

AECON GROUP INC.
FIRST QUARTER

**INTERIM CONDENSED
CONSOLIDATED
FINANCIAL
STATEMENTS**
(unaudited)

March 31, 2025

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2025 AND 2024

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MANAGEMENT REPORT

April 23, 2025

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 as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) 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) Jerome Julier, Executive Vice-President and Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31, 2025 AND DECEMBER 31, 2024

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2025	December 31 2024
ASSETS			
Current assets			
Cash and cash equivalents	6	\$ 385,601	\$ 438,025
Trade and other receivables	7	998,519	897,316
Unbilled revenue		837,749	743,198
Inventories	8	26,801	21,526
Income tax recoverable		48,381	36,675
Prepaid expenses		75,733	91,874
		2,372,784	2,228,614
Non-current assets			
Long-term financial assets		38,143	38,375
Projects accounted for using the equity method	9	234,563	237,939
Deferred income tax assets		127,650	117,939
Property, plant and equipment	10	372,125	360,022
Intangible assets	11	236,041	243,335
		1,008,522	997,610
TOTAL ASSETS		\$ 3,381,306	\$ 3,226,224
LIABILITIES			
Current liabilities			
Trade and other payables	12	1,103,195	1,060,415
Provisions	13	22,794	21,555
Deferred revenue		630,367	595,482
Income taxes payable		29,291	64,911
Current portion of long-term debt	14	41,321	40,765
Preferred Shares of Aecon Utilities	15	159,310	160,300
		1,986,278	1,943,428
Non-current liabilities			
Bank indebtedness	16	306,494	152,847
Provisions	13	4,795	4,707
Long-term debt	14	109,339	110,804
Deferred income tax liabilities		51,486	50,236
Other liabilities		1,775	1,766
		473,889	320,360
TOTAL LIABILITIES		2,460,167	2,263,788
EQUITY			
Capital stock	20	443,626	442,334
Contributed surplus		73,019	70,649
Retained earnings		390,924	440,841
Accumulated other comprehensive income		7,407	2,296
Equity attributable to Aecon shareholders		914,976	956,120
Non-controlling interests		6,163	6,316
TOTAL EQUITY		921,139	962,436
TOTAL LIABILITIES AND EQUITY		\$ 3,381,306	\$ 3,226,224
Contingencies (Note 19)			

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

	Note	March 31 2025	March 31 2024
Revenue	28	\$ 1,061,650	\$ 846,592
Direct costs and expenses	21	(1,019,860)	(783,806)
Gross profit		41,790	62,786
Marketing, general and administrative expense	21	(56,917)	(52,075)
Depreciation and amortization	21	(25,956)	(18,843)
Income (loss) from projects accounted for using the equity method	9	(354)	2,293
Other income	22	751	1,658
Operating loss		(40,686)	(4,181)
Finance income		1,576	3,159
Finance cost	23	(10,048)	(5,672)
Loss before income taxes		(49,158)	(6,694)
Income tax recovery	17	11,080	577
Loss for the period		\$ (38,078)	\$ (6,117)
Loss attributable to:			
Aecon shareholders		\$ (37,931)	\$ (6,117)
Non-controlling interests		(147)	-
		\$ (38,078)	\$ (6,117)
Basic loss per share	24	\$ (0.60)	\$ (0.10)
Diluted loss per share	24	\$ (0.60)	\$ (0.10)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2025	March 31 2024
Loss for the period		\$ (38,078)	\$ (6,117)
Other comprehensive income (loss):			
Items that will not be reclassified to profit or loss:			
Fair value gain on Preferred Shares of Aecon Utilities	15	3,960	900
		3,960	900
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences - foreign operations		1,627	4,246
Cash flow hedges - equity accounted investees		(654)	(542)
Cash flow hedges - joint operations		(3)	(4)
Income taxes on the above		175	234
Total other comprehensive income for the period		5,105	4,834
Comprehensive loss for the period		\$ (32,973)	\$ (1,283)
Comprehensive income (loss) attributable to:			
Aecon shareholders		(32,820)	(1,283)
Non-controlling interests		(153)	-
		\$ (32,973)	\$ (1,283)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

	Accumulated other comprehensive income (loss)							Shareholders' equity	Non-controlling interest	Total equity
	Capital stock	Contributed surplus	Retained earnings	Currency translation differences	Actuarial gains and losses	Cash flow hedges	Fair value gain (loss) on preferred shares			
Balance at January 1, 2025	\$ 442,334	\$ 70,649	\$ 440,841	\$ 7,175	\$ (962)	\$ 823	\$ (4,740)	\$ 956,120	\$ 6,316	\$ 962,436
Loss for the period	-	-	(37,931)	-	-	-	-	(37,931)	(147)	(38,078)
Other comprehensive income (loss):										
Currency translation differences - foreign operations	-	-	-	1,633	-	-	-	1,633	(6)	1,627
Cash flow hedges - equity accounted investees	-	-	-	-	-	(654)	-	(654)	-	(654)
Cash flow hedges - joint operations	-	-	-	-	-	(3)	-	(3)	-	(3)
Fair value gain on Preferred Shares of Aecon Utilities	-	-	-	-	-	-	3,960	3,960	-	3,960
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	175	-	175	-	175
Total other comprehensive income (loss) for the period	-	-	-	1,633	-	(482)	3,960	5,111	(6)	5,105
Total comprehensive income (loss) for the period	-	-	(37,931)	1,633	-	(482)	3,960	(32,820)	(153)	(32,973)
Dividends declared	-	-	(11,953)	-	-	-	-	(11,953)	-	(11,953)
Stock-based compensation expense	-	3,681	-	-	-	-	-	3,681	-	3,681
Shares issued to settle LTIP/ESU/Director DSU obligations	1,292	(1,296)	(33)	-	-	-	-	(37)	-	(37)
Stock-based compensation settlements and receipts	-	(15)	-	-	-	-	-	(15)	-	(15)
Balance at March 31, 2025	\$ 443,626	\$ 73,019	\$ 390,924	\$ 8,808	\$ (962)	\$ 341	\$ (780)	\$ 914,976	\$ 6,163	\$ 921,139

	Accumulated other comprehensive income (loss)							Shareholders' equity	Non-controlling interest	Total equity
	Capital stock	Contributed surplus	Retained earnings	Currency translation differences	Actuarial gains and losses	Cash flow hedges	Fair value gain (loss) on preferred shares			
Balance at January 1, 2024	\$ 430,709	\$ 80,706	\$ 551,263	\$ (3,950)	\$ 803	\$ 6,635	\$ (1,840)	\$ 1,064,326	\$ -	\$ 1,064,326
Loss for the period	-	-	(6,117)	-	-	-	-	(6,117)	-	(6,117)
Other comprehensive income (loss):										
Currency translation differences - foreign operations	-	-	-	4,246	-	-	-	4,246	-	4,246
Cash flow hedges - equity-accounted investees	-	-	-	-	-	(542)	-	(542)	-	(542)
Cash flow hedges - joint operations	-	-	-	-	-	(4)	-	(4)	-	(4)
Fair value gain on Preferred Shares of Aecon Utilities	-	-	-	-	-	-	900	900	-	900
Taxes with respect to above items included in other comprehensive income	-	-	-	-	-	234	-	234	-	234
Total other comprehensive income (loss) for the period	-	-	-	4,246	-	(312)	900	4,834	-	4,834
Total comprehensive income (loss) for the period	-	-	(6,117)	4,246	-	(312)	900	(1,283)	-	(1,283)
Dividends declared	-	-	(11,831)	-	-	-	-	(11,831)	-	(11,831)
Stock-based compensation expense	-	2,286	-	-	-	-	-	2,286	-	2,286
Shares issued to settle LTIP/ESU/Director DSU obligations	50	(81)	(32)	-	-	-	-	(63)	-	(63)
Stock based compensation settlements and receipts	-	32	-	-	-	-	-	32	-	32
Balance at March 31, 2024	\$ 430,759	\$ 82,943	\$ 533,283	\$ 296	\$ 803	\$ 6,323	\$ (940)	\$ 1,053,467	\$ -	\$ 1,053,467

During the three months ended March 31, 2025, the Company declared dividends amounting to \$0.19 per share (March 31, 2024 - \$0.19 per share).

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(in thousands of Canadian dollars) (unaudited)

	Note	March 31 2025	March 31 2024
CASH PROVIDED BY (USED IN)			
Operating activities			
Loss before income taxes		\$ (49,158)	\$ (6,694)
Income taxes paid		(44,572)	(12,457)
Defined benefit pension		9	(680)
Stock-based compensation settlements and receipts		160	(31)
Items not affecting cash:			
Depreciation and amortization		25,956	18,843
(Income) loss from projects accounted for using the equity method		354	(2,293)
Gain on sale of assets		(1,137)	(1,084)
Fair value gain on Preferred Shares of Aecon Utilities	15	(2,372)	(4,266)
Fair value gain on other financial instruments		(282)	-
Provision for expected credit losses		62	353
Unrealized foreign exchange gain		(3,176)	(25)
Increase in provisions		9,172	738
Accrued dividends on Preferred Shares of Aecon Utilities and notional interest representing accretion		5,850	5,215
Stock-based compensation expense		1,419	4,717
Change in other balances relating to operations	25	(108,609)	(152,257)
		(166,324)	(149,921)
Investing activities			
Purchase of property, plant and equipment	10	(23,884)	(10,094)
Proceeds on sale of property, plant and equipment		3,180	1,466
Increase in intangible assets		(260)	-
Decrease in long-term financial assets		6	187
Distributions from projects accounted for using the equity method		2,279	3,311
		(18,679)	(5,130)
Financing activities			
Increase (decrease) in bank indebtedness		154,076	(36,000)
Issuance of long-term debt	14	1,981	3,011
Repayments of lease liabilities	14	(10,237)	(8,128)
Repayments of long-term debt	14	(1,097)	(5,840)
Dividends paid		(11,937)	(11,519)
		132,786	(58,476)
Decrease in cash and cash equivalents during the period		(52,217)	(213,527)
Effect of foreign exchange on cash balances		(207)	1,213
Cash and cash equivalents - beginning of period		438,025	645,784
Cash and cash equivalents - end of period	6	\$ 385,601	\$ 433,470

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(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, the United States, 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 consolidated financial statements of the Company were authorized for issue on April 23, 2025 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 Accounting Standards”) applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company’s annual consolidated financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2024. The accounting policies that are set out in Note 5, “*Summary of Material Accounting Policies*” to the Company’s annual consolidated financial statements for the year ended December 31, 2024 were consistently applied to all periods presented.

Seasonality

The construction industry in Canada is seasonal in nature for companies like Aecon who do a significant portion of their work outdoors. 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 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 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 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 consolidated financial statements also include the Company’s investment in and share of the earnings of projects accounted for using the equity method. When necessary, adjustments are made to the financial statements of subsidiaries, joint arrangements and associates to bring their accounting policies in line with those used by the Company.

A subsidiary that is not wholly-owned by the Company results in non-controlling interests that are presented separately on the consolidated balance sheets, while the portions of net income and of other comprehensive income attributable to such non-controlling interests are also shown separately on the consolidated statements of income and on the consolidated statements of comprehensive income, respectively.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

4. CRITICAL ACCOUNTING ESTIMATES

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

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

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

The Company's material accounting policies are described in Note 5, "*Summary of Material Accounting Policies*," in the Company's annual consolidated financial statements for the year ended December 31, 2024. 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.

4.1 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

REVENUE AND GROSS PROFIT RECOGNITION

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

The Company's estimates of contract revenue and cost are highly detailed. Management believes, based on its experience, that its current systems of management and accounting controls allow the Company to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period, which can result in a change to contract profitability from one financial 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), project execution challenges, 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 sector. 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 recent economic conditions on the Company's operations. These judgments, estimates and assumptions affecting the revenue and cost forecasts of individual

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

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 19, "*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. The outcome of matters related to disputes, legal actions and proceedings may have a material effect on the financial position, results of operations or cash flows of the Company, and there is no guarantee that there will not be a future rise in litigation which, depending on the nature of the litigation, could impact the financial position, results of operations, or cash flows of the Company.

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

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.

Preferred Shares issued by Aecon Utilities Group Inc. ("Aecon Utilities") are recorded as a financial liability measured at fair value through profit and loss. The fair value of the Preferred Shares was determined at inception, represented by the aggregate subscription price, and subsequently remeasured to its fair value at each reporting date. This subsequent fair value was determined using significant unobservable inputs when readily available market comparison date was not available. The key inputs in the fair value measurement include credit spread, market volatility, and the underlying share price. The changes in these inputs and assumptions could materially affect the determination of the fair value at each reporting date. Refer to Note 15, "*Preferred Shares of Aecon Utilities*" and Note 26, "*Financial Instruments*" for further details regarding the Preferred Shares.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

While the Company considers its fair value measurements to be appropriate and reasonable, the use of alternative assumptions could result in different fair values. It is possible that other market participants may measure a same financial instrument and arrive at a different fair value on a given valuation date, with the valuation techniques and inputs used by these market participants still meeting the definition of fair value. The fact that different fair value measurements could exist reflects the judgment, estimates and assumptions applied as well as the uncertainty involved in determining the fair value of these financial instruments.

Further information with regard to the treatment of other financial instruments can be found in Note 26, “*Financial Instruments.*”

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. The Company is also within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules (“Pillar Two”). Under the legislation, the Company is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Rules (“GloBE” or “global minimum tax”) effective tax rate per jurisdiction and the 15% minimum tax rate. Applying the OECD Pillar Two model rules and determining their impact on the consolidated financial statements is complex and poses a number of practical challenges. Although the Company believes its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits and litigation will not be materially different from that reflected in the Company’s historical income tax provisions and accruals. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company’s income tax expense and current and deferred income tax assets and liabilities in the period in which such determinations are made. Although management believes it has adequately provided for any additional taxes that may be assessed as a result of an audit or litigation, the occurrence of either of these events could have an adverse effect on the Company’s current and future results and financial condition.

The Company 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, including the Company’s intangible assets in the Bermuda International Airport Concessionaire which is accounted for using the equity method, are tested for impairment whenever events or circumstances indicate the carrying value may not be recoverable. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

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.

See Note 14, "Intangible Assets", in the Company's annual consolidated financial statements for the year ended December 31, 2024 for further details regarding goodwill and other intangible assets.

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 and concession projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplinary projects and concession 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

5. FUTURE ACCOUNTING CHANGES

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 is a new standard on financial statement presentation and disclosure with a focus on updates to the statement of income. IFRS 18 will supersede IAS 1 “Presentation of Financial Statements” and the related interpretations when it becomes effective, however, many existing principles in IAS 1 are retained with limited changes. New requirements introduced in IFRS 18 include updates to the structure of the statement of income including presenting defined subtotals and specified categories (i.e. three new defined categories – operating, investing and financing, and two new subtotals – “operating profit or loss” and “profit or loss before financing and income taxes”); further disclosures on management-defined performance measures, and enhanced guidance on the principles of aggregation and disaggregation. The standard is effective for annual reporting periods beginning on or after January 1, 2027, and retrospective application is required.

The Company is currently assessing the impact of adopting this new accounting standard on its future financial statements.

6. CASH AND CASH EQUIVALENTS

	March 31 2025	December 31 2024
Cash balances excluding joint operations	\$ 37,961	\$ 123,270
Cash balances of joint operations	347,640	314,755
	\$ 385,601	\$ 438,025

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

7. TRADE AND OTHER RECEIVABLES

	March 31 2025	December 31 2024
Trade receivables	\$ 589,957	\$ 503,628
Holdbacks receivable	364,384	354,842
Other	45,408	40,094
Allowance for expected credit losses	(1,230)	(1,248)
	998,519	897,316
Amounts receivable beyond one year	\$ 10,183	\$ 13,772

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

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

	March 31 2025	December 31 2024
Balance - beginning of period	\$ (1,248)	\$ (848)
Additional amounts provided for during the period	(62)	(560)
Trade receivables written off during the period	-	60
Amounts recovered	80	100
Balance - end of period	\$ (1,230)	\$ (1,248)

The Company entered into a program with a financial institution whereby it can sell, without credit recourse, eligible trade receivables to the financial institution. The Company's ongoing involvement is limited to the remittance of customer payments to the financial institution with respect to the sold trade receivables. Trade receivables are presented net of the trade receivables sold.

8. INVENTORIES

	March 31 2025	December 31 2024
Raw materials and supplies	\$ 20,843	\$ 15,249
Finished goods	5,958	6,277
	\$ 26,801	\$ 21,526

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

9. 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, 2025			December 31, 2024		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Cash and cash equivalents	\$ 47,951	\$ -	\$ 47,951	\$ 50,188	\$ -	\$ 50,188
Other current assets	404,496	-	404,496	418,178	-	418,178
Total current assets	452,447	-	452,447	468,366	-	468,366
Non-current assets	1,213,994	-	1,213,994	1,215,944	-	1,215,944
Total assets	1,666,441	-	1,666,441	1,684,310	-	1,684,310
Trade and other payables and provisions	375,858	-	375,858	385,123	-	385,123
Other current financial liabilities	203,791	-	203,791	203,791	-	203,791
Total current liabilities	579,649	-	579,649	588,914	-	588,914
Non-current financial liabilities	847,234	-	847,234	852,556	-	852,556
Other non-current liabilities	4,995	-	4,995	4,901	-	4,901
Total non-current liabilities	852,229	-	852,229	857,457	-	857,457
Total liabilities	1,431,878	-	1,431,878	1,446,371	-	1,446,371
Net assets	\$ 234,563	\$ -	\$ 234,563	\$ 237,939	\$ -	\$ 237,939

	For the three months ended					
	March 31, 2025			March 31, 2024		
	Joint Ventures	Associates	Total	Joint Ventures	Associates	Total
Revenue	\$ 114,532	\$ -	\$ 114,532	\$ 134,687	\$ -	\$ 134,687
Depreciation and amortization	(4,134)	-	(4,134)	(3,766)	-	(3,766)
Other costs and expenses	(98,117)	-	(98,117)	(113,085)	-	(113,085)
Operating profit	12,281	-	12,281	17,836	-	17,836
Finance cost	(12,511)	-	(12,511)	(14,545)	-	(14,545)
Income tax expense	(124)	-	(124)	(998)	-	(998)
Profit (loss) for the period	(354)	-	(354)	2,293	-	2,293
Other comprehensive income (loss)	(743)	-	(743)	3,059	-	3,059
Total comprehensive income (loss)	\$ (1,097)	\$ -	\$ (1,097)	\$ 5,352	\$ -	\$ 5,352

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(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 2025	December 31 2024
Projects accounted for using the equity method - at beginning of period	\$ 237,939	\$ 232,752
Share of profit (loss) for the period	(354)	21,210
Share of other comprehensive income (loss) for the period	(743)	5,029
Distributions from projects accounted for using the equity method	(2,279)	(21,052)
Projects accounted for using the equity method - at end of period	\$ 234,563	\$ 237,939

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
Waterloo Light Rail Transit Concessionaire	10%	Joint Venture	2025, 2024
Eglinton Crosstown Light Rail Transit Concessionaire	25%	Joint Venture	2025, 2024
Finch West Light Rail Transit Concessionaire	33%	Joint Venture	2025, 2024
Gordie Howe International Bridge Concessionaire	20%	Joint Venture	2025, 2024
Highway 401 Expansion Project SPV	50%	Joint Venture	2025, 2024
Pattullo Bridge Replacement Project SPV	50%	Joint Venture	2025, 2024
Eglinton Crosstown West Extension Advance Tunnel Project SPV	40%	Joint Venture	2025, 2024
ONxpress Operations Inc.	28%	Joint Venture	2025, 2024
Bermuda International Airport Concessionaire ("Skyport")	50.1%	Joint Venture	2025, 2024

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, 2025 AND 2024

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

10. 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, 2025	\$ 45,602	\$ 175,848	\$ 21,872	\$ 331,781	\$ 43,263	\$ 122,429	\$ 740,795
Additions - purchased assets	-	178	-	20,933	706	2,067	23,884
Additions - right-of-use assets	645	2,578	-	4,717	-	1,008	8,948
Disposals	(493)	(3,020)	-	(6,022)	(3,581)	(3,237)	(16,353)
Foreign currency translation adjustments	-	(112)	-	728	-	(32)	584
Balance at March 31, 2025	\$ 45,754	\$ 175,472	\$ 21,872	\$ 352,137	\$ 40,388	\$ 122,235	\$ 757,858
Accumulated depreciation and impairment							
Balance at January 1, 2025	3,298	88,466	11,049	188,200	38,812	50,948	380,773
Depreciation - purchased assets	-	1,308	316	6,241	614	1,749	10,228
Depreciation - right-of-use assets	(a) 819	2,798	-	2,513	-	2,546	8,676
Disposals	(493)	(3,504)	-	(4,046)	(3,581)	(2,190)	(13,814)
Foreign currency translation adjustments	-	(102)	-	(28)	-	-	(130)
Balance at March 31, 2025	\$ 3,624	\$ 88,966	\$ 11,365	\$ 192,880	\$ 35,845	\$ 53,053	\$ 385,733
Net book value at March 31, 2025	\$ 42,130	\$ 86,506	\$ 10,507	\$ 159,257	\$ 4,543	\$ 69,182	\$ 372,125
Net book value at January 1, 2025	\$ 42,304	\$ 87,382	\$ 10,823	\$ 143,581	\$ 4,451	\$ 71,481	\$ 360,022
Net book value of right-of-use assets included in property, plant & equipment at January 1, 2025							
	\$ 7,011	\$ 39,436	\$ 75	\$ 40,297	\$ -	\$ 28,344	\$ 115,163
Net book value of right-of-use assets included in property, plant & equipment at March 31, 2025							
	\$ 6,836	\$ 39,691	\$ 75	\$ 42,487	\$ -	\$ 26,180	\$ 115,269

(a) Depreciation of land relates to leases of land.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

11. INTANGIBLE ASSETS

	Goodwill	Acquired customer backlog and other acquisition - related intangible assets	Licences, software and other rights	Total
Cost				
Balance at January 1, 2025	\$ 151,266	\$ 89,937	\$ 99,370	\$ 340,573
Additions				
Separately acquired or constructed	-	-	260	260
Disposals	-	-	(90)	(90)
Business combination	(a) (415)	-	-	(415)
Foreign currency translation adjustments	(32)	(54)	-	(86)
Balance at March 31, 2025	\$ 150,819	\$ 89,883	\$ 99,540	\$ 340,242
Accumulated amortization and impairment				
Balance at January 1, 2025	-	8,291	88,947	97,238
Amortization	-	5,067	1,985	7,052
Disposals	-	-	(90)	(90)
Foreign currency translation adjustments	-	1	-	1
Balance at March 31, 2025	\$ -	\$ 13,359	\$ 90,842	\$ 104,201
Net book value at March 31, 2025	\$ 150,819	\$ 76,524	\$ 8,698	\$ 236,041
Net book value at January 1, 2025	\$ 151,266	\$ 81,646	\$ 10,423	\$ 243,335

(a) Includes purchase price allocation adjustments made to the provisional goodwill balance related to the 2024 acquisition of Ainsworth Power Construction.

12. TRADE AND OTHER PAYABLES

	March 31 2025	December 31 2024
Trade payables and accrued liabilities	\$ 913,491	\$ 875,497
Holdbacks payable	189,704	184,918
	\$ 1,103,195	\$ 1,060,415

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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13. PROVISIONS

	Contract related obligations	Asset decommissioning costs	Tax assessments	Other	Total
Balance at January 1, 2025	\$ 15,859	\$ 4,707	\$ 3,525	\$ 2,171	\$ 26,262
Additions made	7,561	26	-	1,523	9,110
Amounts used	(6,803)	-	-	(1,042)	(7,845)
Other changes	-	62	-	-	62
Balance at March 31, 2025	\$ 16,617	\$ 4,795	\$ 3,525	\$ 2,652	\$ 27,589
Reported as:					
Current	\$ 16,617	\$ -	\$ 3,525	\$ 2,652	\$ 22,794
Non-current	-	4,795	-	-	4,795
	\$ 16,617	\$ 4,795	\$ 3,525	\$ 2,652	\$ 27,589

14. LONG-TERM DEBT

LONG-TERM DEBT

	March 31 2025	December 31 2024
Long-term debt:		
Leases	\$ 123,741	\$ 124,623
Equipment and other loans	26,919	26,946
Total long-term debt	\$ 150,660	\$ 151,569
Reported as:		
Current liabilities:		
Current portion of long-term debt	\$ 41,321	\$ 40,765
Non-current liabilities:		
Long-term debt	109,339	110,804
	\$ 150,660	\$ 151,569

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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The following describes the components of long-term debt:

- (a) At March 31, 2025, leases of \$123,741 (December 31, 2024 - \$124,623) bore interest at fixed rates averaging 5.21% (December 31, 2024 – 5.20%) per annum, with specific equipment provided as security.
- (b) At March 31, 2025, equipment and other loans of \$26,919 (December 31, 2024 - \$26,946) bore interest at fixed rates averaging 3.99% (December 31, 2024 – 3.71%) per annum, with specific equipment provided as security.

The weighted average interest rate on long-term debt outstanding at March 31, 2025 was 4.99% (December 31, 2024 – 4.94%).

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, 2025 were \$25,156 (2024 - \$17,405).

Total cash outflow related to leases excluding expenses relating to short-term and low-value leases and variable lease payments for the three months ended March 31, 2025 was \$10,237 (2024 – \$8,128).

See Note 10, “*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, 2025.

See Note 23, “*Finance Cost*” for further details of interest on lease liabilities recognized during the three months ended March 31, 2025.

See Note 26, “*Financial Instruments*” for contractual maturities of lease liabilities at March 31, 2025.

15. PREFERRED SHARES OF AECON UTILITIES

	March 31 2025	December 31 2024
Reported as current liabilities:		
Preferred Shares of Aecon Utilities	\$ 159,310	\$ 160,300
Total Preferred Shares of Aecon Utilities	\$ 159,310	\$ 160,300

On October 23, 2023, Aecon Utilities, a wholly owned subsidiary of Aecon, entered into a subscription agreement with funds managed by the Power Opportunities strategy of Oaktree Capital Management LP (“Oaktree”). Oaktree subscribed for 154,640 convertible preferred shares (the “Preferred Shares”) in Aecon Utilities at a subscription price of \$1,000 each resulting in gross proceeds of \$154,640, which represents \$150,000 after upfront fees (“Net Investment Amount”). The Preferred Shares are convertible at any time by Oaktree into a fixed 27.5% of the common equity of Aecon Utilities and is mandatorily convertible upon a qualified initial public offering (“IPO”). Prior to conversion, the Preferred Shares will accrue a 12% annual coupon for the first three years and 14% annual coupon thereafter. At Aecon’s option, the coupon is payable in kind by accreting the principal amount or in cash. On conversion of the Preferred Shares, Aecon’s 72.5% equity interest in Aecon Utilities is not diluted as a result of the accretion feature. Accrued dividends of \$5,342 were included in finance costs for the three months ended March 31, 2025 (2024 - \$4,746).

Aecon has the option to purchase the Preferred Shares for cash at any time at a value equivalent to the greatest of: (a) the as-converted value of the Preferred Shares, (b) the accreted value of the Preferred Shares, and (c) 1.5 times the Net Investment Amount less all cash dividends and distributions paid to Oaktree. Following the seven-year anniversary of the Investment, Oaktree may sell its Preferred Shares, subject to a right of first offer in favour of Aecon, or may require Aecon, at Aecon’s election, to either (i) initiate an IPO process and/or (ii) initiate a sale of Aecon Utilities or (iii) purchase the Preferred Shares for cash at a price equal to the greater of (A) the accreted value of the Preferred Shares and (B) the as-converted value of the Preferred Shares being the fair market value of the common shares into which the Preferred Shares is convertible at that time.

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Upon the occurrence of a change of control event, or in the event of the dissolution, liquidation or winding-up of Aecon Utilities, the preferred shares will be redeemed for cash at the greatest of: (a) the as-converted value of the Preferred Shares, (b) the accreted value of the Preferred Shares, and (c) 1.5 times the Net Investment Amount less all cash dividends and distributions paid to Oaktree.

The following table sets out the movements in the Preferred Shares of Aecon Utilities:

	For the three months ended	For the year ended
	March 31 2025	December 31 2024
Balance at beginning of period	\$ 160,300	\$ 157,110
Accrued dividends	5,342	19,855
Fair value (gain) through profit or loss	(2,372)	(19,565)
Fair value (gain) loss through other comprehensive income	(3,960)	2,900
Balance at end of period	\$ 159,310	\$ 160,300

16. BANK INDEBTEDNESS

	March 31 2025	December 31 2024
Bank indebtedness	\$ 306,494	\$ 152,847
	\$ 306,494	\$ 152,847

At March 31, 2025, Aecon had a committed credit facility of \$450,000 (December 31, 2024 - \$450,000) and a separate \$400,000 (December 31, 2024 - \$400,000) committed credit facility for Aecon Utilities. At March 31, 2025, these two committed revolving credit facilities totalled \$850,000 (December 31, 2024 - \$850,000). Both credit facilities mature on October 24, 2027. The Company also has uncommitted demand letter of credit facilities of \$201,000 (December 31, 2024 - \$201,000) from Canadian banks and \$46,620 (€30,000) from a Spanish bank (December 31, 2024 - \$44,784 (€30,000)).

Bank indebtedness representing borrowings on the Aecon and Aecon Utilities revolving credit facilities at March 31, 2025 were \$163,129 and \$143,365, respectively (December 31, 2024 - \$nil and \$152,847, respectively). At March 31, 2025, letters of credit amounting to \$6,089 and \$1,657, respectively, were issued against Aecon and Aecon Utilities revolving credit facilities (December 31, 2024 - \$2,756 and \$1,327, respectively). At March 31, 2025, letters of credit amounting to \$34,694 and \$11,795, respectively, were issued against Aecon and Aecon Utilities uncommitted demand letter of credit facilities (December 31, 2024 - \$39,769 and \$7,400, respectively). Cash drawings under the two revolving credit facilities bear interest at rates between prime and prime plus 1.85% per annum. Letters of credit drawn on the revolving credit facilities reduce the amount available-for-use under the facilities.

At March 31, 2025, the Company also maintains an additional performance security guarantee facility of \$900,000 (December 31, 2024 - \$900,000) to support letters of credit provided by Export Development Canada of which \$722,227 was utilized at March 31, 2025 (December 31, 2024 - \$610,656). This performance security guarantee facility matures on June 30, 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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17. 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 2025	March 31 2024
Loss before income taxes	\$ (49,158)	\$ (6,694)
Statutory income tax rate	26.00%	26.40%
Expected income tax recovery	12,781	1,767
Effect on income taxes of:		
Projects accounted for using the equity method	(82)	628
Provincial and foreign rate differences	(340)	(1,433)
Other non-deductible expenses	(1,606)	(1,511)
Non-taxable remeasurement gains	617	1,126
Global Minimum Tax	(290)	-
	(1,701)	(1,190)
Income tax recovery	\$ 11,080	\$ 577

The Company is within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules ("Pillar Two"). Pillar Two legislation was enacted in Canada on June 20, 2024 and came into effect from January 1, 2024. Under the legislation, the Company is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Rules ("GloBE" or "global minimum tax") effective tax rate per jurisdiction and the 15% minimum tax rate.

Current income tax expense related to Pillar Two income taxes recorded in the three months ended March 31, 2025 was \$290 (March 31, 2024 - nil).

The Company is applying the exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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18. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

	For the three months ended	
	March 31 2025	March 31 2024
Defined benefit pension expense:		
Company sponsored pension plans	\$ 111	\$ 86
Defined contribution pension expense:		
Company sponsored pension plans	2,703	2,361
Multi-employer pension plans	16,771	18,997
Total employee future benefit expense	\$ 19,585	\$ 21,444

19. 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 operation 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 operations' 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 operation issued a notice of civil claim seeking approximately \$105,000 in damages from Rio Tinto. The joint operation also registered and perfected a builders' lien against project lands, providing security over approximately \$97,000 of the claimed damages. In the first quarter of 2021, Rio Tinto issued a counterclaim against the joint operation and subsequently amended its pleadings to add the joint operation's parent companies to the action pursuant to parent company guarantees issued by said companies, and also to articulate counterclaim damages of approximately \$428,000. While it is possible that this commercial dispute could result in a material impact to Aecon's earnings and cash flow if not resolved in the Company's favour, 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 Limitée 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 King'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 \$141,493 of unbilled revenue and accounts receivable at March 31, 2025. Offsetting this amount to some extent, the Company has accrued \$45,000 in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately \$195,000 already paid to the Company pursuant to such agreements. The Company has also been brought into two other lawsuits in the same Court between KSPC and various other contractors involved with the Legacy mine project, both relating to matters which the Company believes are materially covered by insurance coverage, to the extent of any liability. In the fourth quarter of 2022, the Court issued a decision allowing an application by Aecon to add KSPC's parent company K+S Aktiengesellschaft ("KSAG") as a defendant to the lawsuit arising from KSAG's conduct in inducing KSPC to breach its contract with Aecon. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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The Company is involved in various other disputes and litigation both as plaintiff and defendant. The resolution of other disputes against the Company, including those provided for (see Note 13, "Provisions"), are not expected to result in a material effect on the consolidated financial position of the Company.

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

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

	Project	March 31 2025
Letters of credit:		
Financial and performance - issued by Export Development Canada	Various joint arrangement projects	\$ 722,227
Financial and performance - issued in the normal conduct of business	Various	\$ 54,235

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. At March 31, 2025, 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 \$7,829,293. 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.

20. CAPITAL STOCK

	For the three months ended March 31, 2025		For the year ended December 31, 2024	
	Number	Amount	Number	Amount
Number of common shares outstanding - beginning of period	62,834,008	\$ 442,334	62,266,403	\$ 430,709
Shares issued to settle LTIP/ESU/Director DSU obligations	82,387	1,292	728,205	12,741
Common shares purchased under Normal Course Issuer Bid	-	-	(160,600)	(1,116)
Number of common shares outstanding - end of period	62,916,395	\$ 443,626	62,834,008	\$ 442,334

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Normal Course Issuer Bid

On August 15, 2024, the Toronto Stock Exchange (“TSX”) approved the Company’s normal course issuer bid (the “NCIB”) pursuant to which the Company may purchase for cancellation up to 3,126,306 common shares of Aecon, representing 5% of the issued and outstanding common shares as of August 7, 2024. The NCIB commenced on August 18, 2024 and will end no later than August 18, 2025.

The Company also entered into an automatic securities purchase plan (“ASPP”) in respect of the NCIB with a designated broker (the “Broker”). The Broker is responsible for making purchases of common shares pursuant to the ASPP including during times when the Company would ordinarily not be permitted to purchase common shares due to regulatory restrictions or trading black-out periods established under Aecon’s Insider Trading Policy. Under the Plan, Aecon may, but is not required to, instruct the Broker to make purchases under the NCIB based on parameters set by Aecon in accordance with the Plan, TSX rules and applicable securities laws. At March 31, 2025, no liability was recorded in the Company’s consolidated balance sheets in connection with the ASPP.

During the three months ended March 31, 2025, there were no common shares repurchased for cancellation pursuant to the NCIB (March 31, 2024 - nil).

STOCK-BASED COMPENSATION

Long-Term Incentive Plans

The Company maintains various long-term incentive plans (collectively “LTIP”) to further focus senior executives on the achievement of the Company’s strategic plan, serve as a retention tool for select executives, and better align the interests of senior executives with those of shareholders. Awards to participants are based on the financial results of the Company and are made in the form of Deferred Share Units (“DSU”), Restricted Share Units (“RSU”), and Performance Share Units (“PSU”). DSU and RSU awards represent the right to receive one common share of the Company. Each PSU award specifies the applicable performance period, performance criteria, and a performance multiplier that may range from 50% to 200% applied to each performance criteria. Each PSU award represents the right to receive the market value of one common share in cash.

DSU awards vest only on the retirement or termination of the participant, RSU awards vest annually over three years, and PSU awards vest after a three-year period. Compensation charges related to the LTIP are expensed over the estimated vesting period of the awards in marketing, general and administrative expense in the consolidated statements of income. DSU and RSU awards are accounted for as equity-settled stock-based transactions. PSU awards are accounted for as cash-settled stock-based transactions with the related liability revalued to fair value at the end of each reporting period. All LTIP awards have accompanying dividend equivalent rights, which are also expensed as earned in marketing, general and administrative expense.

For the three months ended March 31, 2025, the Company recorded LTIP compensation charges of \$3,107 (2024 - \$2,068).

Other Stock-based Compensation – Director DSU Awards

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

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

For the three months ended March 31, 2025, the Company recorded Director DSU compensation recovery, net of fair value adjustments, of \$1,838 (2024 – expense of \$2,502).

The per share price of the Company's common shares at March 31, 2025 was \$16.94 (March 31, 2024 - \$17.01).

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, 2025, the Company recorded an ESU compensation expense of \$150 (2024 - \$148).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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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, 2025		
	LTIP	Director DSUs	ESUs
Share Units			
Balance outstanding - beginning of period	3,312,283	493,928	189,365
Granted	915,081	99,267	10,501
Dividend equivalent rights	23,229	3,463	2,639
Settled	(82,387)	-	(2,007)
Forfeited	(9,018)	-	(3,593)
Balance outstanding - end of period	4,159,188	596,658	196,905

	Weighted Average Grant Date Fair Value Per Unit		
Balance outstanding - beginning of period	\$ 14.95	\$ 23.61	\$ 15.58
Granted including Director DSU fair value adjustments	17.57	(16.94)	27.09
Dividend equivalent rights	14.95	15.61	15.58
Settled	15.50	-	14.35
Forfeited	15.34	-	14.73
Balance outstanding - end of period	\$ 15.51	\$ 16.82	\$ 16.22

Amounts included in Contributed Surplus in the Consolidated Balance Sheets at March 31, 2025 in respect of LTIP, Director DSUs, and ESUs were \$42,426 (December 31, 2024 - \$40,192), \$2,770 (December 31, 2024 - \$2,751), and \$2,847 (December 31, 2024 - \$2,731), respectively. Amounts included in Trade and Other Payables in the Consolidated Balance Sheets at March 31, 2025 in respect of LTIP and Director DSUs were \$4,668 (December 31, 2024 - \$5,073) and \$7,266 (December 31, 2024 - \$8,911), respectively.

21. EXPENSES

	For the three months ended	
	March 31 2025	March 31 2024
Personnel	\$ 378,721	\$ 296,711
Subcontractors	522,346	380,509
Materials	138,341	116,512
Equipment costs	31,344	37,733
Depreciation of property, plant and equipment and amortization of intangible assets	25,956	18,843
Other expenses	6,025	4,416
Total expenses	\$ 1,102,733	\$ 854,724

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

Reported as:

	For the three months ended	
	March 31 2025	March 31 2024
Direct costs and expenses	\$ 1,019,860	\$ 783,806
Marketing, general and administrative expense	56,917	52,075
Depreciation and amortization	25,956	18,843
Total expenses	\$ 1,102,733	\$ 854,724

22. OTHER INCOME

	For the three months ended	
	March 31 2025	March 31 2024
Foreign exchange gain (loss)	\$ (668)	\$ 574
Gain on sale of property, plant and equipment	1,137	1,084
Gain on change in fair value of other financial instruments	282	-
Total other income	\$ 751	\$ 1,658

23. FINANCE COST

	For the three months ended	
	March 31 2025	March 31 2024
Interest and notional interest on long-term debt	\$ 693	\$ 718
Interest on leases	1,475	1,235
Interest on bank indebtedness	4,847	3,182
Dividend on Preferred Shares of Aecon Utilities	5,342	4,746
Gain on change in fair value of Preferred Shares of Aecon Utilities	(2,372)	(4,266)
Notional interest on provisions	63	57
Total finance cost	\$ 10,048	\$ 5,672

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

24. EARNINGS PER SHARE

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

	For the three months ended	
	March 31 2025	March 31 2024
Loss attributable to shareholders	\$ (37,931)	\$ (6,117)
Diluted net loss	\$ (37,931)	\$ (6,117)
Average number of common shares outstanding	62,890,088	62,266,403
Effect of dilutive securities: ⁽¹⁾		
Long-term incentive plan	4,034,123	4,382,747
Weighted average number of diluted common shares outstanding	66,924,211	66,649,150
Basic loss per share	\$ (0.60)	\$ (0.10)
Diluted loss per share ⁽¹⁾	\$ (0.60)	\$ (0.10)

⁽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.

25. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

	For the three months ended	
	March 31 2025	March 31 2024
Decrease (increase) in:		
Trade and other receivables	\$ (103,463)	\$ 64,216
Unbilled revenue	(93,386)	(114,664)
Inventories	(5,275)	(3,870)
Prepaid expenses	16,136	4,594
Increase (decrease) in:		
Trade and other payables	45,503	(99,566)
Provisions	(7,845)	(8,997)
Deferred revenue	39,721	6,030
	\$ (108,609)	\$ (152,257)

Cash flows from interest

	For the three months ended	
	March 31 2025	March 31 2024
Operating activities		
Cash interest paid	\$ (6,177)	\$ (4,496)
Cash interest received	1,576	3,159

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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26. 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. At March 31, 2025, the Company had contracts to buy US\$nil, sell US\$nil, and sell €1,600 (December 31, 2024 – buy US\$16,000, sell US\$nil, and sell €2,500, respectively), on which there was a cumulative net unrealized exchange gain of \$3 recorded in the consolidated statements of income at that date (December 31, 2024 - gain \$10). In addition, at March 31, 2025, outstanding contracts to buy US\$13,500 (December 31, 2024 – buy US\$338) were designated as cash flow hedges on which there was a cumulative unrealized gain recorded in other comprehensive income of \$52 (December 31, 2024 – gain \$55). 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. At March 31, 2025, for these derivative financial instruments designated as cash flow hedges, there was a cumulative unrealized gain recorded in other comprehensive income of \$410 (December 31, 2024 - gain \$1,064).

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.

	At March 31, 2025			
	Total	Level 1	Level 2	Level 3
Financial assets (liabilities) measured at fair value:				
Cash flow hedges	\$ 462	\$ -	\$ 462	\$ -
Long-term financial assets	16,331	-	16,331	-
Preferred Shares of Aecon Utilities	(159,310)	-	-	(159,310)
Financial assets (liabilities) disclosed at fair value:				
Long-term financial assets	21,812	-	21,812	-
Long-term debt	(160,503)	-	(160,503)	-

During the three months ended March 31, 2025, 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.

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Preferred Shares of Aecon Utilities

The Preferred Shares are designated as fair value through profit or loss and is classified as level 3 in the fair value hierarchy as there are significant unobservable inputs used in the valuation. Management uses a lattice model to estimate the fair value of the preferred shares. It utilizes the binomial tree method to project the stock price movements, determine optimal timing to exercise the conversion feature and other optionalities included in the instrument, and calculates the possible payoffs of the instruments. The key inputs in determining fair value include credit spread, risk-free rate, market volatility, underlying share price and conversion price, and assumptions related to the probability of events that would trigger mandatory conversions.

Methodologies and procedures regarding Level 3 fair value measurements are determined by the Company's management. The calculation of Level 3 fair values is derived based on the underlying contractual terms of the Preferred Shares as well as observable and unobservable inputs. Development of unobservable inputs requires the use of significant judgment. Level 3 fair value measurements are reviewed and validated by the Company's management to ensure reasonability and accuracy on a quarterly basis.

The Preferred Shares were measured at fair value using the following significant unobservable inputs:

The Company used an underlying share price of Aecon Utilities at March 31, 2025 of \$1.00. If the Company had used an underlying share price that was higher or lower by 10%, the potential effect would be an increase of \$12,309 or a decrease of \$10,464 to the fair value of the Preferred Shares through the income statement. The Company used a market volatility of 32.24%. If the Company had used a market volatility that was higher or lower by 10%, the potential effect would be an increase of \$2,327 or a decrease of \$1,832 to the fair value of the preferred shares through the income statement. The Company used a credit spread of 16.96%. If the Company had used a credit spread that was higher or lower by 10%, the potential effect would be a decrease of \$3,235 or an increase of \$5,043 to the fair value of the preferred shares through other comprehensive income.

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.

At March 31, 2025, the Company had \$107,116 in trade receivables that were past due. Of this amount, \$98,275 was over 60 days past due, against which the Company has recorded an allowance for expected credit losses of \$1,230.

Liquidity risk

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

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Contractual maturities for financial liabilities at March 31, 2025 are as follows:

	Due within one year	Due between one and five years	Due after five years	Total undiscounted cash flows	Effect of interest	Fair value adjustment	Carrying value
Bank indebtedness	\$ -	\$ 306,494	\$ -	\$ 306,494	\$ -	\$ -	\$ 306,494
Trade and other payables	\$ 1,103,195	\$ -	\$ -	\$ 1,103,195	\$ -	\$ -	\$ 1,103,195
Leases	\$ 40,881	\$ 84,100	\$ 14,714	\$ 139,695	\$ (15,954)	\$ -	\$ 123,741
Equipment and other loans	7,084	17,941	5,651	30,676	(3,757)	-	26,919
	47,965	102,041	20,365	170,371	(19,711)	-	150,660
Preferred Shares of Aecon Utilities ⁽¹⁾	-	-	381,256	381,256	(197,863)	(24,083)	159,310
Long-term financial liabilities	\$ 47,965	\$ 102,041	\$ 401,621	\$ 551,627	\$ (217,574)	\$ (24,083)	\$ 309,970

(1) The Preferred Shares of Aecon Utilities have no fixed repayment terms (see Note 15 "Preferred Shares of Aecon Utilities"). The Preferred Shares are assumed to have a remaining contractual maturity of 5 years in this summary.

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, 2025, 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.

At March 31, 2025, a 10% change in the US dollar against the Canadian dollar would have impacted the Company's profit or loss in the current period by \$4,565 because of currency exposures. 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.

27. 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 drawings on the Company's credit facilities presented as bank indebtedness), convertible debentures, and Preferred Shares of Aecon Utilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

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 facilities presented as bank indebtedness) as a percentage of total capitalization (debt to capitalization percentage) is considered by the Company to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. At March 31, 2025, the debt to capitalization percentage was 25% (December 31, 2024 - 25%). While the Company believes this debt to capitalization percentage is acceptable, because of the cyclical nature of its business, and due to the uncertainties described in Note 4, "*Critical Accounting Estimates*" and Note 19, "*Contingencies*", the Company will continue its current efforts to maintain a conservative capital position.

Under the terms of the Company's committed credit facilities, which have a carrying amount at March 31, 2025 of \$306,494 (December 31, 2024 – \$152,847), the Company is required to comply at the end of each annual and interim reporting period with key financial debt covenants calculated using ratios as defined in the credit agreements that compare total funded debt, direct debt, and cash interest to a calculation of earnings specific to the credit agreements. At March 31, 2025, the Company complied with all of its financial debt covenants.

28. 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.

The Construction segment includes all aspects of the construction of both public and private infrastructure, primarily in Canada, and on a selected basis, internationally and focuses primarily on the following market sectors:

- Civil Infrastructure;
- Urban Transportation Solutions;
- Nuclear Infrastructure;
- Utility Infrastructure; and
- Industrial Infrastructure.

Activities within the Concessions segment include the development, financing, build and operation of construction projects primarily by way of public-private partnership contract structures, as well as integrating the services of all project participants, and harnessing the strengths and capabilities of Aecon. The Concessions segment focuses primarily on providing the following services:

- Development of domestic and international Public-Private Partnership projects;
- Private finance solutions;
- Developing strategic partnerships;
- Leading and/or actively participating in development teams; and
- Operations and maintenance of infrastructure assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

For the three months ended March 31, 2025					
	Construction	Concessions	Other and eliminations	Total	
Consolidated statements of income					
External customer revenue	\$ 1,060,005	\$ 1,645	\$ -	\$ 1,061,650	
Inter-segment revenue	(2,575)	-	2,575	-	
Total revenue	1,057,430	1,645	2,575	1,061,650	
Expenses	\$ (1,087,945)	\$ (3,780)	\$ (11,008)	\$ (1,102,733)	
Which include:					
Depreciation and amortization	(24,959)	(53)	(944)	(25,956)	
Other income (loss):					
Foreign exchange loss	\$ (20)	\$ (10)	\$ (638)	\$ (668)	
Gain on sale of property, plant and equipment	1,137	-	-	1,137	
Gain on change in fair value of other financial instruments	-	282	-	282	
Income (loss) from projects accounted for using the equity method	\$ (521)	\$ 167	\$ -	\$ (354)	
Operating Loss	\$ (29,919)	\$ (1,696)	\$ (9,071)	\$ (40,686)	
Finance income (cost):					
Finance income				\$ 1,576	
Finance cost				(10,048)	
Loss before income taxes				\$ (49,158)	
Income tax recovery				11,080	
Loss for the period				\$ (38,078)	
Revenue by contract type					
Fixed price	\$ 386,707	\$ -	\$ -	\$ 386,707	
Cost plus/unit price	670,723	-	2,575	673,298	
Concession operations	-	1,645	-	1,645	
Total revenue	1,057,430	1,645	2,575	1,061,650	
Revenue by service type					
Construction revenue	\$ 1,057,430	\$ -	\$ 2,575	\$ 1,060,005	
Concession revenue	-	1,645	-	1,645	
Total revenue	1,057,430	1,645	2,575	1,061,650	
	Construction	Concessions	Other and eliminations	Total	
Consolidated balance sheets					
Segment assets	\$ 3,500,828	\$ 382,873	\$ (502,395)	\$ 3,381,306	
Which include:					
Projects accounted for using the equity method	2,586	231,977	-	234,563	
Segment liabilities	\$ 2,191,745	\$ 34,860	\$ 233,562	\$ 2,460,167	
Additions to non-current assets:					
Property, plant and equipment	\$ 32,220	\$ -	\$ 612	\$ 32,832	
Intangible assets	\$ 24	\$ -	\$ 236	\$ 260	

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For the three months ended March 31, 2024					
	Construction		Concessions	Other and eliminations	Total
Consolidated statements of income					
External customer revenue	\$ 843,641	\$ 2,951	\$ -	\$ -	\$ 846,592
Inter-segment revenue	188	-	(188)	-	-
Total revenue	843,829	2,951	(188)	(188)	846,592
Expenses	\$ (837,874)	\$ (4,107)	\$ (12,743)	\$ -	\$ (854,724)
Which include:					
Depreciation and amortization	(18,588)	(66)	(189)	-	(18,843)
Other income:					
Foreign exchange gain	288	27	259	-	574
Gain on sale of property, plant and equipment	1,084	-	-	-	1,084
Income from projects accounted for using the equity method	\$ 102	\$ 2,191	\$ -	\$ -	\$ 2,293
Operating profit (loss)	\$ 7,429	\$ 1,062	\$ (12,672)	\$ -	\$ (4,181)
Finance income (cost):					
Finance income				-	3,159
Finance cost				-	(5,672)
Loss before income taxes					\$ (6,694)
Income tax recovery					577
Loss for the period					\$ (6,117)
Revenue by contract type					
Fixed price	\$ 392,771	\$ -	\$ -	\$ -	\$ 392,771
Cost plus/unit price	451,058	-	(188)	-	450,870
Concession operations	-	2,951	-	-	2,951
Total revenue	843,829	2,951	(188)	(188)	846,592
Revenue by service type					
Construction revenue	\$ 843,829	\$ -	\$ (188)	\$ -	\$ 843,641
Concession revenue	-	2,951	-	-	2,951
Total revenue	843,829	2,951	(188)	(188)	846,592
Consolidated balance sheets					
	Construction		Concessions	Other and eliminations	Total
Segment assets	\$ 3,114,178	\$ 335,439	\$ (402,904)	\$ -	\$ 3,046,713
Which include:					
Projects accounted for using the equity method	8,198	226,595	-	-	234,793
Segment liabilities	\$ 1,779,239	\$ 55,902	\$ 158,105	\$ -	\$ 1,993,246
Additions to non-current assets:					
Property, plant and equipment	\$ 20,373	\$ 76	\$ 1,054	\$ -	\$ 21,503
Intangible assets	-	566	-	-	566