

AECON GROUP INC.

**CONSOLIDATED
FINANCIAL
STATEMENTS**

December 31, 2024

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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Independent auditor's report

To the Shareholders of Aecon Group Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Aecon Group Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2024 and 2023;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Revenue recognition from long-term construction contracts

Our approach to addressing the matter included the following procedures, among others:

Refer to note 4.1 – Major sources of estimation uncertainty – Revenue and gross profit recognition and note 5.1 – Revenue recognition to the consolidated financial statements.

- Tested how management determined the estimates of total costs at completion for a sample of fixed-price long-term construction contracts:

The Company recognized revenue of \$4.2 billion for the year ended December 31, 2024. A significant portion of this revenue is generated from long-term construction contracts. The Company typically transfers control of goods or services to the customer by satisfying performance obligations over time and recognizes revenue over time as these performance obligations are satisfied. Revenue is recognized based on the extent of progress towards completion of the performance obligation.

- Agreed key contractual terms back to signed contracts.
- Evaluated the reasonableness of the significant assumptions used by management in estimating the total costs at completion and the timely identification by management of circumstances and factors that may warrant a modification to a previous cost estimate, which included the following:
 - tested estimates of total costs at completion, such as estimated labour costs, materials and other costs to appropriate supporting documentation, and subcontractor costs to third party agreements;
 - performed procedures to compare the estimated costs to complete to actual costs incurred to date; and
 - observed progress of performance and inquired with senior management, project managers and internal legal counsel regarding the status of contracts, changes from previous years

Revenue for fixed-price contracts is generally determined on the percentage of completion method, based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is generally recorded proportionally as costs are incurred. Due to the nature of the work required to be performed on many of the performance obligations, management's estimation of total contract revenue and costs at completion is complex and requires significant judgment. Some of the factors that can change the estimates of total contract revenue and costs at completion include differing site conditions, the availability of skilled contract labour, the



| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>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.</p> <p>The Company's long-term construction contracts may include change orders and claims that impact the transaction price and the measure of progress for the performance obligation to which it relates. 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 them is resolved. Management uses significant judgment to determine whether unpriced change orders and claims should be included in the transaction price. Internal and external legal counsels, as well as other claim specialists are often used by management in making those judgments (management's experts).</p> <p>We considered this a key audit matter due to the significant judgment applied by management, including the use of management's experts, in determining the estimate of total contract revenue and costs at completion and the amount to be recognized for unpriced change orders and claims. This in turn led to a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate evidence relating to revenue recognition from long-term construction contracts.</p> | <p>(if applicable), factors that can change the total contract revenue and costs at completion and any claims.</p> <ul style="list-style-type: none">• Tested whether costs accrued at year-end and subsequent to year-end were recorded in the correct period by inspecting supporting documents for a sample of transactions.• Tested the costs incurred to date to supporting documents for a sample of transactions.• For a sample of unpriced change orders and claims recognized, evaluated the appropriateness of management's assessment and tested the reasonableness of the amount the Company was entitled to, which included the following:<ul style="list-style-type: none">– inspected signed contract amendments and correspondence with customers, where applicable;– considered the historical outcomes of previously settled customer claims; and– used the work of management's experts to evaluate the appropriateness of management's assessment of the merits and probable outcome of unpriced change orders and claims against customers. As a basis for using this work, the competence, capabilities and objectivity of management's experts were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's experts, tests of the data used by management's experts and an evaluation of their findings. |



Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis of Operating Results and Financial Condition, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's



report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sal Bianco.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 5, 2025

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2024 AND 2023

(in thousands of Canadian dollars)

| | Note | December 31 2024 | December 31 2023 |
|--|------|---------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 8 | \$ 438,025 | \$ 645,784 |
| Trade and other receivables | 9 | 897,316 | 969,756 |
| Unbilled revenue | 10 | 743,198 | 719,243 |
| Inventories | 11 | 21,526 | 20,815 |
| Income tax recoverable | | 36,675 | 23,863 |
| Prepaid expenses | | 91,874 | 93,795 |
| | | 2,228,614 | 2,473,256 |
| Non-current assets | | | |
| Long-term financial assets | | 38,375 | 21,423 |
| Projects accounted for using the equity method | 12 | 237,939 | 232,752 |
| Deferred income tax assets | 21 | 117,939 | 93,285 |
| Property, plant and equipment | 13 | 360,022 | 251,899 |
| Intangible assets | 14 | 243,335 | 123,013 |
| | | 997,610 | 722,372 |
| TOTAL ASSETS | | \$ 3,226,224 | \$ 3,195,628 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 15 | 1,060,415 | 1,017,836 |
| Provisions | 16 | 21,555 | 35,270 |
| Deferred revenue | 10 | 595,482 | 519,084 |
| Income taxes payable | | 64,911 | 11,359 |
| Current portion of long-term debt | 17 | 40,765 | 42,608 |
| Preferred Shares of Aecon Utilities | 18 | 160,300 | 157,110 |
| | | 1,943,428 | 1,783,267 |
| Non-current liabilities | | | |
| Bank indebtedness | 19 | 152,847 | 111,700 |
| Provisions | 16 | 4,707 | 3,976 |
| Long-term debt | 17 | 110,804 | 106,770 |
| Deferred income tax liabilities | 21 | 50,236 | 125,337 |
| Other liabilities | 22 | 1,766 | 252 |
| | | 320,360 | 348,035 |
| TOTAL LIABILITIES | | 2,263,788 | 2,131,302 |
| EQUITY | | | |
| Capital stock | 24 | 442,334 | 430,709 |
| Contributed surplus | | 70,649 | 80,706 |
| Retained earnings | | 440,841 | 551,263 |
| Accumulated other comprehensive income | | 2,296 | 1,648 |
| Equity attributable to Aecon shareholders | | 956,120 | 1,064,326 |
| Non-controlling interests | | 6,316 | - |
| TOTAL EQUITY | | 962,436 | 1,064,326 |
| TOTAL LIABILITIES AND EQUITY | | \$ 3,226,224 | \$ 3,195,628 |

Contingencies (Note 23)

Approved by the Board of Directors

John M. Beck, Director

Deborah S. Stein, Director

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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

| | Note | December 31 2024 | December 31 2023 |
|--|------|---------------------|---------------------|
| Revenue | 32 | \$ 4,242,731 | \$ 4,643,842 |
| Direct costs and expenses | 25 | (4,060,184) | (4,388,216) |
| Gross profit | | 182,547 | 255,626 |
| Marketing, general and administrative expense | 25 | (213,248) | (177,839) |
| Depreciation and amortization | 25 | (87,849) | (79,087) |
| Income from projects accounted for using the equity method | 12 | 21,210 | 18,747 |
| Other income | 26 | 37,288 | 223,467 |
| Operating profit (loss) | | (60,052) | 240,914 |
| Finance income | | 8,637 | 7,665 |
| Finance cost | 27 | (25,114) | (71,034) |
| Profit (loss) before income taxes | | (76,529) | 177,545 |
| Income tax recovery (expense) | 21 | 17,089 | (15,655) |
| Profit (loss) for the year | | \$ (59,440) | \$ 161,890 |
| Profit (loss) attributable to: | | | |
| Aecon shareholders | | \$ (59,524) | \$ 161,890 |
| Non-controlling interests | | 84 | - |
| | | \$ (59,440) | \$ 161,890 |
| Basic earnings (loss) per share | 28 | \$ (0.95) | \$ 2.62 |
| Diluted earnings (loss) per share | 28 | \$ (0.95) | \$ 2.10 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(in thousands of Canadian dollars)

| | Note | December 31 2024 | December 31 2023 |
|---|------|---------------------|---------------------|
| Profit (loss) for the year | | \$ (59,440) \$ | 161,890 |
| Other comprehensive income (loss): | | | |
| Items that will not be reclassified to profit or loss: | | | |
| Fair value loss on Preferred Shares of Aecon Utilities | 18 | (2,900) | (1,840) |
| Remeasurements - employee benefit plans | 22 | (2,401) | (292) |
| Income taxes on the above | | 636 | 77 |
| | | (4,665) | (2,055) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Currency translation differences - foreign operations | | 11,496 | (7,224) |
| Cash flow hedges - equity accounted investees | | (7,307) | (10,839) |
| Cash flow hedges - joint operations | | (728) | (5,927) |
| Income taxes on the above | | 2,223 | 4,379 |
| Total other comprehensive income (loss) for the year | | 1,019 | (21,666) |
| Comprehensive income (loss) for the year | | \$ (58,421) \$ | 140,224 |
| Comprehensive income (loss) attributable to: | | | |
| Aecon shareholders | | (58,876) | 140,224 |
| Non-controlling interests | | 455 | - |
| | | \$ (58,421) \$ | 140,224 |

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(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, 2024 | \$ 430,709 | \$ 80,706 | \$ 551,263 | \$ (3,950) | \$ 803 | \$ 6,635 | \$ (1,840) | \$ 1,064,326 | \$ - | \$ 1,064,326 |
| Profit (loss) for the year | - | - | (59,524) | - | - | - | - | (59,524) | 84 | (59,440) |
| Other comprehensive income (loss): | | | | | | | | | | |
| Currency translation differences - foreign operations | - | - | - | 11,125 | - | - | - | 11,125 | 371 | 11,496 |
| Remeasurements - employee benefit plans | - | - | - | - | (2,401) | - | - | (2,401) | - | (2,401) |
| Cash flow hedges - equity accounted investees | - | - | - | - | - | (7,307) | - | (7,307) | - | (7,307) |
| Cash flow hedges - joint operations | - | - | - | - | - | (728) | - | (728) | - | (728) |
| Fair value loss on Preferred Shares of Aecon Utilities | - | - | - | - | - | - | (2,900) | (2,900) | - | (2,900) |
| Taxes with respect to above items included in other comprehensive income | - | - | - | - | 636 | 2,223 | - | 2,859 | - | 2,859 |
| Total other comprehensive income (loss) for the year | - | - | - | 11,125 | (1,765) | (5,812) | (2,900) | 648 | 371 | 1,019 |
| Total comprehensive income (loss) for the year | - | - | (59,524) | 11,125 | (1,765) | (5,812) | (2,900) | (58,876) | 455 | (58,421) |
| Dividends declared | - | - | (47,489) | - | - | - | - | (47,489) | - | (47,489) |
| Common shares purchased under Normal Course Issuer Bid (note 24) | (1,116) | - | (2,000) | - | - | - | - | (3,116) | - | (3,116) |
| Non-controlling interests arising on acquisition of Xtreme (note 20) | - | - | - | - | - | - | - | - | 5,861 | 5,861 |
| Stock-based compensation expense | - | 8,778 | - | - | - | - | - | 8,778 | - | 8,778 |
| Shares issued to settle LTIP/ESU/Director DSU obligations | 12,741 | (12,325) | (1,409) | - | - | - | - | (993) | - | (993) |
| Stock-based compensation settlements and receipts | - | (6,510) | - | - | - | - | - | (6,510) | - | (6,510) |
| Balance at December 31, 2024 | \$ 442,334 | \$ 70,649 | \$ 440,841 | \$ 7,175 | \$ (962) | \$ 823 | \$ (4,740) | \$ 956,120 | \$ 6,316 | \$ 962,436 |

| | Accumulated other comprehensive income (loss) | | | | | | | Shareholders' equity | Non-controlling interest | Total equity | |
|--|---|------------------------|---------------------|-------------------|----------------------------------|----------------------------|------------------|----------------------|--------------------------|--------------|--|
| | Capital stock | Convertible debentures | 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, 2023 | \$ 419,357 | \$ 12,707 | \$ 63,312 | \$ 435,305 | \$ 3,274 | \$ 1,018 | \$ 19,022 | \$ - | \$ 953,995 | \$ - | \$ 953,995 |
| Profit for the year | - | - | - | 161,890 | - | - | - | - | 161,890 | - | 161,890 |
| Other comprehensive income (loss): | | | | | | | | | | | |
| Currency translation differences - foreign operations | - | - | - | - | (7,224) | - | - | - | (7,224) | - | (7,224) |
| Remeasurements - employee benefit plans | - | - | - | - | - | (292) | - | - | (292) | - | (292) |
| Cash flow hedges - equity-accounted investees | - | - | - | - | - | - | (10,839) | - | (10,839) | - | (10,839) |
| Cash flow hedges - joint operations | - | - | - | - | - | - | (5,927) | - | (5,927) | - | (5,927) |
| Fair value loss on preferred shares of Aecon Utilities | - | - | - | - | - | - | - | (1,840) | (1,840) | - | (1,840) |
| Taxes with respect to above items included in other comprehensive income | - | - | - | - | - | 77 | 4,379 | - | 4,456 | - | 4,456 |
| Total other comprehensive loss for the year | - | - | - | - | (7,224) | (215) | (12,387) | (1,840) | (21,666) | - | (21,666) |
| Total comprehensive income (loss) for the year | - | - | - | 161,890 | (7,224) | (215) | (12,387) | (1,840) | 140,224 | - | 140,224 |
| Dividends declared | - | - | - | (45,745) | - | - | - | - | (45,745) | - | (45,745) |
| Repayment of convertible debentures | - | (12,707) | 12,707 | - | - | - | - | - | - | - | - |
| Common shares issued on conversion of debentures | 2 | - | - | - | - | - | - | - | 2 | - | 2 |
| Stock-based compensation expense | - | - | 22,075 | - | - | - | - | - | 22,075 | - | 22,075 |
| Shares issued to settle LTIP/ESU/Director DSU obligations | 11,350 | - | (11,600) | (187) | - | - | - | - | (437) | - | (437) |
| Stock based compensation settlements and receipts | - | - | (5,788) | - | - | - | - | - | (5,788) | - | (5,788) |
| Balance at December 31, 2023 | \$ 430,709 | \$ - | \$ 80,706 | \$ 551,263 | \$ (3,950) | \$ 803 | \$ 6,635 | \$ (1,840) | \$ 1,064,326 | \$ - | \$ 1,064,326 |

During the year ended December 31, 2024, the Company declared dividends amounting to \$0.76 per share (December 31, 2023 - \$0.74 per share).

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(in thousands of Canadian dollars)

| | | December 31 2024 | December 31 2023 |
|---|-------------|---------------------|---------------------|
| CASH PROVIDED BY (USED IN) | Note | | |
| Operating activities | | | |
| Profit (loss) before income taxes | | \$ (76,529) | \$ 177,545 |
| Income taxes paid | | (52,013) | (38,712) |
| Defined benefit pension | | (887) | (897) |
| Stock-based compensation settlements and receipts | | (12,912) | (5,282) |
| Items not affecting cash: | | | |
| Depreciation and amortization | | 87,849 | 79,087 |
| Income from projects accounted for using the equity method | | (21,210) | (18,747) |
| Gain on sale of assets | | (19,034) | (46,816) |
| Gain on sale of subsidiaries | 26 | (14,912) | (175,545) |
| Fair value gain on Preferred Shares of Aecon Utilities | 18 | (19,565) | (2,927) |
| Fair value gain on other financial instruments | | (788) | (942) |
| Provision for expected credit losses | | 560 | 353 |
| Concession deferred revenue | | - | (3,001) |
| Unrealized foreign exchange gain | | (7,200) | (3,448) |
| Increase in provisions | | 16,921 | 32,351 |
| Accrued dividends on Preferred Shares of Aecon Utilities and notional interest representing accretion | | 21,808 | 9,929 |
| Stock-based compensation expense | | 24,612 | 23,114 |
| Change in other balances relating to operations | 29 | 80,899 | 25,010 |
| | | 7,599 | 51,072 |
| Investing activities | | | |
| Decrease in restricted cash balances | | - | 2,016 |
| Purchase of property, plant and equipment | 13 | (51,732) | (18,516) |
| Proceeds on sale of property, plant and equipment | | 29,571 | 71,081 |
| Proceeds on sale of subsidiaries, net of cash in subsidiaries disposed | 26 | 17,388 | 317,632 |
| Increase in intangible assets | | (1,536) | (5,481) |
| Decrease (increase) in long-term financial assets | | 160 | (19,095) |
| Distributions from projects accounted for using the equity method | | 21,052 | 13,856 |
| Cash outflow from business acquisitions, net of cash acquired | 20 | (174,512) | (716) |
| | | (159,609) | 360,777 |
| Financing activities | | | |
| Increase (decrease) in bank indebtedness | | 34,169 | (9,279) |
| Issuance of long-term debt | 17 | 16,781 | 12,794 |
| Repayments of lease liabilities | 17 | (40,522) | (44,762) |
| Repayments of long-term debt | 17 | (18,498) | (22,341) |
| Issuance of Preferred Shares by Aecon Utilities | 18 | - | 154,640 |
| Repayments of non-recourse project debt | | - | (3,355) |
| Dividends paid | | (47,070) | (45,611) |
| Repayment of convertible debentures | | - | (183,998) |
| Common shares purchased under NCIB | 24 | (3,116) | - |
| | | (58,256) | (141,912) |
| Increase (decrease) in cash and cash equivalents during the year | | (210,266) | 269,937 |
| Effect of foreign exchange on cash balances | | 2,507 | (1,365) |
| Cash and cash equivalents - beginning of year | | 645,784 | 377,212 |
| Cash and cash equivalents - end of year | 8 | \$ 438,025 | \$ 645,784 |

See Note 29 for additional disclosures relating to the Consolidated Statements of Cash Flows.

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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.

Refer to Note 34 “*Related Parties*,” for further details on the Company’s subsidiaries and significant joint arrangements and associates.

2. DATE OF AUTHORIZATION FOR ISSUE

The consolidated financial statements of the Company were authorized for issue on March 5, 2025 by the Board of Directors of the Company.

3. BASIS OF PRESENTATION

Basis of presentation and statement of compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

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.

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.

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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". 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

ASSETS AND LIABILITIES ACQUIRED IN A BUSINESS COMBINATION

The Company assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination. This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3, "Business Combinations" and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business. Purchase prices related to business combinations and asset acquisitions are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires the Company to make assumptions, estimates and judgments regarding cash flow projections, valuation techniques, economic risk, weighted average cost of capital and future events. Significant judgments, estimates and assumptions are also required by management in estimating the amount of contingent payments to the selling shareholders of the acquiree and assessing whether these amounts should be considered part of the consideration transferred for the acquiree (i.e. contingent consideration), accounted for as a separate transaction from the business combination as compensation expense, or a combination of both. The measurement of the purchase consideration and allocation process is therefore inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Company's reported assets and liabilities (including the amounts allocated to intangible assets and goodwill), and future earnings due to the impacts on compensation expense, depreciation and amortization expense, and impairment testing. See Note 20 "Business Combinations"

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

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the

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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 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 23, "*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

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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 18, “Preferred Shares of Aecon Utilities” and Note 30, “Financial Instruments” for further details regarding the Preferred Shares.

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 30, “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.

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

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

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

See Note 14, "Intangible Assets", 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.

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5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

5.1 REVENUE RECOGNITION

Identification of a contract with a customer

A construction contract is a contract specifically negotiated for the construction of an asset or combination of assets, including contracts for the rendering of services directly related to the construction of the asset. Such contracts include fixed price and cost-plus contracts.

When determining the proper revenue recognition method for contracts, the Company evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as more than one performance obligation. This evaluation requires significant judgment and the decision to combine a group of contracts or to separate a single contract into multiple performance obligations could affect the amount of revenue and profit recorded in a given period.

The Company accounts for a contract when it has commercial substance, the parties have approved the contract in accordance with customary business practices and are committed to their obligations, the rights of the parties and payment terms are identified, and collectability of consideration is probable.

Identifying performance obligations in a contract

For most of the Company's contracts, the customer contracts with the Company to provide a significant service of integrating a complex set of tasks and components into a single project. Consequently, the entire contract is accounted for as one performance obligation. Less frequently, however, the Company may provide several distinct goods or services as part of a contract, in which case the Company separates the contract into more than one performance obligation. If a contract is separated into more than one performance obligation, the total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The expected cost plus a margin approach is typically used to estimate the standalone selling price of each performance obligation. On occasion, the Company will sell standard products, such as aggregates and other materials, with observable standalone sales. In these cases, the observable standalone sales are used to determine the standalone selling price.

Performance obligations satisfied over time

The Company typically transfers control of goods or services, and satisfies performance obligations, over time. Therefore, the Company recognizes revenue over time as these performance obligations are satisfied. This continuous transfer of control to the customer is often supported by the customer's physical possession or legal title to the work in process, as well as contractual clauses that provide the Company with a present right to payment for work performed to date plus a reasonable profit in the event a customer unilaterally terminates the contract for convenience.

As a result of control transferring over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. The Company generally uses the cost-to-cost measure of progress for its contracts because it best reflects the transfer of an asset to the customer which occurs as costs are incurred on the contract. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred. Costs to fulfill contracts may include labour, materials, subcontractor, equipment costs, and other direct costs, as well as an allocation of indirect costs.

Determining the transaction price

It is common for the Company's contracts to contain incentive fees or other provisions that can either increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and can be based upon customer discretion. Variable consideration also includes change orders that have not been approved as to price, as well as claims. 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. The Company estimates variable consideration

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at the most likely amount it expects to be entitled. The Company includes these estimated amounts in the transaction price to the extent 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. The estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information, historical, current and forecasted, that is reasonably available.

Contracts are often modified to account for changes in contract specifications and requirements. Contract modifications exist when the change either creates new, or changes existing, enforceable rights and obligations. Most of the Company's contract modifications are for goods or services that are not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as if they were part of that existing contract. The effect of these contract modifications on the transaction price and the measure of progress for the performance obligation to which it relates, is recognized as a cumulative adjustment to revenue as either an increase or decrease in revenue. However, if a contract modification is for distinct goods and services from the existing contract and the pricing of the contract modification reflects the standalone selling pricing of the additional goods or services, then the contract modification is treated as a separate contract.

Due to the nature of many of the Company's performance obligations, the estimation of total revenue and costs at completion is complex, subject to many variables, and requires significant judgment. These areas of measurement uncertainty are discussed further in Note 4.1, "*Major Sources of Estimation Uncertainty*". Any changes to the estimates of forecasted revenue and total costs are recognized on a cumulative basis, which recognizes in the current period the cumulative effect of the changes based on a performance obligation's percentage of completion. A significant change in one or more of these estimates could affect the profitability of one or more of the Company's performance obligations. When estimates of total costs to be incurred on a performance obligation exceed the total estimated revenue to be earned, a provision for the entire loss on the performance obligation is recognized in the period the loss is determined.

Revenue recognition – other

Upfront costs are those costs that the Company incurs to pursue a contract with a customer that it would not have incurred if the contract had not been awarded. The Company recognizes upfront costs as an asset if it expects to recover those costs. Costs to pursue a contract that would have been incurred regardless of whether the contract was awarded are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Mobilization costs are non-recurring set up costs incurred to facilitate performance obligations under customer contracts. Mobilization costs are expensed as incurred unless they are capital in nature, in which case they are capitalized in accordance with the relevant accounting standard, or there is a contractual entitlement to recover such costs from the customer, in which case the costs are capitalized and amortized to the income statement over the contract period.

Contract revenues are measured at the fair value of the consideration received or receivable. Where deferral of payment has a material effect on the determination of such fair value, the amount at which revenues are recognized is adjusted to account for the time-value-of-money.

Trade and other receivables include amounts billed and currently due from customers. The Company maintains an allowance for expected credit losses to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of creditworthiness of the portfolio of customers, historical payment experience, the age of outstanding receivables, collateral to the extent applicable, and forward-looking information regarding collectability.

Unbilled revenue represents revenue earned in excess of amounts billed on uncompleted contracts. Unbilled revenue typically results from sales under construction contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Unbilled revenue amounts are adjusted for expected credit losses.

Deferred revenue represents the excess of amounts billed to customers over revenue earned on uncompleted contracts. Where advance payments are received from customers for the mobilization of project staff, equipment and services, the

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Company recognizes these amounts as liabilities and includes them in deferred revenue. Deferred revenue on construction contracts is classified as a current liability.

Unbilled revenue and deferred revenue are accounted for on a contract-by-contract basis at the end of each reporting period.

The operating cycle, or duration, of many of the Company's contracts exceeds one year. All contract related assets and liabilities are classified as current as they are expected to be realized or satisfied within the operating cycle of the contract.

The Company normally does not have any construction contracts where the period up to the transfer of the promised goods or services to the customer represents a financing component. As such, the transaction price is not adjusted for the time value of money. For long-term receivables under Service Concession Arrangements, see section 5.7, "Service Concession Arrangements".

If the Company receives an advance payment, a future obligation is recognized and the recognition and measurement principles of IFRS 15 are applied to determine an appropriate basis for recognizing revenue.

Generally, construction and services contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and are therefore estimated and included in the total cost of the contracts. Where required, amounts are recognized according to IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*".

Other revenue types

Revenue related to the sale of aggregates and other materials is recognized at a point in time, and the performance obligation is typically satisfied on the delivery of the product to the customer.

Revenue related to operations and maintenance ("O&M") is recognized over time, as the performance obligations are satisfied by the Company.

Remaining performance obligations

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

5.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at banks and on hand, cash in joint operations, demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash and that are subject to an insignificant risk of changes in value. The Company considers investments purchased with original maturities of three months or less to be cash equivalents.

5.3 FINANCIAL INSTRUMENTS – CLASSIFICATION AND MEASUREMENT

The Company classifies its financial assets into one of three categories: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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Recognition and initial measurement

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Financial instruments related to all contract assets and liabilities are classified as current as they are expected to be realized or satisfied within the operating cycle of the contract. All other financial instruments are considered non-current if they are expected to be realized more than 12 months after the reporting period.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as FVTPL, are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Contingent assets are not recognized in the consolidated financial statements as this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

Classification and subsequent measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories:

- (a) Amortized cost; and
- (b) Fair value.

When assets are measured at fair value, gains and losses are either recognized entirely in profit or loss (i.e. FVTPL), or recognized in other comprehensive income (i.e. FVTOCI).

Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL:

- (a) the financial asset is held within a business whose objective is to hold financial assets to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the asset is derecognized or impaired.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income in the period that the liability is derecognized, except for financial liabilities classified as FVTPL. These financial liabilities are subsequently measured at fair value with changes in fair value recorded in net income in the period in which they arise to the extent they are not part of a designated hedging relationship.

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The following table outlines the classification of financial instruments under IFRS 9:

| | Classification |
|---|---|
| Financial assets | |
| Cash and cash equivalents | Amortized cost |
| Restricted cash | Amortized cost |
| Trade and other receivables | Amortized cost |
| Unbilled revenue | Amortized cost |
| Long-term financial assets- financial instruments | FVTPL, unless designated in a hedging relationship in which case classified as FVTOCI |
| Long-term financial assets- other receivables | Amortized cost |
| Financial liabilities | |
| Bank indebtedness | Amortized cost |
| Trade and other payables | Amortized cost |
| Long-term debt | Amortized cost |
| Preferred Shares of Aecon Utilities | FVTPL |
| Other liabilities- derivative liabilities | FVTOCI |

From an accounting perspective, a preferred share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount is a financial liability. In addition, a financial instrument that gives the holder the right to put it back to the issuer for cash or another financial asset (a 'puttable instrument') is a financial liability. As a result of the liquidity provisions and puttable nature of the Preferred Shares of Aecon Utilities, the Preferred Shares have been classified as current financial liability in the consolidated balance sheets at December 31, 2024.

In addition, because the Preferred Shares contain certain embedded features that would otherwise qualify as embedded derivatives, the Company has elected to designate the Preferred Shares at fair value through profit or loss and will subsequently revalue the Preferred Shares to its fair value at each reporting date. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the Preferred Shares are recognized in other comprehensive income and are not recycled through the income statement.

5.4 DERIVATIVE FINANCIAL INSTRUMENTS – HEDGE ACCOUNTING

The Company, often through its joint arrangements and equity accounted investees, enters into derivative financial instruments, namely interest rate swaps to hedge the variability of interest rates related to the long-term debt of its concession projects and foreign currency forward contracts to hedge foreign currency exposures on select construction projects. For designated hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking these hedge transactions, and regularly assesses the effectiveness of these hedges.

Derivative financial instruments designated as cash flow hedges are measured at fair value established by using valuation techniques based on observable market data and taking into account the credit quality of the instruments. The effective portion of the change in fair value of the derivative financial instrument is recorded in other comprehensive income, while the ineffective portion, if any, of such change is recognized in net income. When ineffective, gains or losses from cash flow hedges included in other comprehensive income are reclassified to net income as an offset to the losses or gains recognized on the underlying hedged items.

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5.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at historical cost less accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes the purchase price and the directly attributable costs of acquisition or construction costs required to bring the asset to the location and condition necessary for the asset to be capable of operating in the manner intended by management. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

In subsequent periods, property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value, with the exception of land and assets under construction, which are not depreciated but are stated at cost less any impairment in value.

Depreciation is recorded to allocate the cost, less estimated residual values of property, plant and equipment over their estimated useful lives on the following bases:

Aggregate properties are depreciated using the unit of extraction method based on estimated economically recoverable reserves, which results in a depreciation charge proportional to the depletion of reserves.

All other assets, excluding assets under construction, are depreciated on a straight-line basis over periods that approximate the estimated useful lives of the assets as follows:

| <u>Assets</u> | <u>Term</u> |
|--------------------------------------|-----------------|
| Land | Not depreciated |
| Buildings and leasehold improvements | 10 to 40 years |
| Machinery and equipment | 2 to 15 years |
| Office equipment | 3 to 5 years |
| Vehicles | 1 to 5 years |

Assets under construction are not depreciated until they are brought into use, at which point they are transferred into the appropriate asset category.

The Company reviews the residual value, useful lives and depreciation method of depreciable assets on an annual basis and, where revisions are required, the Company applies such changes in estimates on a prospective basis.

The net carrying amounts of property, plant and equipment assets are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate the carrying amount may not be recoverable. To the extent these carrying amounts exceed their recoverable amounts, that excess is fully recognized in profit or loss in the financial year in which it is determined.

When significant parts of property, plant and equipment are required to be replaced and it is probable that future economic benefits associated with the item will be available to the Company, the expenditure is capitalized and the carrying amount of the item replaced is derecognized. Similarly, maintenance and inspection costs associated with major overhauls are capitalized and depreciated over their useful lives where it is probable that future economic benefits will be available and any remaining carrying amounts of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

5.6 GOODWILL AND INTANGIBLE ASSETS

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill relating to the acquisition of subsidiaries is included on the

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consolidated balance sheets in intangible assets. Goodwill relating to the acquisition of associates is included in the investment of the associate and therefore tested for impairment in conjunction with the associate investment balance.

Goodwill is not amortized but is reviewed for impairment at least annually and whenever events or circumstances indicate the carrying amount may be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The Company's cash-generating units generally represent either individual business units, or groups of business units that are all below the level of the Company's operating segments.

In a business combination, when the fair value attributable to the Company's share of the net identifiable assets acquired exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

Internally generated goodwill is not recognized.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets

Intangible assets acquired as part of a business combination, such as acquired customer backlog, master service agreements, customer relationships, and tradenames, are recorded at fair value at the acquisition date if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately, if the asset has a finite useful life.

Intangible assets are amortized over their estimated useful lives. Intangible assets under development are not amortized until put into use.

Estimated useful lives are determined as the period over which the Company expects to use the asset and for which the Company retains control over benefits derived from use of the asset.

For intangible assets with a finite useful life, the amortization method and period are reviewed annually and impairment testing is undertaken when circumstances indicate the carrying amounts may not be recoverable.

Amortization expense on intangible assets with finite lives is recognized in profit or loss as an expense item.

The major types of intangible assets and their amortization periods are as follows:

| Assets | Amortization basis |
|-------------------------------------|--|
| Acquired customer backlog | Straight-line as backlog revenue is worked off |
| Master service agreements | Straight-line over 1 - 10 years |
| Licences, software and other rights | Straight-line over 1 - 10 years |
| Aggregate permits | Units of extraction |
| Customer relationships | Straight-line over 3 years |
| Tradenames | Straight-line over 16 years |

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5.7 SERVICE CONCESSION ARRANGEMENTS

The Company accounts for Service Concession Arrangements in accordance with “IFRIC 12”.

IFRIC 12 provides guidance on the accounting for certain qualifying public-private partnership arrangements, whereby the grantor (i.e., usually a government) (a) controls or regulates what services the operator (i.e. “the concessionaire”) must provide with the infrastructure, to whom it must provide those services, and at what price; and (b) controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

Under such concession arrangements, the concessionaire accounts for the infrastructure asset by applying one of the following accounting models depending on the allocation of the demand risk through the usage of the infrastructure between the grantor and the concessionaire:

Accounting Model

(a) Financial Asset Model

Applicable when the concessionaire does not bear demand risk through the usage of the infrastructure (i.e., it has an unconditional right to receive cash irrespective of the usage of the infrastructure, for example through availability payments).

When the Company delivers more than one category of activity in a service concession arrangement, the consideration received or receivable is allocated by reference to the relative fair values of the activity delivered, when the amounts are separately identifiable.

Revenue recognized by the Company under the financial asset model is recognized in “Long Term Receivables”, a financial asset that is recovered through payments received from the grantor.

(b) Intangible Asset Model

Applicable when the concessionaire bears demand risk (i.e., it has a right to charge fees for usage of the infrastructure).

The Company recognizes an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. The intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Borrowing costs, if any, are capitalized until the infrastructure is ready for its intended use as part of the carrying amount of the intangible asset.

The intangible asset is then amortized over its expected useful life, which is the concession period in a service concession arrangement. The amortization period begins when the infrastructure is available for use.

Revenues from service concession arrangements accounted for under IFRIC 12 are recognized as follows:

(a) Construction or upgrade activities when a service concession arrangement involves the construction or upgrade of the public service infrastructure:

Revenues relating to construction or upgrade services under a service concession arrangement are recognized based on the stage of completion of the work performed, consistent with the Company’s accounting policy on recognizing revenue applicable to any construction contract (see Section 5.1, “Revenue Recognition”).

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(b) Operations and maintenance activities may include maintenance of the infrastructure and other activities provided directly to the grantor or the users:

Operations and maintenance revenues are recognized in the period in which the activities are performed by the Company, consistent with the Company's accounting policy on recognizing revenue applicable to any operations and maintenance contract (see Section 5.1, "Revenue Recognition").

(c) Financing (applicable when the financial asset model is applied)

Finance income generated on financial assets is recognized using the effective interest method.

5.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets that are subject to amortization are reviewed for impairment at the end of each reporting period. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value-in-use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash-generating unit ("CGU") level.

Where a CGU, or group of CGUs, has goodwill allocated to it, or includes intangible assets that are either not available-for-use or that have an indefinite useful life (and can only be tested as part of a CGU), an impairment test is performed at least annually or whenever there is an indication the carrying amounts of such assets may be impaired. Corporate assets, where material to the carrying value of a CGU in computing impairment calculations, are allocated to CGUs based on the benefits received by the CGU.

If the carrying amount of an individual asset or CGU exceeds its recoverable amount, an impairment loss is recorded in profit or loss to reflect the asset at the lower amount. In assessing the value-in-use, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal are discounted to their present value using a market determined pre-tax discount rate, which reflects current market assessments of the time-value-of-money and asset-specific risks. Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Similarly, a reversal of a previously recognized impairment loss is recorded in profit or loss when events or circumstances indicate the estimates used to determine the recoverable amount have changed since the prior impairment loss was recognized and the recoverable amount of the asset exceeds its carrying amount. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of amortization, which would have arisen if the prior impairment loss had not been recognized. After such a reversal, the amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Goodwill impairments are not reversed.

5.9 JOINT ARRANGEMENTS

Under IFRS 11, "*Joint Arrangements*," a joint arrangement is a contractual arrangement wherein two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement when the strategic financial and operating decisions relating to the arrangement require the unanimous consent of the parties sharing control.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each party. Refer to Note 4 "*Critical Accounting Estimates*" for significant judgments affecting the classification of joint arrangements as either joint operations or joint ventures.

The parties to a joint operation have rights to the assets, and obligations for the liabilities, relating to the arrangement whereas joint ventures have rights to the net assets of the arrangement. In accordance with IFRS 11, the Company accounts for joint operations by recognizing its share of any assets held jointly and any liabilities incurred jointly, along

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with its share of the revenue from the sale of the output by the joint operation, and its expenses, including its share of any expenses incurred jointly.

Joint ventures are accounted for using the equity method of accounting in accordance with IAS 28, "*Investments in Associates and Joint Ventures*."

Under the equity method of accounting, the Company's investments in joint ventures and associates are carried at cost and adjusted for post-acquisition changes in the net assets of the investment. Profit or loss reflects the Company's share of the results of these investments. Distributions received from an investee reduce the carrying amount of the investment. The consolidated statements of comprehensive income also include the Company's share of any amounts recognized by joint ventures and associates in OCI.

Where there has been a change recognized directly in the equity of the joint venture or associate, the Company recognizes its share of that change in equity.

The financial statements of the joint ventures and associates are generally prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist in the underlying records of the joint venture and/or associate. Adjustments are made in the consolidated financial statements to eliminate the Company's share of unrealized gains and losses on transactions between the Company and its joint ventures and associates.

Transactions with joint operations

Where the Company contributes or sells assets to a joint operation, the Company recognizes only that portion of the gain or loss that is attributable to the interests of the other parties.

Where the Company purchases assets from a joint operation, the Company does not recognize its share of the profit or loss of the joint operation from the transaction until it resells the assets to an independent party.

The Company adjusts joint operation financial statement amounts, if required, to reflect consistent accounting policies.

5.10 ASSOCIATES

Entities in which the Company has significant influence and which are neither subsidiaries, nor joint arrangements, are accounted for using the equity method of accounting in accordance with IAS 28, "*Investments in Associates and Joint Ventures*." This method of accounting is described in Section 5.9, "Joint Arrangements."

The Company discontinues the use of the equity method from the date on which it ceases to have significant influence, and from that date accounts for the investment in accordance with IFRS 9, "*Financial Instruments*," (at fair value), provided the investment does not then qualify as a subsidiary or a joint arrangement.

5.11 LOSS OF CONTROL OF A SUBSIDIARY

The loss of control of a subsidiary for accounting purposes usually occurs when the Company sells or otherwise transfers a portion of its interest in a subsidiary in a single transaction or as a result of multiple transactions. On losing control of a subsidiary for accounting purposes, the Company:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts;
- derecognizes the non-controlling interest (including any components of other comprehensive income attributable to them);
- recognizes the fair value of the consideration received, if any, and any shares distributed as dividends as part of the transaction that resulted in the loss of control;
- recognizes any investment retained in the former subsidiary at fair value;
- reclassifies to profit or loss (if required by other IFRS Accounting Standards) or transfers directly to retained earnings, any amounts included in other comprehensive income; and
- recognizes any resulting gain or loss within profit or loss attributable to the parent.

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5.12 PROVISIONS

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of the provision to be reimbursed, the reimbursement is recognized as a separate asset when reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. Where material, provisions are discounted using a current pre-tax discount rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Decommissioning liabilities

The Company has legal obligations associated with the retirement of pits and quarries utilized in aggregate mining operations. As a result, a provision is made for close down, restoration and environmental rehabilitation costs (which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas) in the financial period when the related environmental disturbance occurs, based on estimated future costs using information available at the consolidated balance sheet dates. The provision is discounted using a current market-based pre-tax discount rate that reflects the average life of the obligations and the risks specific to the liability. An increase in the provision due to the passage of time is recognized as a finance cost and the provision is reduced by actual rehabilitation costs incurred. The present value of the legal obligations incurred is recognized as an inventory production cost and is included in the cost of the aggregates produced.

The provision is reviewed at each reporting date for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations. Changes in the amount or timing of the underlying future cash flows or changes in the discount rate are immediately recognized as an increase or decrease in the carrying amounts of related assets and the provision.

5.13 LEASES

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - The Company has the right to operate the asset; or
 - The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone price.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments

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made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the relevant index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the relevant index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets in "property, plant and equipment" and lease liabilities in "long-term debt" in the consolidated balance sheets.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of property, plant and equipment that have a lease term of 12 months or less and leases of low-value assets, such as some IT-equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Nature of leased assets

The Company leases various offices, warehouses, land, equipment and vehicles. Contracts are typically made for fixed periods of one to ten years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes. Some leases provide for additional payments based on changes in inflation.

Extension and termination options

Some office leases include an option to renew the lease for an additional period after the non-cancellable contract period. Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. Extension options are exercisable only by the Company and not by the lessors. The Company assesses at lease

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commencement whether it is reasonably certain to exercise the extension options. The Company reassesses its portfolio of leases to determine whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control. The Company considers all facts and circumstances when making this decision. The Company examines whether there is an economic incentive or penalty that would affect the decision to exercise the option, for example, whether the lease option is below market value or whether the Company has made significant investments in leasehold improvements. Where it is not reasonably certain that the lease will be extended or terminated, the Company will not recognize these options.

Variable lease payments

Some leases also require the Company to make payments that relate to the property taxes and additional services levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

5.14 EMPLOYEE BENEFIT PLANS

The Company recognizes the cost of retirement benefits over the periods in which employees are expected to render services in return for the benefits.

The Company sponsors defined benefit pension plans (which had their membership frozen as at January 1, 1998) and defined contribution pension plans for its salaried employees. The Company matches employee contributions to the defined contribution plans, which are based on a percentage of salaries. For the defined contribution pension plans the contributions are recognized as an employee benefit expense when they are earned.

For the defined benefit pension plans, current service costs are charged to operations as they accrue based on services rendered by employees during the year. Pension benefit obligations are determined annually by independent actuaries using management's best estimate assumptions. The plans' assets are measured at fair value. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability. Actuarial gains and losses are recognized in other comprehensive income as they arise. Past service costs are recognized immediately in profit or loss unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

5.15 CURRENT AND DEFERRED INCOME TAXES

Current income tax is calculated on the basis of tax laws enacted or substantively enacted at the consolidated balance sheet dates in the countries where the Company operates and generates taxable income. Current tax includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred income tax is provided using the asset and liability method on all temporary differences at the consolidated balance sheet dates between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. However, deferred income taxes are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax is provided on temporary differences associated with investments in subsidiaries, associates or joint ventures, except where the timing of the reversal of temporary differences can be controlled and it is probable the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which deductible temporary differences, carried forward tax credits or tax losses can be utilized.

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Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realized or the liability is settled, based on tax rates and tax laws enacted or substantively enacted at the consolidated balance sheet dates.

The carrying amount of deferred income tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

Current and deferred taxes relating to items recognized directly in equity and other comprehensive income are recognized in equity and other comprehensive income and not in profit or loss.

Current income tax assets and liabilities or deferred income tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the income taxes relate to the same taxable entity and the same tax authority.

5.16 STOCK-BASED COMPENSATION

The Company has stock-based compensation plans, as described in Note 24, "*Capital Stock*." All transactions involving stock-based payments are recognized as an expense over the vesting period.

Equity-settled stock-based payment transactions, such as stock option awards and the Company's long-term incentive plan, are measured at the grant date fair value of employee services received in exchange for the grant of options or share awards and for non-employee transactions, at the fair value of the goods or services received at the date on which the entity recognizes the goods or services. The total amount of the expense recognized in profit or loss is determined by reference to the fair value of the share awards or options granted, which factors in the number of options expected to vest. Equity-settled share-based payment transactions are not remeasured once the grant date fair value has been determined, except in cases where the stock-based payment is linked to non-market related performance conditions.

Cash-settled stock-based payment transactions are measured at the fair value of the liability. The liability is remeasured at each consolidated balance sheet date and at the date of settlement, with changes in fair value recognized in profit or loss.

5.17 EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is determined by dividing profit attributable to shareholders of the Company, excluding, if applicable, preferred dividends after-tax, amortization of discounts and premiums on issuance, premiums on repurchases, inducements to convert relating to convertible debentures and any costs of servicing equity other than common shares, by the weighted average number of common shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential common shares and the weighted average number of shares assumed to have been issued in relation to dilutive potential common shares.

Dilutive potential common shares result from issuances of stock options and convertible debentures.

5.18 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in thousands of Canadian dollars, which is the Company's presentation currency.

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Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and resulting from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss, except when deferred in other comprehensive income for qualifying cash flow hedges and for qualifying net investment hedges.

All foreign exchange gains and losses presented in profit or loss are presented within other income.

Changes in the fair value of monetary securities denominated in a foreign currency classified as FVTOCI are separated between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in the carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as FVTOCI, are included in other comprehensive income.

Translation of foreign entities

Assets and liabilities are translated from the functional currency to the presentation currency at the closing rate at the end of the reporting period. The consolidated statements of income are translated at exchange rates at the dates of the transactions or at the average rate if it approximates the actual rates. All resulting exchange differences are recognized in other comprehensive income.

On disposal, or partial disposal, of a foreign entity, or repatriation of the net investment in a foreign entity, resulting in a loss of control, significant influence or joint control, the cumulative translation account balance recognized in equity relating to that particular foreign entity is recognized in profit or loss as part of the gain or loss on sale. On a partial disposition of a subsidiary that does not result in a loss of control, the amounts are reallocated to the non-controlling interest in the foreign operation based on its proportionate share of the cumulative amounts recognized in AOCI. On partial dispositions of jointly controlled foreign entities or associates, the proportionate share of translation differences previously recognized in AOCI is reclassified to profit or loss.

5.19 BUSINESS COMBINATIONS

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary includes the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date. For each acquisition, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. If this amount is less than the fair value of the net assets of the subsidiary acquired, such as in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to a parent and are presented in equity in the consolidated balance sheets, separately from the parent's shareholders' equity.

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6. NEW ACCOUNTING STANDARDS

The following amendments to IFRS accounting standards and interpretations became effective for the annual periods beginning on or after January 1, 2024.

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

The amendments to IAS 1 revise the approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least twelve months and make explicit that only rights in place at the end of the reporting period should affect the classification of a liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and were applied retrospectively.

Upon adoption of the amendments to IAS 1, the entire balance of Preferred Shares of Aecon Utilities was reclassified from non-current liabilities to current liabilities and all bank indebtedness was reclassified from current liabilities to non-current liabilities in the consolidated balance sheets. As such, the current portion of Preferred Shares increased by \$157,110 and \$nil, respectively, at December 31, 2023, and January 1, 2023, respectively, while the long-term portion of Preferred Shares decreased by the same amount in each period. In addition, the long-term portion of bank indebtedness increased by \$111,700 and \$120,979, respectively, at December 31, 2023, and January 1, 2023, respectively, while the current portion of bank indebtedness decreased by the same amount in each period.

Other New Standards, Amendments and Interpretations Adopted In 2024

The following amendments to standards and interpretations also became effective for annual periods beginning on January 1, 2024. The application of these amendments and interpretations had no significant impact on the Company's consolidated financial position or results of operations.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments to IAS 1 specify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity should disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

Lease Liability Measurement in a Sale and Leaseback transaction (Amendments to IFRS 16, Leases)

The amendments to IFRS 16 clarify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in a sale and leaseback transaction. The amendments specify that the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains when lease liabilities are subsequently measured. However, the new requirements do not prevent a seller-lessee from recognizing, in profit or loss, any gain or loss that relates to the partial or full termination of a lease.

7. FUTURE ACCOUNTING CHANGES

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 is a new standard issued in April 2024 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, 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.

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

8. CASH AND CASH EQUIVALENTS

| | December 31 2024 | December 31 2023 |
|--|---------------------|---------------------|
| Cash balances excluding joint operations | \$ 123,270 | \$ 258,734 |
| Cash balances of joint operations | 314,755 | 387,050 |
| | \$ 438,025 | \$ 645,784 |

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

9. TRADE AND OTHER RECEIVABLES

| | December 31 2024 | December 31 2023 |
|---|---------------------|---------------------|
| Trade receivables | \$ 503,628 | \$ 601,467 |
| Holdbacks receivable | 354,842 | 341,690 |
| Other | 40,094 | 27,447 |
| Allowance for expected credit losses | (1,248) | (848) |
| | 897,316 | 969,756 |
| Amounts receivable beyond one year | \$ 13,772 | \$ 13,198 |

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

| | December 31 2024 | December 31 2023 |
|---|---------------------|---------------------|
| Balance - beginning of year | \$ (848) | \$ (1,362) |
| Additional amounts provided for during the year | (560) | (353) |
| Trade receivables written off during the year | 60 | 554 |
| Amounts recovered | 100 | 49 |
| Disposal of subsidiaries | - | 264 |
| Balance - end of year | \$ (1,248) | \$ (848) |

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.

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10. UNBILLED REVENUE AND DEFERRED REVENUE

A reconciliation of the beginning and ending carrying amounts of unbilled revenue and deferred revenue is as follows:

| | For the year ended | | For the year ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | December 31, 2024 | | December 31, 2023 | |
| | Unbilled revenue | Deferred revenue | Unbilled revenue | Deferred revenue |
| Balance outstanding - beginning of year | \$ 719,243 | \$ (519,084) | \$ 685,258 | \$ (386,560) |
| Revenue earned in the year | 3,992,004 | 250,727 | 4,441,972 | 201,870 |
| Billings in the year | (3,986,427) | (307,145) | (4,394,165) | (344,630) |
| Sale of subsidiary (see Note 26, "Other Income") | - | - | (13,822) | 10,236 |
| Changes due to business combinations | 18,378 | (19,980) | - | - |
| Balance outstanding - end of year | \$ 743,198 | \$ (595,482) | \$ 719,243 | \$ (519,084) |

In addition, revenue earned during the year ended December 31, 2024, from performance obligations satisfied in previous periods, decreased by \$157,500 (2023 - \$187,298). These amounts primarily related to the impact of adjustments to forecasted revenue and cost.

Revenue recognized in 2024 from deferred revenue balances existing at the beginning of the year totaled \$245,460 (2023 - \$189,252).

11. INVENTORIES

| | December 31 2024 | December 31 2023 |
|----------------------------|---------------------|---------------------|
| Raw materials and supplies | \$ 15,249 | \$ 15,100 |
| Finished goods | 6,277 | 5,715 |
| | \$ 21,526 | \$ 20,815 |

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12. 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:

| | December 31, 2024 | | | December 31, 2023 | | |
|---|-------------------|-------------|-------------------|-------------------|-------------|-------------------|
| | Joint Ventures | Associates | Total | Joint Ventures | Associates | Total |
| Cash and cash equivalents | \$ 50,188 | \$ - | \$ 50,188 | \$ 37,719 | \$ - | \$ 37,719 |
| Other current assets | 418,178 | - | 418,178 | 465,510 | - | 465,510 |
| Total current assets | 468,366 | - | 468,366 | 503,229 | - | 503,229 |
| Non-current assets | 1,215,944 | - | 1,215,944 | 1,301,771 | - | 1,301,771 |
| Total assets | 1,684,310 | - | 1,684,310 | 1,805,000 | - | 1,805,000 |
| Trade and other payables and provisions | 385,123 | - | 385,123 | 435,100 | - | 435,100 |
| Other current financial liabilities | 203,791 | - | 203,791 | - | - | - |
| Total current liabilities | 588,914 | - | 588,914 | 435,100 | - | 435,100 |
| Non-current financial liabilities | 852,556 | - | 852,556 | 1,132,052 | - | 1,132,052 |
| Other non-current liabilities | 4,901 | - | 4,901 | 5,096 | - | 5,096 |
| Total non-current liabilities | 857,457 | - | 857,457 | 1,137,148 | - | 1,137,148 |
| Total liabilities | 1,446,371 | - | 1,446,371 | 1,572,248 | - | 1,572,248 |
| Net assets | \$ 237,939 | \$ - | \$ 237,939 | \$ 232,752 | \$ - | \$ 232,752 |

| | For the year ended | | | | | |
|-----------------------------------|--------------------|-------------|------------------|-------------------|--------------|-----------------|
| | December 31, 2024 | | | December 31, 2023 | | |
| | Joint Ventures | Associates | Total | Joint Ventures | Associates | Total |
| Revenue | \$ 591,704 | \$ - | \$ 591,704 | \$ 788,596 | \$ - | \$ 788,596 |
| Depreciation and amortization | (15,492) | - | (15,492) | (4,015) | - | (4,015) |
| Other costs and expenses | (491,636) | - | (491,636) | (724,133) | 45 | (724,088) |
| Operating profit | 84,576 | - | 84,576 | 60,448 | 45 | 60,493 |
| Finance cost | (61,503) | - | (61,503) | (37,211) | - | (37,211) |
| Income tax expense | (1,863) | - | (1,863) | (4,535) | - | (4,535) |
| Profit for the year | 21,210 | - | 21,210 | 18,702 | 45 | 18,747 |
| Other comprehensive income (loss) | 5,029 | - | 5,029 | (12,745) | - | (12,745) |
| Total comprehensive income | \$ 26,239 | \$ - | \$ 26,239 | \$ 5,957 | \$ 45 | \$ 6,002 |

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

| | For the year ended | For the year ended |
|--|-----------------------------|-----------------------|
| | December 31 2024 | December 31 2023 |
| Projects accounted for using the equity method - at January 1 | \$ 232,752 | \$ 107,871 |
| Share of profit for the year | 21,210 | 18,747 |
| Share of other comprehensive income (loss) for the year | 5,029 | (12,745) |
| Disposal of joint venture | - | (23,796) |
| Commencement of equity method accounting for the Company's 50.1% interest in Skyport | - | 156,531 |
| Distributions from projects accounted for using the equity method | (21,052) | (13,856) |
| Projects accounted for using the equity method - at December 31 | \$ 237,939 | \$ 232,752 |

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 | 2024, 2023 |
| Eglinton Crosstown Light Rail Transit Concessionaire | 25% | Joint Venture | 2024, 2023 |
| Finch West Light Rail Transit Concessionaire | 33% | Joint Venture | 2024, 2023 |
| Gordie Howe International Bridge Concessionaire | 20% | Joint Venture | 2024, 2023 |
| Highway 401 Expansion Project SPV | 50% | Joint Venture | 2024, 2023 |
| Pattullo Bridge Replacement Project SPV | 50% | Joint Venture | 2024, 2023 |
| Eglinton Crosstown West Extension Advance Tunnel Project SPV | 40% | Joint Venture | 2024, 2023 |
| ONxpress Operations Inc. | 28% | Joint Venture | 2024, 2023 |
| Yellowline Asphalt Products Ltd. | 50% | Joint Venture | 2023 |
| Bermuda International Airport Concessionaire ("Skyport") | 50.1% | Joint Venture | 2024, 2023 |

On September 20, 2023, the Company completed the sale of a 49.9% interest in Skyport to Connor, Clark & Lunn Infrastructure ("CC&L Infrastructure"). Subsequent to this transaction, the Company holds a 50.1% interest in Skyport, the concessionaire responsible for the Bermuda International Airport's operations, maintenance and commercial functions, and the entity that will manage and coordinate the overall delivery of the Bermuda International Airport Redevelopment Project over a 30-year concession term that commenced in 2017. Prior to the closing of the transaction with CC&L Infrastructure, the Company's participation in Skyport was 100% consolidated in the Concessions segment and, as such, was accounted for in the consolidated financial statements by reflecting, line by line, the assets, liabilities, revenue and expenses of Skyport. Subsequent to the closing of the sale of a 49.9% interest in Skyport, Aecon's remaining 50.1% interest in the Skyport concession joint venture is accounted for using the equity method (see Note 26, "Other Income").

On May 1, 2023, the Company completed the sale of its Aecon Transportation East ("ATE") roadbuilding, aggregates and materials businesses in Ontario to Green Infrastructure Partners Inc. Aecon's share of the results of the Yellowline Asphalt Products Ltd. joint venture was reported in projects accounted for using the equity method until its sale as part of the sale of the ATE business in the second quarter of 2023 (see Note 26, "Other Income").

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,

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the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

13. 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, 2024 | \$ 39,676 | \$ 149,384 | \$ 21,872 | \$ 226,775 | \$ 37,941 | \$ 70,646 | \$ 546,294 |
| Additions - purchased assets | - | 5,061 | - | 46,135 | 2,414 | 7,070 | 60,680 |
| Additions - right-of-use assets | 7,195 | 6,964 | - | 16,897 | - | 12,228 | 43,284 |
| Additions - business combination (note 20) | - | 9,574 | - | 8,630 | 357 | 31,637 | 50,198 |
| Adjustments | (b) 120 | 12,593 | - | 95,444 | 4,276 | 18,369 | 130,802 |
| Disposals | (1,391) | (8,227) | - | (64,587) | (1,748) | (19,582) | (95,535) |
| Foreign currency translation adjustments | 2 | 499 | - | 2,487 | 23 | 2,061 | 5,072 |
| Balance at December 31, 2024 | \$ 45,602 | \$ 175,848 | \$ 21,872 | \$ 331,781 | \$ 43,263 | \$ 122,429 | \$ 740,795 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at January 1, 2024 | 1,814 | 74,219 | 9,729 | 132,699 | 33,859 | 42,075 | 294,395 |
| Depreciation - purchased assets | - | 4,877 | 1,320 | 26,750 | 2,531 | 3,163 | 38,641 |
| Depreciation - right-of-use assets | (a) 2,701 | 10,019 | - | 10,796 | - | 10,840 | 34,356 |
| Adjustments | (b) 95 | 6,884 | - | 70,519 | 3,601 | 5,642 | 86,741 |
| Disposals | (1,313) | (7,831) | - | (53,344) | (1,181) | (10,975) | (74,644) |
| Foreign currency translation adjustments | 1 | 298 | - | 780 | 2 | 203 | 1,284 |
| Balance at December 31, 2024 | \$ 3,298 | \$ 88,466 | \$ 11,049 | \$ 188,200 | \$ 38,812 | \$ 50,948 | \$ 380,773 |
| Net book value at December 31, 2024 | \$ 42,304 | \$ 87,382 | \$ 10,823 | \$ 143,581 | \$ 4,451 | \$ 71,481 | \$ 360,022 |
| Net book value at January 1, 2024 | \$ 37,862 | \$ 75,165 | \$ 12,143 | \$ 94,076 | \$ 4,082 | \$ 28,571 | \$ 251,899 |
| Net book value of right-of-use assets included in property, plant & equipment at January 1, 2024 | | | | | | | |
| | \$ 2,571 | \$ 29,306 | \$ 75 | \$ 35,199 | \$ - | \$ 23,959 | \$ 91,110 |
| Net book value of right-of-use assets included in property, plant & equipment at December 31, 2024 | | | | | | | |
| | \$ 7,011 | \$ 39,436 | \$ 75 | \$ 40,297 | \$ - | \$ 28,344 | \$ 115,163 |

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

(b) Adjustments relate to property, plant and equipment in joint arrangement projects.

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| | 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, 2023 | \$ 52,283 | \$ 178,749 | \$ 60,499 | \$ 388,230 | \$ 43,464 | \$ 79,375 | \$ 802,600 |
| Additions - purchased assets | 120 | 1,784 | 1,986 | 8,484 | 2,462 | 3,273 | 18,109 |
| Additions - right of use assets | 2,537 | 7,346 | - | 4,577 | - | 13,821 | 28,281 |
| Disposals | (a) (15,264) | (38,424) | (40,613) | (174,291) | (7,983) | (25,768) | (302,343) |
| Foreign currency translation adjustments | - | (71) | - | (225) | (2) | (55) | (353) |
| Balance at December 31, 2023 | \$ 39,676 | \$ 149,384 | \$ 21,872 | \$ 226,775 | \$ 37,941 | \$ 70,646 | \$ 546,294 |
| Accumulated depreciation and impairment | | | | | | | |
| Balance at January 1, 2023 | 1,082 | 81,581 | 21,456 | 213,276 | 39,163 | 50,941 | 407,499 |
| Depreciation - purchased assets | - | 4,803 | 1,378 | 14,265 | 2,226 | 924 | 23,596 |
| Depreciation - right of use assets | (b) 930 | 8,299 | - | 11,482 | - | 8,680 | 29,391 |
| Disposals | (a) (198) | (20,413) | (13,105) | (106,244) | (7,529) | (18,446) | (165,935) |
| Foreign currency translation adjustments | - | (51) | - | (80) | (1) | (24) | (156) |
| Balance at December 31, 2023 | \$ 1,814 | \$ 74,219 | \$ 9,729 | \$ 132,699 | \$ 33,859 | \$ 42,075 | \$ 294,395 |
| Net book value at December 31, 2023 | \$ 37,862 | \$ 75,165 | \$ 12,143 | \$ 94,076 | \$ 4,082 | \$ 28,571 | \$ 251,899 |
| Net book value at January 1, 2023 | \$ 51,201 | \$ 97,168 | \$ 39,043 | \$ 174,954 | \$ 4,301 | \$ 28,434 | \$ 395,101 |
| Net book value of right-of-use assets included in property, plant & equipment at January 1, 2023 | | | | | | | |
| | \$ 964 | \$ 33,518 | \$ 75 | \$ 86,527 | \$ - | \$ 25,833 | \$ 146,917 |
| Net book value of right-of-use assets included in property, plant & equipment at December 31, 2023 | | | | | | | |
| | \$ 2,571 | \$ 29,306 | \$ 75 | \$ 35,199 | \$ - | \$ 23,959 | \$ 91,110 |

(a) Includes disposals of property, plant and equipment related to the sales of ATE and Skyport. See Note 26 "Other Income" for further information on the sales of ATE and a 49.9% interest in Skyport. Subsequent to the sale of a 49.9% interest in Skyport in the third quarter of 2023, Aecon's remaining 50.1% interest in the Skyport concession joint venture is accounted for using the equity method (see Note 12, "Projects Accounted For Using The Equity Method").

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

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14. INTANGIBLE ASSETS

| | Concession Rights | Goodwill | Acquired customer backlog and other acquisition - related intangible assets | Licences, software and other rights | Total |
|--|----------------------|-------------------|--|---|-------------------|
| Cost | | | | | |
| Balance at January 1, 2024 | \$ - | \$ 105,561 | \$ 6,508 | \$ 99,516 | \$ 211,585 |
| Additions | | | | | |
| Separately acquired or constructed | - | - | - | 2,103 | 2,103 |
| Business combinations (note 20) | - | 44,400 | 85,184 | - | 129,584 |
| Disposals | - | - | (4,173) | (2,249) | (6,422) |
| Foreign currency translation adjustments | - | 1,305 | 2,418 | - | 3,723 |
| Balance at December 31, 2024 | \$ - | \$ 151,266 | \$ 89,937 | \$ 99,370 | \$ 340,573 |
| Accumulated amortization and impairment | | | | | |
| Balance at January 1, 2024 | - | - | 5,664 | 82,908 | 88,572 |
| Amortization | - | - | 6,564 | 8,288 | 14,852 |
| Disposals | - | - | (4,173) | (2,249) | (6,422) |
| Foreign currency translation adjustments | - | - | 236 | - | 236 |
| Balance at December 31, 2024 | \$ - | \$ - | \$ 8,291 | \$ 88,947 | \$ 97,238 |
| Net book value at December 31, 2024 | \$ - | \$ 151,266 | \$ 81,646 | \$ 10,423 | \$ 243,335 |
| Net book value at January 1, 2024 | \$ - | \$ 105,561 | \$ 844 | \$ 16,608 | \$ 123,013 |

| | Concession Rights | Goodwill | Acquired customer backlog and other acquisition - related intangible assets | Licences, software and other rights | Total |
|--|----------------------|-------------------|--|---|-------------------|
| Cost | | | | | |
| Balance at January 1, 2023 | \$ 668,168 | \$ 108,102 | \$ 6,508 | \$ 106,021 | \$ 888,799 |
| Additions | | | | | |
| Separately acquired or constructed | - | 459 | - | 5,481 | 5,940 |
| Disposals | (a) (666,988) | (2,991) | - | (11,993) | (681,972) |
| Foreign currency translation adjustments | (1,180) | (9) | - | 7 | (1,182) |
| Balance at December 31, 2023 | \$ - | \$ 105,561 | \$ 6,508 | \$ 99,516 | \$ 211,585 |
| Accumulated amortization and impairment | | | | | |
| Balance at January 1, 2023 | 145,293 | - | 4,620 | 76,533 | 226,446 |
| Amortization | 15,633 | - | 1,044 | 9,423 | 26,100 |
| Disposals | (a) (160,747) | - | - | (3,048) | (163,795) |
| Foreign currency translation adjustments | (179) | - | - | - | (179) |
| Balance at December 31, 2023 | \$ - | \$ - | \$ 5,664 | \$ 82,908 | \$ 88,572 |
| Net book value at December 31, 2023 | \$ - | \$ 105,561 | \$ 844 | \$ 16,608 | \$ 123,013 |
| Net book value at January 1, 2023 | \$ 522,875 | \$ 108,102 | \$ 1,888 | \$ 29,488 | \$ 662,353 |

(a) Includes disposals of goodwill related to the sale of ATE and of intangible assets related to the sale of Skyport. See Note 26 "Other Income" for further information on the sales of ATE and a 49.9% interest in Skyport. Subsequent to the sale of a 49.9% interest in Skyport in the third quarter of 2023, Aecon's remaining 50.1% interest in Skyport is accounted for using the equity method (see Note 12, "Projects Accounted For Using The Equity Method").

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In 2024, goodwill and other intangible assets increased by \$44,400 and \$85,184, respectively, as a result of the acquisitions of Xtreme Powerline Construction, Ainsworth Power Construction, and United Engineers & Constructors Inc. Refer to Note 20, “*Business Combinations*” for further details regarding goodwill and other intangible assets acquired in 2024.

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

Concession rights – Bermuda International Airport Redevelopment Project

At December 31, 2024, the Company holds a 50.1% (2023- 50.1%) interest in Bermuda Skyport Corporation Limited (“Skyport”), a Bermudian company undertaking the L.F. Wade International Redevelopment Project in Bermuda (“Bermuda International Airport Redevelopment Project”). See Note 26, “*Other Income*” for details of the Company’s sale of 49.9% interest in Skyport in 2023.

Skyport’s main operations consist of:

- (a) managing and operating the existing L.F Wade International Airport (the “Existing Bermuda Airport”); and
- (b) managing the development, financing, construction, operation and maintenance of the new airport terminal and associated infrastructure (“New Airport Terminal”) under a 30-year concession arrangement.

At December 31, 2024, the Company’s 50.1% retained interest in Skyport is accounted for using the equity method (see Note 12, “*Projects Accounted For Using The Equity Method*”).

Goodwill

The following CGUs or groups of CGUs have goodwill amounts allocated to them for the purposes of impairment testing:

| | December 31 2024 | December 31 2023 |
|--------------|---------------------|---------------------|
| CGUs: | | |
| Utilities | \$ 96,616 | \$ 62,824 |
| Industrial | 30,633 | 30,633 |
| Civil | 12,104 | 12,104 |
| Nuclear | 11,913 | - |
| | \$ 151,266 | \$ 105,561 |

The recoverable amounts of the above listed CGUs were determined based on fair value less costs to sell calculations. Fair value less costs to sell calculations use post-tax cash flow projections expected to be generated by the CGU based on financial budgets approved by management covering a two-year period. For the CGUs noted above, cash flows beyond the two-year period were extrapolated as at December 31, 2024 using a growth rate of 2% (2023 – 2%), which does not exceed the long-term average growth rate for the business in which the CGUs operate. The discount rate applied to cash flow projections as at December 31, 2024 was 10.25% (2023 – 10.25% to 12%) based on the Company’s post-tax weighted average cost of capital. Detailed sensitivity analyses were conducted to assess the impact of changes in growth rates, costs of capital, and cash flows on the recoverable amount, which did not indicate that the carrying amount of the CGU exceeds the recoverable amount. Budgeted cash flows were determined by management based on the Company’s past performance, backlog currently on hand and future revenue prospects.

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15. TRADE AND OTHER PAYABLES

| | December 31 2024 | December 31 2023 |
|--|---------------------|---------------------|
| Trade payables and accrued liabilities | \$ 875,497 | \$ 834,005 |
| Holdbacks payable | 184,918 | 183,831 |
| | \$ 1,060,415 | \$ 1,017,836 |

16. PROVISIONS

| | Contract related obligations (a) | Asset decommissioning costs (b) | Tax assessments (c) | Other | Total |
|-------------------------------------|---|--|---------------------------|-----------------|------------------|
| Balance at January 1, 2024 | \$ 29,561 | \$ 3,976 | \$ 3,544 | \$ 2,165 | \$ 39,246 |
| Additions made | 13,455 | 526 | 122 | 3,613 | 17,716 |
| Amounts used | (26,257) | (21) | (141) | (3,607) | (30,026) |
| Other changes | (900) | 226 | - | - | (674) |
| Balance at December 31, 2024 | \$ 15,859 | \$ 4,707 | \$ 3,525 | \$ 2,171 | \$ 26,262 |
| Reported as: | | | | | |
| Current | 15,859 | - | 3,525 | 2,171 | 21,555 |
| Non-current | - | 4,707 | - | - | 4,707 |
| | \$ 15,859 | \$ 4,707 | \$ 3,525 | \$ 2,171 | \$ 26,262 |

(a) Contract related obligations are made up of contract warranty obligations, litigation risks, and onerous contracts relating to construction operations. Contract warranty obligations relate to warranties provided by the Company in respect of its construction contracts. If not used during the warranty period, these amounts will be reversed into income. Warranty periods range from one to seven years.

(b) Asset decommissioning costs relate to future legal and constructive obligations associated with the retirement of pits and quarries engaged in aggregate mining operations in Ontario and Alberta. Decommissioning obligations are expected to be settled between 2030 and 2055 at which point the amount of the liability will reverse. A 2% inflation factor has been applied to obtain the future value of the decommissioning costs, which has been discounted at a rate of 5.6% to obtain the present value of the obligation.

(c) Tax assessments include provisions for specific income tax exposures faced by the Company in Canadian and foreign jurisdictions. Although final federal and provincial reassessments have not yet been issued for certain years, the Company believes that it has adequate provisions to cover the ultimate outcome of this and other tax reassessments.

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17. LONG-TERM DEBT

LONG-TERM DEBT

| | December 31 2024 | December 31 2023 |
|-----------------------------------|---------------------|---------------------|
| Long-term debt: | | |
| Leases | \$ 124,623 | \$ 120,735 |
| Equipment and other loans | 26,946 | 28,643 |
| Total long-term debt | \$ 151,569 | \$ 149,378 |
| Reported as: | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 40,765 | \$ 42,608 |
| Non-current liabilities: | | |
| Long-term debt | 110,804 | 106,770 |
| | \$ 151,569 | \$ 149,378 |

The following describes the components of long-term debt:

- (a) As at December 31, 2024, leases of \$124,623 (December 31, 2023 - \$120,735) bore interest at fixed rates averaging 5.20% (December 31, 2023 – 4.62%) per annum, with specific equipment provided as security.
- (b) As at December 31, 2024, equipment and other loans of \$26,946 (December 31, 2023 - \$28,643) bore interest at fixed rates averaging 3.71% (December 31, 2023 – 4.10%) per annum, with specific equipment provided as security.

The weighted average interest rate on total long-term debt outstanding (excluding convertible debentures and non-recourse project debt) as at December 31, 2024 was 4.94% (December 31, 2023 – 4.52%).

Expenses relating to short-term leases and leases of low-value assets recognized in the statement of income for the year ended December 31, 2024 was \$99,845 (2023 - \$94,570).

Variable lease payments of \$1,049 related to property taxes levied on lessors and not included in the measurement of lease liabilities were recognized in the statement of income during the year ended December 31, 2024 (2023 - \$1,219).

Total cash outflow related to leases excluding expenses relating to short-term and low-value leases and variable lease payments in 2024 was \$40,522 (2023 – \$44,762).

Refer to Note 13, “*Property, plant and equipment*” for further details of additions to right-of-use assets and depreciation charged on right-of-use assets during the year ended December 31, 2024.

Refer to Note 27, “*Finance cost*” for further details of interest on lease liabilities recognized during the year ended December 31, 2024.

Refer to Note 30, “*Financial instruments*” for contractual maturities of lease liabilities as at December 31, 2024.

Lease extension and termination options are included in a number of property and equipment leases across the Company. As at December 31, 2024, potential future cash outflow of \$45,977 (December 31, 2023 - \$19,848) related to these extension and termination options are not included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

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As at December 31, 2024, potential future cash outflow of \$5,813 (December 31, 2023 - \$4,442) related to variable lease payments for property taxes and/or insurance payments made by lessors have not been reflected in the measurement of lease liabilities. These variable lease payments are recognized in the statement of income in the period in which those payments occur.

The movements in net debt for 2024 and 2023 are presented below:

Net debt reconciliation

| | Cash | Bank indebtedness | Long-term debt | Convertible debentures | Non-recourse project debt | Preferred Shares of Aecon Utilities |
|---|-------------------|-------------------|-------------------|------------------------|---------------------------|-------------------------------------|
| Balance as at January 1, 2024 | \$ 645,784 | \$ 111,700 | \$ 149,378 | \$ - | \$ - | 157,110 |
| Cash flows | (210,266) | 34,169 | (42,239) | - | - | - |
| Foreign exchange adjustments | 2,507 | 6,978 | 833 | - | - | - |
| Non-cash lease additions and modifications | - | - | 33,611 | - | - | - |
| Business combination additions (see Note 20, "Business Combinations") | - | - | 9,986 | - | - | - |
| Interest/dividend accretion and other non-cash movements | - | - | - | - | - | 3,190 |
| Balance as at December 31, 2024 | \$ 438,025 | \$ 152,847 | \$ 151,569 | \$ - | \$ - | 160,300 |

| | Cash | Bank indebtedness | Long-term debt | Convertible debentures | Non-recourse project debt | Preferred Shares of Aecon Utilities |
|--|-------------------|-------------------|-------------------|------------------------|---------------------------|-------------------------------------|
| Balance as at January 1, 2023 | \$ 377,212 | \$ 120,979 | \$ 230,202 | \$ 178,878 | \$ 379,001 | - |
| Cash flows | 277,278 | (9,279) | (54,309) | (183,998) | (3,355) | 154,640 |
| Foreign exchange adjustments | (1,365) | - | (52) | - | (655) | - |
| Non-cash lease additions and modifications | - | - | 38,176 | - | - | - |
| Sale of subsidiary (see Note 26, "Other Income") | (7,341) | - | (64,639) | - | - | - |
| Sale of 49.9% interest in Skyport (see Note 12 "Projects Accounted For Using The Equity Method") | - | - | - | - | (373,609) | - |
| Interest/dividend accretion and other non-cash movements | - | - | - | 5,120 | (1,382) | 2,470 |
| Balance as at December 31, 2023 | \$ 645,784 | \$ 111,700 | \$ 149,378 | \$ - | \$ - | 157,110 |

18. PREFERRED SHARES OF AECON UTILITIES

| | December 31 2024 | December 31 2023 |
|--|-------------------|------------------|
| Reported as current liabilities: | | |
| Preferred Shares of Aecon Utilities | \$ 160,300 | \$ 157,110 |
| Total Preferred Shares of Aecon Utilities | \$ 160,300 | \$ 157,110 |

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 \$19,855 were included in finance costs for the year ended December 31, 2024 (2023 - \$3,557).

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

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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.

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:

| | December 31 2024 | December 31 2023 |
|--|---------------------|---------------------|
| Balance at beginning of the year | \$ 157,110 | \$ 154,640 |
| Accrued dividends | 19,855 | 3,557 |
| Fair value (gain) through profit or loss | (19,565) | (2,927) |
| Fair value loss through other comprehensive income | 2,900 | 1,840 |
| Balance at end of the year | \$ 160,300 | \$ 157,110 |

19. BANK INDEBTEDNESS

| | December 31 2024 | December 31 2023 |
|-------------------|---------------------|---------------------|
| Bank indebtedness | \$ 152,847 | \$ 111,700 |
| | \$ 152,847 | \$ 111,700 |

At December 31, 2024, Aecon had a committed credit facility of \$450,000 (December 31, 2023 - \$450,000) and a separate \$400,000 (December 31, 2023 - \$400,000) committed credit facility for Aecon Utilities. At December 31, 2024, these two committed revolving credit facilities totalled \$850,000 (December 31, 2023 - \$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, 2023 - \$201,000) from Canadian banks and \$44,784 (€30,000) from a Spanish bank (December 31, 2023 - \$43,878 (€30,000)).

Bank indebtedness representing borrowings on the Aecon and Aecon Utilities revolving credit facilities at December 31, 2024 were \$nil and \$152,847, respectively (December 31, 2023 - \$nil and \$111,700, respectively). At December 31, 2024, letters of credit amounting to \$2,756 and \$1,327, respectively, were issued against Aecon and Aecon Utilities revolving credit facilities (December 31, 2023 - \$4,971 and \$540, respectively). At December 31, 2024, letters of credit amounting to \$39,769 and \$7,400, respectively, were issued against Aecon and Aecon Utilities uncommitted demand letter of credit facilities (December 31, 2023 - \$22,169 and \$nil, 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.

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At December 31, 2024, the Company also maintains an additional performance security guarantee facility of \$900,000 (December 31, 2023 - \$900,000) to support letters of credit provided by Export Development Canada of which \$610,656 was utilized at December 31, 2024 (December 31, 2023 - \$622,392). This performance security guarantee facility matures on June 30, 2025.

20. BUSINESS COMBINATIONS

Xtreme Powerline Construction Inc

On July 2, 2024, the Company through its subsidiary, Aecon Utilities, acquired a 94.34% interest in Xtreme Powerline Construction Inc. ("Xtreme"), an electrical distribution utility contractor headquartered in Port Huron, Michigan. Previously a privately owned company, Xtreme is a full-service powerline constructor specializing in overhead distribution line repair, maintenance, and expansion services throughout the Eastern United States. Xtreme management retained a minority ownership of 5.66% in Xtreme post-acquisition. Xtreme expands Aecon Utilities' electrical distribution capabilities in the U.S. and enhances its diverse utility infrastructure service offering.

The acquisition is accounted for using the purchase method and the results of its operations are included from the date of the acquisition. The interest of non-controlling shareholders is measured at the acquisition date at their proportion of the fair values of the assets and liabilities recognized.

The transaction requires the Company to pay the sellers additional earnout payments based on exceeding annual profitability targets over the subsequent two years. The Company has included \$19,210 as contingent consideration related to the additional earnout payments, which represents its assessment of fair value at the date of acquisition. A working capital purchase price adjustment is payable from the seller to the Company based on the final closing working capital balance exceeding the target closing working capital balance. In addition, for the year ended December 31, 2024, compensation expense of \$4,492 was recognized within marketing, general and administrative expense related to certain future earnout payments recognized separately from the business combination.

Goodwill is attributed to Xtreme's workforce, the future profitability of the acquired business, as well as from expected synergies arising from the complementary nature of Xtreme's service offerings. This goodwill will not be deductible for tax purposes.

Ainsworth Power Construction

On December 2, 2024, the Company through its subsidiary, Aecon Utilities, acquired all of the property and assets of Ainsworth Power Construction, an electrical services and power systems business unit of Ainsworth Inc., headquartered in Toronto, Ontario, from GDI Integrated Facility Services. Ainsworth Power Construction's management and operational teams joined Aecon Utilities upon closing the transaction. Ainsworth Power Construction expands Aecon Utilities' electrical distribution capabilities in Canada and enhances its diverse utility infrastructure service offering.

The acquisition is accounted for using the purchase method and the results of its operations are included from the date of the acquisition. The purchase price allocation for this acquisition is provisional as the Company is still finalizing the valuation of assets acquired and liabilities assumed at the date of acquisition. As such, the final allocation of the purchase price may vary significantly from the amounts presented below.

Goodwill is attributed to Ainsworth Power Construction's workforce, the future profitability of the acquired business, as well as from expected synergies arising from the complementary nature of Ainsworth Power Construction's service offerings. This goodwill will not be deductible for tax purposes.

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United Engineers & Constructors Inc.

On December 17, 2024, the Company acquired United Engineers & Constructors Inc. ("United"), a nuclear and conventional power engineer and contractor headquartered in Mount Laurel, New Jersey, from affiliates of CriticalPoint Capital, LLC. United's management and operational teams joined Aecon upon closing of the acquisition. United provides end-to-end engineering, planning, and program and construction management services to nuclear and conventional power clients in the United States and Canada.

The acquisition is accounted for using the purchase method and the results of its operations are included from the date of the acquisition. The purchase price allocation for this acquisition is provisional as the Company is still finalizing the valuation of assets acquired and liabilities assumed at the date of acquisition. As such, the final allocation of the purchase price may vary significantly from the amounts presented below.

Goodwill is attributed to United's workforce, the future profitability of the acquired business, as well as from expected synergies arising from the complementary nature of United's service offerings. This goodwill will not be deductible for tax purposes.

Details of the Acquisitions

Details of the purchase consideration, the net assets acquired, and goodwill for the three business combinations during the year are as follows:

| Purchase consideration: | 2024 |
|---|-------------------|
| Cash paid | \$ 190,885 |
| Working capital purchase price adjustment | (2,584) |
| Contingent consideration | 19,210 |
| Total purchase consideration | \$ 207,511 |

| Assets and liabilities recognized as a result of the acquisitions: | 2024 |
|---|-------------------|
| Cash and cash equivalents | \$ 26,498 |
| Trade and other receivables | 63,465 |
| Unbilled revenue | 18,378 |
| Prepaid expenses | 4,712 |
| Property, plant and equipment | 50,198 |
| Intangible assets | 85,184 |
| Long-term financial assets | 18,291 |
| Trade and other payables | (35,999) |
| Long-term debt | (20,110) |
| Deferred revenue | (29,629) |
| Deferred income tax liabilities | (12,017) |
| Net identifiable assets acquired | \$ 168,971 |
| Less: non-controlling interests | (5,860) |
| Add: goodwill | 44,400 |
| Net assets acquired | \$ 207,511 |

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The fair value of trade and other receivables of \$63,465 includes \$152 for expected credit losses.

Cash Outflow Presented in the Consolidated Statements of Cash Flows:

2024

Cash outflow from business acquisitions, net of cash acquired:

| | | |
|--|-----------|----------------|
| Cash consideration paid in the period | \$ | 190,885 |
| Debt repayment at closing | | 10,125 |
| Less: cash acquired | | (26,498) |
| Net outflow of cash in investing activities | \$ | 174,512 |

Revenue and operating profit contribution:

For the period from the respective date of each acquisition to December 31, 2024, the three business combinations contributed revenue of \$82,132 and an operating loss of \$(451) to the Company.

If the three acquisitions had occurred on January 1, 2024, pro forma revenue and operating profit for the year would have been \$270,830 and \$4,138, respectively, for the period from January 1, 2024 to December 31, 2024. These pro forma amounts are estimated based on the results of the acquired business prior to the acquisition date and should not be viewed as indicative of the Company's consolidated future performance.

Acquisition-related costs:

Acquisition-related costs of \$5,406 for the year ended December 31, 2024 are included in marketing, general and administrative expenses in the consolidated statements of income and in operating cash flows in the consolidated statements of cash flows.

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21. 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:

| | December 31 2024 | December 31 2023 |
|--|---------------------|---------------------|
| Profit before income taxes | \$ (76,529) | \$ 177,545 |
| Statutory income tax rate | 26.40% | 26.40% |
| Expected income tax recovery (expense) | 20,204 | (46,872) |
| Effect on income taxes of: | | |
| Projects accounted for using the equity method | 1,595 | 3,507 |
| Provincial and foreign rate differences | 1,146 | (287) |
| Disposal of subsidiaries | - | 11,214 |
| Disposal of other assets | 454 | (13,156) |
| Non-taxable remeasurement gains | 5,165 | 24,068 |
| Other non-deductible recoveries (expenses) | (4,400) | 1,584 |
| Adjustments in respect of prior years | 1,592 | (1,877) |
| Global Minimum Tax | (735) | - |
| Taxable dividends | (2,403) | - |
| Other | (5,529) | 6,164 |
| | (3,115) | 31,217 |
| Income tax recovery (expense) | \$ 17,089 | \$ (15,655) |

Deferred taxes have been remeasured to reflect statutory enacted future tax rates.

Income taxes were comprised of the following:

| | December 31 2024 | December 31 2023 |
|-------------------------------|---------------------|---------------------|
| Current income tax | \$ (93,174) | \$ (26,852) |
| Deferred income tax | 110,263 | 11,197 |
| Income tax recovery (expense) | \$ 17,089 | \$ (15,655) |

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The movement in the components of deferred income taxes is as follows:

| | 2024 | | | | December 31 | 2023 | | | | December 31 |
|---|--------------------|--|--|--|-------------------|--------------------|--|--|--|--------------------|
| | January 1 | (Charged) credited to the income statement | (Charged) credited to other comprehensive income | (Charged) credited to equity in respect of business combinations | | January 1 | (Charged) credited to the income statement | (Charged) credited to other comprehensive income | (Charged) credited to equity in respect of business sale | |
| Canadian components: | | | | | | | | | | |
| Net operating and capital losses carried forward | \$ 114,743 | \$ 32,013 | \$ - | \$ - | \$ 146,756 | \$ 129,165 | \$ (10,240) | \$ - | \$ (4,182) | \$ 114,743 |
| Reserves expensed for financial statement purposes and deducted for income tax purposes when paid | 2,051 | (296) | - | - | 1,755 | 2,837 | (354) | - | (432) | 2,051 |
| Other temporary differences | 2 | - | - | - | 2 | 2 | - | - | - | 2 |
| Other long-term differences | 6,435 | 411 | - | - | 6,846 | 5,579 | 1,630 | - | (774) | 6,435 |
| Actuarial and hedging gains and losses | 684 | - | 1,870 | - | 2,554 | (2,323) | - | 3,007 | - | 684 |
| Property, plant and equipment: net book value in excess of tax basis | 1,093 | (3,291) | - | (12,360) | (14,558) | (18,255) | 15,084 | - | 4,264 | 1,093 |
| Long-term contracts, including joint ventures ⁽¹⁾ | (157,060) | 81,408 | - | - | (75,652) | (166,105) | 4,123 | - | 4,922 | (157,060) |
| Discounting convertible debentures | - | - | - | - | - | (954) | 954 | - | - | - |
| Deferred income tax asset (liability), net | \$ (32,052) | \$ 110,245 | \$ 1,870 | \$ (12,360) | \$ 67,703 | \$ (50,054) | \$ 11,197 | \$ 3,007 | \$ 3,798 | \$ (32,052) |
| Reported on the consolidated balance sheets as follows: | | | | | | | | | | |
| Deferred income tax asset | | | | | \$ 117,939 | | | | | \$ 93,285 |
| Deferred income tax liability | | | | | (50,236) | | | | | (125,337) |
| Deferred income tax asset (liability), net | | | | | \$ 67,703 | | | | | \$ (32,052) |

⁽¹⁾ Results from the difference between the use of the percentage of completion method of reporting for consolidated financial statement purposes and use of the uncompleted contracts and billings less costs, excluding contractual holdbacks, for tax purposes.

Deferred tax assets are offset against deferred tax liabilities within each legal entity.

As at December 31, 2024, the Company had \$564,795 (2023 - \$434,678) of non-capital tax losses carried forward which will expire in varying amounts within 20 years. As at December 31, 2024, a deferred income tax asset of \$146,756 (2023 - \$114,743) has been recognized on \$564,795 (2023 - \$434,678) of these losses. The deferred income tax assets are recognized only to the extent that it is probable that taxable income will be available against which the unused tax losses can be utilized.

The operations of the Company are complex and related tax interpretations, regulations and legislation are subject to change. The Company believes the amounts reported as deferred income tax liabilities adequately reflect management's current best estimate of its income tax exposures (see Note 16 "Provisions").

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 year ended December 31, 2024 was \$735.

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.

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22. EMPLOYEE BENEFIT PLANS

The Company has defined benefit pension plans including supplementary executive retirement plans and defined contribution plans covering substantially all employees, other than union employees who are covered by multi-employer pension plans administered by the unions. Benefits under the defined benefit plans are generally based on the employee's years of service and level of compensation near retirement. Benefits are not indexed for inflation, except for a supplementary executive retirement plan, which is fully indexed for changes in the consumer price index. The Company does not provide post-employment benefits other than pensions.

The measurement date used for financial reporting purposes of the pension plan assets and benefit obligation is December 31. The most recent actuarial valuation filed for funding purposes for the principal defined benefit pension plan was completed as at December 31, 2021 and the next required actuarial valuation will be prepared with an effective date no later than December 31, 2024.

The defined benefit pension obligation is presented as part of other liabilities on the consolidated balance.

The financial position and other selected information related to the employee defined benefit pension plans is presented in the tables below:

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| | December 31 2024 | | December 31 2023 |
|---|---------------------|-----------|---------------------|
| Change in fair value of plan assets: | | | |
| Fair value of plan assets - beginning of year | \$ 33,807 | \$ | 32,616 |
| Return on plan assets greater (less) than discount rate | (725) | | 1,304 |
| Net interest income | 1,455 | | 1,597 |
| Plan administration costs | (360) | | (328) |
| Company contributions | 1,263 | | 1,391 |
| Plan participant contributions | 23 | | 37 |
| Benefits paid | (4,237) | | (2,810) |
| Fair value of plan assets - end of year | \$ 31,226 | \$ | 33,807 |
| Change in benefit obligation: | | | |
| Benefit obligation - beginning of year | \$ 34,059 | \$ | 33,473 |
| Current service cost | 34 | | 175 |
| Actuarial loss due to actuarial experience | 290 | | 249 |
| Actuarial loss due to financial assumption changes | 91 | | 1,332 |
| Actuarial loss due to demographic assumption changes | 1,295 | | - |
| Net interest cost | 1,437 | | 1,603 |
| Benefits paid | (4,237) | | (2,810) |
| Plan participant contributions | 23 | | 37 |
| Benefit obligation - end of year | \$ 32,992 | \$ | 34,059 |
| Funded status: | | | |
| Fair value of plan assets | \$ 31,226 | \$ | 33,807 |
| Defined benefit obligation | (32,992) | | (34,059) |
| Pension liabilities at December 31 | \$ (1,766) | \$ | (252) |
| Weighted average assumptions used to calculate benefit obligation: | | | |
| | 2024 | | 2023 |
| Discount rate | 4.50% | | 4.50% |
| Rate of increase in future compensation - first year | 3.00% | | 3.50% |
| Rate of increase in future compensation - thereafter | 3.00% | | 3.00% |
| Asset categories of pension assets: | | | |
| Debt securities | 86.45% | | 62.40% |
| Equity securities | 1.85% | | 26.53% |
| Cash and short-term notes | 11.70% | | 11.06% |

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| | 2024 | 2023 |
|--|------------------|------------------|
| Defined benefit pension expense: | | |
| Current service cost, net of employee contributions | \$ 34 | \$ 175 |
| Net interest cost (income) | (18) | 7 |
| Plan administration costs | 360 | 328 |
| Defined benefit pension expense recognized in profit or loss | 376 | 510 |
| Actuarial loss recognized in other comprehensive income | 2,401 | 276 |
| Defined benefit pension expense | \$ 2,777 | \$ 786 |
| Other pension expense: | | |
| Defined contribution pension expense | \$ 10,115 | \$ 9,705 |
| Multi-employer pension plan expense | 73,865 | 85,302 |
| Other pension expense | \$ 83,980 | \$ 95,007 |
| Weighted average assumptions used to calculate defined benefit pension expense: | | |
| Discount rate | 4.50% | 5.00% |
| Rate of increase in future compensation | 3.00% | 3.50% |

During 2025, the Company expects to make contributions of \$550 to the defined benefit plans.

| | 2024 | 2023 |
|--|------------------|------------------|
| Total cash contribution for employee pension plans: | | |
| Defined benefit plans | \$ 1,263 | \$ 1,391 |
| Defined contribution plans | 10,115 | 9,705 |
| Multi-employer pension plans | 73,865 | 85,302 |
| | \$ 85,243 | \$ 96,398 |

The defined benefit obligations and benefit cost levels will change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have been anticipated at this time. Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future accounting valuations. As a result of the uncertainty associated with these estimates, there is no assurance that the plans will be able to earn the assumed rate of return on plan assets. Furthermore, market driven changes may result in changes to discount rates and other variables, which would result in the Company being required to make contributions to the plans in the future that may differ significantly from estimates. As a result, there is a significant amount of measurement uncertainty involved in the actuarial valuation process. This measurement uncertainty may lead to potential fluctuations in financial results attributable to the selection of actuarial assumptions and other accounting estimates involved in the determination of pension expense and obligations. A significant actuarial and accounting assumption impacting the reporting of pension plans is the discount rate assumption. As at December 31, 2024, the Company used a discount rate of 4.5% in its pension plan calculations for consolidated financial statement purposes. The impact of a 0.5% decrease in the discount rate assumption would have resulted in an increase in the pension benefit obligation of approximately \$1,374 at December 31, 2024 and an increase in the estimated 2024 pension expense of approximately \$48.

At December 31, 2024, the weighted average duration of the defined benefit obligation is 8 years.

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23. CONTINGENCIES

Coastal GasLink Pipeline, Sections 3 and 4

On June 28, 2024, Aecon announced that SA Energy Group (a general partnership of Aecon Construction Group Inc. and Robert B. Somerville Co. Ltd.) and Coastal GasLink Pipeline Limited Partnership, by its general partner Coastal GasLink Pipeline Ltd., reached an amicable and mutually agreeable global settlement to resolve their dispute fully and finally over the construction of Sections 3 and 4 of the Coastal GasLink Pipeline Project in British Columbia.

The settlement agreement is not an admission of liability by either party and the parties have mutually released their respective claims in the arbitration, thereby avoiding the expense, burden and uncertainty associated with arbitration.

The terms of the settlement agreement did not result in any further cash impacts to Aecon. From an accounting perspective, Aecon recognized in its consolidated financial results a charge of \$127,000 for the year ended December 31, 2024 (2023 - \$nil) related to the construction of Sections 3 and 4 of the Coastal GasLink Pipeline Project.

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, 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 \$141,290 of unbilled revenue and accounts receivable at December 31, 2024. 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.

The Company is involved in various other disputes and litigation both as plaintiff and defendant. In the opinion of management, the resolution of other disputes against the Company, including those provided for (see Note 16, "Provisions"), are not expected to result in a material effect on the consolidated financial position of the Company.

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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 | December 31 2024 |
|--|------------------------------------|---------------------|
| Letters of credit: | | |
| Financial and performance - issued by Export Development Canada | Various joint arrangement projects | \$ 610,656 |
| Financial and performance - issued in the normal conduct of business | Various | \$ 51,252 |

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 December 31, 2024, 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 \$4,999,621. 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.

24. CAPITAL STOCK

| | For the year ended December 31, 2024 | | For the year ended December 31, 2023 | |
|--|---|-------------------|---|-------------------|
| | Number | Amount | Number | Amount |
| Number of common shares outstanding - beginning of year | 62,266,403 | \$ 430,709 | 61,535,925 | \$ 419,357 |
| Common shares issued on conversion of 5.0% Debentures | - | - | 86 | 2 |
| Shares issued to settle LTIP/ESU/Director DSU obligations | 728,205 | 12,741 | 730,392 | 11,350 |
| Common shares purchased under Normal Course Issuer Bid | (160,600) | (1,116) | - | - |
| Number of common shares outstanding - end of year | 62,834,008 | \$ 442,334 | 62,266,403 | \$ 430,709 |

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

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 December 31, 2024, no liability was recorded in the Company’s consolidated balance sheets in connection with the ASPP.

During the year ended December 31, 2024, 160,600 common shares were repurchased for cancellation pursuant to the NCIB at a cost of \$3,116 of which \$1,116 was recorded as a reduction in share capital and \$2,000 recorded as a reduction of retained earnings.

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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”) and Restricted Share Units (“RSU”). DSU and RSU awards represent the right to receive one common share of the Company. Commencing in 2024, the Company also adopted a new Performance Share Unit (“PSU”) plan. 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 year ended December 31, 2024, the Company recorded LTIP compensation charges of \$17,732 (2023 - \$19,366).

Other Stock-based Compensation – Director DSU Awards

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

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

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

For the year ended December 31, 2024, the Company recorded Director DSU compensation expense, net of fair value adjustments, of \$6,199 (2023 – expense of \$2,606).

The per share price of the Company’s common shares at December 31, 2024 was \$27.22 (December 31, 2023 - \$13.07).

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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 year ended December 31, 2024, the Company recorded an ESU compensation expense of \$681 (2023 - \$1,141).

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

| | For the year ended December 31, 2024 | | |
|--|---|----------------------|----------------|
| | LTIP | Director DSUs | ESUs |
| Share Units | | | |
| Balance outstanding - beginning of year | 3,480,411 | 585,448 | 295,733 |
| Granted | 900,164 | 92,048 | 33,950 |
| Dividend equivalent rights | 183,550 | 28,259 | 25,859 |
| Settled | (905,537) | (211,827) | (141,343) |
| Forfeited | (346,305) | - | (24,834) |
| Balance outstanding - end of year | 3,312,283 | 493,928 | 189,365 |

| | Weighted Average Grant Date Fair Value Per Unit | | |
|---|--|-----------------|-----------------|
| Balance outstanding - beginning of year | \$ 14.39 | \$ 14.70 | \$ 16.92 |
| Granted including Director DSU fair value adjustments | 16.67 | 64.26 | 16.80 |
| Dividend equivalent rights | 14.79 | 15.58 | 16.70 |
| Settled | 14.91 | 15.57 | 18.89 |
| Forfeited | 13.83 | - | 15.57 |
| Balance outstanding - end of year | \$ 14.95 | \$ 23.61 | \$ 15.58 |

Amounts included in Contributed Surplus in the Consolidated Balance Sheets at December 31, 2024 in respect of LTIP, Director DSUs, and ESUs were \$40,192 (December 31, 2023 - \$45,881), \$2,751 (December 31, 2023 - \$5,047), and \$2,731 (December 31, 2023 - \$4,803), respectively. Amounts included in Trade and Other Payables in the Consolidated Balance Sheets at December 31, 2024 in respect of LTIP and Director DSUs were \$5,073 (December 31, 2023 - \$nil) and \$8,911 (December 31, 2023 - \$3,558), respectively.

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25. EXPENSES

| | For the year ended | |
|--|---------------------|---------------------|
| | December 31 2024 | December 31 2023 |
| Personnel | \$ 1,569,713 | \$ 1,441,910 |
| Subcontractors | 1,989,590 | 2,032,113 |
| Materials | 638,618 | 814,071 |
| Equipment costs | 54,666 | 244,743 |
| Depreciation of property, plant and equipment and amortization of intangible assets | 87,849 | 79,087 |
| Other expenses | 20,845 | 33,218 |
| Total expenses | \$ 4,361,281 | \$ 4,645,142 |

Reported as:

| | For the year ended | |
|---|---------------------|---------------------|
| | December 31 2024 | December 31 2023 |
| Direct costs and expenses | \$ 4,060,184 | \$ 4,388,216 |
| Marketing, general and administrative expense | 213,248 | 177,839 |
| Depreciation and amortization | 87,849 | 79,087 |
| Total expenses | \$ 4,361,281 | \$ 4,645,142 |

26. OTHER INCOME

| | For the year ended | |
|---|---------------------|---------------------|
| | December 31 2024 | December 31 2023 |
| Foreign exchange gain | \$ 2,554 | \$ 164 |
| Gain on sale of property, plant and equipment | 19,034 | 46,816 |
| Gain on sale of subsidiaries | 14,912 | 175,545 |
| Gain on change in fair value of other financial instruments | 788 | 942 |
| Total other income | \$ 37,288 | \$ 223,467 |

On May 1, 2023, the Company completed the sale of its Aecon Transportation East ("ATE") roadbuilding, aggregates and materials businesses in Ontario to Green Infrastructure Partners Inc. Gross cash proceeds received on closing, net of debt assumed by the purchaser, were \$162,657. Cash on hand in ATE subsidiaries at the closing date of \$7,341 was transferred to the purchaser. ATE provided roadbuilding infrastructure solutions throughout Ontario to the provincial government, municipalities, and private clients. The financial results of ATE prior to its sale were reported in the construction segment. For the year ended December 31, 2023, the Company recorded a gain on sale of \$36,520. During 2024, the Company received additional cash proceeds of \$11,494 from the sale of ATE, and for the year ended

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December 31, 2024, the Company recorded a gain on sale of \$9,018. These amounts were included in other income in the consolidated income statements.

On September 20, 2023, the Company completed the sale of a 49.9% interest in Skyport to CC&L Infrastructure and as a result lost control for accounting purposes of Skyport (see Note 12, "Projects Accounted For Using The Equity Method"). Gross cash proceeds received on closing were \$162,316 (US\$120,000). For the year ended December 31, 2023, the Company recorded a gain on sale of \$139,025, including \$80,409 relating to the remeasurement of the retained interest in Skyport in other income in the consolidated income statements, and inclusive of foreign currency gains of \$1,594 that were reclassified from accumulated other comprehensive income to the consolidated income statements. During 2024, the Company earned additional sale proceeds of \$5,894 from the sale of Skyport. As a result, for the year ended December 31, 2024, a gain on sale of \$5,894 was included in other income in the consolidated income statements.

27. FINANCE COST

| | For the year ended | |
|--|---------------------|---------------------|
| | December 31 2024 | December 31 2023 |
| Interest and notional interest on long-term debt and debentures | \$ 2,762 | \$ 33,548 |
| Interest on leases | 5,516 | 4,534 |
| Interest on bank indebtedness | 16,320 | 18,767 |
| Dividends on Preferred Shares of Aecon Utilities | 19,855 | 3,557 |
| Transaction costs related to issuance of Preferred Shares by Aecon Utilities | - | 13,305 |
| Gain on change in fair value of Preferred Shares of Aecon Utilities | (19,565) | (2,927) |
| Notional interest on provisions | 226 | 250 |
| Total finance cost | \$ 25,114 | \$ 71,034 |

On December 29, 2023, convertible debentures were redeemed for a total principal amount of \$183,998 and convertible debentures with a face value of \$2 were converted at \$23.21 per share by the holders into 86 common shares. Finance cost associated with the convertible debentures consisting of interest expense on face value and notional interest representing accretion was \$nil for the year ended December 31, 2024 (2023 - \$14,320).

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28. EARNINGS PER SHARE

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

| | For the year ended | |
|---|---------------------|---------------------|
| | December 31 2024 | December 31 2023 |
| Profit (loss) attributable to shareholders | \$ (59,524) | \$ 161,890 |
| Interest on convertible debentures, net of tax ⁽¹⁾ | - | 10,526 |
| Diluted net earnings (loss) | \$ (59,524) | \$ 172,416 |
| Average number of common shares outstanding | 62,382,592 | 61,714,211 |
| Effect of dilutive securities: ⁽¹⁾ | | |
| Convertible debentures ⁽²⁾ | - | 16,420,663 |
| Long-term incentive plan | 3,478,853 | 3,793,609 |
| Weighted average number of diluted common shares outstanding | 65,861,445 | 81,928,483 |
| Basic earnings (loss) per share | \$ (0.95) | \$ 2.62 |
| Diluted earnings (loss) per share ⁽¹⁾ | \$ (0.95) | \$ 2.10 |

⁽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.

⁽²⁾ The convertible debentures were fully repaid on December 29, 2023.

29. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

| | For the year ended | |
|-----------------------------|---------------------|---------------------|
| | December 31 2024 | December 31 2023 |
| Decrease (increase) in: | | |
| Trade and other receivables | \$ 145,938 | \$ (5,976) |
| Unbilled revenue | (48,235) | (52,363) |
| Inventories | (669) | 3,394 |
| Prepaid expenses | 7,812 | (21,567) |
| Increase (decrease) in: | | |
| Trade and other payables | (42,350) | (53,617) |
| Provisions | (29,886) | (4,556) |
| Deferred revenue | 48,289 | 159,695 |
| | \$ 80,899 | \$ 25,010 |

Cash flows from interest

| | For the year ended | |
|------------------------|---------------------|---------------------|
| | December 31 2024 | December 31 2023 |
| Operating activities | | |
| Cash interest paid | \$ (22,685) | \$ (58,726) |
| Cash interest received | 8,637 | 7,634 |

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30. 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 December 31, 2024, the Company had contracts to buy US\$16,000, sell US\$nil, and sell €2,500 (December 31, 2023 – buy US\$2,200, sell US\$14,920, and sell €1,200, respectively), on which there was a cumulative net unrealized exchange gain of \$10 recorded in the consolidated statements of income at that date (December 31, 2023 - gain \$526). In addition, at December 31, 2024, outstanding contracts to buy US\$338 (December 31, 2023 – buy US\$29,724) were designated as cash flow hedges on which there was a cumulative unrealized gain recorded in other comprehensive income of \$55 (December 31, 2023 – gain \$784). 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 December 31, 2024, for these derivative financial instruments designated as cash flow hedges, there was a cumulative unrealized gain recorded in other comprehensive income of \$1,064 (December 31, 2023 - gain \$8,371).

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 December 31, 2024 | | | |
|--|----------------------|---------|-----------|-----------|
| | Total | Level 1 | Level 2 | Level 3 |
| Financial assets (liabilities) measured at fair value: | | | | |
| Cash flow hedges | \$ 1,119 | \$ - | \$ 1,119 | \$ - |
| Long-term financial assets | 16,048 | - | 16,048 | - |
| Preferred Shares of Aecon Utilities | (160,300) | - | - | (160,300) |
| Financial assets (liabilities) disclosed at fair value: | | | | |
| Long-term financial assets | 22,327 | - | 22,327 | - |
| Long-term debt | (160,377) | - | (160,377) | - |

During the year ended December 31, 2024, 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 December 31, 2024 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 \$12,520 or a decrease of \$9,659 to the fair value of the Preferred Shares through the income statement. The Company used a market volatility of 29.99%. If the Company had used a market volatility that was higher or lower by 10%, the potential effect would be an increase of \$2,258 or a decrease of \$1,907 to the fair value of the preferred shares through the income statement. The Company used a credit spread of 15.16%. If the Company had used a credit spread that was higher or lower by 10%, the potential effect would be a decrease of \$3,779 or an increase of \$6,615 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

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, short-term deposits and marketable securities, accounts receivable, holdbacks receivable, unbilled revenues, and foreign exchange contracts.

Credit risk associated with cash and short-term deposits is minimized by ensuring these financial assets are placed with financial institutions with investment grade credit ratings and by placing a limit on the amount that can be invested with any single financial institution.

The credit risk associated with foreign exchange contracts arises from the possibility the counterparty to one of these contracts fails to perform according to the terms of the contract. Credit risk associated with foreign exchange contracts is minimized by entering into such transactions with major Canadian financial institutions.

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. The credit quality of the Company's significant customers is monitored on an ongoing basis and allowances are provided for potential losses that have been incurred at the consolidated balance sheet date. Receivables that are neither past due nor impaired are considered by management to have no significant collection risk. The liquidity of customers and their ability to pay receivables are considered in the impairment of such assets. Most trade receivables that are past due are from public-sector clients and infrastructure/industrial companies with strong credit ratings and are subject to lower credit risk. No collateral is held in respect of impaired assets or assets that are past due but not impaired. The Company recognizes

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loss allowances using 12-month expected credit losses, or lifetime expected credit losses if there has been a significant increase in the credit risk on the instrument.

As at December 31, 2024, the Company had \$121,322 in trade receivables that were past due. Of this amount, \$70,617 was over 60 days past due, against which the Company has recorded an allowance for expected credit losses of \$1,248.

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.

The Company's approach is to ensure it will have sufficient liquidity to meet operational, tax, capital and regulatory requirements and obligations, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed quarterly by the Board of Directors to ensure a sufficient continuity of funding. Long-term debt maturities are spread over a range of dates, thereby ensuring the Company is not exposed to excessive refinancing risk in any one year. The Company's cash and cash equivalents, short-term deposits and restricted cash are invested in highly liquid interest-bearing investments.

Contractual maturities for financial liabilities as at December 31, 2024 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 | \$ - | \$ 152,847 | \$ - | \$ 152,847 | \$ - | \$ - | \$ 152,847 |
| Trade and other payables | \$ 1,060,415 | \$ - | \$ - | \$ 1,060,415 | \$ - | \$ - | \$ 1,060,415 |
| Leases | \$ 41,054 | \$ 84,589 | \$ 15,143 | \$ 140,786 | \$ (16,163) | \$ - | \$ 124,623 |
| Equipment and other loans | 6,408 | 18,376 | 6,146 | 30,930 | (3,984) | - | 26,946 |
| | 47,462 | 102,965 | 21,289 | 171,716 | (20,147) | - | 151,569 |
| Preferred Shares of Aecon Utilities ⁽¹⁾ | - | - | 381,256 | 381,256 | (203,204) | (17,752) | 160,300 |
| Long-term financial liabilities | \$ 47,462 | \$ 102,965 | \$ 402,545 | \$ 552,972 | \$ (223,351) | \$ (17,752) | \$ 311,869 |

(1) The Preferred Shares of Aecon Utilities have no fixed repayment terms (see Note 18 "Preferred Shares of Aecon Utilities"). The Preferred Shares are assumed to have a remaining contractual maturity of 6 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 year ended December 31, 2024, 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.

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As at December 31, 2024, the interest rate profile of the Company's long-term debt was as follows:

| | |
|------------------------|------------|
| Fixed rate instruments | \$ 151,569 |
| Total long-term debt | \$ 151,569 |

The Company is not exposed to changes in interest rates on fixed rate long-term debt instruments. As such, changes in interest rates in the current year related to these financial liabilities would not have had an impact on net earnings or comprehensive income in the current period. The impact of changes in market interest rates on the fair value of future cash flows of the Preferred Shares of Aecon Utilities is discussed above in this note the section titled "Fair Value".

Cash and cash equivalents, restricted cash and short-term deposits have limited interest rate risk due to their short-term nature.

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 December 31, 2024, 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 \$6,537 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.

Additional information on financial instruments:

| | As at December 31, 2024 | | | | |
|-------------------------------------|-------------------------|---|------------------------------|-----------------------------|---------------------|
| | Amortized cost | Fair value through profit or loss | Fair value through OCI | Total carrying amount | Total fair value |
| Cash and cash equivalents | \$ 438,025 | \$ - | \$ - | \$ 438,025 | \$ 438,025 |
| Trade and other receivables | 897,316 | - | - | 897,316 | 897,316 |
| Unbilled revenue | 743,198 | - | - | 743,198 | 743,198 |
| Long-term financial assets | 22,327 | 16,048 | - | 38,375 | 38,375 |
| | \$ 2,100,866 | \$ 16,048 | \$ - | \$ 2,116,914 | \$ 2,116,914 |
| Bank indebtedness | \$ 152,847 | \$ - | \$ - | \$ 152,847 | \$ 152,847 |
| Trade and other payables | 1,060,415 | - | - | 1,060,415 | 1,060,415 |
| Preferred Shares of Aecon Utilities | - | 160,300 | - | 160,300 | 160,300 |
| Long-term debt | 151,569 | - | - | 151,569 | 160,377 |
| | \$ 1,364,831 | \$ 160,300 | \$ - | \$ 1,525,131 | \$ 1,533,939 |

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| | As at December 31, 2023 | | | | |
|-------------------------------------|-------------------------|---|------------------------------|-----------------------------|---------------------|
| | Amortized cost | Fair value through profit or loss | Fair value through OCI | Total carrying amount | Total fair value |
| Cash and cash equivalents | \$ 645,784 | \$ - | \$ - | \$ 645,784 | \$ 645,784 |
| Trade and other receivables | 969,756 | - | - | 969,756 | 969,756 |
| Unbilled revenue | 719,243 | - | - | 719,243 | 719,243 |
| Long-term financial assets | 6,738 | 14,671 | 14 | 21,423 | 21,423 |
| | \$ 2,341,521 | \$ 14,671 | \$ 14 | \$ 2,356,206 | \$ 2,356,206 |
| Bank indebtedness | \$ 111,700 | \$ - | \$ - | \$ 111,700 | \$ 111,700 |
| Trade and other payables | 1,017,836 | - | - | 1,017,836 | 1,017,836 |
| Preferred Shares of Aecon Utilities | - | 157,110 | - | 157,110 | 157,110 |
| Long-term debt | 149,378 | - | - | 149,378 | 153,120 |
| | \$ 1,278,914 | \$ 157,110 | \$ - | \$ 1,436,024 | \$ 1,439,766 |

Cash and cash equivalents, restricted cash, marketable securities, trade receivables, trade payables and accrued liabilities approximate their fair values on a discounted cash flow basis because of the short-term nature of these instruments. In general, investments with original maturities of greater than three months and remaining maturities of less than one year are classified as short-term investments. Investments with maturities beyond one year may be classified as current based on their highly liquid nature and because such marketable securities represent the investment of cash that is available for current operations.

Other financial instruments held or issued by the Company include holdbacks receivable, non-interest bearing project advances payable or holdbacks payable, which are amounts directly related to construction contracts. These amounts, by their nature, do not bear interest and consideration for the time value of money is thus negotiated into the price of the contracts. The Company does not have plans to sell these financial instruments to third parties and will realize or settle them in the normal course of business. No quoted market price exists for these instruments because they are not traded in an active and liquid market. Accordingly, the fair values of holdbacks receivable, non-interest bearing project advances payable or holdbacks payable, which are due within one year, are considered to approximate their carrying values. For those financial instruments that are due beyond one year, the Company has valued them to reflect the time value of money and the credit risk or the borrowing risk associated with these financial instruments.

The fair value of long-term debt is derived by discounting the remaining principal and interest payments at interest rates reflective of the Company's current cost of borrowing for similar debt. These interest rates were calculated by using the Canadian interest rate swap yield at year-end and adjusting for the credit spread that reflects the Company's cost of secured credit. The fair value of the convertible debentures was obtained from quoted prices observable on the Toronto Stock Exchange.

31. 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.

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The Company's principal objectives in managing capital are:

- to ensure sufficient liquidity to adequately fund the ongoing operations of the business;
- to provide flexibility to take advantage of contract and growth opportunities that are expected to provide returns to shareholders;
- to maintain a strong capital base;
- to provide a rate of return in excess of its cost of capital to its shareholders; and
- to comply with financial covenants required under its various borrowing facilities.

The Company manages its capital structure and adjusts it in light of changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new debt or repay existing debt, issue new shares, repurchase shares, issue convertible debt, or adjust the quantum of dividends paid to shareholders. Financing decisions are generally made on a specific transaction basis and depend on such things as the Company's needs, capital markets and economic conditions at the time of the transaction.

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 December 31, 2024, the debt to capitalization percentage was 25% (December 31, 2023 - 22%). 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 23, "*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 December 31, 2024 of \$152,847 (2023 – \$111,700), 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 December 31, 2024, the Company complied with all of its financial debt covenants.

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32. 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 Power 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 ("P3") projects;
- Private finance solutions;
- Developing strategic partnerships;
- Leading and/or actively participating in development teams; and
- Operations and maintenance of infrastructure assets.

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| For the year ended December 31, 2024 | | | | | |
|---|-----------------------|--------------------|---------------------------|-----------------------|--|
| | Construction | Concessions | Other and eliminations | Total | |
| Consolidated statements of income | | | | | |
| External customer revenue | \$ 4,230,692 | \$ 12,039 | \$ - | \$ 4,242,731 | |
| Inter-segment revenue | (10,189) | - | 10,189 | - | |
| Total revenue | 4,220,503 | 12,039 | 10,189 | 4,242,731 | |
| Expenses | \$ (4,295,500) | \$ (16,528) | \$ (49,253) | \$ (4,361,281) | |
| Which include: | | | | | |
| Depreciation and amortization | (86,864) | (261) | (724) | (87,849) | |
| Other income: | | | | | |
| Foreign exchange gain (loss) | \$ 1,585 | \$ 1,261 | \$ (292) | \$ 2,554 | |
| Gain on sale of property, plant and equipment | 17,934 | - | 1,100 | 19,034 | |
| Gain on sale of subsidiaries | - | 5,894 | 9,018 | 14,912 | |
| Gain on change in fair value of other financial instruments | - | 788 | - | 788 | |
| Income from projects accounted for using the equity method | \$ 445 | \$ 20,765 | \$ - | \$ 21,210 | |
| Operating profit (loss) | \$ (55,033) | \$ 24,219 | \$ (29,238) | \$ (60,052) | |
| Finance income (cost): | | | | | |
| Finance income | | | | \$ 8,637 | |
| Finance cost | | | | (25,114) | |
| Loss before income taxes | | | | \$ (76,529) | |
| Income tax recovery | | | | 17,089 | |
| Loss for the year | | | | \$ (59,440) | |
| Revenue by contract type | | | | | |
| Fixed price | \$ 1,644,696 | \$ - | \$ - | \$ 1,644,696 | |
| Cost plus/unit price | 2,575,807 | - | 10,189 | 2,585,996 | |
| Concession operations | - | 12,039 | - | 12,039 | |
| Total revenue | 4,220,503 | 12,039 | 10,189 | 4,242,731 | |
| Revenue by service type | | | | | |
| Construction revenue | \$ 4,220,503 | \$ - | \$ 10,189 | \$ 4,230,692 | |
| Concession revenue | - | 12,039 | - | 12,039 | |
| Total revenue | 4,220,503 | 12,039 | 10,189 | 4,242,731 | |
| | Construction | Concessions | Other and eliminations | Total | |
| Consolidated balance sheets | | | | | |
| Segment assets | \$ 3,408,579 | \$ 404,449 | \$ (586,804) | \$ 3,226,224 | |
| Which include: | | | | | |
| Projects accounted for using the equity method | 3,877 | 234,062 | - | 237,939 | |
| Segment liabilities | \$ 2,091,637 | \$ 44,397 | \$ 127,754 | \$ 2,263,788 | |
| Additions to non-current assets: | | | | | |
| Property, plant and equipment | \$ 151,361 | \$ 568 | \$ 2,233 | \$ 154,162 | |
| Intangible assets | \$ 129,584 | \$ 787 | \$ 1,316 | \$ 131,687 | |

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| For the year ended December 31, 2023 | | | | | |
|---|-----------------------|--------------------|---------------------------|-----------------------|--|
| | Construction | Concessions | Other and eliminations | Total | |
| Consolidated statements of income | | | | | |
| External customer revenue | \$ 4,570,315 | \$ 73,527 | \$ - | \$ 4,643,842 | |
| Inter-segment revenue | 2,185 | - | (2,185) | - | |
| Total revenue | 4,572,500 | 73,527 | (2,185) | 4,643,842 | |
| Expenses | \$ (4,545,511) | \$ (55,144) | \$ (44,487) | \$ (4,645,142) | |
| Which include: | | | | | |
| Depreciation and amortization | (61,119) | (16,974) | (994) | (79,087) | |
| Other income: | | | | | |
| Foreign exchange gain (loss) | \$ 320 | \$ (84) | \$ (72) | \$ 164 | |
| Gain on sale of property, plant and equipment | 28,786 | - | 18,030 | 46,816 | |
| Gain on sale of subsidiaries | - | 139,025 | 36,520 | 175,545 | |
| Gain on change in fair value of other financial instruments | - | 942 | - | 942 | |
| Income from projects accounted for using the equity method | \$ 2,944 | \$ 15,803 | \$ - | \$ 18,747 | |
| Operating profit | \$ 59,039 | \$ 174,069 | \$ 7,806 | \$ 240,914 | |
| Finance income (cost): | | | | | |
| Finance income | | | | \$ 7,665 | |
| Finance cost | | | | (71,034) | |
| Profit before income taxes | | | | \$ 177,545 | |
| Income tax expense | | | | (15,655) | |
| Profit for the year | | | | \$ 161,890 | |
| Revenue by contract type | | | | | |
| Fixed price | \$ 1,951,962 | \$ - | \$ 4 | \$ 1,951,966 | |
| Cost plus/unit price | 2,620,538 | - | (2,189) | 2,618,349 | |
| Concession operations | - | 73,527 | - | 73,527 | |
| Total revenue | 4,572,500 | 73,527 | (2,185) | 4,643,842 | |
| Revenue by service type | | | | | |
| Construction revenue | \$ 4,572,500 | \$ - | \$ (2,185) | \$ 4,570,315 | |
| Concession revenue | - | 73,527 | - | 73,527 | |
| Total revenue | 4,572,500 | 73,527 | (2,185) | 4,643,842 | |
| | Construction | Concessions | Other and eliminations | Total | |
| Consolidated balance sheets | | | | | |
| Segment assets | \$ 2,673,302 | \$ 229,964 | \$ 292,362 | \$ 3,195,628 | |
| Which include: | | | | | |
| Projects accounted for using the equity method | 8,370 | 224,382 | - | 232,752 | |
| Segment liabilities | \$ 1,152,819 | \$ (61,438) | \$ 1,039,921 | \$ 2,131,302 | |
| Additions to non-current assets: | | | | | |
| Property, plant and equipment | \$ 42,735 | \$ 368 | \$ 3,287 | \$ 46,390 | |
| Intangible assets | \$ 459 | \$ 4,202 | \$ 1,279 | \$ 5,940 | |

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Geographic segment information:

| | December 31 2024 | December 31 2023 |
|---|---------------------|---------------------|
| Revenue from external customers: | | |
| Canada | \$ 3,796,237 | \$ 4,294,786 |
| USA | 325,314 | 172,013 |
| International | 121,180 | 177,043 |
| | \$ 4,242,731 | \$ 4,643,842 |
| Property, plant, equipment and intangible assets | | |
| Canada | \$ 426,429 | \$ 365,693 |
| USA | 176,149 | 8,699 |
| International | 779 | 520 |
| | \$ 603,357 | \$ 374,912 |

Revenue from external customers has been attributed to individual countries on the basis of the customer's location.

Revenue from the Company's largest customer accounted for approximately 17.0% of consolidated revenue for the year ended December 31, 2024. The customer and its affiliated entities are located in Canada, with revenue recorded primarily in the construction segment.

33. REMAINING PERFORMANCE OBLIGATIONS

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

Reported backlog as at December 31, 2024 of \$6,661,913 compares to backlog of \$6,157,449 as at December 31, 2023. New contract awards of \$4,747,195 were booked in 2024 compared to \$4,504,828 in 2023.

Backlog

| | As at December 31 | |
|---------------------|---------------------|---------------------|
| | 2024 | 2023 |
| Construction | \$ 6,550,672 | \$ 6,053,032 |
| Concessions | 111,241 | 104,417 |
| Consolidated | \$ 6,661,913 | \$ 6,157,449 |

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Backlog duration, representing the expected period during which backlog on hand will be converted into revenue, is set out in the table below:

Estimated backlog duration

| | As at December 31 | | | |
|-------------------|---------------------|-------------|---------------------|-------------|
| | 2024 | | 2023 | |
| Next 12 months | \$ 3,003,681 | 45% | \$ 2,669,825 | 43% |
| Next 13-24 months | 1,283,884 | 19% | 1,308,735 | 21% |
| Beyond | 2,374,348 | 36% | 2,178,889 | 36% |
| | \$ 6,661,913 | 100% | \$ 6,157,449 | 100% |

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

34. RELATED PARTIES

The Company conducts its business principally through the following subsidiary companies, all of which are wholly owned. Oaktree's investment in the Preferred Shares of Aecon Utilities is convertible at any time by Oaktree into a fixed 27.5% of the common equity of Aecon Utilities (see Note 18 "*Preferred Shares of Aecon Utilities*");

| Subsidiary | Jurisdiction of Incorporation |
|--------------------------------------|-------------------------------|
| Aecon Construction Group Inc. | Canada |
| Aecon Infrastructure Management Inc. | Alberta |
| Aecon Transportation West Ltd. | Alberta |
| Aecon Utilities Inc. | Canada |
| Groupe Aecon Quebec Ltee. | Quebec |
| Aecon Water Infrastructure Inc. | Alberta |

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The Company also conducts its business through the following significant joint arrangements and associates:

| Joint arrangements and associates | Country of operations | Ownership interests | Nature of activities |
|---|-----------------------|---------------------|----------------------|
| Aecon Six Nations GP | Canada | 49.00% | Construction |
| BHP Canada's Jansen Potash Project - Wet Mill Area | Canada | 49.00% | Construction |
| Bruce Power Unit 3 & 4 Steam Generator Replacement Project | Canada | 40.00% | Construction |
| Bruce Power Unit 3 Fuel Channel and Feeder Replacement Project | Canada | 55.00% | Construction |
| Bruce Power Unit 6 Fuel Channel and Feeder Replacement Project | Canada | 40.00% | Construction |
| Bruce Power Unit 6 Steam Generator Replacement Project | Canada | 40.00% | Construction |
| Bruce Power Units 4, 5, 7 and 8 Fuel Channel and Feeder Replacement Project | Canada | 55.00% | Construction |
| Buffalo Pound Water Treatment Plant Renewal Project | Canada | 50.00% | Construction |
| Coastal GasLink Pipeline (Spreads 3 and 4) Project | Canada | 50.00% | Construction |
| Contrecoeur Terminal Expansion Project | Canada | 40.00% | Construction |
| Darlington Nuclear Re-Tube and Feeder Replacement Project | Canada | 50.00% | Construction |
| Eglinton Crosstown Light Rail Transit Concessionaire | Canada | 25.00% | Concession |
| Eglinton Crosstown Light Rail Transit Construction Project | Canada | 25.00% | Construction |
| Eglinton Crosstown West Extension – Advance Tunnel Construction Project | Canada | 40.00% | Construction |
| Eglinton Crosstown West Extension – Advance Tunnel Project SPV | Canada | 40.00% | Construction |
| Enoch Aecon Joint Venture | Canada | 49.00% | Construction |
| Finch West Light Rail Transit Concessionaire | Canada | 33.33% | Concession |
| Finch West Light Rail Transit Construction Project | Canada | 33.33% | Construction |
| Gordie Howe International Bridge Concessionaire | Canada and USA | 20.00% | Concession |
| Gordie Howe International Bridge Project | Canada and USA | 20.00% | Construction |
| John Hart Seismic Upgrades Project | Canada | 60.00% | Construction |
| Montréal-Trudeau International Airport REM Station Project | Canada | 50.00% | Construction |
| Ontario Line Project | Canada | 40.00% | Construction |
| ONxpress GO Expansion On-Corridor Works Project | Canada | 50.00% | Construction |
| ONxpress Operations Inc. | Canada | 28.00% | Concession |
| Pattullo Bridge Replacement Construction Project | Canada | 50.00% | Construction |
| Pattullo Bridge Replacement Project SPV | Canada | 50.00% | Construction |
| Réseau express métropolitain Montreal Light Rail Transit Project | Canada | 24.00% | Construction |
| Scarborough Subway Extension – Stations, Rail and Systems | Canada | 50.00% | Construction |
| Second Narrows Water Supply Tunnel Project | Canada | 40.00% | Construction |
| Site C Generating Station and Spillways Civil Works Project | Canada | 30.00% | Construction |
| Surrey Langley SkyTrain Project | Canada | 33.33% | Construction |
| Winnipeg North End Sewage Treatment Plant Project | Canada | 50.00% | Construction |

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The Company enters into transactions with certain equity accounted investees as part of the normal course of operations. The Company had the following transactions with equity accounted investees:

As at December 31, 2024, trade receivables include amounts due from equity accounted investees of \$39,216 (2023 - \$126,251), and trade payables include amounts due to equity accounted investees of \$nil (2023 - \$nil).

For the year ended December 31, 2024, revenue includes sales to equity accounted investees of \$724,919 (2023 - \$841,541), and direct costs and expenses include purchases from equity accounted investees of \$nil (2023 - \$nil).

Key management includes the Company's Board of Directors and Named Executive Officers. Compensation awarded to key management is as follows:

| | December 31 2024 | December 31 2023 |
|------------------------------|---------------------|---------------------|
| Short-term employee benefits | \$ 7,216 | \$ 6,515 |
| Post-employment benefits | 164 | 150 |
| Stock-based payments | 10,962 | 4,010 |
| | \$ 18,342 | \$ 10,675 |

35. SUBSEQUENT EVENT

Tariffs

Effective March 4, 2025, the United States imposed tariffs on imports from a number of countries, including 25% tariffs on all goods from Canada and 10% tariffs on Canadian energy imports. The Government of Canada, other nations, and sub-national governments announced or threatened certain retaliatory measures, including counter tariffs. The impact of tariffs or other measures, once implemented, is subject to a number of factors, including the duration of such tariffs or measures, changes in the amount, scope and nature of the tariffs or measures in the future, any further countermeasures that may be taken (which could increase the cost or availability of materials for Aecon or its clients), and any mitigating actions that may become available. The introduction of tariffs or non-tariff measures could cause some volatility for Aecon and some purchased materials could be impacted, through price increases and/or reduced availability. Efforts would be made to mitigate these impacts by purchasing from alternative sources or by passing these escalated costs on to clients. Additionally, some clients could be impacted by tariffs or non-tariff measures, resulting in less spending by customers on construction projects. Higher raw material costs brought about by tariffs or other measures, or delayed or cancelled projects could have a material adverse effect on Aecon's future earnings and financial position.