



AECOM

FIRST QUARTER REPORT

2025

Aecon Group Inc.

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

March 31, 2025

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Management’s Discussion and Analysis of Operating Results and Financial Condition (“MD&A”)

The following discussion and analysis of the consolidated results of operations and financial condition of Aecon Group Inc. (“Aecon” or the “Company”) should be read in conjunction with the Company’s March 31, 2025 interim condensed consolidated financial statements and accompanying notes, which have not been reviewed by the Company’s external auditors, and in conjunction with the Company’s annual MD&A for the year ended December 31, 2024 (the “2024 Annual MD&A”). This MD&A is dated as at April 23, 2025, when the Company’s Board of Directors approved this document. Additional information on Aecon is available through the System for Electronic Data Analysis and Retrieval+ (“SEDAR+”) at www.sedarplus.ca and includes the Company’s Annual Information Form and other securities and continuous disclosure filings.

1. INTRODUCTION

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

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

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

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

- Development of domestic and international Public-Private Partnership (“P3”) projects;
- Private finance solutions;
- Developing strategic partnerships;
- Leading and/or actively participating in development teams; and
- Operations and maintenance of infrastructure assets.

The infrastructure development industry in Canada is seasonal in nature for companies like Aecon that perform a significant portion of their work outdoors. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profit than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

2. FORWARD-LOOKING INFORMATION

The information in this Management’s Discussion and Analysis includes certain forward-looking statements which may constitute forward-looking information under applicable securities laws. These forward-looking

statements are based on currently available competitive, financial, and economic data and operating plans but are subject to risks and uncertainties. Forward-looking statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, ongoing objectives, strategies, and outlook for Aecon, including statements regarding: the timing, methods, and quantity of any purchases under the normal course issuer bid (“NCIB”), the availability of cash for repurchases of common shares under the NCIB, and compliance with applicable laws and regulations pertaining to the NCIB; expectations regarding the impact of the three remaining fixed price legacy projects and expected timelines of such projects; backlog and estimated duration; the impact of certain contingencies on Aecon (see: Section 10.2 “Contingencies”); the uncertainties related to the unpredictability of global economic conditions; its belief regarding the sufficiency of its current liquidity position including sufficiency of its cash position, unused credit capacity, and cash generated from its operations; its strategy of seeking to differentiate its service offering and execution capability and the expected results therefrom; its efforts to maintain a conservative capital position; expectations regarding the pipeline of opportunities available to Aecon; statements regarding the various phases of projects for Aecon; its strategic focus on projects linked to decarbonization, energy transition and sustainability, and the opportunities arising therefrom; opportunities to add to the existing portfolio of Canadian and international concessions in the next 12 to 24 months; the expansion in the North America and global nuclear services market and driving continued growth in priority markets; the ability to advance Aecon’s diversification and growth with a focus on the energy transition; the ability to capitalize on, and the continued growth of, the increasing demand for clean, affordable, and reliable energy; and the effective collaboration with United management; the anticipated growth of Aecon’s nuclear and engineering business, and Aecon’s expansion in the U.S. and Canadian markets, expansion of market share and operational capacity. Forward-looking statements may in some cases be identified by words such as “will,” “plans,” “schedule,” “forecast,” “outlook,” “potential,” “seek,” “strategy,” “may,” “could,” “might,” “can,” “believes,” “expects,” “anticipates,” “estimates,” “projects,” “intends,” “prospects,” “targets,” “occur,” “continue,” “should” or the negative of these terms, or similar expressions. In addition to events beyond Aecon’s control, there are factors which could cause actual or future results, performance, or achievements to differ materially from those expressed or inferred herein including, but not limited to: the risk of not being able to drive a higher margin mix of business by participating in more complex projects, achieving operational efficiencies and synergies, and improving margins; the risk of not being able to meet contractual schedules and other performance requirements on large, fixed priced contracts; the risk of not being able to meet its labour needs at reasonable costs; the risk of not being able to address any supply chain issues which may arise and pass on costs of supply increases to customers; the risk of not being able, through its joint operations, to enter into implementation phases of certain projects following the successful completion of the relevant development phase; the risk of not being able to execute its strategy of building strong partnerships and alliances; the risk of not being able to execute its risk management strategy; the risk of not being able to grow backlog across the organization by winning major projects; the risk of not being able to maintain a number of open, recurring, and repeat contracts; the risk of not being able to accurately assess the risks and opportunities related to its industry’s transition to a lower-carbon economy; the risk of not being able to oversee, and where appropriate, respond to known and unknown environmental and climate change-related risks, including the ability to recognize and adequately respond to climate change concerns or public, governmental, and other stakeholders’ expectations on climate matters; the risk of not being able to meet its commitment to meeting its greenhouse gas emissions reduction targets; the risks associated with the strategy of differentiating its service offerings in key end markets; the risks associated with undertaking initiatives to train employees; the risks associated with the seasonal nature of its business; the risks associated with being able to participate in large projects; the risks associated with legal proceedings to which it is a party; the ability to successfully respond to shareholder activism; the risk of increased costs due to the imposition of tariffs; the risk of non-compliance with government regulations, policies or executive orders;

the risk that Aecon will not realize the opportunities presented by a transition to a net-zero economy; risks associated with future pandemics or health-related outbreaks and Aecon's ability to respond to and implement measures to mitigate the impact of such pandemics or health-related outbreaks; the risk that the strategic partnership with Oaktree Capital Management, L.P. ("Oaktree") will not realize the expected results and may negatively impact the existing business of Aecon Utilities Group Inc. ("Aecon Utilities"); the risk of costs or difficulties related to the integration of recently acquired entities being greater than expected; and the risk of the anticipated benefits and synergies from the acquisitions not being fully realized or taking longer than expected to realize.

These forward-looking statements are based on a variety of factors and assumptions including, but not limited to that: none of the risks identified above materialize, there are no unforeseen changes to economic and market conditions and no significant events occur outside the ordinary course of business. These assumptions are based on information currently available to Aecon, including information obtained from third-party sources. While the Company believes that such third-party sources are reliable sources of information, the Company has not independently verified the information. The Company has not ascertained the validity or accuracy of the underlying economic assumptions contained in such information from third-party sources and hereby disclaims any responsibility or liability whatsoever in respect of any information obtained from third-party sources.

Risk factors are discussed in greater detail in Section 13 - "Risk Factors" in this MD&A and in the 2024 Annual MD&A which is available on SEDAR+ at www.sedarplus.ca. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and Aecon undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

3. FINANCIAL REPORTING STANDARDS

The Company prepares its interim condensed consolidated financial statements and the accompanying notes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34 "Interim Financial Reporting".

All financial information in this MD&A is presented in Canadian dollars, unless otherwise indicated.

4. NON-GAAP AND SUPPLEMENTARY FINANCIAL MEASURES

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

Throughout this MD&A, the following terms are used, which do not have a standardized meaning under GAAP.

Non-GAAP Financial Measures

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

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

- **“Adjusted EBITDA”** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, costs related to business acquisitions including: costs related to advisory, legal, and other transaction fees; changes in the fair value of contingent consideration; and contingent consideration classified as compensation per IFRS; costs associated with the remediation of properties sold; and net income (loss) from projects accounted for using the equity method, but including “Equity Project EBITDA” from projects accounted for using the equity method (refer to Section 9 “Quarterly Financial Data” for a quantitative reconciliation to the most comparable financial measure). The most directly comparable measure calculated in accordance with IFRS is operating profit.
- **“Equity Project EBITDA”** represents Aecon’s proportionate share of the earnings or losses from projects accounted for using the equity method before depreciation and amortization, finance income, finance cost and income tax expense (recovery) (refer to Section 9 “Quarterly Financial Data” for a quantitative reconciliation to the most comparable financial measure).
- **“Adjusted Profit (Loss) Attributable To Shareholders”** represents profit (loss) attributable to shareholders adjusted where applicable to exclude unrealized gains or losses on derivative financial instruments, costs related to business acquisitions including: amortization of acquisition-related intangible assets; costs related to advisory, legal, and other transaction fees; changes in the fair value of contingent consideration; and contingent consideration classified as compensation per IFRS; costs associated with the remediation of properties sold; and where applicable the income tax effect of these adjustments (refer to Section 9 “Quarterly Financial Data” for a quantitative reconciliation to the most comparable financial measure). The most comparable IFRS measure for Adjusted Profit (Loss) Attributable To Shareholders is Profit (Loss) Attributable To Shareholders.
- **“Adjusted Earnings Per Share – Basic” and “Adjusted Earnings Per Share – Diluted”** are calculated by dividing Adjusted Profit (Loss) Attributable To Shareholders (defined above) by the basic and diluted weighted average number of shares outstanding, respectively. The most comparable IFRS measure for Adjusted Earnings Per Share is earnings per share. (refer to Section 9 “Quarterly Financial Data” for a quantitative reconciliation to the most comparable financial measure).

Management uses the above non-GAAP financial measures to analyze and evaluate operating performance. Aecon also believes the above financial measures are commonly used by the investment community for valuation purposes, and are useful complementary measures of profitability, and provide metrics useful in the construction industry. These non-GAAP financial measures exclude items which management believes will allow investors a consistent way to analyze Aecon’s financial performance, allow for better analysis of core operating income and business trends, and improve comparability of companies within the industry.

Primary Financial Statements

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

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

- **“Gross profit”** represents revenue less direct costs and expenses. Not included in the calculation of gross profit are marketing, general, and administrative expense (“MG&A”), depreciation and amortization, income (loss) from projects accounted for using the equity method, other income (loss), finance income, finance cost, income tax expense (recovery), and non-controlling interests.
- **“Operating profit (loss)”** represents the profit (loss) from operations, before finance income, finance cost, income tax expense (recovery), and non-controlling interests.

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

- **“Backlog” (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 Aecon, as evidenced by an executed binding letter of intent or agreement, describing the general job scope, value and timing of such work, and where the finalization of a formal contract in respect of such work is reasonably assured. Operations and maintenance (“O&M”) activities are provided under contracts that can cover a period of up to 30 years. In order to provide information that is comparable to the backlog of other categories of activity, Aecon limits backlog for O&M activities to the earlier of the contract term and the next five years.

Remaining Performance Obligations, i.e. Backlog, is presented in the notes to the Company’s annual consolidated financial statements and is not meant to be a substitute for other amounts presented in accordance with GAAP, but rather should be evaluated in conjunction with such GAAP measures.

Non-GAAP Ratios

A non-GAAP ratio is a financial measure presented in the form of a ratio, fraction, percentage or similar representation, and that has a non-GAAP financial measure as one of its components and is not disclosed in the financial statements of the Company.

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

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

Management uses the above non-GAAP ratio to analyze and evaluate operating performance. The most directly comparable measures calculated in accordance with GAAP are gross profit and operating profit that can be used to calculate gross profit margin and operating margin.

Supplementary Financial Measures

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

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

- **“Gross profit margin”** represents gross profit as a percentage of revenue.
- **“Operating margin”** represents operating profit (loss) as a percentage of revenue.
- **“MG&A as a percent of revenue”** represents marketing, general, and administrative expense as a percentage of revenue.
- **“Debt to capitalization percentage”** represents total debt (excluding non-recourse debt and drawings on the Company’s credit facilities presented as bank indebtedness) as a percentage of total capitalization. The calculation of debt to capitalization percentage and management’s use of this ratio is described in Section 10.5 “Capital Management” of this MD&A.

5. RECENT DEVELOPMENTS

Update on Certain Fixed Price Legacy Projects

Within the Construction segment, as part of its ongoing review of critical accounting estimates in respect of the remaining large fixed price legacy projects now nearing completion and being performed by joint operations in which Aecon is a participant (see Section 10.2 “Contingencies” of this MD&A and Section 13 “Risk Factors” of the 2024 Annual MD&A), Aecon recognized an operating loss of \$28.6 million and \$nil, respectively, in the first quarter of 2025 and 2024 (full year operating loss of \$272.8 million in 2024) from the legacy projects. The three remaining legacy projects comprised 3% and 9%, respectively, of consolidated revenue in the first quarter of 2025 and 2024.

Aecon and its joint operations partners are dedicating all necessary resources to drive the remaining legacy projects to completion and in the meantime continue to pursue fair and reasonable settlement agreements with the respective clients in each case. All three remaining projects are currently expected to be substantially complete by the end of the third quarter of 2025. Future downside risk remains in the event that assumptions, estimates, and/or circumstances change. Such downside risks include, among others, the level of compensation for past and future impacts, including through the dispute resolution process where appropriate, productivity not meeting expectations, potential for unforeseen supply chain delays and disruptions, unknown commissioning risks, inflation related risk, and further client changes.

At March 31, 2025, the remaining backlog to be worked off on the three projects was \$94 million compared to backlog of \$246 million at March 31, 2024. The three remaining fixed price legacy projects comprised 1% of backlog at March 31, 2025 compared to 4% at March 31, 2024.

6. BUSINESS STRATEGY

Refer to the discussion on Business Strategy as outlined in the 2024 Annual MD&A available on the Company's website at www.aecon.com or through SEDAR+ at www.sedarplus.ca.

7. CONSOLIDATED FINANCIAL HIGHLIGHTS

\$ millions (except per share amounts)	Three months ended March 31	
	2025	2024
Revenue	\$ 1,061.7	\$ 846.6
Gross profit	41.8	62.8
Marketing, general, and administrative expense	(56.9)	(52.1)
Income (loss) from projects accounted for using the equity method	(0.4)	2.3
Other income	0.8	1.7
Depreciation and amortization	(26.0)	(18.8)
Operating loss	(40.7)	(4.2)
Finance income	1.6	3.2
Finance cost	(10.0)	(5.7)
Loss before income taxes	(49.2)	(6.7)
Income tax recovery	11.1	0.6
Loss	(38.1)	(6.1)
Non-controlling interests	0.1	-
Loss attributable to shareholders	\$ (37.9)	\$ (6.1)
Gross profit margin⁽³⁾	3.9%	7.4%
MG&A as a percent of revenue⁽³⁾	5.4%	6.2%
Adjusted EBITDA⁽¹⁾	\$ 3.6	\$ 32.9
Adjusted EBITDA Margin⁽²⁾	0.3%	3.9%
Operating margin⁽³⁾	(3.8)%	(0.5)%
Adjusted loss attributable to shareholders⁽¹⁾	\$ (34.0)	\$ (9.0)
Loss per share – basic	\$ (0.60)	\$ (0.10)
Loss per share – diluted	\$ (0.60)	\$ (0.10)
Adjusted loss per share – basic⁽¹⁾	\$ (0.54)	\$ (0.14)
Adjusted loss per share – diluted⁽¹⁾	\$ (0.54)	\$ (0.14)
Backlog (at end of period)	\$ 9,696	\$ 6,273

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

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

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

Revenue for the three months ended March 31, 2025 of \$1,062 million was \$215 million, or 25%, higher compared to the same period in 2024. Revenue was higher in the Construction segment by \$214 million driven by increases in nuclear (\$125 million), industrial (\$65 million), utilities (\$15 million), and civil operations (\$11 million), partially offset by lower revenue in urban transportation solutions (\$2 million). This higher

revenue was driven primarily by an increased volume of refurbishment work at nuclear generating stations in Ontario and the U.S., and from a higher volume of field construction work at industrial facilities in western Canada. In the Concessions segment, revenue was lower by \$1 million primarily from a decrease in management and development fees related to light rail transit (“LRT”) projects.

Operating loss of \$40.7 million for the three months ended March 31, 2025 was unfavourable by \$36.5 million compared to an operating loss of \$4.2 million in the same period in 2024. The decline in the period was driven by a decrease in gross profit of \$21.0 million. In the Construction segment, lower gross profit of \$20.6 million resulted primarily from lower gross profit margin in civil operations and urban transportation solutions which more than offset the positive impact of higher volume and gross profit in nuclear, industrial, and utilities operations. The lower gross profit in the first quarter of 2025 in civil operations was impacted primarily by negative gross profit of \$28.6 million on a fixed price legacy project and weaker gross profit in civil operations in western Canada. The fixed price legacy projects are discussed in Section 5 “Recent Developments” and Section 10.2 “Contingencies” in this MD&A, and Section 13 “Risk Factors” in the 2024 Annual MD&A. In urban transportation solutions, the decrease in gross profit in the period results from lower gross profit margin from LRT projects as these projects advance towards substantial completion. In the Concessions segment, gross profit decreased by \$0.5 million primarily from lower management and development fees from LRT projects.

MG&A increased in the first quarter of 2025 by \$4.8 million compared to the same period in 2024, primarily from higher costs related to business acquisitions of \$2.7 million, as well as higher personnel costs associated with the expansion of U.S. operations. However, MG&A as a percentage of revenue decreased from 6.2% in the first quarter of 2024 to 5.4% in the first quarter of 2025 which reflects the effect of higher revenue period-over-period.

Aecon’s participation in projects that are classified for accounting purposes as a joint venture or an associate, as opposed to a joint operation, are accounted for using the equity method of accounting. In the three months ended March 31, 2025, Aecon reported a loss of \$0.4 million from projects accounted for using this method of accounting, for a decrease in income of \$2.7 million compared to the same period in 2024. In the first quarter of 2025, income was lower in both the Concessions (\$2.1 million) and Construction (\$0.6 million) segments mainly from a decrease in management and development fees related to a progressive design project that is nearing the end of the development phase.

Other income of \$0.8 million in the first quarter of 2025 was \$0.9 million lower compared to the same period in 2024. The decrease is primarily related to lower foreign exchange gains of \$1.2 million, partially offset by higher fair value gains on financial instruments of \$0.3 million.

Depreciation and amortization expense in the first quarter of 2025 was \$7.2 million higher compared to the first quarter of 2024. In the Construction segment, depreciation and amortization was higher (\$6.4 million) from an increase in equipment and intangibles deployed, with a majority of this increase related to the acquisitions of Xtreme Powerline Construction (“Xtreme”), Ainsworth Power Construction, and United Engineers & Constructors Inc. (“United”) that occurred in the second half of 2024. Depreciation and amortization expense was unchanged in the Concessions segment and increased in Corporate and Other (\$0.8 million).

Net financing expense of \$8.4 million in the first quarter of 2025, consisting of finance cost of \$10.0 million less finance income of \$1.6 million, was \$5.9 million higher than in the same period in 2024. The increase resulted primarily from a lower fair value gain (\$1.9 million) related to the Preferred Shares of Aecon Utilities,

lower cash balances and higher borrowings on Aecon's revolving credit facilities, and higher accrued dividends on the Preferred Shares of Aecon Utilities compared to the same period in 2024.

Set out in Note 17 "Income Taxes" of the March 31, 2025 interim condensed consolidated financial statements is a reconciliation between the expected income tax expense (recovery) in the first three months of 2025 and 2024 based on statutory income tax rates and the actual income tax expense (recovery) reported for both these periods. In both the first quarter of 2025 and 2024, the effective income tax rate was lower than the Canadian statutory income tax rate of 26.0% and 26.4%, respectively, mainly due to the impact of non-deductible expenses and fair value gains, as well as the geographic mix of earnings, largely related to international projects.

Reported backlog at March 31, 2025 of \$9,696 million compared to backlog of \$6,273 million at March 31, 2024. The March 31, 2025 balance represents the highest reported backlog in the history of Aecon. New contract awards of \$4,096 million were booked in the first quarter of 2025 compared to \$963 million in the same period in 2024.

Backlog \$ millions	At March 31	
	2025	2024
Construction	\$ 9,677	\$ 6,169
Concessions	19	104
Consolidated	\$ 9,696	\$ 6,273

Estimated backlog duration \$ millions	At March 31			
	2025		2024	
Next 12 months	\$ 3,327	34%	\$ 3,051	48%
Next 13-24 months	1,695	18%	1,608	26%
Beyond	4,674	48%	1,614	26%
	\$ 9,696	100%	\$ 6,273	100%

The timing of work to be performed for projects in backlog at March 31, 2025 is based on current project schedules, taking into account the current estimated impacts from the supply chain and the availability of labour. It is possible that these estimates could change in the future based on changes in these or other factors impacting the schedule of these projects.

Aecon does not report as backlog contracts and arrangements in hand where the exact amount of work to be performed cannot be reliably quantified or where a minimum number of units at the contract specified price per unit is not guaranteed. Examples include time and material and some cost-plus and unit priced contracts where the extent of services to be provided is undefined or where the number of units cannot be estimated with reasonable certainty. Other examples include the value of construction work managed under construction management advisory contracts, concession agreements, multi-year operating and maintenance service contracts where the value of the work is not specified, supplier of choice arrangements and alliance agreements where the

client requests services on an as-needed basis. None of the expected revenue from these types of contracts and arrangements is included in backlog. Therefore, Aecon's anticipated future work to be performed at any given time is greater than what is reported as backlog.

Further detail for each segment is included in the discussion below under Section 8 "Reportable Segments Financial Highlights".

8. REPORTABLE SEGMENTS FINANCIAL HIGHLIGHTS

8.1. CONSTRUCTION

Financial Highlights

\$ millions	Three months ended March 31	
	2025	2024
Revenue	\$ 1,057.4	\$ 843.8
Gross profit	\$ 43.0	\$ 63.6
Adjusted EBITDA⁽¹⁾	\$ (1.1)	\$ 27.8
Operating profit (loss)	\$ (29.9)	\$ 7.4
Gross profit margin⁽³⁾	4.1%	7.5%
Adjusted EBITDA margin⁽²⁾	(0.1)%	3.3%
Operating margin⁽³⁾	(2.8)%	0.9%
Backlog (at end of period)	\$ 9,677	\$ 6,169

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

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

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

Revenue in the Construction segment for the three months ended March 31, 2025 of \$1,057 million was \$214 million, or 25%, higher compared to the same period in 2024. Construction segment revenue was higher in nuclear operations (\$125 million) driven by an increased volume of refurbishment work at nuclear generating stations in Ontario and the U.S., in industrial operations (\$65 million) primarily from a higher volume of field construction work at industrial facilities in western Canada, in utilities operations (\$15 million) from an increased volume of electrical transmission work in the U.S. which benefited from the acquisition of Xtreme in the second half of 2024 and from an increase in battery energy storage system work, and in civil operations (\$11 million) primarily from a higher volume of roadbuilding and foundations construction work. Partially offsetting these increases was lower revenue in urban transportation solutions (\$2 million) largely from a lower volume of LRT work in Ontario and Québec as three projects near completion.

Operating loss in the Construction segment of \$29.9 million in the first three months of 2025 was unfavourable by \$37.3 million compared to an operating profit of \$7.4 million in the first three months of 2024. The lower operating profit was largely driven by lower gross profit margin in civil operations which resulted from negative gross profit in the first quarter of 2025 of \$28.6 million on a fixed price legacy project and weaker gross profit

in civil operations in western Canada. The fixed price legacy projects are discussed in Section 5 “Recent Developments” and Section 10.2 “Contingencies” in this MD&A, and Section 13 “Risk Factors” in the 2024 Annual MD&A. Operating profit was also lower in urban transportation solutions due to a lower gross profit margin on the remaining LRT work being performed as these projects advance towards substantial completion, and lower in utilities where an increase in gross profit was more than offset by \$7.8 million of higher amortization of acquisition-related intangible assets and higher costs related to business acquisitions included in MG&A, both related to the Xtreme and Ainsworth Power Construction transactions. These decreases offset higher operating profit in nuclear operations from higher volume and gross profit margin, and higher operating profit in industrial due to the impact of higher volume in the period.

Construction backlog at March 31, 2025 was \$9,677 million compared to \$6,169 million at the same time in 2024. Backlog increased period-over-period in urban transportation solutions (\$3,192 million) and nuclear (\$968 million), while backlog decreased in civil (\$331 million), industrial (\$317 million), and utilities operations (\$4 million). New contract awards of \$4,093 million in the first quarter of 2025 were \$3,133 million higher than the same period in 2024. During the first three months of 2025, an Aecon-led consortium reached commercial close on a progressive design-build project for the Scarborough Subway Extension. As well, a joint operation in which Aecon is a participant was awarded a contract for the definition phase of refurbishment work on four units at the Pickering Nuclear Generating Station in Ontario.

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

8.2. CONCESSIONS

Financial Highlights

\$ millions	Three months ended March 31	
	2025	2024
Revenue	\$ 1.6	\$ 3.0
Gross loss	\$ (1.2)	\$ (0.7)
Income from projects accounted for using the equity method	\$ 0.2	\$ 2.2
Adjusted EBITDA⁽¹⁾	\$ 12.8	\$ 17.6
Operating profit (loss)	\$ (1.7)	\$ 1.1
Backlog (at end of period)	\$ 19	\$ 104

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

Aecon currently holds a 50.1% interest in Skyport, the concessionaire responsible for the Bermuda airport’s operations, maintenance, and commercial functions, and the entity that will manage and coordinate the overall delivery of the Bermuda International Airport Redevelopment Project over a 30-year concession term that commenced in 2017. Aecon’s participation in Skyport is accounted for using the equity method. Aecon’s concession participation in the Eglinton Crosstown LRT, Finch West LRT, Gordie Howe International Bridge, Waterloo LRT, and the GO Expansion On-Corridor Works projects are joint ventures that are also accounted for using the equity method.

For the three months ended March 31, 2025, revenue in the Concessions segment of \$2 million was \$1 million lower than the same period in 2024 primarily due to lower management and development fees related to LRT projects.

Operating loss in the Concessions segment was \$1.7 million for the three months ended March 31, 2025 compared to an operating profit of \$1.1 million in the first three months of 2024 for a decrease in operating profit of \$2.8 million. This decrease was primarily due to lower management and development fees on a development phase project and LRT projects all nearing completion, partially offset by improved operating results at Skyport.

9. QUARTERLY FINANCIAL DATA

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

\$ millions (except per share amounts)

	2025	2024				2023		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2
Revenue	\$ 1,061.7	\$ 1,267.0	\$ 1,275.3	\$ 853.8	\$ 846.6	\$ 1,130.2	\$ 1,239.6	\$ 1,166.9
Adjusted EBITDA ⁽¹⁾	3.6	76.3	126.9	(153.5)	32.9	70.2	32.0	16.7
Profit (loss) before income taxes	(49.2)	21.3	77.8	(170.8)	(6.7)	20.3	125.8	41.3
Profit (loss) attributable to shareholders	(37.9)	14.0	56.5	(123.9)	(6.1)	9.7	133.4	28.2
Adjusted profit (loss) attributable to shareholders ⁽¹⁾	(34.0)	16.3	57.5	(126.4)	(9.0)	7.8	133.7	28.5
Earnings (loss) per share:								
Basic	\$ (0.60)	\$ 0.22	\$ 0.90	\$ (1.99)	\$ (0.10)	\$ 0.16	\$ 2.16	\$ 0.46
Diluted	(0.60)	0.21	0.85	(1.99)	(0.10)	0.15	1.63	0.38
Adjusted earnings (loss) per share:								
Basic ⁽¹⁾	\$ (0.54)	\$ 0.26	\$ 0.92	\$ (2.03)	\$ (0.14)	\$ 0.13	\$ 2.17	\$ 0.46
Diluted ⁽¹⁾	(0.54)	0.25	0.86	(2.03)	(0.14)	0.12	1.63	0.38

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

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

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

\$ millions

	2025	2024					2023		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	
Operating profit (loss)	\$ (40.7)	\$ 29.6	\$ 80.9	\$ (166.3)	\$ (4.2)	\$ 39.6	\$ 140.1	\$ 55.6	
Depreciation and amortization	26.0	26.2	23.0	19.8	18.8	14.6	20.3	21.2	
(Gain) on sale of assets	(1.1)	(1.7)	(2.8)	(28.4)	(1.1)	(1.9)	(138.6)	(69.6)	
Costs related to business acquisitions ⁽²⁾	2.7	4.3	5.6	-	-	-	-	-	
(Income) loss from projects accounted for using the equity method	0.4	(1.6)	(5.8)	(11.6)	(2.3)	(5.5)	(5.2)	(4.8)	
Equity Project EBITDA ⁽¹⁾	16.4	19.6	25.9	32.9	21.6	23.4	15.4	14.2	
Adjusted EBITDA ⁽¹⁾	\$ 3.6	\$ 76.3	\$ 126.9	\$ (153.5)	\$ 32.9	\$ 70.2	\$ 32.0	\$ 16.7	

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

(2) Costs related to business acquisitions includes costs related to advisory, legal, and other transaction fees; changes in the fair value of contingent consideration; and contingent consideration classified as compensation per IFRS.

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

\$ millions

	2025	2024					2023		
Aecon's proportionate share of projects accounted for using the equity method ⁽¹⁾	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	
Operating profit	\$ 12.3	\$ 15.6	\$ 22.1	\$ 29.0	\$ 17.8	\$ 19.6	\$ 15.4	\$ 14.1	
Depreciation and amortization	4.1	4.0	3.8	3.9	3.8	3.8	-	0.1	
Equity Project EBITDA ⁽²⁾	\$ 16.4	\$ 19.6	\$ 25.9	\$ 32.9	\$ 21.6	\$ 23.4	\$ 15.4	\$ 14.2	

(1) Refer to Note 9 “Projects Accounted for Using the Equity Method” in the March 31, 2025 interim condensed consolidated financial statements.

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

Set out below is the calculation of Adjusted EBITDA by segment for the three months ended March 31, 2025 and 2024:

\$ millions

	Three months ended March 31, 2025				Three months ended March 31, 2024			
	Other costs and Construction Concessions eliminations Consolidated				Other costs and Construction Concessions eliminations Consolidated			
Operating profit (loss)	\$ (29.9)	\$ (1.7)	\$ (9.1)	\$ (40.7)	\$ 7.4	\$ 1.1	\$ (12.7)	\$ (4.2)
Depreciation and amortization	25.0	0.1	0.9	26.0	18.6	0.1	0.2	18.8
(Gain) on sale of assets	(1.1)	-	-	(1.1)	(1.1)	-	-	(1.1)
Costs related to business acquisitions ⁽²⁾	2.7	-	-	2.7	-	-	-	-
(Income) loss from projects accounted for using the equity method	0.5	(0.2)	-	0.4	(0.1)	(2.2)	-	(2.3)
Equity Project EBITDA ⁽¹⁾	1.8	14.6	-	16.4	2.9	18.7	-	21.6
Adjusted EBITDA ⁽¹⁾	\$ (1.0)	\$ 12.8	\$ (8.2)	\$ 3.6	\$ 27.8	\$ 17.6	\$ (12.5)	\$ 32.9

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

(2) Costs related to business acquisitions includes costs related to advisory, legal, and other transaction fees; changes in the fair value of contingent consideration; and contingent consideration classified as compensation per IFRS.

Set out below is the calculation of Equity Project EBITDA by segment for the three months ended March 31, 2025 and 2024:

\$ millions

Aecon's proportionate share of projects accounted for using the equity method ⁽¹⁾	Three months ended March 31, 2025					Three months ended March 31, 2024				
	Construction	Concessions	Other costs and eliminations	Consolidated		Construction	Concessions	Other costs and eliminations	Consolidated	
Operating profit	\$ 1.8	\$ 10.5	\$ -	\$ 12.3		\$ 2.9	\$ 14.9	\$ -	\$ 17.8	
Depreciation and amortization	-	4.1	-	4.1		-	3.8	-	3.8	
Equity Project EBITDA ⁽²⁾	\$ 1.8	\$ 14.6	\$ -	\$ 16.4		\$ 2.9	\$ 18.7	\$ -	\$ 21.6	

(1) Refer to Note 9 "Projects Accounted for Using the Equity Method" in the March 31, 2025 interim condensed consolidated financial statements.

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

Set out below is the calculation of Adjusted Profit (Loss) Attributable to Shareholders and Adjusted Earnings (Loss) per Share for the most recent eight quarters:

\$ millions

	2025	2024					2023		
	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1		Quarter 4	Quarter 3	Quarter 2
Profit (loss) attributable to shareholders	\$ (37.9)	\$ 14.0	\$ 56.5	\$ (123.9)	\$ (6.1)		\$ 9.7	\$ 133.4	\$ 28.2
Unrealized (gain) on derivative financial instruments	(2.4)	(4.3)	(7.3)	(3.7)	(4.3)		(2.9)	-	-
Amortization of acquisition related intangible assets	5.1	3.1	3.0	0.3	0.3		0.4	0.4	0.4
Costs related to related to business acquisitions ⁽²⁾	2.7	4.3	5.6	-	-		-	-	-
Income tax effect of the above items	(1.4)	(0.8)	(0.4)	0.9	1.0		0.7	(0.1)	(0.1)
Adjusted profit (loss) attributable to shareholders ⁽¹⁾	\$ (34.0)	\$ 16.3	\$ 57.5	\$ (126.4)	\$ (9.0)		\$ 7.8	\$ 133.7	\$ 28.5
Adjusted earnings (loss) per share - basic ⁽¹⁾	\$ (0.54)	\$ 0.26	\$ 0.92	\$ (2.03)	\$ (0.14)		\$ 0.13	\$ 2.17	\$ 0.46
Adjusted earnings (loss) per share - diluted ⁽¹⁾	(0.54)	0.25	0.86	(2.03)	(0.14)		0.12	1.63	0.38

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

(2) Costs related to business acquisitions includes costs related to advisory, legal and other transaction fees; changes in the fair value of contingent consideration; and contingent consideration classified as compensation per IFRS.

10. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

10.1. INTRODUCTION

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

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

For further information, see Note 9 “Projects Accounted for Using the Equity Method” to the March 31, 2025 interim condensed consolidated financial statements.

10.2. CONTINGENCIES

Kemano Generating Station Second Tunnel Project

During the second quarter of 2020, Rio Tinto issued a notice of termination of contract to the joint operation in which Aecon holds a 40% interest with respect to the Kemano Generating Station Second Tunnel Project. Rio Tinto also issued notice to the joint operations’ sureties asserting a claim on the 50% performance bonds; the sureties entered into a cooperation agreement with Rio Tinto but have not taken a position on the validity of this claim on the bonds. In the third quarter of 2020, the joint operation issued a notice of civil claim seeking approximately \$105 million in damages from Rio Tinto. The joint operation also registered and perfected a builders’ lien against project lands, providing security over approximately \$97 million 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 million. While it is possible that this commercial dispute could result in a material impact to Aecon’s earnings and cash flow if not resolved in the Company’s favour, the ultimate results cannot be predicted at this time. The aforementioned notice of civil claim was commenced in the Supreme Court of British Columbia between Frontier Kemper Constructors and Frontier Kemper – Aecon Joint Venture as plaintiffs/defendants by counterclaim and Rio Tinto Alcan Inc. and Aluminum Company of Canada Limited/Aluminum Du Canada Limitée as the defendants/plaintiffs by counterclaim.

K+S Potash Canada

During the second quarter of 2018, the Company filed a statement of claim in the Court of King’s Bench for Saskatchewan (the “Court”) against K+S Potash Canada (“KSPC”) and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking \$180 million in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately \$14 million in damages. The Company has recorded \$141 million of unbilled revenue and accounts receivable at March 31, 2025. Offsetting this amount to some extent, the Company has accrued \$45 million in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately \$195 million already paid to the Company pursuant to such agreements. 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.

Critical Accounting Estimates – Certain Fixed Price Legacy Projects

Certain large fixed price legacy projects being performed by joint operations in which Aecon is a participant (see Section 13 “Risk Factors” in the 2024 Annual MD&A), are being negatively impacted due to additional costs for which the joint operations assert that the owners are contractually responsible, including for, among other things, unforeseeable site conditions, third party delays, supply chain disruptions, and inflation related to labour and materials. Revenue and income from these contracts are determined by the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs at completion of the project. The Company has a process whereby progress to completion is reviewed by management on a regular basis and estimated costs to complete are updated as necessary. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the relevant joint operation 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 that the Company and the relevant joint operation believes the owner is contractually responsible. Due to unforeseen changes in estimates of the nature or cost of the work to be completed and / or changes in estimates of related revenue, contract profit can differ significantly from earlier estimates (See Section 13 “Risk Factors”: “Large Projects”, “Certain Fixed Price Legacy Projects”, “Contractual Factors”, “Litigation and Claims”, “Increases in the Cost of Raw Materials”, and “Force Majeure Events” in the 2024 Annual MD&A). In the full year of 2024 and 2023, due to the factors discussed above that impacted these fixed price legacy projects during the year, Aecon recognized an operating loss of \$272.8 million and \$215.2 million, respectively, related to these four projects. In the first three months of 2025, Aecon recognized an operating loss of \$26.8 million from the legacy projects. See also Section 5 “Recent Developments” in this MD&A.

10.3. CASH AND DEBT BALANCES

Cash balances at March 31, 2025 and December 31, 2024 are as follows:

\$ millions		March 31, 2025		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	\$ 38	\$ 348	\$ 386
Bank indebtedness	(2)	(306)	-	(306)
		December 31, 2024		
		Balances excluding Joint Operations	Joint Operations	Consolidated Total
Cash and cash equivalents	(1)	\$ 123	\$ 315	\$ 438
Bank indebtedness	(2)	(153)	-	(153)

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

(2) Bank indebtedness represents borrowings on Aecon’s revolving credit facilities.

Long-term debt balances at March 31, 2025 and December 31, 2024 are as follows:

\$ millions		
	March 31, 2025	December 31, 2024
Current portion of long-term debt – recourse	\$ 41.3	\$ 40.8
Long-term debt – recourse	109.3	110.8
Total long-term recourse debt	\$ 150.6	\$ 151.6
Preferred Shares of Aecon Utilities - current	\$ 159.3	\$ 160.3

Total long-term recourse debt of \$150.6 million at March 31, 2025 compares to \$151.6 million at December 31, 2024. The \$1.0 million net decrease in total long-term recourse debt resulted primarily from a decrease in equipment leases of \$1.0 million.

The \$1.0 million decrease in the first three months of 2025 in the Preferred Shares of Aecon Utilities resulted from net fair value gains totalling \$6.3 million offset by accrued dividends of \$5.3 million.

At March 31, 2025, Aecon had a committed revolving credit facility of \$450 million and a separate committed credit facility for Aecon Utilities of \$400 million. At March 31, 2025, \$306 million was drawn on the facilities and \$8 million was utilized for letters of credit. Cash drawings under the revolving credit facilities bear interest at rates between prime and prime plus 1.85% per annum. The revolving credit facilities, when combined with an additional \$900 million performance security guarantee facility to support letters of credit provided by Export Development Canada (“EDC”), brings Aecon’s committed credit facilities for working capital and letter of credit requirements to a total of \$1,750 million. The performance security guarantee facility matures on June 30, 2025. The Company has no other debt or working capital credit facility maturities until 2027, except equipment and property loans and leases in the normal course. At March 31, 2025, Aecon was in compliance with all debt covenants related to its credit facilities.

Aecon’s financial position, liquidity, and capital resources are subject to the risks and uncertainties described in Section 10.2 “Contingencies” of this MD&A regarding certain pending legal proceedings to which Aecon is a party. Aecon and its joint operation partners also continue to advance negotiations and work towards resolution of claims for additional costs related to certain fixed price legacy projects, and in conjunction strengthen the Company’s balance sheet through reducing working capital related to these projects. While the Company believes each relevant joint operation has a strong claim to recover at least a substantial portion of these costs, the ultimate outcome of these matters cannot be predicted at this time (see Section 13 “Risk Factors”: “Certain Fixed Price Legacy Projects” in the 2024 Annual MD&A). Aecon’s operations also remain subject to uncertainties related to the unpredictability of future potential impacts related to global economic conditions, notably from supply chain disruptions, inflation related to labour and materials, and availability of labour (see Section 5 “Recent Developments” of this MD&A). As such, while the Company remains subject to risks which individually or in the aggregate, could result in material impacts to Aecon’s earnings, cash flow, liquidity and financial position, the Company believes that its current liquidity position, including its cash position, unused credit capacity, and cash generated from its operations, is sufficient to fund its operations.

In the first quarter of 2025, Aecon’s Board of Directors approved a quarterly dividend of \$0.19 per share (annual dividend of \$0.76 per share) to be paid to all holders of Aecon common shares. The first quarterly dividend payment of \$0.19 per share was paid on April 2, 2025.

10.4. SUMMARY OF CASH FLOWS

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

A summary of sources and uses of cash during the three months ended March 31, 2025 and 2024 is as follows:

\$ millions	Three Months Ended March 31	
	2025	2024
Operating Activities		
Cash provided by (used in):		
Cash flows from (used by) operations before changes in working capital	\$ (57.7)	\$ 2.4
Higher investments in working capital	(108.6)	(152.3)
Cash used in operating activities	\$ (166.3)	\$ (149.9)
Investing Activities		
Cash provided by (used in):		
Expenditures (net of proceeds) on property, plant, and equipment and intangible assets	\$ (21.0)	(8.6)
Cash distributions received from projects accounted for using the equity method	2.3	3.3
Cash provided by investments in long-term financial assets	-	0.2
Cash used in investing activities	\$ (18.7)	\$ (5.1)
Financing Activities		
Cash provided by (used in):		
Increase (decrease) in bank indebtedness associated with borrowings under the Company's revolving credit facilities	\$ 154.1	\$ (36.0)
Increase in long-term recourse debt borrowings	2.0	3.0
Repayments of long-term recourse debt relating primarily to equipment financing arrangements	(11.3)	(14.0)
Cash used for dividends paid	(11.9)	(11.5)
Cash provided by (used in) financing activities	\$ 132.8	\$ (58.5)
Decrease in cash and cash equivalents	\$ (52.2)	\$ (213.5)
Effects of foreign exchange on cash balances	(0.2)	1.2
Cash and cash equivalents - beginning of period	438.0	645.8
Cash and cash equivalents - end of period	\$ 385.6	\$ 433.5

In the first three months of 2025, Aecon acquired, either through purchase or lease, property, plant, and equipment totaling \$32.8 million. Of this amount, \$3.4 million was largely related to office and warehouse leases with the balance of the investment in property, plant, and equipment primarily related to the purchase or lease of new machinery and construction equipment as part of normal ongoing business operations in the Construction segment. In the first three months of 2024, Aecon acquired, either through purchase or lease, property, plant, and equipment totaling \$21.5 million. Of this amount, \$5.2 million was largely related to office and warehouse leases with the balance of the investment in property, plant, and equipment primarily related to

the purchase or lease of new machinery and construction equipment as part of normal ongoing business operations in the Construction segment.

10.5. CAPITAL MANAGEMENT

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.

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 March 31, 2025, the debt to capitalization percentage was 25% (December 31, 2024 - 25%). If the Preferred Shares of Aecon Utilities were to be excluded from debt and added to equity on the basis that they could be converted or redeemed for equity of Aecon Utilities, either at the Company's option or at the holder's option, then the adjusted debt to capitalization percentage would be 12% at March 31, 2025 (December 31, 2024 - 12%). While the Company believes these debt to capitalization percentages are acceptable, because of the cyclical nature of its business and the uncertainties described in Section 10.2 "Contingencies", Section 5 "Recent Developments" in this MD&A, and Section 13 "Risk Factors" in the 2024 Annual MD&A, the Company will continue its efforts to maintain a conservative capital position.

Debt to capitalization percentage is presented in Note 27 "Capital Disclosures" of the Company's March 31, 2025 interim condensed consolidated financial statements and accompanying notes.

Set out below is the calculation of the Company's debt to capitalization percentage at March 31, 2025 and December 31, 2024 using the definitions provided in the preceding paragraphs:

\$ millions		
	March 31, 2025	December 31, 2024
Current portion of long-term debt	\$ 41.3	\$ 40.8
Long-term debt	109.3	110.8
Preferred shares of Aecon Utilities	159.3	160.3
Debt (including preferred shares)	\$ 309.9	\$ 311.9
Shareholders' equity	\$ 915.0	\$ 956.1
Capitalization	\$ 1,224.9	\$ 1,268.0
Debt to capitalization percentage	25%	25%

	March 31, 2025	December 31, 2024
Current portion of long-term debt	\$ 41.3	\$ 40.8
Long-term debt	109.3	110.8
Debt	\$ 150.6	\$ 151.6
Shareholders' equity	\$ 915.0	\$ 956.1
Preferred shares of Aecon Utilities	159.3	160.3
Shareholders' equity and Preferred Shares of Aecon Utilities	\$ 1,074.3	\$ 1,116.4
Capitalization	\$ 1,224.9	\$ 1,268.0
Debt (excluding Preferred Shares) to capitalization percentage	12%	12%

10.6. FINANCIAL INSTRUMENTS

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. 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.

The Company discloses information on the classification and fair value of its financial instruments, as well as on the nature and extent of risks arising from financial instruments, and related risk management in Note 26 "Financial Instruments" to the Company's March 31, 2025 interim condensed consolidated financial statements and the notes thereto.

10.7. 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. During the three months ended March 31, 2025, there were no common shares repurchased for cancellation pursuant to the NCIB. During the year ended December 31, 2024, 160,600 common shares were repurchased for cancellation pursuant to the NCIB at a cost of \$3.1 million.

Aecon believes that the repurchase of common shares at certain market prices is an appropriate and desirable use of Aecon’s funds that is in the best interests of Aecon and beneficial to its shareholders. Aecon intends to make purchases on an opportunistic basis, taking share price and other considerations into account. Purchases under the NCIB will be funded using Aecon’s existing cash resources or its senior credit facility. The actual number of common shares which may be purchased under the NCIB and the timing of any such purchases will be determined by the management of Aecon, subject to applicable securities laws and TSX rules. Aecon may elect to suspend or discontinue repurchases of common shares at any time, in accordance with applicable laws. There can be no assurances that any such purchases of common shares under the NCIB will be completed.

11. NEW ACCOUNTING STANDARDS

Note 5 “Future Accounting Changes” to Aecon’s March 31, 2025 interim condensed consolidated financial statements discusses IFRS standards and amendments that are issued, but not yet effective.

There were no new accounting standards that significantly impacted profit (loss), comprehensive income (loss), or earnings (loss) per share in the first three months of 2025.

12. SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures

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

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the period beginning on January 1, 2025 and ended on March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Contractual Obligations

Aecon has obligations for equipment and premises as follows:

\$ millions	Finance lease payments	Equipment and other loans
Due within one year	\$ 40.9	\$ 7.1
Due between one and five years	84.1	17.9
Due after five years	14.7	5.7
	\$ 139.7	\$ 30.7

Contractual obligations related to the Preferred Shares of Aecon Utilities are as follows:

\$ millions	Preferred Shares ⁽¹⁾
2026	\$ -
2027 - 2030	-
Beyond	381.3
	\$ 381.3

(1) The Preferred Shares have no fixed repayment terms (see Note 15 "Preferred Shares of Aecon Utilities" to the Company's March 31, 2025) interim condensed consolidated financial statements and the accompanying notes. The Preferred Shares are assumed to have a remaining contractual maturity of 5 years in this summary.

At March 31, 2025, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was \$9,696 million.

Further details on Contractual Obligations are included in the Company's 2024 Annual MD&A.

Defined Benefit Pension Plans

Aecon's defined benefit pension plans (the "Pension Plans") had a combined deficit of \$1.8 million at March 31, 2025 (December 31, 2024 a combined deficit of \$1.8 million). The defined benefit obligations and benefit cost levels will change as a result of future changes in the actuarial methods and assumptions, the membership data, the plan provisions and the legislative rules, or as a result of future experience gains or losses, none of which have been anticipated at this time. Emerging experience, differing from assumptions, will result in gains or losses that will be disclosed in future accounting valuations. Refer to the Company's 2024 Annual MD&A for further details regarding Aecon's Pension Plans.

Further details of contingencies and guarantees are included in the March 31, 2025 interim condensed consolidated financial statements and in the 2024 Annual MD&A.

Related Party Transactions

Other than transactions with certain equity accounted investees as part of the normal course of operations, there were no significant related party transactions in the first three months of 2025.

Critical Accounting Estimates and Judgments

Refer to the detailed discussion outlined in Note 4 “Critical Accounting Estimates” of the March 31, 2025 interim condensed consolidated financial statements.

13. RISK FACTORS

Refer to the detailed discussion on Risk Factors as outlined in the Company’s 2024 Annual MD&A dated March 5, 2025. These risk factors could materially and adversely affect the Company’s future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. These risks and uncertainties, which management reviews on a quarterly basis, have not materially changed in the period since March 5, 2025 except as described below and in Section 10.2 “Contingencies” and Section 10.3 “Cash And Debt Balances” in this MD&A.

The Risk Factors previously disclosed in the Company’s 2024 Annual MD&A addressed the risk of tariffs and their impact on the Company’s business and operations as reasonably understood at the time. This risk factor has been updated as follows:

Economic uncertainty or changes to fiscal policy, legislation or regulations, including the adoption of protectionist and/or retaliatory measures such as tariffs implemented by governments could have adverse, wide-ranging effects on Aecon’s business and financial results. The impact of any tariffs or other measures, once implemented, is subject to a number of factors, including the effective date and 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 and increase costs and/or reduce availability, 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.

14. OUTSTANDING SHARE DATA

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

In thousands of dollars (except share amounts)	
	<u>April 23, 2025</u>
Number of common shares outstanding	62,916,395
Outstanding securities exchangeable or convertible into common shares:	
DSUs and RSUs outstanding under the Long-Term Incentive Plan and the 2014 Director DSU Plan	4,034,123

15. OUTLOOK

With record reported backlog of \$9.7 billion at the end of the first quarter of 2025, recurring revenue programs continuing to see solid demand, a strong bid pipeline, and the impact of strategic acquisitions completed in the second half of 2024, revenue in 2025 is expected to be stronger than 2024. Revenue growth is expected in most of the Construction sectors.

In the Construction segment, demand for Aecon's services across Canada, as well as increasingly in select U.S. and international markets, continues to be strong. Development phase work is ongoing in consortiums in which Aecon is a participant to deliver several significant long-term progressive design-build projects of various sizes. In the first quarter of 2025, an Aecon-led consortium completed the collaborative development phase and reached commercial close on the Scarborough Subway Extension progressive design-build transit project. The implementation phase of the project will now commence under a target price contract. As well, other projects currently being delivered using progressive design-build or alliance models and projects are also expected to move into construction in 2025 and 2026. In addition, an Aecon joint operation was recently awarded a collaborative contract by Ontario Power Generation which includes the definition phase work for the retube, feeder and boiler replacement of Units 5, 6, 7 and 8 at the Pickering Nuclear Generating Station in Ontario.

In the Concessions segment, there are several opportunities to add to the existing portfolio of Canadian and international concessions in the next 12 to 24 months, including projects with private sector clients that support a collective focus on sustainability, as well as private sector development expertise and investment to support aging infrastructure, mobility, connectivity, and population growth. An Aecon-led consortium was selected by the U.S. Virgin Islands Port Authority to redevelop the Cyril E. King Airport in St. Thomas and the Henry E. Rohlsen Airport in St. Croix under a collaborative Design, Build, Finance, Operate, and Maintain Public-Private Partnership model, which is expected to reach financial close in 2025.

Operating profitability in recent years was negatively impacted by the four fixed price legacy projects. The three remaining legacy projects are expected to reach substantial completion by the end of the third quarter of 2025 and this is anticipated to lead to improved profitability and margin predictability. Until the three remaining projects are complete and the related claims have been resolved, there is a risk that profitability could also be negatively impacted by these projects in future periods – see Section 5 “Recent Developments” and Section

10.2 “Contingencies” in this MD&A and Section 13 “Risk Factors” in the 2024 Annual MD&A regarding the risk on certain large fixed price legacy projects entered into in 2018 or earlier by joint operations in which Aecon is a participant. As such, the completion and satisfactory resolution of claims on the three remaining legacy projects with the respective clients remains a critical focus for the Company and its partners. Management will also be monitoring the impact of announced or threatened tariffs or non-tariff measures on the Company’s operations. The introduction of these measures could cause increased purchased material costs and/or reduced availability.

Aecon plans to maintain a disciplined capital allocation approach focused on long-term shareholder value through acquisitions and divestitures, organic growth, dividends, capital investments, and common share buybacks on an opportunistic basis. Aecon is also focused on making strategic investments in its operations to support access and entry into new markets and increase operational effectiveness. Capital expenditures in 2025 are expected to be moderately higher than in 2024.

AECON GROUP INC.

FIRST QUARTER

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

March 31, 2025

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2025 AND 2024

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MANAGEMENT REPORT

April 23, 2025

Notice to Reader

The management of Aeon Group Inc. (the “Company”) is responsible for the preparation of the accompanying interim condensed consolidated financial statements. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) applicable to the preparation of interim financial statements including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” and are considered by management to present fairly the consolidated financial position, operating results and cash flows of the Company.

These interim condensed consolidated financial statements have not been reviewed by the Company’s auditor. These interim condensed consolidated financial statements are unaudited and include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows of the Company.

(signed) Jean-Louis Servranckx, President and Chief Executive Officer

(signed) Jerome Julier, Executive Vice-President and Chief Financial Officer

CONSOLIDATED BALANCE SHEETS

AS AT MARCH 31, 2025 AND DECEMBER 31, 2024

(in thousands of Canadian dollars) (unaudited)

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

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(in thousands of Canadian dollars) (unaudited)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

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

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

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

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(in thousands of Canadian dollars) (unaudited)

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

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

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

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

1. CORPORATE INFORMATION

Aecon Group Inc. ("Aecon" or the "Company") is a publicly traded construction and infrastructure development company incorporated in Canada. Aecon and its subsidiaries provide services to private and public sector clients throughout Canada, the United States, and on a selected basis internationally. Its registered office is located in Toronto, Ontario at 20 Carlson Court, Suite 105, M9W 7K6.

The Company operates in two segments within the infrastructure development industry: Construction and Concessions.

2. DATE OF AUTHORIZATION FOR ISSUE

The consolidated financial statements of the Company were authorized for issue on April 23, 2025 by the Board of Directors of the Company.

3. BASIS OF PRESENTATION

Basis of presentation

The Company prepares its interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements including International Accounting Standard ("IAS") 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2024. The accounting policies that are set out in Note 5, "*Summary of Material Accounting Policies*" to the Company's annual consolidated financial statements for the year ended December 31, 2024 were consistently applied to all periods presented.

Seasonality

The construction industry in Canada is seasonal in nature for companies like Aecon who do a significant portion of their work outdoors. As a result, less work is performed in the winter and early spring months than in the summer and fall months. Accordingly, Aecon has historically experienced a seasonal pattern in its operating results, with the first half of the year, and particularly the first quarter, typically generating lower revenue and profits than the second half of the year. Therefore, results in any one quarter are not necessarily indicative of results in any other quarter, or for the year as a whole.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. In addition, the Company's participation in joint arrangements classified as joint operations is accounted for in the consolidated financial statements by reflecting, line by line, the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations. The consolidated financial statements also include the Company's investment in and share of the earnings of projects accounted for using the equity method. When necessary, adjustments are made to the financial statements of subsidiaries, joint arrangements and associates to bring their accounting policies in line with those used by the Company.

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES

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

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

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

The Company's material accounting policies are described in Note 5, "*Summary of Material Accounting Policies*," in the Company's annual consolidated financial statements for the year ended December 31, 2024. The following discussion is intended to describe those judgments and key assumptions concerning major sources of estimation uncertainty at the end of the reporting period that have the most significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

4.1 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

REVENUE AND GROSS PROFIT RECOGNITION

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

The Company's estimates of contract revenue and cost are highly detailed. Management believes, based on its experience, that its current systems of management and accounting controls allow the Company to produce materially reliable estimates of total contract revenue and cost during any accounting period. However, many factors can and do change during a contract performance period, which can result in a change to contract profitability from one financial reporting period to another. Some of the factors that can change the estimate of total contract revenue and cost include differing site conditions (to the extent that contract remedies are unavailable), project execution challenges, the availability of skilled contract labour, the performance of major material suppliers to deliver on time, the performance of major subcontractors, unusual weather conditions and the accuracy of the original bid estimate. Fixed price contracts are common across all of the Company's sectors, as are change orders and claims, and therefore these estimates are not unique to one core sector. Because the Company has many contracts in process at any given time, these changes in estimates can offset each other without impacting overall profitability. Changes in cost estimates, which on larger, more complex construction projects can have a material impact on the Company's consolidated financial statements, are reflected in the results of operations when they become known.

A change order results from a change to the scope of the work to be performed compared to the original contract that was signed. Unpriced change orders are change orders that have been approved as to scope but unapproved as to price. Claims are amounts in excess of the agreed contract price, or amounts not included in the original contract price, that the Company seeks to collect from clients for delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. Management, in making judgments, estimates and assumptions that affect the contract revenue and cost amounts from unpriced change orders and claims, also considered the impacts of recent economic conditions on the Company's operations. These judgments, estimates and assumptions affecting the revenue and cost forecasts of individual

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performance obligations were based on facts and circumstances that existed at the time when such judgments, estimates and assumptions were made. In accordance with the Company's accounting policy, unpriced change orders and claims are recognized in revenue at the amount the Company expects to be entitled to, where it is highly probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Where such revenue amounts cannot be estimated with reasonable assurance, they are excluded from the revenue forecast of the related performance obligation. Therefore, it is possible for the Company to have substantial contract costs recognized in one accounting period with associated revenue recognized in a later period.

Given the above-noted critical accounting estimates associated with the accounting for construction contracts, including change orders and claims, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year or later could be different from the estimates and assumptions adopted and could require a material adjustment to revenue and/or the carrying amount of the asset or liability affected. The Company is unable to quantify the potential impact to the consolidated financial results from a change in estimate in calculating revenue.

LITIGATION RISK AND CLAIMS RISK

Disputes are common in the construction industry and as such, in the normal course of business, the Company is involved in various legal actions and proceedings which arise from time to time, some of which may be substantial, including the legal proceedings discussed in Note 19, "*Contingencies*". The Company must make certain assumptions and rely on estimates regarding potential outcomes of legal proceedings in order to determine if a provision is required. Estimating and recording the future outcome of litigation proceedings requires management to make significant judgments and assumptions, which are inherently subject to risks and uncertainties. Management regularly analyzes current information about these matters, and internal and external legal counsel, as well as other claim specialists, are often used for these assessments. In making decisions regarding the need for provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The outcome of matters related to disputes, legal actions and proceedings may have a material effect on the financial position, results of operations or cash flows of the Company, and there is no guarantee that there will not be a future rise in litigation which, depending on the nature of the litigation, could impact the financial position, results of operations, or cash flows of the Company.

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

FAIR VALUING FINANCIAL INSTRUMENTS

From time to time, the Company, often through its subsidiaries, joint arrangements and equity accounted investees, enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar, but does not hold or issue such financial instruments for speculative trading purposes. In addition, some of the Company's equity accounted investees enter into derivative financial instruments, namely interest rate swaps, to hedge the variability of interest rates related to non-recourse project debt. The Company is required to measure certain financial instruments at fair value, using the most readily available market comparison data and where no such data is available, using quoted market prices of similar assets or liabilities, quoted prices in markets that are not active, or other observable inputs that can be corroborated.

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

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

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

INCOME TAXES

The Company is subject to income taxes in both Canada and several foreign jurisdictions. Significant estimates and judgments are required in determining the Company's worldwide provision for income taxes. In the ordinary course of business, there are transactions and calculations where the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Management estimates income taxes for each jurisdiction the Company operates in, taking into consideration different income tax rates, non-deductible expenses, valuation allowances, changes in tax laws, and management's expectations of future results. Management bases its estimates of deferred income taxes on temporary differences between the assets and liabilities reported in the Company's consolidated financial statements, and the assets and liabilities determined by the tax laws in the various countries in which the Company operates. The Company is also within the scope of the Organisation for Economic Co-operation and Development Pillar Two model rules ("Pillar Two"). Under the legislation, the Company is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion Rules ("GloBE" or "global minimum tax") effective tax rate per jurisdiction and the 15% minimum tax rate. Applying the OECD Pillar Two model rules and determining their impact on the consolidated financial statements is complex and poses a number of practical challenges. Although the Company believes its tax estimates are reasonable, there can be no assurance that the final determination of any tax audits and litigation will not be materially different from that reflected in the Company's historical income tax provisions and accruals. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax expense and current and deferred income tax assets and liabilities in the period in which such determinations are made. Although management believes it has adequately provided for any additional taxes that may be assessed as a result of an audit or litigation, the occurrence of either of these events could have an adverse effect on the Company's current and future results and financial condition.

The Company is unable to quantify the potential future impact to its consolidated financial results from a change in estimate in calculating income tax assets and liabilities.

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets with finite lives are amortized over their useful lives. Goodwill, which has an indefinite life, is not amortized. Management evaluates intangible assets that are not amortized at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life. Intangible assets with finite lives, including the Company's intangible assets in the Bermuda International Airport Concessionaire which is accounted for using the equity method, are tested for impairment whenever events or circumstances indicate the carrying value may not be recoverable. Goodwill and intangible assets with indefinite lives, if any, are tested for impairment by applying a fair value test in the fourth quarter of each year and between annual tests if events occur or circumstances change, which suggest the goodwill or intangible assets should be evaluated.

Impairment assessments inherently involve management judgment as to the assumptions used to project these amounts and the impact of market conditions on those assumptions. The key assumptions used to estimate the fair value of cash generating units under the fair value less cost to disposal approach are: weighted average cost of capital used to discount the projected cash flows; cash flows generated from new work awards; and projected operating margins.

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

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

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

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

4.2 JUDGMENTS

The following are critical judgments management has made in the process of applying accounting policies and that have the most significant effect on how certain amounts are reported in the consolidated financial statements.

BASIS FOR CONSOLIDATION AND CLASSIFICATION OF JOINT ARRANGEMENTS

Assessing the Company's ability to control or influence the relevant financial and operating policies of another entity may, depending on the facts and circumstances, require the exercise of significant judgment to determine whether the Company controls, jointly controls, or exercises significant influence over the entity performing the work. This assessment of control impacts how the operations of these entities are reported in the Company's consolidated financial statements (i.e., full consolidation, equity investment or proportional share).

The Company performs the majority of its construction and concession projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplinary projects and concession projects, are executed through partnering agreements. As such, the classification of these entities as a subsidiary, joint operation, joint venture, associate or financial instrument requires judgment by management to analyze the various indicators that determine whether control exists. In particular, when assessing whether an entity is classified as either a joint operation, joint venture or associate, management considers the contractual rights and obligations, voting shares, share of board members and the legal structure of the joint arrangement. Subject to reviewing and assessing all the facts and circumstances of each joint arrangement, joint arrangements contracted through agreements and general partnerships would generally be classified as joint operations whereas joint arrangements contracted through corporations would be classified as joint ventures. The majority of the current partnering agreements are classified as joint operations.

The application of different judgments when assessing control or the classification of joint arrangements could result in materially different presentations in the consolidated financial statements.

SERVICE CONCESSION ARRANGEMENTS

The accounting for concession arrangements requires the application of judgment in determining if the project falls within the scope of IFRIC Interpretation 12, "*Service Concession Arrangements*", ("IFRIC 12"). Additional judgments are needed when determining, among other things, the accounting model to be applied under IFRIC 12, the allocation of the consideration receivable between revenue-generating activities, the classification of costs incurred on such activities, as well as the effective interest rate to be applied to the financial asset. As the accounting for concession arrangements under IFRIC 12 requires the use of estimates over the term of the arrangement, any changes to these long-term estimates could result in a significant variation in the accounting for the concession arrangement.

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5. FUTURE ACCOUNTING CHANGES

IFRS 18, Presentation and Disclosure in Financial Statements

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

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

6. CASH AND CASH EQUIVALENTS

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

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

7. TRADE AND OTHER RECEIVABLES

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

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

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

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

8. INVENTORIES

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

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9. PROJECTS ACCOUNTED FOR USING THE EQUITY METHOD

The Company performs some construction and concession related projects through non-consolidated entities. The Company's participation in these entities is conducted through joint ventures and associates and is accounted for using the equity method. The Company's joint ventures and associates are private entities and there is no quoted market price available for their shares.

The summarized financial information below reflects the Company's share of the amounts presented in the financial statements of joint ventures and associates:

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

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

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

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

The following joint ventures and associates are included in projects accounted for using the equity method:

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

Projects accounted for using the equity method include various concession joint ventures or project special purpose vehicles ("SPVs") as listed above. However, the construction activities related to these concessions and project SPVs are classified as joint operations which are accounted for in the consolidated financial statements by reflecting, line by line, the Company's share of the assets held jointly, liabilities incurred jointly, and revenue and expenses arising from the joint operations.

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10. PROPERTY, PLANT AND EQUIPMENT

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

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

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11. INTANGIBLE ASSETS

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

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

12. TRADE AND OTHER PAYABLES

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

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13. PROVISIONS

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

14. LONG-TERM DEBT

LONG-TERM DEBT

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

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The following describes the components of long-term debt:

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

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

Expenses relating to short-term leases and leases of low-value assets recognized in the statement of income during the three months ended March 31, 2025 were \$25,156 (2024 - \$17,405).

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

See Note 10, “*Property, Plant and Equipment*” for further details of additions to right-of-use assets and depreciation charged on right-of-use assets during the three months ended March 31, 2025.

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

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

15. PREFERRED SHARES OF AECON UTILITIES

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

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

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

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

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

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

16. BANK INDEBTEDNESS

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

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

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

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

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

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17. INCOME TAXES

The provision for income taxes differs from the result that would be obtained by applying combined Canadian federal and provincial (Ontario, Alberta, Quebec and British Columbia) statutory income tax rates to profit or loss before income taxes. This difference results from the following:

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

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

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

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

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18. EMPLOYEE BENEFIT PLANS

Employee future benefit expenses for the period are as follows:

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

19. CONTINGENCIES

Kemano Generating Station Second Tunnel Project

During the second quarter of 2020, Rio Tinto issued a notice of termination of contract to the joint operation in which Aecon holds a 40% interest with respect to the Kemano Generating Station Second Tunnel Project. Rio Tinto also issued notice to the joint operations' sureties asserting a claim on the 50% performance bonds; the sureties entered into a cooperation agreement with Rio Tinto but have not taken a position on the validity of this claim on the bonds. In the third quarter of 2020, the joint operation issued a notice of civil claim seeking approximately \$105,000 in damages from Rio Tinto. The joint operation also registered and perfected a builders' lien against project lands, providing security over approximately \$97,000 of the claimed damages. In the first quarter of 2021, Rio Tinto issued a counterclaim against the joint operation and subsequently amended its pleadings to add the joint operation's parent companies to the action pursuant to parent company guarantees issued by said companies, and also to articulate counterclaim damages of approximately \$428,000. While it is possible that this commercial dispute could result in a material impact to Aecon's earnings and cash flow if not resolved in the Company's favour, the ultimate results cannot be predicted at this time. The aforementioned notice of civil claim was commenced in the Supreme Court of British Columbia between Frontier Kemper Constructors and Frontier Kemper – Aecon Joint Venture as plaintiffs/defendants by counterclaim and Rio Tinto Alcan Inc. and Aluminum Company of Canada Limited/Aluminum Du Canada Limitée as the defendants/plaintiffs by counterclaim.

K+S Potash Canada

During the second quarter of 2018, the Company filed a statement of claim in the Court of King's Bench for Saskatchewan (the "Court") against K+S Potash Canada ("KSPC") and KSPC filed a statement of claim in the Court against the Company. Both actions relate to the Legacy mine project in Bethune, Saskatchewan. The Company is seeking \$180,000 in payments due to it pursuant to agreements entered into between the Company and KSPC with respect to the project plus approximately \$14,000 in damages. The Company has recorded \$141,493 of unbilled revenue and accounts receivable at March 31, 2025. Offsetting this amount to some extent, the Company has accrued \$45,000 in trade and other payables for potential payments to third parties pending the outcome of the claim against KSPC. KSPC is seeking an order that the Company repay to KSPC approximately \$195,000 already paid to the Company pursuant to such agreements. The Company has also been brought into two other lawsuits in the same Court between KSPC and various other contractors involved with the Legacy mine project, both relating to matters which the Company believes are materially covered by insurance coverage, to the extent of any liability. In the fourth quarter of 2022, the Court issued a decision allowing an application by Aecon to add KSPC's parent company K+S Aktiengesellschaft ("KSAG") as a defendant to the lawsuit arising from KSAG's conduct in inducing KSPC to breach its contract with Aecon. These claims may not be resolved for several years. While the Company considers KSPC's claim to be without merit and does not expect that the resolution of these claims will cause a material impact to its financial position, the ultimate results cannot be predicted at this time.

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

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

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

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

Under the terms of many of the Company’s associate and joint arrangement contracts with project owners, each of the partners is jointly and severally liable for performance under the contracts. At March 31, 2025, the value of uncompleted work for which the Company’s associate and joint arrangement partners are responsible, and which the Company could be responsible for assuming, amounted to approximately \$7,829,293. In the event the Company assumed this additional work, it would have the right to receive the partner’s share of billings to the project owners pursuant to the respective associate or joint arrangement contract.

20. CAPITAL STOCK

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

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Normal Course Issuer Bid

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

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

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

STOCK-BASED COMPENSATION

Long-Term Incentive Plans

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

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

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

Other Stock-based Compensation – Director DSU Awards

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

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

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

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

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

Other Stock-based Compensation – Employee Share Unit (ESU) Awards

In April 2019, the Company adopted an Employee Share Unit ("ESU") plan, an employee benefit program that enables all permanent, non-unionized, Canadian resident employees to become shareholders of the Company. The program includes ESUs gifted to eligible employees, and additional ESUs that may be purchased by eligible employees during a predetermined window each year at a discounted price.

ESU awards and purchases vest annually over three years. ESUs are equity settled awards with compensation charges related to ESU awards and purchases expensed over the estimated vesting period in marketing, general and administrative expense.

For the three months ended March 31, 2025, the Company recorded an ESU compensation expense of \$150 (2024 - \$148).

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

	For the three months ended March 31, 2025		
	LTIP	Director DSUs	ESUs
	Share Units		
Balance outstanding - beginning of period	3,312,283	493,928	189,365
Granted	915,081	99,267	10,501
Dividend equivalent rights	23,229	3,463	2,639
Settled	(82,387)	-	(2,007)
Forfeited	(9,018)	-	(3,593)
Balance outstanding - end of period	4,159,188	596,658	196,905

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

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

21. EXPENSES

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

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Reported as:

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

22. OTHER INCOME

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

23. FINANCE COST

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

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24. EARNINGS PER SHARE

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

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

⁽¹⁾ When the impact of dilutive securities increases the earnings per share or decreases the loss per share, they are excluded for purposes of the calculation of diluted earnings (loss) per share.

25. SUPPLEMENTARY CASH FLOW INFORMATION

Change in other balances relating to operations

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

Cash flows from interest

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

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26. FINANCIAL INSTRUMENTS

Fair value

From time to time, the Company enters into forward contracts and other foreign exchange hedging products to manage its exposure to changes in exchange rates related to transactions denominated in currencies other than the Canadian dollar but does not hold or issue such financial instruments for speculative trading purposes. At March 31, 2025, the Company had contracts to buy US\$nil, sell US\$nil, and sell €1,600 (December 31, 2024 – buy US\$16,000, sell US\$nil, and sell €2,500, respectively), on which there was a cumulative net unrealized exchange gain of \$3 recorded in the consolidated statements of income at that date (December 31, 2024 - gain \$10). In addition, at March 31, 2025, outstanding contracts to buy US\$13,500 (December 31, 2024 – buy US\$338) were designated as cash flow hedges on which there was a cumulative unrealized gain recorded in other comprehensive income of \$52 (December 31, 2024 – gain \$55). The net unrealized exchange gain or loss represents the estimated amount the Company would have received/paid if it terminated the contracts at the end of the respective periods.

In addition, some of the Company's investments in projects accounted for using the equity method enter into derivative financial instruments, namely interest rate swaps, to hedge the variability of interest rates related to non-recourse project debt. At March 31, 2025, for these derivative financial instruments designated as cash flow hedges, there was a cumulative unrealized gain recorded in other comprehensive income of \$410 (December 31, 2024 - gain \$1,064).

IFRS 13, "Fair Value Measurement", enhances disclosures about fair value measurements. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs. The first two levels are considered observable and the last unobservable. These levels are used to measure fair values as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs, other than Level 1 inputs, that are observable for assets and liabilities, either directly or indirectly. Level 2 inputs include: quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table summarizes the fair value hierarchy under which the Company's fair value disclosures of financial instruments are calculated.

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

During the three months ended March 31, 2025, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

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

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Preferred Shares of Aecon Utilities

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

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

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

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

Risk management

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposures that occur in the normal course of business and are managed on a consolidated Company basis.

Credit risk

Concentration of credit risk associated with accounts receivable, holdbacks receivable and unbilled revenue is limited by the Company's diversified customer base and its dispersion across different business and geographic areas.

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

Liquidity risk

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

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

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

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

Interest rate risk

The Company is exposed to interest rate risk on its short-term deposits and its long-term debt to the extent that its investments or credit facilities are based on floating rates of interest.

For the three months ended March 31, 2025, a 1% increase or a 1% decrease in interest rates applied to the Company's variable rate long-term debt would not have a significant impact on net earnings or comprehensive income.

Currency risk

The Company operates internationally and is exposed to risk from changes in foreign currency rates. The Company is mainly exposed to fluctuations in the US dollar.

At March 31, 2025, a 10% change in the US dollar against the Canadian dollar would have impacted the Company's profit or loss in the current period by \$4,565 because of currency exposures. The sensitivity analysis includes foreign currency denominated monetary items but excludes all investments in joint ventures and hedges and adjusts their translation at year-end for the above 10% change in foreign currency rates.

27. CAPITAL DISCLOSURES

For capital management purposes, the Company defines capital as the aggregate of its shareholders' equity and debt. Debt includes the current and non-current portions of long-term debt (excluding non-recourse debt and drawings on the Company's credit facilities presented as bank indebtedness), convertible debentures, and Preferred Shares of Aecon Utilities.

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

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

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

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

28. OPERATING SEGMENTS

Segment reporting is based on the Company's divisional operations. The breakdown by division mirrors the Company's internal reporting systems.

The Company currently operates in two segments within the infrastructure development industry: Construction and Concessions. The other costs and eliminations category in the summary below includes corporate costs and other activities not directly allocable to segments and also includes inter-segment eliminations.

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

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

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

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

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

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

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

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

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

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



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