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			
	Construction	Concessions	Other costs and eliminations	Consolidated	Construction	Concessions	Other costs and 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)	April 23, 2025
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.