
Fixed price	\$	431,676	\$	14,117	\$ (13,522)	\$ 432,271
Cost plus/unit price		303,661		-	(1,395)	302,266
Concession operations		-		12,978	-	12,978
Total revenue		735,337		27,095	(14,917)	747,515
Revenue by service type						
Construction revenue	\$	735,337	\$	-	\$ (1,395)	\$ 733,942
Concession revenue		-		27,095	(13,522)	13,573
Total revenue		735,337		27,095	(14,917)	747,515
	Construction		Concessions		Other and eliminations	Total
Consolidated balance sheets						
Segment assets	\$	2,515,766	\$	641,032	\$ (11,362)	\$ 3,145,436
Which include:						
Projects accounted for using the equity method		14,780		14,881	-	29,661
Segment liabilities	\$	1,279,212	\$	453,806	\$ 574,288	\$ 2,307,306
Additions to non-current assets:						
Property, plant and equipment	\$	33,497	\$	7	\$ 1,060	\$ 34,564
Intangible assets	\$	21,248	\$	12,804	\$ 86	\$ 34,138



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