

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

(In millions of Canadian dollars)	Notes	June 30, 2021 \$	December 31, 2020 \$
ASSETS			
Current			
Cash and deposits	5	209.2	289.5
Trade and other receivables	6	737.0	738.0
Unbilled receivables		364.4	342.2
Contract assets		67.0	66.7
Income taxes recoverable		63.0	47.2
Prepaid expenses		44.5	39.4
Other assets	8	39.3	42.1
Total current assets		1,524.4	1,565.1
Non-current			
Property and equipment		225.3	240.1
Lease assets	4,7	439.9	447.0
Goodwill	4,14	1,680.6	1,673.8
Intangible assets	4	207.0	182.0
Net employee defined benefit asset		47.6	47.3
Deferred tax assets		45.3	42.4
Other assets	8	201.6	191.2
Total assets		4,371.7	4,388.9
LIABILITIES AND EQUITY			
Current			
Bank indebtedness	5	8.7	4.7
Trade and other payables		564.1	576.0
Lease liabilities	4	102.1	103.6
Deferred revenue		189.5	197.3
Income taxes payable		28.3	24.2
Long-term debt	9	211.0	46.6
Provisions	10	23.9	20.5
Other liabilities	11	24.0	14.3
Total current liabilities		1,151.6	987.2
Non-current			
Lease liabilities	4	503.8	526.2
Income taxes payable		8.7	10.2
Long-term debt	4,9	507.2	634.2
Provisions	10	105.4	107.7
Net employee defined benefit liability		80.7	91.2
Deferred tax liabilities		63.0	63.4
Other liabilities	11	37.5	39.5
Total liabilities		2,457.9	2,459.6
Shareholders' equity			
Share capital	12	960.0	932.2
Contributed surplus		10.6	12.9
Retained earnings		993.5	958.6
Accumulated other comprehensive income		(50.7)	24.8
Total shareholders' equity		1,913.4	1,928.5
Non-controlling interests		0.4	0.8
Total liabilities and equity		4,371.7	4,388.9

See accompanying notes

Interim Condensed Consolidated Statements of Income

(Unaudited)

	Notes	For the quarter ended June 30,		For the two quarters ended June 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
<small>(In millions of Canadian dollars, except per share amounts)</small>					
Continuing operations					
Gross revenue		1,134.0	1,205.6	2,223.2	2,426.1
Less subconsultant and other direct expenses		225.7	254.5	436.2	519.8
Net revenue		908.3	951.1	1,787.0	1,906.3
Direct payroll costs	15	425.0	461.4	837.3	909.9
Gross margin		483.3	489.7	949.7	996.4
Administrative and marketing expenses	12,15	341.3	344.0	682.8	711.3
Depreciation of property and equipment		13.4	14.9	26.6	29.4
Depreciation of lease assets		26.3	30.6	53.2	60.2
Amortization of intangible assets		13.7	13.6	27.0	27.8
(Reversal) impairment of lease assets	7	(1.0)	2.0	(2.6)	11.7
Net interest expense	9	10.6	12.5	19.9	27.5
Other net finance expense		1.4	0.8	2.6	2.4
Foreign exchange (gain) loss		(0.3)	0.8	1.0	(0.5)
Other (income) expense	16	(5.2)	(2.8)	(11.9)	8.0
Income before income taxes and discontinued operations		83.1	73.3	151.1	118.6
Income taxes	17				
Current		22.2	21.6	41.3	30.2
Deferred		(2.3)	(0.9)	(4.3)	6.3
Total income taxes		19.9	20.7	37.0	36.5
Net income for the period from continuing operations		63.2	52.6	114.1	82.1
Discontinued operations					
Net income from discontinued operations, net of tax		—	—	—	10.2
Net income for the period		63.2	52.6	114.1	92.3
Weighted average number of shares outstanding - basic		111,246,823	111,346,512	111,336,576	111,355,426
Weighted average number of shares outstanding - diluted		111,735,116	111,851,675	111,779,412	111,804,674
Shares outstanding, end of the period		111,005,773	111,691,138	111,005,773	111,691,138
Earnings per share, basic and diluted					
Continuing operations		0.57	0.47	1.02	0.74
Discontinued operations		—	—	—	0.09
Total basic and diluted earnings per share		0.57	0.47	1.02	0.83

See accompanying notes

Interim Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

	Notes	For the quarter ended June 30,		For the two quarters ended June 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
(In millions of Canadian dollars)					
Net income for the period		63.2	52.6	114.1	92.3
Other comprehensive income (loss)					
Items that may be reclassified to net income in subsequent periods:					
Exchange differences on translation of foreign operations		(46.6)	(29.3)	(75.7)	80.3
Net unrealized (loss) gain on FVOCI financial assets	8	(0.7)	2.0	(1.3)	3.1
Unrealized gain (loss) on interest rate swap	14	0.8	(0.3)	1.5	(5.0)
		(46.5)	(27.6)	(75.5)	78.4
Items not to be reclassified to net income:					
Remeasurement adjustment on net employee defined benefit liability		—	—	—	5.8
Other comprehensive (loss) income for the period, net of tax		(46.5)	(27.6)	(75.5)	84.2
Total comprehensive income for the period, net of tax		16.7	25.0	38.6	176.5

See accompanying notes

Interim Condensed Consolidated Statements of Shareholders' Equity

(Unaudited)

	Shares Outstanding (note 12)	Share Capital (note 12)	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
(In millions of Canadian dollars, except shares)	#	\$	\$	\$	\$	\$
Balance, December 31, 2019	111,212,975	879.8	23.9	917.7	54.1	1,875.5
Net income				92.3		92.3
Other comprehensive income					84.2	84.2
Total comprehensive income				92.3	84.2	176.5
Share options exercised for cash	1,324,334	41.8				41.8
Share-based compensation			0.6			0.6
Shares repurchased under Normal Course Issuer Bid	(846,171)	(6.8)	(0.2)	(24.4)		(31.4)
Reclassification of fair value of share options previously expensed		7.7	(7.7)			—
Dividends declared				(34.5)		(34.5)
Balance, June 30, 2020	111,691,138	922.5	16.6	951.1	138.3	2,028.5
Balance, December 31, 2020	111,005,347	932.2	12.9	958.6	24.8	1,928.5
Net income				114.1		114.1
Other comprehensive loss					(75.5)	(75.5)
Total comprehensive income (loss)				114.1	(75.5)	38.6
Share options exercised for cash	939,908	30.7				30.7
Share-based compensation			3.0			3.0
Shares repurchased under Normal Course Issuer Bid	(939,482)	(8.1)	(0.1)	(42.5)		(50.7)
Reclassification of fair value of share options previously expensed		5.2	(5.2)			—
Dividends declared				(36.7)		(36.7)
Balance, June 30, 2021	111,005,773	960.0	10.6	993.5	(50.7)	1,913.4

See accompanying notes

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Notes	For the quarter ended June 30,		For the two quarters ended June 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
<i>(In millions of Canadian dollars)</i>					
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES FROM CONTINUING OPERATIONS					
Net income from continuing operations	3	63.2	52.6	114.1	82.1
Add (deduct) items not affecting cash:					
Depreciation of property and equipment		13.4	14.9	26.6	29.4
Depreciation of lease assets		26.3	30.6	53.2	60.2
(Reversal) impairment of lease assets	7	(1.0)	2.0	(2.6)	11.7
Amortization of intangible assets		13.7	13.6	27.0	27.8
Deferred income taxes		(2.3)	(0.9)	(4.3)	6.3
Unrealized (gain) loss on equity securities	16	(4.3)	(4.4)	(9.4)	7.0
Share-based compensation	12	5.0	7.7	17.4	9.9
Provisions	10	6.7	21.2	13.4	31.3
Other non-cash items		17.9	5.9	4.9	6.2
		138.6	143.2	240.3	271.9
Trade and other receivables		(61.2)	44.6	1.5	45.8
Unbilled receivables		(15.2)	39.2	(26.2)	(50.5)
Contract assets		(0.6)	4.3	(0.4)	(6.7)
Prepaid expenses		5.1	(1.0)	(5.1)	(4.3)
Income taxes recoverable		(20.9)	1.3	(18.4)	(6.4)
Trade and other payables		30.3	31.8	(51.8)	(22.7)
Deferred revenue		2.1	(11.9)	(6.0)	(21.0)
		(60.4)	108.3	(106.4)	(65.8)
Cash flows from operating activities from continuing operations		78.2	251.5	133.9	206.1
Cash flows (used in) from operating activities from discontinued operations		—	(0.9)	—	1.5
Net cash flows from operating activities		78.2	250.6	133.9	207.6
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES					
Business acquisitions, net of cash acquired	4	(18.2)	—	(35.0)	—
Purchase of investments held for self-insured liabilities	8	(3.5)	(2.9)	(2.4)	(14.6)
Purchase of intangible assets		(0.7)	(1.2)	(2.0)	(1.7)
Purchase of property and equipment		(9.8)	(7.3)	(16.3)	(15.8)
Other		1.9	0.2	1.8	0.3
Net cash flows used in investing activities		(30.3)	(11.2)	(53.9)	(31.8)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Net proceeds from (repayment of) revolving credit facility	18	10.0	(62.0)	10.0	(2.0)
Repayment of notes payable and software financing obligations	18	(6.3)	(10.9)	(39.2)	(35.6)
Net lease payments	18	(32.3)	(29.3)	(64.5)	(62.1)
Repurchase of shares for cancellation		(50.7)	(0.1)	(50.7)	(33.4)
Proceeds from exercise of share options		10.3	19.1	30.7	41.8
Payment of dividends to shareholders	12	(18.4)	(17.2)	(35.6)	(33.3)
Net cash flows used in financing activities		(87.4)	(100.4)	(149.3)	(124.6)
Foreign exchange (loss) gain on cash held in foreign currency		(9.5)	(5.5)	(15.0)	11.1
Net (decrease) increase in cash and cash equivalents		(49.0)	133.5	(84.3)	62.3
Cash and cash equivalents, beginning of the period		249.5	132.8	284.8	204.0
Cash and cash equivalents, end of the period	5	200.5	266.3	200.5	266.3

See accompanying notes

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements

1. Corporate Information

The interim condensed consolidated financial statements (consolidated financial statements) of Stantec Inc., its subsidiaries, and its structured entities (the Company) for the two quarters ended June 30, 2021, were authorized for issuance in accordance with a resolution of the Company's Audit and Risk Committee on August 4, 2021. The Company was incorporated under the Canada Business Corporations Act on March 23, 1984. Its shares are traded on the Toronto Stock Exchange (TSX) and New York Stock Exchange (NYSE) under the symbol STN. The Company's registered office is located at Suite 400, 10220 - 103 Avenue, Edmonton, Alberta. The Company is domiciled in Canada.

The Company is a provider of comprehensive professional services in the area of infrastructure and facilities for clients in the public and private sectors. The Company's services include engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics, from initial project concept and planning through to design, construction administration, commissioning, maintenance, decommissioning, and remediation.

2. Basis of Preparation

These consolidated financial statements for the two quarters ended June 30, 2021, were prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting. These consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company's December 31, 2020, annual consolidated financial statements. These consolidated financial statements are presented in Canadian dollars, and all values are rounded to the nearest million (\$000,000), except where otherwise indicated.

The accounting policies applied when preparing the Company's consolidated financial statements are consistent with those followed when preparing the annual consolidated financial statements for the year ended December 31, 2020, except as described in note 3.

The preparation of these consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. The significant judgments made by management when applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's December 31, 2020 annual consolidated financial statements, which included considerations for the impacts of the continuing COVID-19 pandemic. As there remains a great deal of uncertainty as to the pace of economic recovery from the disruption caused by the pandemic, management will continue to monitor the impact of the pandemic on its operations and financial position. Actual results could differ from estimates.

3. Recent Accounting Pronouncements and Changes to Accounting Policies

In August 2020, the IASB issued Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16), with an effective date of January 1, 2021. Phase 2 amendments provide relief for "replacement issues" that may arise during the reform, such as changes to contractual cash flows for financial instruments or hedging relationships resulting from the transition to an alternative benchmark rate. This amendment did not have an impact on the Company's consolidated financial statements.

Effective January 1, 2021, the Company revised its accounting policy to present the consolidated statement of cash flows using the indirect method, a change from the direct method previously applied. The indirect method provides more relevant information on items not affecting cash, a reconciliation of net income from continuing operations to net

cash flows from operating activities, and improves comparability. The change in accounting policy was adopted retrospectively, therefore the comparative periods are presented using the indirect method. No adjustments were required for each of the comparative periods presented for cash flows arising from operating, investing, and financing activities.

Future adoptions

The standards, amendments, and interpretations issued before 2021 but not yet adopted by the Company have been disclosed in note 6 of the Company's December 31, 2020 annual consolidated financial statements. In addition, the following amendments were issued during 2021:

- In February 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments define accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.
- In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments provide guidance to help entities disclose their material (previously "significant") accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.
- In May 2021, the IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12). The amendments narrow the scope of the recognition exemption so that companies would be required to recognize deferred tax for transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, applied retrospectively.

The Company is currently considering the impact of adopting these standards, amendments, and interpretations on its consolidated financial statements.

4. Business Acquisitions

On March 1, 2021 the Company acquired all the shares and business of Greg Tucker and Associates Pty Ltd. (GTA) for cash consideration and notes payable. GTA is an Australian-based transportation planning and engineering firm with offices in Melbourne, Sydney, Brisbane, Adelaide, and Perth. This addition further strengthens the Company's Infrastructure operations in the Global group of cash generating units (CGUs).

On May 1, 2021, the Company acquired all the shares and business of Clever West Investments Pty Ltd. (Engenium) for cash consideration and notes payable. Engenium is based in Australia and specializes in the delivery of sustainable mining, resources, and industrial infrastructure projects, and has a strong focus on renewable energy and sustainable solutions. This addition further strengthens the Company's commitment to sustainability in its Global group of CGUs and Energy & Resources operations.

Details of the aggregate consideration transferred and the fair value of the identifiable assets and liabilities acquired at the date of acquisition are as follows:

For the acquisitions completed year to date	Notes	Total \$
Cash consideration	5	46.2
Notes payable	9	34.7
Consideration		80.9
Assets and liabilities acquired		
Cash acquired		11.2
Non-cash working capital		
Trade receivables		11.2
Trade and other payables		(9.7)
Lease liabilities		(3.2)
Other non-cash working capital		1.3
Lease assets		8.8
Intangible assets		18.4
Lease liabilities		(5.3)
Deferred tax liabilities		(5.5)
Other		(1.7)
Total identifiable net assets at fair value		25.5
Goodwill arising on acquisitions		55.4

Trade receivables and other non-cash working capital are recognized at fair value at the time of acquisition, and their fair value approximated their net carrying value.

The Company measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition as if the acquired leases were new leases at the acquisition date. The lease assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favorable/unfavorable terms of the lease relative to market terms.

Goodwill consists of the value of expected synergies arising from an acquisition, the expertise and reputation of the assembled workforce acquired, and the geographic location of the acquiree. Goodwill and intangible assets are not deductible for income tax purposes.

At June 30, 2021, provisions for claims outstanding relating to all prior acquisitions were \$5.5, based on their expected probable outcome. Certain of these claims are indemnified by the acquiree.

For business combinations that occurred in 2021, gross revenue earned in 2021 since the acquired entities' acquisition dates is approximately \$15.1. The Company integrates the operations and systems of acquired entities shortly after the acquisition date; therefore, it is impracticable to disclose the acquiree's earnings in its consolidated financial statements since the acquisition date.

Consideration paid

Details of the cash consideration paid for the current year acquisitions are as follows:

	June 30, 2021
	\$
Cash consideration paid	46.2
Cash acquired	11.2
Total net cash paid	35.0

Fair value of net assets for current and prior year acquisitions

The preliminary fair values of the net assets recognized in the Company's consolidated financial statements were based on management's best estimates of the acquired identifiable assets and liabilities at the acquisition dates. Management finalized the fair value assessments of assets and liabilities purchased from Teshmont Consultants LP during the first quarter of 2021. Management is currently awaiting the vendor's closing financial statements for AGEL advisers B.V., GTA, Engenium, and certain customer information for Wenck Enterprises Inc. Once the outstanding information from the acquisitions is received, reviews are completed, and approvals are obtained, the valuation of acquired assets and liabilities will be finalized. No significant measurement period adjustments were recorded during the first two quarters of 2021.

5. Cash and Cash Equivalents

The Company's policy is to invest cash in excess of operating requirements in highly liquid investments. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of the following:

	June 30, 2021	June 30, 2020
	\$	\$
Cash	197.9	260.0
Cash in escrow	4.4	—
Unrestricted investments	6.9	6.3
Cash and deposits	209.2	266.3
Bank indebtedness	(8.7)	—
Cash and cash equivalents	200.5	266.3

Cash in escrow includes cash consideration for an acquisition.

6. Trade and Other Receivables

	June 30, 2021	December 31, 2020
	\$	\$
Trade receivables, net of expected credit losses of \$2.0 (2020 – \$3.0)	702.5	702.7
Holdbacks, current	19.7	19.7
Other	14.8	15.6
Trade and other receivables	737.0	738.0

The aging analysis of gross trade receivables is as follows:

	Total	1–30	31–60	61–90	91–120	121+
	\$	\$	\$	\$	\$	\$
June 30, 2021	704.5	419.7	150.9	51.0	25.7	57.2
December 31, 2020	705.7	389.5	160.3	60.9	25.9	69.1

Information about the Company's exposure to credit risks for trade and other receivables is included in note 14.

7. Lease Assets

As part of the Company's strategic initiative in 2020, the real estate lease portfolio was evaluated and resulted in the approval of a formal plan to sublease certain underutilized office spaces. This change in use resulted in the recognition of impairment losses during the year ended December 31, 2020, where the carrying amount of the assets exceeded the recoverable amount, determined based on the value in use method.

During the first two quarters of 2021, payments made for variable costs on impaired office lease assets reduced the estimated future cash outflows and increased the recoverable amount of the lease assets. This resulted in a \$2.6 reversal of the recorded impairments, primarily related to the Canada reportable segment.

8. Other Assets

	Note	June 30, 2021	December 31, 2020
		\$	\$
Financial assets			
Investments held for self-insured liabilities	13	183.8	174.9
Holdbacks on long-term contracts		29.6	25.9
Other		10.5	12.4
Non-financial assets			
Investments in joint ventures and associates		7.3	8.3
Other		9.7	11.8
		240.9	233.3
Less current portion - financial		33.6	34.7
Less current portion - non-financial		5.7	7.4
Long-term portion		201.6	191.2

Financial assets-other primarily include indemnifications, sublease receivables, and deposits. Non-financial assets-other include deferred contract costs, transactions costs on long-term debt, and investment tax credits.

Investments held for self-insured liabilities include government and corporate bonds that are classified as fair value through other comprehensive income (FVOCI) with unrealized gains (losses) recorded in other comprehensive income (loss). Investments also include equity securities that are classified as fair value through profit and loss with gains (losses) recorded in net income. During the first two quarters of 2021, the Company recorded an unrealized gain on equity securities of \$9.4 (June 30, 2020 – unrealized loss of \$7.0) (note 16) and an unrealized loss on bonds of \$1.3 (June 30, 2020 – unrealized gain of \$3.1).

9. Long-Term Debt

	June 30, 2021	December 31, 2020
	\$	\$
Senior unsecured notes	298.1	299.5
Revolving credit facility	10.0	—
Term loan	309.4	309.1
Notes payable	73.9	68.8
Software financing obligations	26.8	3.4
	718.2	680.8
Less current portion	211.0	46.6
Long-term portion	507.2	634.2

Interest expense on the Company's long-term debt for the first two quarters of 2021 was \$9.2 (June 30, 2020 – \$14.0).

Senior unsecured notes

The Company has \$300.0 of senior unsecured notes (the notes) that mature on October 8, 2027. The notes bear interest at a fixed rate of 2.048% per annum, which is payable in Canadian funds semi-annually on April 8th and October 8th of each year. The notes rank pari passu with all other debt and future indebtedness of the Company.

Revolving credit facilities and term loan

The Company has syndicated credit facilities consisting of a senior revolving credit facility in the maximum amount of \$800.0 and senior term loan of \$310.0 in two tranches. Additional funds of \$600.0 can be accessed subject to approval and under the same terms and conditions.

The revolving credit facility matures on June 27, 2024. Tranche B and C of the term loan are payable in Canadian funds of \$150.0 (due on June 27, 2022) and \$160.0 (due on June 27, 2023), respectively, and may be repaid from time to time at the option of the Company. The average interest rate for the credit facilities at June 30, 2021, was 2.70% (December 31, 2020 – 2.55%).

The Company is subject to restrictive covenants related to its credit facilities which are measured quarterly. These covenants are consistent with those disclosed in the Company's annual consolidated financial statements for the year ended December 31, 2020. The Company was in compliance with these covenants as at and throughout the two quarters ended June 30, 2021.

Notes payable

Notes payable consists primarily of notes payable for acquisitions (note 4). The weighted average interest rate on the notes payable at June 30, 2021, was 1.99% (December 31, 2020 – 2.4%). Notes payable may be supported by promissory notes and are due at various times from 2021 to 2024. The aggregate maturity value of the notes at June 30, 2021, was \$74.8 (December 31, 2020 – \$69.8).

Software financing obligations

The Company has financing obligations for software (included in intangible assets) bearing interest at rates ranging from 0.9% to 4.7%. These obligations expire at various dates before August 2025. Software additions acquired through software financing obligations in the first two quarters of 2021, were \$37.8 (December 31, 2020 - \$0.4) and have been excluded from the consolidated statement of cash flows (note 18).

Surety facilities

The Company has surety facilities related to Construction Services (which was sold in 2018), to accommodate the issuance of bonds for certain types of project work. At June 30, 2021, the Company had retained bonds of \$97.0 (US\$78.7) (December 31, 2020 – \$155.1 (US\$121.8)) in US funds under these surety facilities. These bonds expire at various dates before December 2021. Although the Company remains obligated for these instruments, the purchaser of the Construction Services business has indemnified the Company for any obligations that may arise from these bonds.

The Company also has \$11.6 (December 31, 2020 - \$12.0) in bonds for Consulting Services. These bonds expire at various dates before September 2026.

10. Provisions

	Self-insured liabilities \$	Claims \$	Lease restoration \$	Onerous contracts	Total \$
January 1, 2021	95.8	13.8	12.2	6.4	128.2
Current period provisions	10.2	2.3	0.7	0.2	13.4
Acquisitions	—	—	0.5	—	0.5
Paid or otherwise settled	(6.5)	(1.0)	(0.4)	(2.0)	(9.9)
Impact of foreign exchange	(2.3)	(0.3)	(0.3)	—	(2.9)
	97.2	14.8	12.7	4.6	129.3
Less current portion	5.8	11.9	2.3	3.9	23.9
Long-term portion	91.4	2.9	10.4	0.7	105.4

11. Other Liabilities

	Note	June 30, 2021 \$	December 31, 2020 \$
Cash-settled share-based compensation		33.7	25.5
Deferred non-corporate tax liabilities		12.8	13.2
Interest rate swap	14	4.9	6.9
Other		10.1	8.2
		61.5	53.8
Less current portion		24.0	14.3
Long-term portion		37.5	39.5

During 2020, certain jurisdictions, primarily the United States, the United Kingdom, and Australia permitted companies to defer certain non-corporate tax payments. At June 30, 2021, the Company deferred payments of these non-

corporate taxes of \$24.2. Of this amount, \$11.4 is due before the end of 2021 and is recorded in trade and other payables and \$12.8 is due before the end of 2022 and is recorded in other liabilities.

12. Share Capital

Authorized

Unlimited	Common shares, with no par value
Unlimited	Preferred shares issuable in series, with attributes designated by the board of directors

Common shares

On November 12, 2020, the Company received approval from the TSX to renew its Normal Course Issuer Bid (NCIB), enabling it to purchase up to 5,605,224 common shares during the period November 16, 2020, to November 15, 2021. The Company also has an Automatic Share Purchase Plan (ASPP) which allows a broker, in its sole discretion and based on the parameters established by the Company, to purchase common shares for cancellation under the NCIB at any time during predetermined trading blackout periods. As at June 30, 2021 and December 31, 2020, no liability was recorded in the Company's consolidated statements of financial position in connection with the ASPP.

During the first two quarters of 2021, 939,482 common shares (June 30, 2020 - 846,171) were repurchased for cancellation pursuant to the NCIB at a cost of \$50.7 (June 30, 2020 - \$31.4).

Dividends

Holders of common shares are entitled to receive dividends when declared by the Company's board of directors. The table below describes the dividends paid in 2021.

Date Declared	Record Date	Payment Date	Dividend per Share	Paid
			\$	\$
November 4, 2020	December 31, 2020	January 15, 2021	0.155	17.2
February 24, 2021	March 31, 2021	April 15, 2021	0.165	18.4
May 5, 2021	June 30, 2021	July 15, 2021	0.165	—

At June 30, 2021, trade and other payables included \$18.3 (December 31, 2020 – \$17.2) related to the dividends declared on May 5, 2021.

Share-based payment transactions

During the second quarter of 2021, the Company recognized share-based compensation expense of \$5.0 (June 30, 2020 - \$7.7) in administrative and marketing expenses in the consolidated statements of income related to the cash-settled share-based compensation (Restricted Share Units (RSUs), Deferred Share Units (DSUs), and Preferred Share Units (PSUs)).

During the first two quarters of 2021, the Company recognized share-based compensation expense of \$17.4 (June 30, 2020 – \$9.9) in administrative and marketing expenses in the consolidated statements of income. Also, an adjustment of \$3.0 (June 30, 2020 - \$nil) was included in contributed surplus for deferred tax impacts on share-based compensation.

During the second quarter of 2021, the Company granted 124,599 RSUs at a fair value of \$6.7 (June 30, 2020 - 138,148 units for \$5.8), and 242,701 PSUs at a fair value of \$14.0 (June 30, 2020 - 308,136 units for \$16.4), under the same terms, conditions, and vesting requirements as the units issued in 2020. Also, during the second quarter of 2021, 253,373 PSUs were paid at a value of \$9.0 (June 30, 2020 - 234,966 PSUs were paid at a value of \$6.6 and 149,848 DSUs were paid at a value of \$6.1).

At June 30, 2021, the obligations accrued in other liabilities (note 11) for RSUs were \$8.0 (December 31, 2020 - \$4.2), accrued for PSUs were \$15.4 (December 31, 2020 - \$14.3), and the outstanding and vested DSUs had a fair value of \$9.9 (December 31, 2020 - \$6.7).

13. Fair Value Measurements

All financial instruments carried at fair value are categorized into one of the following:

- Level 1 – quoted market prices
- Level 2 – valuation techniques (market observable)
- Level 3 – valuation techniques (non-market observable)

When forming estimates, the Company uses the most observable inputs available for valuation purposes. If a fair value measurement reflects inputs of different levels within the hierarchy, the financial instrument is categorized based on the lowest level of significant input.

When determining fair value, the Company considers the principal or most advantageous market in which it would transact and the assumptions that market participants would use when pricing the asset or liability. The Company measures certain financial assets and liabilities at fair value on a recurring basis.

For financial instruments recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorizations at the end of each reporting period.

In the first two quarters of 2021, no changes were made to the method of determining fair value and no transfers were made between levels of the hierarchy.

The following table summarizes the Company's fair value hierarchy for those assets and liabilities measured and adjusted to fair value on a recurring basis at June 30, 2021:

	Notes	Carrying Amount \$	Level 1 \$	Level 2 \$	Level 3 \$
Assets					
Investments held for self-insured liabilities	8	183.8	—	183.8	—
Liabilities					
Interest rate swap	11,14	4.9	—	4.9	—

Investments held for self-insured liabilities consist of government and corporate bonds and equity securities. Fair value of bonds is determined using observable prices of debt with characteristics and maturities that are similar to the bonds being valued. Fair value of equities is determined using the reported net asset value per share of the investment funds. The funds derive their value from the observable quoted prices of the equities owned that are traded in an active market.

The following table summarizes the Company's fair value hierarchy for those liabilities that were not measured at fair value but are required to be disclosed at fair value on a recurring basis as at June 30, 2021:

	Note	Carrying Amount \$	Level 1 \$	Level 2 \$	Level 3 \$
Senior unsecured notes	9	298.1	—	291.8	—
Notes payable	9	73.9	—	74.3	—

The fair value of senior unsecured notes and notes payable is determined by calculating the present value of future payments using observable benchmark interest rates and credit spreads for debt with similar characteristics and maturities.

14. Financial Instruments

a) Derivative financial instruments

The Company has an interest rate swap agreement to hedge the interest rate variability on Tranche C of the term loan with a notional amount of \$160.0. The change in fair value of the interest rate swap, estimated using market rates at June 30, 2021, is an unrealized gain of \$2.0 (\$1.5 net of tax) (June 30, 2020 – unrealized loss of \$6.6 (\$5.0 net of tax)). The unrealized gains and losses relating to the swap are recorded in other comprehensive income (loss) and in the statement of financial position as other assets or other liabilities.

As at June 30, 2021, the Company has foreign currency forward contracts to purchase USD\$112.0 for CAD\$138.6 equivalent on the trade date. These were entered to mitigate the risk of foreign currency fluctuations. The fair value of these contracts, estimated using market rates as at June 30, 2021, is an unrealized loss of \$0.6 and was recorded in foreign exchange loss (gain) and in the consolidated statement of financial position within trade and other payables.

b) Nature and extent of risks

The COVID-19 pandemic, as described in note 2, has generally increased the nature and extent of risks arising from financial instruments that the Company is exposed to. Management is closely monitoring the impact of the pandemic on the Company's risk exposure and will adjust its risk management approach as necessary.

Credit risk

Assets that subject the Company to credit risk consist primarily of cash and deposits, trade and other receivables, unbilled receivables, contract assets, investments held for self-insured liabilities, holdbacks on long-term contracts, and other financial assets. The Company's maximum amount of credit risk exposure is limited to the carrying amount of these assets, which at June 30, 2021, was \$1,601.5 (December 31, 2020 – \$1,649.6).

The Company limits its exposure to credit risk by placing its cash and cash equivalents in high-quality credit institutions. Investments held for self-insured liabilities include corporate bonds and equity securities. The Company believes the risk associated with corporate bonds and equity securities is mitigated by the overall quality and mix of the Company's investment portfolio. Substantially all bonds held by the Company are investment grade, and none are past due. The Company monitors changes in credit risk by tracking published external credit ratings.

The Company mitigates the risk associated with trade and other receivables, unbilled receivables, contract assets, and holdbacks on long-term contracts by providing services to diverse clients in various industries and sectors of the economy. In addition, management reviews trade and other receivables past due on an ongoing basis to identify matters that could potentially delay the collection of funds at an early stage. The Company does not concentrate its credit risk in any particular client, industry, or economic or geographic sector.

The Company monitors trade receivables to an internal target of days of revenue in trade receivables. At June 30, 2021, the days of revenue in trade receivables was 57 days (December 31, 2020 – 58 days).

Price risk

The Company's investments held for self-insured liabilities are exposed to price risk arising from changes in the market values of the equity securities. This risk is mitigated because the portfolio of equity funds is monitored regularly and appropriately diversified.

Liquidity risk

The Company meets its liquidity needs through various sources, including cash generated from operations, issuing senior unsecured notes, long - and short-term borrowings from its \$800.0 revolving credit facility, term loans, and the issuance of common shares. The unused capacity of the revolving credit facility at June 30, 2021, was \$775.0

(December 31, 2020 – \$786.5). The Company believes that it has sufficient resources to meet obligations associated with its financial liabilities.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange gains or losses in net income arise on the translation of foreign currency-denominated assets and liabilities (such as trade and other receivables, trade and other payables, and long-term debt) held in the Company's Canadian operations and foreign subsidiaries. The Company manages its exposure to foreign exchange fluctuations on these items by matching foreign currency assets with foreign currency liabilities and through the use of foreign currency forward contracts.

Foreign exchange fluctuations may also arise on the translation of the Company's US-based subsidiaries or other foreign subsidiaries, where the functional currency is different from the Canadian dollar, and are recorded in other comprehensive income (loss). During the first two quarters of 2021, the Company recorded exchange losses on translation of foreign operations of \$75.7 through other comprehensive income (loss), of which \$48.6 related to goodwill. The Company does not hedge for this foreign exchange risk.

15. Employee Costs from Continuing Operations

	Note	For the quarter ended June 30,		For the two quarters ended June 30,	
		2021 \$	2020 \$	2021 \$	2020 \$
Wages, salaries, and benefits		661.6	691.4	1,321.0	1,370.9
Pension costs		20.6	18.3	39.1	39.9
Share-based compensation	12	5.0	7.7	17.4	9.9
Total employee costs		687.2	717.4	1,377.5	1,420.7
Direct labor		425.0	461.4	837.3	909.9
Indirect labor		262.2	256.0	540.2	510.8
Total employee costs		687.2	717.4	1,377.5	1,420.7

Direct labor costs include salaries, wages, and related fringe benefits (including pension costs) for labor hours directly associated with the completion of projects. Bonuses, share-based compensation, termination payments, and salaries, wages, and related fringe benefits (including pension costs) for labor hours not directly associated with the completion of projects are included in indirect labor costs. Indirect labor costs are included in administrative and marketing expenses in the consolidated statements of income. Included in pension costs for the first two quarters of 2021 is \$38.3 (June 30, 2020 – \$38.9) related to defined contribution plans.

As a result of the outbreak of the COVID-19 pandemic, government grants received for wage subsidies for the first two quarters of 2021 were \$4.3 (June 30, 2020 - \$2.3). The wage subsidies were presented as a reduction to direct labor of \$3.3 (June 30, 2020 - \$nil) in direct payroll costs and indirect labor of \$1.0 (June 30, 2020 - \$2.3) in administrative and marketing expenses. At June 30, 2021, there were no unperformed conditions related to these grants.

16. Other (Income) Expense

	For the quarter ended June 30,		For the two quarters ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Share of (income) loss from joint ventures and associates	(1.0)	(0.6)	(1.4)	(0.2)
Unrealized (gain) loss on equity securities	(4.3)	(4.4)	(9.4)	7.0
Other	0.1	2.2	(1.1)	1.2
Total other (income) expense	(5.2)	(2.8)	(11.9)	8.0

17. Income Taxes

The estimated effective tax rate was reduced from the prior year rate primarily due to the implementation of certain tax strategies, tax rate differences and mix of forecasted earnings from the foreign jurisdictions the Company operates in, a reduction in non-deductible expenses, and revisions of certain tax estimates.

18. Cash Flow Information

A reconciliation of liabilities arising from financing activities for the quarter ended June 30, 2021, is as follows:

	Senior	Revolving	Notes	Software	Lease	Total
	Unsecured	Credit		Financing		
	Notes	Facility and	Payable	Obligations		
	\$	\$	\$	\$	\$	\$
March 31, 2021	298.0	309.3	62.4	29.9	622.7	1,322.3
Statement of cash flows						
Proceeds	—	27.0	—	—	0.1	27.1
Repayments or payments	—	(17.0)	(3.2)	(3.1)	(32.4)	(55.7)
Non-cash changes						
Foreign exchange	—	—	(2.7)	(0.8)	(7.2)	(10.7)
Additions and modifications	—	—	17.6	0.4	22.5	40.5
Other	0.1	0.1	(0.2)	0.4	0.2	0.6
June 30, 2021	298.1	319.4	73.9	26.8	605.9	1,324.1

A reconciliation of liabilities arising from financing activities for the two quarters ended June 30, 2021, is as follows:

	Senior Unsecured Notes	Revolving Credit Facility and Term Loan	Notes Payable	Software Financing Obligations	Lease Liabilities	Total
	\$	\$	\$	\$	\$	\$
January 1, 2021	299.5	309.1	68.8	3.4	629.8	1,310.6
Statement of cash flows						
Proceeds	—	27.0	—	—	1.9	28.9
Repayments or payments	—	(17.0)	(25.5)	(13.7)	(66.4)	(122.6)
Non-cash changes						
Foreign exchange	—	—	(2.7)	(0.8)	(12.4)	(15.9)
Additions and modifications	—	—	34.7	37.8	52.9	125.4
Other	(1.4)	0.3	(1.4)	0.1	0.1	(2.3)
June 30, 2021	298.1	319.4	73.9	26.8	605.9	1,324.1

	For the quarter ended June 30,		For the two quarters ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Supplemental disclosure				
Income taxes paid	36.2	16.6	51.3	25.1
Net interest paid	10.7	11.8	17.6	26.3

Interest paid during the first two quarters of 2021 was \$12.3 (June 30, 2020 - \$15.1) for lease liabilities. Interest paid during the second quarter of 2021 included \$5.9 (June 30, 2020 - \$7.3) for lease liabilities.

19. Segmented Information

The Company provides comprehensive professional services in the area of infrastructure and facilities throughout North America and globally. It considers the basis on which it is organized, including geographic areas, to identify its reportable segments. Operating segments of the Company are defined as components of the Company for which separate financial information is available and are evaluated regularly by the chief operating decision maker when allocating resources and assessing performance. The chief operating decision maker is the CEO of the Company, and the Company's operating segments are based on its regional geographic areas.

The Company's reportable segments are Canada, United States, and Global. These reportable segments provide professional consulting in engineering, architecture, interior design, landscape architecture, surveying, environmental sciences, project management, and project economics services in the area of infrastructure and facilities.

Segment performance is evaluated by the CEO based on gross margin and is measured consistently with gross margin in the consolidated financial statements. Inter-segment revenues are eliminated on consolidation and reflected in the Adjustments and Eliminations column. Reconciliations of gross margin to net income before taxes and discontinued operations is included in the consolidated statements of income.

Reportable segments from continuing operations

	For the quarter ended June 30, 2021					
	Canada \$	United States \$	Global \$	Total Segments \$	Adjustments and Eliminations \$	Consolidated \$
Total gross revenue	321.4	599.4	240.6	1,161.4	(27.4)	1,134.0
Less inter-segment revenue	8.5	8.0	10.9	27.4	(27.4)	—
Gross revenue from external customers	312.9	591.4	229.7	1,134.0	—	1,134.0
Less subconsultants and other direct expenses	34.9	146.4	44.4	225.7	—	225.7
Total net revenue	278.0	445.0	185.3	908.3	—	908.3
Gross margin	149.3	236.5	97.5	483.3	—	483.3

	For the quarter ended June 30, 2020					
	Canada \$	United States \$	Global \$	Total Segments \$	Adjustments and Eliminations \$	Consolidated \$
Total gross revenue	302.9	718.7	211.3	1,232.9	(27.3)	1,205.6
Less inter-segment revenue	10.0	5.4	11.9	27.3	(27.3)	—
Gross revenue from external customers	292.9	713.3	199.4	1,205.6	—	1,205.6
Less subconsultants and other direct expenses	31.8	181.2	41.5	254.5	—	254.5
Total net revenue	261.1	532.1	157.9	951.1	—	951.1
Gross margin	126.7	281.4	81.6	489.7	—	489.7

For the two quarters ended June 30, 2021						
	Canada	United States	Global	Total Segments	Adjustments and Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Total gross revenue	621.3	1,194.7	462.0	2,278.0	(54.8)	2,223.2
Less inter-segment revenue	15.9	14.6	24.3	54.8	(54.8)	—
Gross revenue from external customers	605.4	1,180.1	437.7	2,223.2	—	2,223.2
Less subconsultants and other direct expenses	71.3	280.4	84.5	436.2	—	436.2
Total net revenue	534.1	899.7	353.2	1,787.0	—	1,787.0
Gross margin	285.9	479.0	184.8	949.7	—	949.7

For the two quarters ended June 30, 2020						
	Canada	United States	Global	Total Segments	Adjustments and Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$
Total gross revenue	622.5	1,413.0	441.8	2,477.3	(51.2)	2,426.1
Less inter-segment revenue	18.7	10.1	22.4	51.2	(51.2)	—
Gross revenue from external customers	603.8	1,402.9	419.4	2,426.1	—	2,426.1
Less subconsultants and other direct expenses	66.9	361.8	91.1	519.8	—	519.8
Total net revenue	536.9	1,041.1	328.3	1,906.3	—	1,906.3
Gross margin	266.2	553.5	176.7	996.4	—	996.4

The following tables disclose the disaggregation of non-current assets and gross revenue by geographic area and services:

Geographic information

	Non-Current Assets			Gross Revenue		
	June 30, 2021	December 31, 2020	For the quarter ended June 30,		For the two quarters ended June 30,	
			2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Canada	656.1	646.0	312.9	292.9	605.4	603.8
United States	1,366.8	1,430.0	591.4	713.3	1,180.1	1,402.9
United Kingdom	137.1	142.4	81.8	75.9	165.5	160.7
Other global geographies	392.8	324.5	147.9	123.5	272.2	258.7
	2,552.8	2,542.9	1,134.0	1,205.6	2,223.2	2,426.1

Non-current assets consist of property and equipment, lease assets, goodwill, and intangible assets. Geographic information is attributed to countries based on the location of the assets.

Gross revenue is attributed to countries based on the location of the project.

Gross revenue by services

	For the quarter ended June 30,		For the two quarters ended June 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Buildings	225.5	258.7	448.9	531.8
Energy & Resources	142.2	152.5	273.7	329.4
Environmental Services	193.8	182.1	373.6	361.3
Infrastructure	321.5	355.5	625.5	698.8
Water	251.0	256.8	501.5	504.8
Total gross revenue from external customers	1,134.0	1,205.6	2,223.2	2,426.1

Performance will fluctuate quarter to quarter. The first and fourth quarters historically have the lowest revenue generation and project activity because of holidays and weather conditions in the northern hemisphere. Despite this quarterly fluctuation, the Company has concluded that it is not highly seasonal in accordance with IAS 34. The uncertain impacts of the COVID-19 pandemic also may result in changes to this pattern.

Customers

The Company has a large number of clients in various industries and sectors of the economy. No individual customer exceeds 10% of the Company's gross revenue.

20. Event after the Reporting Period

Dividend

On August 4, 2021, the Company declared a dividend of \$0.165 per share, payable on October 15, 2021, to shareholders of record on September 30, 2021.

21. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted for 2021.