Aecon Group Inc.

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

December 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 audited consolidated financial statements and accompanying notes for the year ended December 31, 2025. This MD&A is dated as at March 5, 2026, when the Company's Board of Directors approved this document. Additional information on Aecon is available through the System for Electronic Document 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 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 energy 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 energy security and energy addition; the ability to capitalize on, and the continued growth of, the increasing demand for clean, affordable, and reliable energy; 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 extreme weather-related risks, including the ability to recognize and adequately respond to concerns or public, governmental, and other stakeholders' expectations on environmental 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 risks relating to performance of U.S. government contracts; 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 safety risks related to the performance of nuclear projects; the risk of costs or difficulties related to the integration of recently acquired entities being greater than expected; the risk of the anticipated benefits and synergies from the acquisitions not being fully realized or taking longer than expected to realize; and the risk of being unable to retain key personnel or to maintain relationships with customers, suppliers or other partners of recently acquired companies.

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 the Section 13 - "Risk Factors" in this 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's audited consolidated financial statements and the accompanying notes for the year ended December 31, 2025 and 2024 were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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 Accounting Standards; 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 presented in the consolidated statements of income 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 Accounting Standards; 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 Accounting Standards measure for Adjusted Profit (Loss) Attributable to Shareholders is Profit (Loss) Attributable to Aecon Shareholders.

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) for the period, before finance income, finance cost, and income tax expense (recovery).

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 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 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.
- **"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.

Management uses the above non-GAAP ratios to analyze and evaluate operating performance.

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

Acquisition of KPC

On January 6, 2026, Aecon Utilities Group Inc. ("AUGI") completed the acquisition of K.P.C. Power Electrical Ltd. and K.P.C. Energy Metering Solutions Ltd. (collectively "KPC"), headquartered in Ontario. The acquisition was financed through AUGI's standalone committed revolving credit facility. Upon closing of the transaction, KPC's management and operational teams joined AUGI.

KPC has approximately 100 employees and the majority of its work is with local electricity distribution companies in Ontario. Founded in 2011, KPC's power electrical business provides high-voltage testing and commissioning services including substation technical services, emergency response, project management, material procurement, quality assurance, and preventative maintenance, amongst other services. Founded in 2018, KPC's energy metering solutions business provides services including meter installation and replacement, re-verification, testing, cross-phase analysis, compliance investigation and troubleshooting services for all voltage classes.

Acquisition of Trinity Industrial Services

On September 18, 2025, Aecon acquired Trinity Industrial Services ("Trinity"), headquartered in Beaumont, Texas. Founded in 2008, Trinity has approximately 60 employees and provides multidisciplinary services supporting maintenance, capital projects, turnarounds, and fabrication for core industrial clients, primarily in Texas and across the Gulf Coast Region. The majority of Trinity's revenues are recurring in nature and are conducted under multi-year master service agreements. Upon closing of the transaction, Trinity's management and operational teams joined Aecon's Industrial sector.

Acquisition of Bodell Construction

On August 7, 2025, Aecon acquired Bodell Construction Company ("Bodell"), an industrial construction company headquartered in Salt Lake City, Utah. Founded in 1972, Bodell is a non-union industrial construction company with approximately 150 employees. Bodell specializes in oil and gas, mining, water and wastewater, and power generation projects across the Western and Southern U.S. Upon closing of the transaction, Bodell's management and operational teams joined Aecon's Industrial sector.

Renewal of Normal Course Issuer Bid

On August 15, 2025, the Toronto Stock Exchange ("TSX") approved the renewal of the Company's normal course issuer bid (the "NCIB") pursuant to which the Company may purchase for cancellation up to 3,180,767 Common Shares of Aecon, representing 5% of the issued and outstanding Common Shares as of August 7, 2025. The NCIB commenced on August 19, 2025 and will end no later than August 18, 2026. See also Section 10.7 "Normal Course Issuer Bid" of this MD&A.

Update on Certain Fixed Price Legacy Projects

In the Construction segment, certain large fixed-price legacy projects entered into in 2018 or earlier by joint operations in which Aecon is a participant were negatively impacted in recent years by additional costs for which the joint operations assert that the owners are contractually responsible (see Section 10.2 "Contingencies" and Section 13 "Risk Factors" of this MD&A). As part of its ongoing review of critical accounting estimates in respect of the large fixed price legacy projects now nearing completion, Aecon recognized an operating loss of $6.1 million in the fourth quarter of 2025 (operating loss of $35.8 million in the same period of 2024) and an operating loss of $94.4 million in 2025 (operating loss of $272.8 million in 2024) from the legacy projects. These legacy projects comprised 5% and 3%, respectively, of consolidated revenue in the fourth quarter and full year of 2025, compared to 4% and 5%, respectively, of consolidated revenue in the fourth quarter and full year of 2024.

Aecon and its joint operations partners are dedicating all necessary resources to pursue fair and reasonable settlement agreements with the respective clients in each case. Of the three projects active in 2025, two were substantially completed in the fourth quarter of 2025 and the final project is expected to be substantially complete in the first half of 2026. 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, further impacts to the construction schedule, unknown commissioning risks, and further client changes.

At December 31, 2025, the remaining backlog to be worked off on the legacy projects was $61 million compared to backlog of $121 million at December 31, 2024. The fixed price legacy projects comprised less than 1% of backlog at December 31, 2025 compared to 2% at December 31, 2024.

6. BUSINESS STRATEGY

Aecon's overall strategic goal is to be the number one Canadian infrastructure company that safely, profitably, and sustainably delivers integrated services, products, and solutions to meet its clients' needs.

Current Position

For over a decade, Aecon has built scale in core markets, achieved diversity and balance in geographic and end-market sectors, and embedded a culture of operating excellence, enhanced risk management, and consistent performance using a "One Aecon" approach to meeting the needs of its clients. In recent years, this effort has been highlighted by the development of a growing portfolio of concession investments tied to major Canadian and international infrastructure projects, and the selection of Aecon as a partner in consortiums developing large, collaborative, and progressive design build projects. Aecon has also completed strategic acquisitions and investments in core operations, while divesting select non-core operations, to allow for an increased focus on Aecon's chosen end-markets.

Aecon's core strategy is to differentiate its service offering and execution capability to secure projects with appropriate risk-adjusted returns by increasing the sophistication and efficiency of the work being performed and improving the Company's competitive advantage through its ability to provide value to its clients. As part of this differentiation, Aecon continues to work with its clients to develop collaborative alternative procurement and contracting models with the goal to reduce cost and schedule risk during construction and accelerate the Company's growth in long-term recurring revenue programs through related operations and maintenance contracts. Revenue from recurring revenue programs (which comprises revenue earned under maintenance master services agreements and from ongoing operations) was $926 million in 2025 as compared to $1,018 million in 2024.

Aecon seeks to position its operations to capture opportunities associated with evolving infrastructure, energy, and security demands. The Company is strategically focused on projects that harness electrification, through nuclear, battery storage, hydro-electric, conventional power generation, power transmission, electrical substation, and power distribution, as well as projects focused on waste and water infrastructure, ports, airports, rail transit, defence, and other energy-related infrastructure.

In 2021, the Company set long-term goals to reduce emissions from its own operations (Scope 1 and Scope 2), supported by interim targets focused on improving efficiency and lowering emissions per dollar of revenue. Through equipment upgrades, changes in operating practices, and improved energy management, Aecon exceeded its initial interim target ahead of schedule. By 2025, the Company achieved a 53% cumulative reduction in Scope 1 and Scope 2 emissions per million dollars of revenue compared to 2020. In 2023, Aecon established updated, externally validated targets under the Science Based Targets initiative (SBTi) to further reduce emissions from its direct operations. These targets include a 50% absolute reduction in Scope 1 and Scope 2 emissions by 2032 from a 2022 baseline. As of December 31, 2025, the Company has already achieved a 42% absolute reduction, reflecting continued progress driven by operational efficiency, disciplined asset management, and evolving regulatory and client requirements.

In 2025, Aecon was recognized as one of *Canada's Greenest Employers* by Mediacorp Canada Inc. as a leader in creating an organizational culture of environmental awareness, was ranked as one of the *Top 50 Corporate*

Citizens by Corporate Knights, and was a partner on seven projects aligned with the Envision Sustainable Infrastructure Framework.

Forward Together 2024 – 2027 Strategic Plan

In 2024, Aecon adopted its Forward Together 2024 – 2027 Strategic Plan (the "Strategic Plan") which is reviewed by management and the Board of Directors on an ongoing basis to adapt to changes in the external environment. The markets prioritized in the Strategic Plan – "Where to Play" – are contributing to a de-risked portfolio, accelerated growth and profitability, and more predictable returns. Our win strategy – "How We Win" – identifies three Key Focus areas the Company will continue to develop to maintain a competitive advantage and secure a leading position. Anchored by Aecon's purpose – building what matters to enable future generations to thrive – the key elements of the Strategic Plan are outlined below.

Where to Play

Aecon leverages its construction and concessions experience to pursue a wide mix of projects across various market sectors, including collaborative alternative procurement projects with both government and private clients in North America and internationally. Building on its experience in the design, build, finance, maintenance, and operations of North American and international infrastructure development, Aecon is targeting additional project opportunities and partnerships that require this specialized experience and capability. Aecon remains committed to expanding its construction activities with a focus on pursuing projects both organically and through strategic acquisitions that foster growth in key areas such as nuclear, industrial, electrical transmission and distribution, and renewable energy. Revenue tied to sustainability projects represented 72% of 2025 revenue compared to 59% in 2024. These projects include, but are not limited to, projects that reduce emissions, support electrification, support clean water use and conservation, extreme weather mitigation and adaptation, and reduce or recycle waste.

In 2025, the Company completed three strategic acquisitions with a focus on expanding core industrial and utilities capabilities and capacity. In the U.S., Aecon acquired Bodell and Trinity. Bodell is an industrial construction company that specializes in capital expenditure projects across the oil and gas, mining, water and wastewater, and power generation sectors in the Western and Southern U.S. Trinity is an industrial services company that specializes in fabrication and O&M projects for industrial clients primarily in Texas and across the Gulf Coast Region. These acquisitions enhance Aecon's strategic position in the U.S. and target high-momentum sectors such as energy, power, mining and water in key geographic markets. Advancing continued growth across the utilities sector, Aecon Utilities acquired after year-end KPC in Ontario. KPC's high-voltage testing, commissioning and metering solutions capabilities accelerate Aecon Utilities' ability to harness grid modernization, electrification, and infrastructure upgrade opportunities.

While Aecon remains focused on growth within Canada, the Company continues to embrace new opportunities in the U.S. and international infrastructure development and construction markets to continue to grow and diversify the business over time, both organically and through targeted acquisitions. These opportunities are intended over the long-term to diversify Aecon's geographic presence and provide greater growth potential and earnings stability through economic cycles and to balance the Company's overall portfolio.

In 2025, Aecon and Aecon consortiums were awarded or selected for notable projects in the U.S. and international markets. Key examples include an Aecon partnership was selected to collaboratively complete the design, planning and construction of the first four of 12 Xe-100 small modular reactors at Energy Northwest's Cascade Advanced Energy Facility in Washington State under a progressive design-build model upon finalizing negotiations. Additionally, Aecon completed key international projects including the Kingstown Port Modernisation in Saint Vincent and the Grenadines, and the Anguilla International Airport Redevelopment, while also progressing on civil work in Barbados and the V.C. Bird International Airport project in Antigua and Barbuda. Revenue from U.S. and international markets increased by $386 million, or 87%, in 2025 versus 2024.

In Canada, an Aecon joint operation was awarded a collaborative contract which includes the definition phase work for the retube, feeder, and boiler replacement of four units at the Pickering Nuclear Generating Station in Ontario, and an Aecon general partnership was awarded an alliance construction contract for the execution phase of the Darlington New Nuclear Project in Ontario.

Aecon consortiums achieved financial close on the Yonge North Subway Extension Advance Tunnel project in Ontario, achieved commercial close on the Scarborough Subway Extension progressive design-build project in Ontario, and reached substantial completion on the Eglinton Crosstown light rail transit ("LRT") and Finch West LRT projects, delivering the first two modern LRT systems in Toronto with Aecon holding interests in the respective 30-year concession and maintenance terms. Aecon partnerships also reached financial close on the Port of Montreal Expansion in-water works project in Quebec and commenced commercial operations on the Oneida Energy Storage Project, delivering Canada's largest grid-scale battery energy storage facility.

The Company's growth initiatives are primarily directed towards investment in areas designed to reduce at-risk work and increase activities with more attractive risk-adjusted return profiles, including recurring revenue opportunities, long-term concessions and related operations and maintenance opportunities, energy, and other projects with strong long-term demand profiles such as mass transit infrastructure, critical resource development, water infrastructure, and defence infrastructure.

How We Win

Aecon is focused on the following three Key Focus areas designed to provide operational excellence and enable consistently profitable growth across the organization and in support of "How We Win" in its priority markets:

1) Outstanding Teams

Aecon is committed to developing its employees and building on its strong foundation of people and culture. A focus on driving progressive leadership skill development, enhancing project execution capabilities, maximizing career development outcomes, and helping prepare the Company to navigate a competitive labour environment in the industry, are all key to fulfilling Aecon's growth potential.

Equipping its leaders and workforce with the necessary knowledge, skills, and experience to thrive in the emerging world of infrastructure is key to Aecon's future success. Developing outstanding leaders and teams capable of managing growth and diversity, fostering innovation, entering new markets, adapting and developing collaborative contract delivery models, and leveraging emerging and innovative construction practices are critical strategic levers for Aecon. In 2025, the Company enhanced some of its key learning programs, progressed its Aecon Executive Forum to foster senior leadership growth, introduced new learning experiences to augment its Project Management Academy and advanced its Indigenous Mentorship Program to provide participants with greater exposure and opportunities. Aecon continued investing in its people, with employees completing a target number of hours annually dedicated to professional development including expanded employee access to comprehensive third-party learning and development tools. Several Aecon University learning platform initiatives supporting operational objectives through 2027 progressed, including programs for new and emerging people leaders, and sustainable construction certification programs offered in collaboration with colleges and universities.

The Company is committed to being a first-choice employer, drawing top talent from within and outside of the construction industry. Demonstrating a culture of safety and fostering social impact and engagement in our communities are competitive differentiators in the construction industry, and Aecon's approach on these factors places the Company at the forefront of attracting and retaining the best talent to support its strategic goals.

2) Execution Excellence

Aecon embraces project complexity and is focused on the safe, on-time, on-budget delivery of its projects. To support operational teams with industry-proven best practices that aim to increase efficiency and effectiveness on construction projects, eliminate wasteful activities, and ultimately add value for all stakeholders, Aecon invested further in its Building Smarter program designed to embed a culture of continuous improvement across the Company.

Building Smarter has become a continuous improvement centre of excellence with a team of experienced professionals supporting projects through Lean Construction methods and a suite of methods such as the Last Planner System®, mobile-accessible platforms, training, and resources tailored to Aecon's operations. This approach seeks to strengthen the Company's ability to improve cost and schedule certainty to maximize value for clients, which Aecon believes can provide a competitive advantage with respect to bidding and executing certain construction projects. Through key initiatives such as Waste Walks and the use of enhanced scheduling tools, Aecon teams have demonstrated success in completing key project milestones on or ahead of schedule and realizing identified savings while working to mitigate non-value-adding activities. Aecon believes that efficiencies are also derived from the depth and breadth of its capabilities, allowing it to participate in projects beyond the scope of any one discipline or business unit.

3) Risk versus Opportunity Balance

A key pillar of Aecon's approach to risk management is to seek to maintain balance in terms of sectors, clients, contract models, project scale and geographies, with the goal of reducing the risk of being over-exposed in any one of these areas. This approach is complemented by a focus on identifying, mitigating, and managing the risks inherent in every project the Company undertakes. Aecon continues to develop strategies and implement tools to manage the risk associated with complex construction work, each of which are assessed and refined on an ongoing basis as needed. The Company developed and implemented a project risk gating assessment tool in 2022 to enhance its approach to disciplined project selection with a view to ensuring project pursuits are aligned with the Company's strengths and designed to achieve the balance outlined above. Since implementation, the Company refined the tool further and developed guidelines on key terms and conditions in collaborative contract models while increasing its focus on monitoring and mitigating project risk – including the development of additional resources to diagnose and address variances on projects early in execution.

Aecon consortiums continued to advance ongoing projects being delivered under collaborative models including the U.S. Virgin Islands Port Authority Airports P3 Project currently under development, the Winnipeg

North End Sewage Treatment Plant Biosolids Facilities Upgrade project in Manitoba, the GO Expansion Civil Works project in Ontario, and the Howard A. Hanson Dam Additional Water Storage Fish Passage Facility project in Washington State.

Revenue from non-fixed price work increased to 68% of total revenue in 2025 from 61% of total revenue in 2024, and reported backlog at December 31, 2025 was comprised of 73% non-fixed price work versus 58% at the end of 2024.

Strategic Plan Economic Goals

The Strategic Plan is underpinned by a culture of safety, innovation, sustainability, operational excellence, continuous improvement, and risk management towards improving operating margins, prudent and balanced growth, and discipline in the allocation of capital, all ultimately designed to deliver increased value for shareholders:

- Profit: Seek to achieve best-in-class risk-adjusted operating margin in the Construction segment relative to Canadian and international peers;
- Growth Capacity and Risk Management: Target prudent balance sheet leverage and liquidity and a balanced and diversified revenue risk profile;
- Success Sharing: Foster an ownership culture across the Company and a rewarding profit-sharing structure; and
- Shareholder Return: Focus on capital allocation to drive improvements in return on capital employed, growth, efficiency, and more predictable cash flow and earnings.

Particular Focus for 2026 – the Company is focused on a number of programs and key initiatives to advance its overall strategy in 2026, including:

1. advancing key Environment, Health and Safety ("EHS") performance through the continued improvement of three core areas including Control of Critical Risks; Strengthening Systems and Processes; and Fostering an Engagement Culture, as well as a focus on standardized EHS program elements enabling improved consistency and adoption in new projects and businesses through Aecon project execution;
2. building on established learning experiences and programs that foster Aecon's operating culture through a period of significant growth, including in the U.S. and internationally, such as hosting leadership summits, developing an operational readiness task force, and extending Aecon's Project Management Academy curriculum;
3. investing in processes to support anticipated growth in new geographies and markets from an operational, safety, and compliance perspective, including enhancements to the Company's compliance program, expanding security requirements and artificial intelligence tools to meet Aecon's growth, and upgrading integrated systems focusing on construction, equipment, time management and accounting;
4. completing and satisfactorily resolving claims on the remaining three legacy projects with the respective clients (see Section 10.2 "Contingencies" and Section 13 "Risk Factors" of this MD&A);
5. progressing through the collaborative phases of major projects procured under delivery models designed to mitigate and manage execution risks and advancing these projects to the respective construction, operations, and maintenance phases;

6. implementing initiatives that support Aecon's long-term objectives by advancing the use of higher efficiency construction equipment and lower-carbon construction materials, while embedding these considerations into Aecon's strategic approach to meeting client and market expectations;
7. ongoing optimization of Aecon's portfolio of businesses, which may include the pursuit of strategic acquisitions and investments in core operations or the divestment of lower priority assets to allow for an increased focus on Aecon's chosen end-markets and geographies, primarily in the U.S. and Canada; and
8. building on Aecon's experience in infrastructure development, P3 and long-term concession projects to pursue innovative development and concession opportunities across sectors where Aecon has established or expanding capabilities in development, construction, and operations and maintenance, including markets focused on evolving energy systems.

7. CONSOLIDATED FINANCIAL HIGHLIGHTS

$ millions (except per share amounts)		Three months ended December 31				Year ended December 31		
		2025		2024		**2025**		2024
Revenue	**$**	**1,541.2**	**$**	**1,267.0**	**$**	**5,434.7**	**$**	**4,242.7**
Gross profit		144.1		107.2		394.1		182.5
Marketing, general, and administrative expense		(63.0)		(57.1)		(234.0)		(213.2)
Income from projects accounted for using the equity method		2.0		1.6		7.8		21.2
Other income		11.1		4.1		25.4		37.3
Depreciation and amortization		(30.1)		(26.2)		(106.2)		(87.8)
Operating profit (loss)		**64.2**		**29.6**		**87.1**		**(60.1)**
Finance income		3.9		1.9		8.9		8.6
Finance cost		(32.8)		(8.3)		(71.2)		(25.1)
Profit (loss) before income taxes		**35.3**		**23.1**		**24.8**		**(76.5)**
Income tax (expense) recovery		(14.2)		(9.0)		(9.3)		17.1
Profit (loss)		21.1		14.1		15.5		(59.4)
Non-controlling interests		(0.4)		(0.1)		(0.4)		(0.1)
Profit (loss) attributable to shareholders	**$**	**20.7**	**$**	**14.0**	**$**	**15.2**	**$**	**(59.5)**
Gross profit margin(3)		**9.3%**		**8.5%**		**7.3%**		**4.3%**
MG&A as a percent of revenue(3)		**4.1%**		**4.5%**		**4.3%**		**5.0%**
Adjusted EBITDA(1)	**$**	**97.3**	**$**	**76.3**	**$**	**234.6**	**$**	**82.6**
Adjusted EBITDA margin(2)		**6.3%**		**6.0%**		**4.3%**		**1.9%**
Operating margin(3)		**4.2%**		**2.3%**		**1.6%**		**(1.4)%**
Adjusted profit (loss) attributable to shareholders(1)	**$**	**34.6**	**$**	**15.2**	**$**	**26.6**	**$**	**(66.8)**
Earnings (loss) per share – basic	**$**	**0.33**	**$**	**0.22**	**$**	**0.24**	**$**	**(0.95)**
Earnings (loss) per share – diluted	**$**	**0.31**	**$**	**0.21**	**$**	**0.23**	**$**	**(0.95)**
Adjusted earnings (loss) per share – basic(2)	**$**	**0.54**	**$**	**0.24**	**$**	**0.42**	**$**	**(1.07)**
Adjusted earnings (loss) per share – diluted(2)	**$**	**0.52**	**$**	**0.23**	**$**	**0.40**	**$**	**(1.07)**
Backlog (at end of period)					**$**	**10,714**	**$**	**6,662**

(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 year ended December 31, 2025 of $5,435 million was $1,192 million, or 28%, higher compared to 2024. Revenue was higher in the Construction segment ($1,200 million) with increases in nuclear ($559 million), industrial ($337 million), urban transportation solutions ($128 million), civil ($111 million), and utilities operations ($65 million). Higher revenue in the Construction segment was primarily driven by an increase in the volume of refurbishment, new build, and engineering services work at nuclear generating stations in Ontario and the U.S., and by a higher volume of field construction work at industrial facilities in western Canada. In the Concessions segment, revenue was $4 million lower in 2025 compared to the prior year primarily from a decrease in revenue from maintenance operations related to LRT projects. Revenue was also lower in Corporate and Other after inter-segment revenue eliminations by $4 million.

Operating profit of $87.1 million for the year ended December 31, 2025 compares to operating loss of $60.1 million for the year ended December 31, 2024, an improvement of $147.2 million.

The higher year-over-year operating profit in 2025 was driven by an increase in gross profit of $211.6 million. In the Construction segment, gross profit increased by $220.9 million primarily reflecting a decrease in losses related to the fixed price legacy projects of $178.4 million (i.e. negative gross profit in 2025 of $94.4 million compared to negative gross profit in 2024 of $272.8 million). These fixed price legacy projects are discussed in Section 5 “Recent Developments”, Section 10.2 “Contingencies”, and Section 13 “Risk Factors” in this MD&A. In addition to the impacts from the fixed price legacy projects, gross profit in the balance of the Construction segment was higher by $42.6 million. This increase in gross profit was primarily driven by higher volume in nuclear, industrial, and utilities operations, partially offset by lower gross profit margin in urban transportation solutions from mass transit projects nearing completion or transitioning from development phase work to early construction works in the implementation phase, and from lower gross profit margin in civil western operations. In the Concessions segment, gross profit in 2025 decreased by $0.7 million compared to 2024 primarily from lower O&M fees, and in Corporate and Other where gross profit decreased by $8.7 million as a result of lower inter-segment cost recoveries from projects.

MG&A in 2025 increased by $20.8 million compared to 2024. The increase in MG&A was primarily due to MG&A from recently acquired businesses, and higher personnel costs supporting revenue growth in the current year, largely in the nuclear and civil operations. These amounts were partially offset by lower business acquisition related costs of $8.2 million, largely related to changes in the fair value of contingent consideration and lower advisory, legal, and other transaction fees. MG&A as a percentage of revenue decreased from 5.0% in 2024 to 4.3% in 2025.

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. Aecon reported income of $7.8 million in 2025 from projects accounted for using this method of accounting, compared to $21.2 million in 2024. In the Concessions segment, lower income in 2025 ($12.8 million) was driven by a decrease in operating results from Bermuda Skyport Corporation Limited (“Skyport”) largely from one-time recoveries of $5.9 million reported in 2024, from a decrease in management and development fees related to various concession projects nearing or achieving substantial completion of construction activities in 2025, and the impact of an O&M contract that ended in the first half of 2025. In the Construction segment, income was lower by $0.6 million. For details on Aecon’s interest in these joint ventures, see Note 11 “Projects Accounted for Using the Equity Method” in the Company’s audited consolidated financial statements for the year ended December 31, 2025.

Depreciation and amortization expense of $106.2 million in 2025 was $18.4 million higher than in 2024. Depreciation and amortization expense increased year-over-year in the Construction segment ($18.3 million), driven by higher depreciation and amortization expense from equipment and intangible assets associated with recent business acquisitions completed in 2024 and 2025, partially offset by lower depreciation and amortization expense in the balance of the Construction segment. In addition, depreciation and amortization expense was unchanged in the Concessions segment and was higher ($0.1 million) in Corporate and Other.

Net financing expense of $62.3 million in 2025, consisting of finance cost of $71.2 million less finance income of $8.9 million, was $45.8 million higher than in 2024. The year-over-year increase in net financing expense is primarily related to changes in the fair value of the Preferred Shares of Aecon Utilities of $27.4 million, as well as higher borrowings on Aecon's revolving credit facilities, and higher accrued dividends on the Preferred Shares of Aecon Utilities.

Set out in Note 20 "Income Taxes" of the Company's audited consolidated financial statements for the year ended December 31, 2025 is a reconciliation between the expected income tax expense (recovery) for 2025 and 2024 based on statutory income tax rates and the actual income tax expense (recovery) reported for both these periods. In 2025, the effective income tax rate differed from the Canadian statutory income tax rate of 26.0% mainly due to the impact of non-deductible expenses and fair value gains/losses, as well as the geographic mix of earnings, largely related to international projects. While in 2024, the effective income tax rate differed from the Canadian statutory income tax rate of 26.4% mainly due to the geographic mix of earnings, largely related to international projects and in particular the Skyport project, as well as the impact of non-deductible expenses and other permanent items.

Reported backlog at December 31, 2025 of $10,714 million compares to backlog of $6,662 million at December 31, 2024. New contract awards of $9,487 million were booked in 2025 compared to $4,747 million in 2024. The reported 2025 awards include $42 million of backlog acquired at the time the acquisitions of Bodell and Trinity closed.

Backlog $ millions	**At December 31**			
		2025		2024
Construction	**$**	**10,694**	$	6,551
Concessions		**20**		111
Consolidated	**$**	**10,714**	$	6,662

Estimated backlog duration $ millions	**At December 31**					
		2025			2024	
Next 12 months	**$**	**3,631**	**34%**	$	3,004	45%
Next 13-24 months		**2,097**	**20%**		1,284	19%
Beyond		**4,986**	**46%**		2,374	36%
	$	**10,714**	**100%**	$	6,662	100%

The timing of work to be performed for projects in backlog at December 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 December 31		Year ended December 31	
	2025	2024	**2025**	2024
Revenue	**$ 1,537.3**	$ 1,252.5	**$ 5,420.7**	$ 4,220.5
Gross profit	**$ 142.3**	$ 96.1	**$ 394.5**	$ 173.6
Adjusted EBITDA(1)	**$ 93.4**	$ 65.0	**$ 220.4**	$ 34.2
Operating profit (loss)	**$ 72.1**	$ 33.0	**$ 127.4**	$ (55.0)
Gross profit margin(3)	**9.3%**	7.7%	**7.3%**	4.1%
Adjusted EBITDA margin(2)	**6.1%**	5.2%	**4.1%**	0.8%
Operating margin(3)	**4.7%**	2.6%	**2.3%**	(1.3)%
Backlog (at end of period)			**$ 10,694**	$ 6,551

(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.

For the year ended December 31, 2025, revenue in the Construction segment of $5,421 million was $1,200 million, or 28%, higher than in 2024. Revenue was higher in all sectors with the largest increase occurring in nuclear operations ($559 million), driven by an increase in the volume of refurbishment, new build, and engineering services work at nuclear generating stations located in Ontario and the U.S. Higher revenue in industrial ($337 million) was driven by an increase in field construction work at industrial mining facilities in western Canada, incremental revenue in the U.S. from the Bodell and Trinity acquisitions completed in the third quarter of 2025, and a favourable impact on the revenue comparison from the Coastal GasLink ("CGL") Pipeline Project settlement agreement in 2024. Revenue was also higher in urban transportation solutions ($128 million), primarily from an increase in subway and commuter rail system projects. In civil operations, higher revenue ($111 million) was mainly due to an increase in the civil infrastructure component of power and rail projects, and from major project work performed internationally, partially offset by a lower volume of highway, road, and bridge building activity. In utilities operations, higher revenue ($65 million) was due to a higher volume of gas distribution work in Canada and electrical work in the U.S., partially offset by a lower volume of battery energy storage systems and telecommunications work.

Operating profit in the Construction segment of $127.4 million in 2025 compares to an operating loss of $55.0 million in 2024, for an improvement in operating profit of $182.4 million. The largest driver of this increase was lower losses from the fixed price legacy projects in 2025 which contributed a net favourable year-over-year impact on operating profit of $178.4 million (i.e. negative gross profit of $94.4 million in 2025 compared to negative gross profit of $272.8 million in 2024). The fixed price legacy projects are discussed in Section 5 “Recent Developments”, Section 10.2 “Contingencies”, and Section 13 “Risk Factors” of this MD&A. In the balance of the Construction segment, operating profit increased by $4.0 million in 2025. This operating profit increase resulted primarily from a volume driven increase in gross profit in nuclear, industrial, and utilities operations, as well as from a decrease in costs related to business acquisitions of $20.3 million. Costs related to business acquisitions includes a decrease in costs related to advisory, legal, and other transaction fees ($0.8 million); changes in the fair value of contingent consideration ($12.4 million); and decreases in contingent consideration classified as compensation expense ($7.1 million). These increases were partially offset by lower operating profit in civil due to lower gross profit margin in western operations, and in urban transportation solutions due to lower gross profit from mass transit projects nearing completion and the impact on gross profit margin of progressive design-build transit scopes transitioning from development phase work to early construction works. Other items impacting operating profit in 2025 include a decrease in gains on the sale of equipment ($9.4 million, largely in the industrial operations), and higher amortization expense related to acquisition-related intangible assets ($13.1 million).

Construction segment backlog at December 31, 2025 was $10,694 million, an increase of $4,143 million compared to the same time last year. Backlog increased year-over-year in urban transportation solutions ($2,716 million), civil ($804 million), nuclear ($528 million), utilities ($90 million), and industrial operations ($5 million). New contract awards in 2025 totaled $9,472 million compared to $4,732 million in 2024. The reported awards in 2025 include $42 million of backlog acquired at the closing of the Bodell and Trinity acquisitions. In 2025, Aecon-led consortiums reached commercial close on a progressive design-build project for the Scarborough Subway Extension and reached financial close on the Yonge North Subway Extension Advance Tunnel project, both in Ontario; 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, and an Aecon-led partnership was awarded an alliance construction contract for the execution phase of the Darlington New Nuclear Project in Clarington, 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 December 31			Year ended December 31			
		2025		2024		**2025**		2024
Revenue	**$**	**1.8**	$	4.2	**$**	**7.6**	$	12.0
Gross profit (loss)	**$**	**(0.2)**	$	0.6	**$**	**(2.2)**	$	(1.5)
Income from projects accounted for using the equity method	**$**	**1.9**	$	0.8	**$**	**7.9**	$	20.8
Adjusted EBITDA(1)	**$**	**13.1**	$	17.4	**$**	**56.8**	$	86.9
Operating profit	**$**	**1.0**	$	1.6	**$**	**3.2**	$	24.2
Backlog (at end of period)					**$**	**20**	$	111

(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 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 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 year ended December 31, 2025, revenue in the Concessions segment of $8 million was $4 million lower than in 2024. The decrease was primarily due to lower revenue from maintenance.

Operating profit in the Concessions segment of $3.2 million for the year ended December 31, 2025 decreased by $21.0 million compared to an operating profit of $24.2 million in 2024. The decrease in operating profit was primarily driven by lower operating results from Skyport due to a gain on sale of $5.9 million related to incremental proceeds from the partial sale of Skyport and one-time recoveries in Skyport of $5.9 million, both reported in 2024. In the balance of the segment, the decrease in operating profit resulted from lower income from O&M activities, including the impact of an O&M contract that ended in the first half of 2025, and a decrease in management and development fees related to various concession projects nearing or achieving substantial completion of construction activities in 2025.

9. QUARTERLY FINANCIAL DATA

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

$ millions (except per share amounts)

	2025				2024			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Revenue	**$ 1,541.2**	**$ 1,530.2**	**$ 1,301.6**	**$ 1,061.7**	**$ 1,267.0**	**$ 1,275.3**	**$ 853.8**	**$ 846.6**
Adjusted EBITDA(1)	**97.3**	**92.7**	**41.1**	**3.6**	**76.3**	**126.9**	**(153.5)**	**32.9**
Earnings (loss) before income taxes	**35.3**	**49.7**	**(11.0)**	**(49.2)**	**23.1**	**77.8**	**(170.8)**	**(6.7)**
Profit (loss) attributable to shareholders	**20.7**	**40.0**	**(7.6)**	**(37.9)**	**14.0**	**56.5**	**(123.9)**	**(6.1)**
Adjusted profit (loss) attributable to shareholders(1)	**34.6**	**33.1**	**(6.6)**	**(34.6)**	**15.2**	**55.6**	**(127.4)**	**(10.2)**
Earnings (loss) per share:								
Basic	**$ 0.33**	**$ 0.63**	**$ (0.12)**	**$ (0.60)**	**$ 0.22**	**$ 0.90**	**$ (1.99)**	**$ (0.10)**
Diluted	**0.31**	**0.60**	**(0.12)**	**(0.60)**	**0.21**	**0.85**	**(1.99)**	**(0.10)**
Adjusted earnings (loss) per share:								
Basic(2)	**$ 0.54**	**$ 0.52**	**$ (0.10)**	**$ (0.55)**	**$ 0.24**	**$ 0.89**	**$ (2.04)**	**$ (0.16)**
Diluted(2)	**0.52**	**0.49**	**(0.10)**	**(0.55)**	**0.23**	**0.83**	**(2.04)**	**(0.16)**

(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.

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			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Operating profit (loss)	$ **64.2**	$ **61.4**	$ **2.3**	$ **(40.7)**	$ **29.6**	$ **80.9**	$ **(166.3)**	$ **(4.2)**
Depreciation and amortization	30.1	24.4	25.8	26.0	26.2	23.0	19.8	18.8
(Gain) on sale of assets	(1.2)	(1.7)	(4.6)	(1.1)	(1.7)	(2.8)	(28.4)	(1.1)
Costs (gains) related to business acquisitions(2)	(9.4)	(6.2)	2.3	2.7	4.3	5.6	-	-
(Income) loss from projects accounted for using the equity method	(2.0)	(2.1)	(4.0)	0.4	(1.6)	(5.8)	(11.6)	(2.3)
Equity Project EBITDA(1)	15.6	17.0	19.3	16.4	19.6	25.9	32.9	21.6
Adjusted EBITDA(1)	**$ 97.3**	**92.7**	**41.1**	**3.6**	**76.3**	**126.9**	**(153.5)**	**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 (gains) 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 Accounting Standards.

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

$ millions

	2025				2024			
Aecon's proportionate share of projects accounted for using the equity method (1)	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**	**Quarter 4**	**Quarter 3**	**Quarter 2**	**Quarter 1**
Operating profit	$ **11.4**	$ **13.1**	$ **15.4**	$ **12.3**	$ **15.6**	$ **22.1**	$ **29.0**	$ **17.8**
Depreciation and amortization	4.2	3.9	3.9	4.1	4.0	3.8	3.9	3.8
Equity Project EBITDA(2)	**15.6**	**17.0**	**19.3**	**16.4**	**19.6**	**25.9**	**32.9**	**21.6**

(1) Refer to Note 11 "Projects Accounted for Using the Equity Method" in the Company's audited consolidated financial statements for the year ended December 31, 2025.

(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 and years ended December 31, 2025 and 2024:

$ millions

	Three months ended December 31, 2025				Year ended December 31, 2025			
	Construction	**Concessions**	**Other costs and eliminations**	**Consolidated**	**Construction**	**Concessions**	**Other costs and eliminations**	**Consolidated**
Operating profit (loss)	$ **72.1**	$ **1.0**	$ **(8.9)**	$ **64.2**	$ **127.4**	$ **3.2**	$ **(43.5)**	$ **87.1**
Depreciation and amortization	30.3	0.1	(0.3)	30.1	105.1	0.2	0.8	106.2
(Gain) on sale of assets	(1.2)	-	-	(1.2)	(8.6)	-	-	(8.6)
Costs (gains) related to business acquisitions(2)	(9.4)	-	-	(9.4)	(10.7)	-	-	(10.7)
(Income) loss from projects accounted for using the equity method	(0.1)	(1.9)	-	(2.0)	0.1	(7.9)	-	(7.8)
Equity Project EBITDA(1)	1.6	14.0	-	15.6	7.0	61.3	-	68.3
Adjusted EBITDA(1)	$ **93.4**	$ **13.1**	$ **(9.2)**	$ **97.3**	$ **220.4**	$ **56.8**	$ **(42.7)**	$ **234.6**

$ millions

	Three months ended December 31, 2024				Year ended December 31, 2024			
	Construction	**Concessions**	**Other costs and eliminations**	**Consolidated**	**Construction**	**Concessions**	**Other costs and eliminations**	**Consolidated**
Operating profit (loss)	$ **33.0**	$ **1.6**	$ **(5.1)**	$ **29.6**	$ **(55.0)**	$ **24.2**	$ **(29.2)**	$ **(60.1)**
Depreciation and amortization	26.1	0.1	0.1	26.2	86.9	$ 0.3	$ 0.7	87.8
(Gain) on sale of assets	(0.6)	-	(1.1)	(1.7)	(17.9)	$ (5.9)	$ (10.1)	(33.9)
Costs related to business acquisitions(2)	4.3	-	-	4.3	9.7	$ 0.1	$ 0.1	9.9
(Income) from projects accounted for using the equity method	(0.8)	(0.8)	-	(1.6)	(0.4)	$ (20.8)	$ -	(21.2)
Equity Project EBITDA(1)	3.1	16.5	-	19.6	11.1	$ 88.9	$ -	100.0
Adjusted EBITDA(1)	$ **65.1**	**17.4**	**(6.1)**	$ **76.3**	$ **34.2**	$ **86.9**	$ **(38.5)**	$ **82.6**

(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 (gains) 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 Accounting Standards.

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

$ millions

	Three months ended December 31, 2025				Year ended December 31, 2025			
Aecon's proportionate share of projects accounted for using the equity method (1)	Construction	Concessions	Other costs and eliminations	Consolidated	Construction	Concessions	Other costs and eliminations	Consolidated
Operating profit	**$ 1.6**	**$ 9.8**	**$ -**	**$ 11.4**	**$ 7.0**	**$ 45.1**	**$ -**	**$ 52.1**
Depreciation and amortization	-	4.2	-	4.2	-	16.2	-	16.2
Equity Project EBITDA(2)	**$ 1.6**	**$ 14.0**	**$ -**	**$ 15.6**	**$ 7.0**	**$ 61.3**	**$ -**	**$ 68.3**

$ millions

	Three months ended December 31, 2024				Year ended December 31, 2024			
Aecon's proportionate share of projects accounted for using the equity method (1)	Construction	Concessions	Other costs and eliminations	Consolidated	Construction	Concessions	Other costs and eliminations	Consolidated
Operating profit	**$ 3.1**	**$ 12.5**	**$ -**	**$ 15.6**	**$ 11.1**	**$ 73.5**	**$ -**	**$ 84.6**
Depreciation and amortization	-	4.0	-	4.0	-	15.4	-	15.4
Equity Project EBITDA(2)	**$ 3.1**	**$ 16.5**	**$ -**	**$ 19.6**	**$ 11.1**	**$ 88.9**	**$ -**	**$ 100.0**

(1) Refer to Note 11 "Projects Accounted for Using the Equity Method" in the Company's audited consolidated financial statements for the year ended December 31, 2025.
(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			
	Quarter 4	Quarter 3	Quarter 2	Quarter 1	Quarter 4	Quarter 3	Quarter 2	Quarter 1
Profit (loss) attributable to shareholders	**$ 20.7**	**$ 40.0**	**$ (7.6)**	**$ (37.9)**	**$ 14.0**	**$ 56.5**	**$ (123.9)**	**$ (6.1)**
Unrealized (gain) loss on derivative financial instruments	18.8	(4.5)	(4.2)	(2.4)	(4.3)	(7.3)	(3.7)	(4.3)
Amortization of acquisition related intangible assets	5.3	4.8	4.8	5.1	3.1	3.0	0.3	0.3
Costs (gains) related to business acquisitions(3)	(9.4)	(6.2)	2.3	2.7	4.3	5.6	-	-
Income tax effect of the above items	(0.8)	(1.0)	(1.8)	(2.0)	(1.9)	(2.3)	(0.1)	(0.1)
Adjusted profit (loss) attributable to shareholders (1)	**$ 34.6**	**$ 33.1**	**$ (6.6)**	**$ (34.6)**	**$ 15.2**	**$ 55.6**	**$ (127.4)**	**$ (10.2)**
Adjusted earnings (loss) per share - basic(2)	**$ 0.54**	**$ 0.52**	**$ (0.10)**	**$ (0.55)**	**$ 0.24**	**$ 0.89**	**$ (2.04)**	**$ (0.16)**
Adjusted earnings (loss) per share - diluted(2)	**0.52**	**0.49**	**(0.10)**	**(0.55)**	**0.23**	**0.83**	**(2.04)**	**(0.16)**

(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) Costs (gains) 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 Accounting Standards.

Set out below is the calculation of Adjusted Profit (Loss) Attributable to Shareholders and Adjusted Earnings (Loss) Per Share for the three months and year ended December 31, 2025 and 2024:

$ millions

	Three months ended December 31		Year ended December 31	
	2025	2024	**2025**	2024
Profit (loss) attributable to shareholders	**$ 20.7**	$ 14.0	**$ 15.2**	$ (59.5)
Unrealized (gain) loss on derivative financial instruments	**18.8**	(4.3)	**7.8**	(19.6)
Amortization of acquisition related intangible assets	**5.3**	3.1	**19.9**	6.8
Costs (gains) related to business acquisitions[3]	**(9.4)**	4.3	**(10.7)**	9.9
Income tax effect of the above items	**(0.8)**	(1.9)	**(5.6)**	(4.4)
Adjusted profit (loss) attributable to shareholders [1]	**$ 34.6**	$ 15.2	**$ 26.6**	$ (66.8)
Adjusted earnings (loss) per share - basic[2]	**$ 0.54**	$ 0.24	**$ 0.42**	$ (1.07)
Adjusted earnings (loss) per share - diluted[2]	**0.52**	0.23	**0.40**	(1.07)

(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) Costs (gains) 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 Accounting Standards.

Quarterly Financial Highlights

$ millions	Three months ended December 31			
	Revenue		**Operating profit**	
	2025	2024	**2025**	2024
Construction	**$ 1,537.3**	$ 1,252.5	**$ 72.1**	$ 33.0
Concessions	**1.8**	4.2	**1.0**	1.6
Other and eliminations	**2.1**	10.3	**(8.9)**	(5.1)
Consolidated	**$ 1,541.2**	$ 1,267.0	**$ 64.2**	$ 29.6

The analysis of operating results for each of the first three quarters of 2025 is included in Management's Discussion and Analysis included in the Interim Reports to Shareholders for each respective quarter. 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.

For the three months ended December 31, 2025, revenue in the Construction segment of $1,537 million was $285 million, or 23%, higher compared to the fourth quarter of 2024. The revenue increase was driven by higher activity across all sectors. In nuclear operations, revenue increased ($142 million) due to a higher volume of refurbishment, new builds, and engineering services work at nuclear generating stations located in Ontario and the U.S. Revenue in urban transportation solutions increased ($78 million) primarily from an increase in subway and commuter rail systems work. In utilities operations, revenue increased ($34 million) from a higher volume of gas distribution and electrical distribution and transmission work, partially offset by lower battery energy storage systems work. Civil operations reported higher revenue ($23 million) primarily from an increase in the civil infrastructure component of power and rail projects, partially offset by a lower volume of highway, road, and bridge building activity. The increase in industrial operations ($8 million) was driven by higher revenue in the U.S. following the Bodell and Trinity acquisitions in the third quarter of 2025, and an increase in the volume of field construction work at industrial mining and power facilities, partially offset by lower activity at wastewater treatment facilities in western Canada.

Operating profit in the Construction segment was $72.1 million in the fourth quarter of 2025, an increase of $39.1 million compared to operating profit of $33.0 million in the same period of 2024. This increase was driven by an improvement in gross profit of $46.2 million, including a decrease in losses of $29.7 million related to the fixed price legacy projects which reported negative gross profit of $6.1 million in the fourth quarter of 2025 compared to negative gross profit of $35.8 million in the fourth quarter of 2024 (see Section 10.2 "Contingencies" and Section 13 "Risk Factors" of this MD&A). Gross profit in the balance of the Construction segment increased by $16.5 million, primarily from higher volume and gross profit margin in nuclear operations, an improvement in gross profit margin in civil operations, and from a volume-driven increase in utilities, partially offset by lower gross profit margin in urban transportation solutions and industrial operations.

Revenue in the Concessions segment was $2 million in the fourth quarter of 2025, a decrease of $2 million compared to the same period in 2024, primarily due to a decrease in O&M revenue.

Operating profit in the Concessions segment of $1.0 million in the fourth quarter of 2025 was $0.7 million lower than the same period in 2024. The decrease was largely due to lower management and development fees from LRT concession projects that achieved substantial completion of construction activities in the fourth quarter 2025, partially offset by improved operating results at Skyport.

MG&A increased by $5.9 million in the fourth quarter of 2025 compared to the same period in 2024, primarily reflecting incremental costs to support revenue growth in the operations, particularly in nuclear, as well as MG&A incurred by recently acquired businesses. These increases were partially offset by lower acquisition-related MG&A costs of $6.4 million. MG&A as a percentage of revenue decreased from 4.5% in the fourth quarter of 2024 to 4.1% in the same period in 2025.

Aecon reported income from projects accounted for using the equity method of $2.0 million in the fourth quarter of 2025 compared to $1.6 million in the fourth quarter of 2024. The $0.4 million increase was primarily due to improved operating results at Skyport in the Concessions segment ($1.1 million), partially offset by lower income from civil projects in the Construction segment ($0.7 million).

Other income of $11.1 million in the fourth quarter of 2025 was $7.0 million higher compared to the same period in 2024, largely due to a gain of $7.3 million resulting from a decrease in the fair value of contingent consideration payable for an acquisition and partially offset by lower gains of $0.6 million on the sale of equipment.

Depreciation and amortization expense was $30.1 million in the fourth quarter of 2025, an increase of $3.9 million compared to the same period in 2024. The increase was driven by increases in the Construction segment ($4.3 million), primarily due to an increase in equipment utilization as well as from an increase in depreciation and amortization related to equipment and intangible assets associated with business acquisitions made in 2024 and 2025. These increases were partially offset by lower depreciation and amortization in Corporate and Other ($0.4 million).

Net financing expense of $28.9 million in the fourth quarter of 2025, consisting of finance costs of $32.8 million net of finance income of $3.9 million, was $22.5 million higher than the same period in 2024. The increase was primarily driven by changes in the fair value of the Preferred Shares of Aecon Utilities ($23.1 million expense), higher borrowing costs under Aecon's revolving credit facilities, and higher accrued dividends on the Preferred Shares of Aecon Utilities ($0.7 million).

New contract awards for the three months ended December 31, 2025 were $1,478 million compared to $1,942 million in the same period in 2024.

Selected Annual Information

Set out below is selected annual information for each of the last three years.

($ millions, except per share amounts)	2025	2024	2023
Total revenue	**$ 5,434.7**	$ 4,242.7	$ 4,643.8
Operating profit (loss)	**87.1**	(60.1)	240.9
Profit (loss) attributable to shareholders	**15.2**	(59.5)	161.9
Per share:			
Basic	**0.24**	(0.95)	2.62
Diluted	**0.23**	(0.95)	2.10
Total assets	**3,990.2**	3,226.2	3,195.6
Non-current financial liabilities at December 31	**454.7**	320.4	348.0
Cash dividends declared per common share	**0.76**	0.76	0.74

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 audited consolidated financial statements and the notes thereto for the year ended December 31, 2025 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 11 "Projects Accounted for Using the Equity Method" to the Company's audited consolidated financial statements for the year ended December 31, 2025.

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. The joint operation issued a notice of civil claim seeking approximately $105 million in damages from Rio Tinto, and Rio Tinto issued a counterclaim against the joint operation and its parent companies of approximately $428 million.

Subsequent to year end, a full and final settlement was reached by the joint operation and Rio Tinto, the impact of which is reflected in the fourth quarter operating results.

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 $142 million of unbilled revenue and accounts receivable at December 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 this 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 this MD&A). In the full year of 2025 and 2024, due to the factors discussed above that impacted these fixed price legacy projects during the year, Aecon recognized an operating loss of $94.4 million and $272.8 million, respectively, related to these projects. See also Section 5 “Recent Developments” in this MD&A.

10.3. CASH AND DEBT BALANCES

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

$ millions		**December 31, 2025**		
		Balances excluding Joint Operations	**Joint Operations**	**Consolidated Total**
Cash and cash equivalents	(1)	$ 93	$ 393	$ 486
Bank indebtedness	(2)	(257)	-	(257)
		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 December 31, 2025 and December 31, 2024 are as follows:

$ millions	**December 31, 2025**	**December 31, 2024**
Current portion of long-term debt – recourse	**$ 43.9**	$ 40.8
Long-term debt – recourse	**110.6**	110.8
Total long-term recourse debt	**$ 154.5**	$ 151.6
Preferred Shares of Aecon Utilities - current	**$ 188.8**	$ 160.3

Total long-term recourse debt of $154.5 million at December 31, 2025 compares to $151.6 million at December 31, 2024. The $2.9 million net increase in total long-term recourse debt resulted primarily from an increase in equipment leases of $5.6 million, partially offset by a decrease in equipment financing of $2.7 million.

In 2025, the $28.5 million increase in the Preferred Shares of Aecon Utilities resulted from accrued dividends of $22.3 million and net fair value changes totalling $6.2 million.

At December 31, 2025, Aecon had a committed revolving credit facility of $600 million, an increase of $150 million from its previous credit facility, and a separate committed credit facility for Aecon Utilities of $400 million. Both revolving credit facilities mature on June 25, 2029. At December 31, 2025, $257 million was drawn on the facilities and $4 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") and a separate performance security guarantee facility for Aecon Utilities of $60 million, brings Aecon's committed credit facilities for working capital and letter of credit requirements to a total of $1,960 million. Both EDC performance security guarantee facilities mature on June 30, 2027. The Company has no debt or working capital credit facility maturities until 2029, except equipment and property loans and leases in the normal course. At December 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 this MD&A). Aecon's operations also remain subject to uncertainties related to the unpredictability of future potential impacts related to global economic and political conditions, notably from supply chain disruptions, changes in laws or regulations, inflation related to labour and materials, and availability of labour (see Section 13 "Risk Factors": "Business and Operational Risks" in 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 and capital investment requirements.

In 2025, Aecon acquired, either through purchase or lease, property, plant, and equipment totaling $121.0 million (excluding property, plant, and equipment acquired at the time of the Bodell and Trinity acquisitions). Of this amount, $14.4 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 2024, Aecon acquired, either through purchase or lease, property, plant, and equipment totaling $104.0 million (excluding property, plant, and equipment acquired at the time of the Xtreme, Ainsworth Power Construction, and United acquisitions). Of this amount, $19.2 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.

In the fourth 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 fourth quarterly dividend payment of $0.19 per share was paid on January 5, 2026.

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 and year ended December 31, 2025 and 2024 is as follows:

$ millions	Three months ended December 31		Year ended December 31	
	2025	2024	**2025**	2024
Operating Activities				
Cash provided by (used in):				
Cash flows from (used by) operations before changes in working capital	**$ 92.0**	$ 24.9	**$ 133.2**	$ (73.3)
Lower (higher) investments in working capital	**105.4**	12.3	**(6.6)**	80.9
Cash provided by operating activities	**$ 197.4**	$ 37.2	**$ 126.6**	$ 7.6
Investing Activities				
Cash provided by (used in):				
Expenditures, net of proceeds, on property, plant, and equipment and intangible assets	**(18.3)**	(3.4)	**(50.4)**	(23.7)
Cash inflow (outflow) related to acquisitions	**2.5**	(61.0)	**(23.7)**	(174.5)
Proceeds on the sale of subsidiaries	**-**	5.9	**-**	17.4
Cash distributions received from (advances to) projects accounted for using the equity method	**(17.4)**	2.9	**(14.0)**	21.1
Cash provided by (used for) investments in long-term financial assets	**(1.5)**	0.3	**(1.9)**	0.2
Cash used in investing activities	**$ (34.6)**	$ (55.3)	**$ (89.9)**	$ (159.5)
Financing Activities				
Cash provided by (used in):				
Increase (decrease) in bank indebtedness associated with borrowings under the Company's revolving credit facilities	**$ (32.3)**	$ (21.5)	**$ 114.4**	$ 34.2
Increase in long-term recourse debt borrowings	**-**	6.9	**17.5**	16.8
Repayments of long-term recourse debt relating primarily to property and equipment financing arrangements	**(22.0)**	(24.0)	**(60.7)**	(59.0)
Cash used for dividends paid	**(12.0)**	(11.9)	**(47.9)**	(47.1)
Common shares purchased under NCIB	**(1.7)**	(0.2)	**(8.8)**	(3.1)
Cash provided by (used in) financing activities	**$ (68.1)**	$ (50.7)	**$ 14.5**	$ (58.3)
Increase (decrease) in cash and cash equivalents	**$ 94.7**	$ (68.9)	**$ 51.2**	$ (210.3)
Effects of foreign exchange on cash balances	**0.5**	0.8	**(3.2)**	2.5
Cash and cash equivalents – beginning of period	**390.8**	506.1	**438.0**	645.8
Cash and cash equivalents – end of period	**$ 486.0**	$ 438.0	**$ 486.0**	$ 438.0

During 2025, cash flows from operating activities provided $126.6 million of cash, an increase of $119.0 million from $7.6 million of cash provided from operating activities in 2024.

Cash flows from operations before non-cash changes in working capital provided $133.2 million of cash in 2025, an increase of $206.5 million from the cash used of $77.3 million in 2024. This increase was primarily due to an improvement in profit before income taxes of the $101.4 million, higher non-cash addbacks for depreciation and amortization of $18.3 million and provisions of $20.8 million, a lower non-cash deduction for income from equity accounted projects of $13.4 million, a lower gain on sale of property, equipment, and subsidiaries of $25.4 million, and a favourable non-cash change in the fair value of the Preferred Shares of Aecon Utilities of $27.4 million, offset by a higher fair value gain on contingent consideration of $12.4 million.

Cash used by changes in non-cash working capital was $6.6 million in 2025 compared to cash provided of $80.9 million in 2024, a decrease in cash provided of $87.5 million. Aecon's non-cash working capital position fluctuates significantly in the normal course of business from period to period, primarily due to differences between the settlement of payables to suppliers and subcontractors, and the timing of billings and collection of accounts receivable from customers. For additional details, see Note 28 "Supplementary Cash Flow Information" to the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2025.

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 when issued, 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 common or preferred shares, issue convertible debt, or adjust the quantum of dividends paid to shareholders. Financing decisions are generally made on a specific transaction basis and depend on such things as the Company's needs, capital markets, and economic conditions at the time of the transaction.

Although the Company monitors capital on a number of bases, including liquidity and working capital, total debt (excluding non-recourse debt and drawings on the Company's credit facilities presented as bank indebtedness) as a percentage of total capitalization (debt to capitalization percentage) is considered by the Company to be the most important metric in measuring the strength and flexibility of its consolidated balance sheets. At December 31, 2025, the debt to capitalization percentage was 27% (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 December 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.

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

$ millions				
		December 31, 2025		**December 31, 2024**
Current portion of long-term debt	**$**	**43.9**	$	40.8
Long-term debt		**110.6**		110.8
Preferred shares of Aecon Utilities		**188.8**		160.3
Debt (including preferred shares)	**$**	**343.3**	$	311.9
Shareholders' equity	**$**	**921.7**	$	956.1
Capitalization	**$**	**1,265.0**	$	1,268.0
Debt to capitalization percentage		**27%**		25%

		December 31, 2025		**December 31, 2024**
Current portion of long-term debt	**$**	**43.9**	$	40.8
Long-term debt		**110.6**		110.8
Debt	**$**	**154.5**	$	**151.6**
Shareholders' equity	**$**	**921.7**	$	956.1
Preferred shares of Aecon Utilities		**188.8**		160.3
Shareholders' equity and Preferred Shares of Aecon Utilities	**$**	**1,110.5**	$	**1,116.4**
Capitalization	**$**	**1,265.0**	$	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. Additionally, to partially offset the costs of its share-based compensation plans, the Company has also fixed a portion of the settlement costs of these plans by entering into total return swap derivative contracts.

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 29 "Financial Instruments" to the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2025.

10.7. NORMAL COURSE ISSUER BID

On August 15, 2025, the Toronto Stock Exchange ("TSX") approved the renewal of the Company's normal course issuer bid (the "NCIB") pursuant to which the Company may purchase for cancellation up to 3,180,767 common shares of Aecon, representing 5% of the issued and outstanding common shares as of August 7, 2025. The NCIB commenced on August 18, 2025 and will end no later than August 18, 2026. The renewal of the NCIB follows on the conclusion of Aecon's previous normal course issuer bid which expired on August 18, 2025 (the "Previous NCIB"). Aecon had received the approval of the TSX to purchase up to 3,126,306 common shares under the Previous NCIB. During the year ended December 31, 2025, there were 405,750 shares repurchased for cancellation pursuant to the NCIB and Previous NCIB at a cost of $8.8 million. During the year ended December 31, 2024, 160,600 common shares were repurchased for cancellation pursuant to the Previous 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

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

Note 6 "Future Accounting Changes" to Aecon's December 31, 2025 audited consolidated financial statements discusses IFRS Accounting Standards and amendments that are issued, but not yet effective.

12. SUPPLEMENTAL DISCLOSURES

Disclosure Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management, evaluated the design and operating effectiveness of the Company's disclosure controls and procedures at the financial year ended December 31, 2025. Based on that evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective at December 31, 2025 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities and that information required to be disclosed by the Company in its annual and interim filings and other reports submitted under securities legislation was recorded, processed, summarized, and reported within the periods specified in securities legislation.

Internal Controls over Financial Reporting

The CEO and CFO, together with management, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting at the financial year ended December 31, 2025. Based on that evaluation, the CEO and the CFO concluded that the design and operation of internal controls over financial reporting were effective at December 31, 2025 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2025 for external purposes in accordance with IFRS Accounting Standards. In designing and implementing such controls, it should be recognized that any system of internal control over financial reporting, no matter how well designed and operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect all misstatements due to error or fraud.

See also the section on "*Internal and Disclosure Controls*" in Section 13 "Risk Factors" in this MD&A.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the year ended December 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**
2026	$ 45.4	$ 5.3
2027 - 2030	86.1	18.1
Beyond	15.1	4.2
	$ 146.6	**$ 27.6**

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

$ millions	**Preferred Shares [(1)]**
Due within one year	$ -
Due between one and five years	381.3
	$ 381.3

(1) The Preferred Shares have no fixed repayment terms (see Note 17 "Preferred Shares of Aecon Utilities" to the Company's audited consolidated financial statements and the accompanying notes for the year ended December 31, 2025). The Preferred Shares are assumed to have a remaining contractual maturity of less than 5 years in this summary.

At December 31, 2025, Aecon had contractual obligations to complete construction contracts that were in progress. The revenue value of these contracts was $10,714 million.

Defined Benefit Pension Plans

Aecon's defined benefit pension plans (the "Pension Plans") had a combined deficit of $0.1 million at December 31, 2025 (2024 – a combined deficit of $1.8 million). Details relating to Aecon's defined benefit plans are set out in Note 21 "Employee Benefit Plans" to the Company's audited consolidated financial statements for the year ended December 31, 2025.

In 2025, a group annuity buy-out policy was purchased from a life insurance company for all members of the main defined benefit plan. Monthly pension payments to retirees from the insurance company commenced on June 1, 2025. The cost of the annuity was $23.9 million and a gain on settlement of $0.4 million was included in the operating results for 2025.

For additional details, see Note 22 "Contingencies", Note 29 "Financial Instruments" and Note 32 "Remaining Performance Obligations" to the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2025.

Related Party Transactions

Related party transactions are disclosed in Note 33 "Related Parties" to the Company's audited consolidated financial statements for the year ended December 31, 2025. Other than transactions with certain equity accounted investees as part of the normal course of operations, there were no other significant related party transactions in 2025.

Critical Accounting Estimates and Judgments

The reader is referred to the detailed discussion on critical accounting estimates and judgements found in Note 4 "Critical Accounting Estimates" to the Company's audited consolidated financial statements for the year ended December 31, 2025.

13. RISK FACTORS

Aecon faces a wide variety of risks across all of its areas of business. Identifying and understanding risks and their impact allows Aecon to critically assess the risk profile of the business and adopt appropriate risk management practices. Defining acceptable levels of risk and establishing sound principles, policies and practices for managing risks, is fundamental to achieving consistent and sustainable long-term performance. Investors should carefully consider the risks and uncertainties set out below before investing in Aecon's securities. Additional risks and/or uncertainties not currently known or that Aecon currently believes are immaterial may also impair its future business, financial condition and results of operations.

1. Business and Operational Risks

a. Certain Fixed Price Legacy Projects

Four large fixed-price legacy projects entered into in 2018 or earlier by joint operations in which Aecon is a participant 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, COVID-19, supply chain disruptions, and inflation related to labour and materials. During 2022 these impacts became more pronounced and have resulted in increased costs to the relevant joint operations above those originally forecasted, in some cases materially. Each relevant joint operation has submitted claims for compensation for these additional costs. None are currently in litigation or arbitration. The joint operation related to the CGL Pipeline Project reached a full and final settlement in the second quarter of 2024. The remaining joint operations reached interim settlements with the respective owners on each of the remaining three legacy projects in 2023, in respect of certain claims made, and for some of the projects, other claims for additional costs remain to be resolved in the future. While Aecon and its partners continue to work toward resolution of these claims for additional costs with the respective owners of these projects, delayed and/or unfavourable outcomes, whether individually or in the aggregate, could result in material impacts to Aecon's earnings, cash flow, liquidity and financial position. The fact that there are three projects (referred to as the three legacy projects) experiencing similar impacts concurrently elevates this risk. 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 10.2. "Contingencies" of this MD&A and other Risk Factors herein including under the headings "Large Projects", "Contractual Factors", "Litigation and Claims", "Increases in the Cost of Raw Materials", "Ongoing Financing Availability", "Adjustments in Backlog" and "Force Majeure Events".

b. Contractual Factors

Aecon performs construction activities under a variety of contract types, including fixed price, unit price, cost reimbursable, progressive design build (“PDB”), target price, and various permutations of design, build, finance, operation, maintenance and rehabilitation responsibilities. Some forms of construction contracts carry more risk than others. Aecon attempts to maintain a diverse mix of contract types to prevent over-exposure to the risk profile of any particular contractual structure; however, conditions influencing both private sector and public authority clients may alter the mix of available projects and contractual structures that Aecon undertakes.

Historically, a substantial portion of Aecon’s revenue is derived from contracts pursuant to which a commitment is provided to the owner to complete the project at a fixed price. In fixed price projects, in addition to the risk factors of a unit price contract (as described below), any errors in quantity estimates, schedule delays or productivity losses, for which contracted relief is not available, must be absorbed within the fixed price, thereby adding a further risk component to the contract. Such contracts, given their inherent risks, may in the future and from time-to-time result in significant losses. The failure to properly assess a wide variety of risks, appropriately execute such contracts, or reach satisfactory resolution to contractual disputes may have a material adverse impact on financial results.

Aecon is also involved in fixed unit price construction contracts under which the Company is committed to provide services and materials at a fixed unit price (e.g. dollars per tonne of asphalt or aggregate). While this shifts the risk of estimating the quantity of units to the contract owner, any increase in Aecon’s cost over the unit price bid, whether due to estimating error, inefficiency in project execution, inclement weather, cost escalation, or other factors, will negatively affect Aecon’s profitability.

In certain instances, Aecon guarantees to a client that it will complete a project by a scheduled date or that a facility will achieve certain performance standards. If the project or facility subsequently fails to meet the schedule or performance standards, Aecon could incur additional costs or penalties commonly referred to as liquidated damages, which certain customers require to be included in some of Aecon's contracts. Such penalties may be significant and could impact Aecon's financial position or results of future operations. Furthermore, schedule delays which are not compensated by the client may also reduce profitability because Aecon staff continue to incur costs on the project and may be prevented from pursuing and working on new projects. Project delays may also reduce customer satisfaction, which could impact future awards.

Aecon is also involved in design-build contracts under which Aecon takes responsibility for the design in addition to the responsibilities and risks of a unit price or fixed price construction contract. This form of contract adds the risk of Aecon's liability for design errors as well as additional construction costs that might result from such design errors. However, over the last several years, PDB has emerged as a project delivery model in an effort by owners and contractors to mitigate cost and schedule risks during the construction phase. In the PDB model, the contractor is invited to complete, on a cost reimbursable or fixed price basis, a substantial portion of the site investigation and design of a project before entering into a target price or fixed price contract for the construction portion of the project. As the PDB model features a collaborative approach between the owner and contractor, Aecon is actively engaged in and pursuing projects procured under this model to facilitate more efficient risk transfer to the party best placed to manage that risk.

Certain of Aecon's contractual requirements may also involve financing elements, where Aecon is required to provide one or more letters of credit, performance bonds, financial guarantees or equity investments. For greater detail, see "Risk Factors – Access to Bonding, Pre-qualification Rating and Letters of Credit" herein.

Change orders, which modify the nature or scope of the work to be completed, are frequently issued by clients. Final pricing of these change orders is often negotiated after the changes have been started or completed and costs have been incurred. As such, disputes regarding the quantum of unpriced change orders could impact Aecon's profitability on a particular project, its ability to recover costs or, in a worst-case scenario, result in significant project losses. Until pricing has been agreed, these change orders are referred to as "unpriced change orders". Revenues from unpriced change orders are recognized to the extent of the costs incurred on executing the change order or, if lower, to the extent to which recovery is probable. Consequently, profit on such change orders is recognized only when pricing is agreed. If, ultimately, there are disputes with clients on the pricing of change orders or disputes regarding additional payments owing as a result of changes in contract specifications, delays, additional work or changed conditions, Aecon's accounting policy is to record all costs for these changes, but unpriced change orders and claims are recognized in revenue at the amount the Company expects to receive with a high probability that a significant reversal of cumulative revenue recognized will not occur once the uncertainty associated with the variable consideration is resolved. The timing of the resolution of such events can have a material impact on income and liquidity and thus can cause fluctuations in the revenue and income of Aecon in any one reporting period.

c. *Large Projects*

A substantial portion of Aecon's revenue is derived from large projects, some of which are conducted through joint arrangements. These projects provide opportunities for significant revenue and profit contributions but, by their nature, carry significant risk and, as such, can result and have occasionally resulted in significant losses. Contracts for large projects typically involve a transfer of risks to a contractor beyond those contained in smaller project contracts. As such, a failure to properly execute or complete a large project or a protracted or unsuccessful dispute with a client about entitlement to extra compensation on a large project may subject Aecon to significant losses. The risks associated with such large projects are often proportionate to their size and complexity. For greater detail, see “Risk Factors – Contractual Factors” herein.

The contract price on large projects is based on cost estimates using a number of assumptions. Given the size of these projects, if assumptions prove incorrect, whether due to faulty estimates, unanticipated circumstances, or a failure to properly assess risk, or the contracts do not appropriately reflect such assumptions, profit may be materially lower than anticipated or, in a worst-case scenario, result in a significant loss.

The recording of the results of large project contracts can distort revenues and earnings on both a quarterly and an annual basis and can, in some cases, make it difficult to compare the financial results between reporting periods. For greater detail on the potential impact of contractual factors, including unpriced change orders, see “Risk Factors – Contractual Factors” herein.

Aecon has a number of commitments and contingencies as part of its regular operations. The Company has guarantees, bonds and letters of credit as assurance that certain conditions and obligations will be fulfilled. If Aecon was called upon to honour these contingent obligations, its financial results could be adversely affected. For additional details, see Note 22 “Contingencies”, Note 29 “Financial Instruments” and Note 32 “Remaining Performance Obligations” to the Company’s audited consolidated financial statements and the notes thereto for the year ended December 31, 2025 filed on Aecon’s SEDAR+ profile at www.sedarplus.ca.

d. Failure to Perform by a Third Party

Aecon works with a number of third parties to achieve its strategic objectives and each of these relationships poses a degree of risk of non-performance.

Credit risk of non-payment with private owners under construction contracts is to a certain degree minimized by statutory lien rights, which give contractors a high priority in the event of insolvency proceedings as well as progress payments based on percentage completion. However, there is no guarantee that these measures will in all circumstances mitigate the risk of non-payment from private owners and a significant default or bankruptcy by a private owner may significantly and adversely impact results. A greater incidence or magnitude of default (including cash flow problems) or bankruptcy amongst clients, subcontractors or suppliers related to economic conditions could also impact results. Credit risk is typically less of a concern with public (government) owners, who generally account for a significant portion of Aecon’s business, as funds have generally been appropriated prior to the award or commencement of the project. See “Risk Factors – Dependence on the Public Sector” herein for additional discussion of the risks associated with this type of contract.

Joint arrangements are often formed to undertake a specific project, jointly controlled by the partners, and are dissolved upon completion of the project. Aecon selects its joint arrangement partners based on a variety of criteria, including available resources, relevant expertise, past working relationships, as well as an analysis of prospective partners’ financial capacity and construction capabilities. Joint arrangement agreements spread risk and responsibility for project delivery between the partners and generally state that companies will supply their proportionate share of operating funds and share profits and losses in accordance with specified percentages. Nevertheless, each participant in a joint arrangement is usually jointly and severally liable to the client for completion of the entire project in the event of a default by any of its partners. Therefore, in the event that a joint arrangement partner fails to perform its obligations due to financial or other difficulties or is disallowed from performing or is otherwise unable to perform its obligations as a result of the client’s determination, whether pursuant to the relevant contract or because of modifications to government or agency procurement policies or rules or for any other reason, Aecon may be required to make additional investments or provide additional services which may reduce or eliminate profit, or even subject Aecon to significant losses with respect to the joint arrangement. As a result of the complexity and size of many of the joint arrangement projects that Aecon undertakes or is likely to undertake going forward, the failure of a joint arrangement partner on a large project could have a significant impact on Aecon's results and financial condition. To mitigate this risk, Aecon typically requires the joint arrangement partner to provide Aecon with a security instrument (such as a parent company guarantee or cross-indemnity) to guarantee the joint arrangement partner's performance of their obligations under the joint arrangement agreement.

The profitable completion of some contracts depends to a large degree on the satisfactory performance of subcontractors, including design and engineering consultants, who complete different elements of the work. If these subcontractors do not perform to accepted standards, Aecon may be required to hire different subcontractors to complete the tasks, which may impact schedule, add costs to a contract, impact profitability on a specific job and, in certain circumstances, lead to significant losses. Disputes with subcontractors may also result in material litigation. See "Risk Factors – Litigation and Claims" herein. A major subcontractor default or failure to properly manage subcontractor performance could materially impact results.

The development of construction projects requires Aecon's clients to obtain regulatory and other permits, licences and approvals from various governmental licencing bodies. Aecon's clients may not be able to obtain all necessary permits, licences and approvals required for the development of their projects, in a timely manner or at all. These delays are generally outside Aecon's control. The major costs associated with these delays are personnel and associated overhead that is designated for the project which cannot be reallocated effectively to other work. If the client's project is unable to proceed, it may adversely impact the demand for Aecon's services. Clients may also, from time to time, proceed to award a construction contract while a permit or licence remains pending. Where a client does not obtain a permit or licence as expected or a permit or licence is revoked, the client's cash flow and project viability may be impacted, which may lead to additional costs or financial loss for Aecon.

e. Risks Related to Contracting with the U.S. Government

As a U.S. government contractor, Aecon must comply with laws and regulations relating to the formation, administration and performance of U.S. government contracts which may impose added costs on Aecon's business and exposes Aecon to additional risks which could reduce its revenue, disrupt its business, or otherwise materially affect its results.

Alleged or actual violations of applicable laws and regulations which are reported to the relevant U.S. government agency could lead to an audit, review or investigation by the relevant agency and if such an audit, review or investigation uncovers a violation of a law or regulation, the U.S. government has a broad range of actions that it can instigate to enforce its procurement law and policies, including proposing a contractor, certain of its operations or individual employees for debarment or suspending or debarring a contractor, certain of its operations or individual employees from future government business. In addition to criminal, civil and administrative action by the U.S. government, under the *False Claims Act*, an individual alleging fraud related to payments under a U.S. government contract or program may file a *qui tam* lawsuit on behalf of the government against a contractor.

f. Litigation and Claims

Disputes are common in the construction industry and, as such, in the normal course of business, Aecon is involved in various legal actions and proceedings (including arbitrations) that arise from time to time, some of which may involve substantial sums of money. There is no assurance that Aecon's insurance arrangements will be sufficient to cover any particular claim or claims or that a judge or arbitrator will not rule against Aecon in a proceeding with respect to a substantial amount in dispute notwithstanding the Company's confidence in the merits of its position. Furthermore, Aecon is subject to the risk of: (i) claims and legal actions for various commercial and contractual matters, primarily arising from construction disputes, in respect of which insurance is not available, including, for example, late completion of a project or a disputed termination of a contract, and (ii) litigation or investigations relating to alleged or suspected violations of anti-corruption laws (see "Risk Factors – International/Foreign Jurisdiction Factors" herein). There can be no guarantee that litigation or disputes will not arise or will be finally resolved in Aecon's favour which, depending on the nature of the litigation, could impact Aecon's results.

Litigation related to environmental matters continues to develop in Canada and elsewhere. Although most cases have not been successful due to attribution challenges and uncertainty surrounding disclosure obligations, this area of litigation may still affect the regulatory and operating environment for companies, including Aecon.

g. Expansion Into New Markets

Entering new markets, primarily within North America, the Caribbean and Latin American countries is accompanied by risks and challenges. These include different laws and regulations, compliance hurdles, political instability, currency fluctuations, established competition, and cultural differences. Additional costs related to marketing, IP rights, establishing supplier and vendor relationships, import/export duties, and logistical challenges such as poor infrastructure or supply chain disruptions may affect Aecon's profitability. Although there is no risk-free way to enter a new market, Aecon's management carries out market entry planning and invests in developing a market entry strategy that reflects the political, economic and cultural environment. External advisors are also engaged in navigating regulations and identifying potential partners, clients, and suppliers who can support Aecon's market entry efforts.

h. Industry Competition

Aecon operates businesses in highly competitive sectors and geographic markets in Canada, the United States and, on a select basis, internationally. Aecon competes with other major contractors, as well as many mid-size and smaller companies, across a range of industry sectors. In addition, the number of international companies operating in the Canadian marketplace makes the market more competitive. Each competitor has its own advantages and disadvantages relative to Aecon. New contract awards and contract margin are dependent on the level of competition and the general state of the markets in which the Company operates. Fluctuations in demand in the sectors in which the Company operates may impact the degree of competition for work. Competitive position is based on a multitude of factors including pricing, ability to obtain adequate bonding, backlog, financial strength, appetite for risk, reputation for safety, quality, timeliness and experience. Aecon has little control over and cannot otherwise affect what these competitive factors are. If the Company is unable to effectively respond to these competitive factors, results of operations and financial condition will be adversely impacted. In addition, a prolonged economic slump or slower than anticipated recovery may affect one or more of Aecon's competitors or the markets in which it operates, resulting in increased competition in certain market sectors, price or margin reductions or decreased demand for services, which may adversely affect results.

i. Concessionaire

In addition to providing design, construction, procurement, operation, maintenance, and other services on a given project, Aecon will sometimes invest as a concessionaire in an infrastructure asset. In such instances, Aecon assumes a degree of risk (essentially equity risk) associated with the performance of the asset during the concession period. The Bermuda International Airport is a current example of such an asset. The financing arrangements on concession projects are typically based on a set of projections regarding the cash flow to be generated by the asset during the life of the concession. The ability of the asset to generate the cash flows required to provide a return to the concessionaire can be influenced by a number of factors, some of which are partially beyond the concessionaire's control, such as, among others, political or legislative changes, traffic demand and thus operating revenues, collection success and operating cost levels.

While project concession agreements often provide a degree of risk mitigation, and insurance products are available to limit some of the concession risks, the value of Aecon's investment in these infrastructure assets can be impaired, and certain limited risk guarantees can be called, if the financial performance of the asset does not meet certain requirements.

j. Dependence on the Public Sector

A significant portion of Aecon's revenue is derived from contracts with various levels of government or their agencies. Consequently, any reduction in demand for Aecon's services by the public sector, whether from traditional funding constraints, the long-term impact of weak economic conditions (including future budgetary constraints, concerns regarding deficits or an eroding tax base), changing political priorities, change in government, cancellation or delays in projects caused by the election process would likely have an adverse effect on the Company if that business could not be replaced from within the private sector.

Large government-sponsored projects typically have lengthy and often unpredictable lead times associated with the government review and political assessment process. The time delays and pursuit costs incurred as a result of this lengthy process, as well as the often-unknown political considerations that can be part of any final decision, constitute a significant risk to those pursuing such projects.

Moreover, as part of its business dealings with governmental bodies, Aecon must comply, and must take measures to ensure that the companies it partners with comply, with public procurement laws and regulations aimed at ensuring that public sector bodies award contracts in a transparent, competitive, efficient, ethical and non-discriminatory way. Although Aecon has adopted control measures and implemented policies and procedures to mitigate such risks, these control measures, policies and procedures may not always be sufficient to protect the Company from the consequences of acts prohibited by public procurement laws and regulations committed by its directors, officers, employees and agents. For a detailed description of the Company's exposure to corruption and bribery risks, see "Risk Factors – International/Foreign Jurisdiction Factors" herein. If Aecon fails to comply with these laws and regulations it could be subject to administrative or civil liabilities and to mandatory or discretionary exclusion or suspension, on a permanent or temporary basis, from contracting with governmental bodies in addition to other penalties and sanctions that could be incurred by the Company.

k. Weather Conditions

Unfavourable weather conditions represent one of the most significant uncontrollable risks for Aecon to the extent that such risk is not mitigated through contractual terms, insurance or otherwise. Construction projects are susceptible to delays as a result of extended periods of poor weather, which can have an adverse effect on profitability arising from either late completion penalties imposed by the contract or from the incremental costs arising from loss of productivity, compressed schedules, or from overtime work utilized to offset the time lost due to adverse weather and additional costs to modify means and methods to perform work in different-than-expected weather. See "Risk Factors – Risks Related to Environment and Extreme Weather" herein for the discussion of extreme weather risks.

l. Labour Factors

A significant portion of Aecon's labour force is unionized and, accordingly, Aecon is subject to the detrimental effects of a strike or other labour action, in addition to competitive cost factors.

The Company's future prospects depend to a significant extent on its ability to attract and retain sufficient skilled workers. The construction industry is from time to time faced with a shortage of skilled labourers in some areas and disciplines. The resulting competition for labour may limit the ability of the Company to take advantage of available opportunities, or alternatively, may impact the profitability of such endeavours. The Company believes that its union relationships, size, and industry reputation will help mitigate this risk, but there can be no assurance that the Company will be successful in identifying, recruiting or retaining a sufficient number of skilled workers.

m. Insurance

Aecon maintains insurance in order to both satisfy the requirements of its various construction contracts as well as a corporate risk management strategy. Failure to secure adequate insurance coverage could lead to uninsured losses or limit Aecon's ability to pursue some construction contracts, both of which could impact results. Insurance products from time-to-time experience market fluctuations that can impact pricing and availability. Therefore, senior management, through Aecon's insurance broker, monitors developments in the insurance markets so that the Company's insurance needs are met. If any of Aecon's third-party insurers fail, refuse to renew or revoke coverage, refuse to cover claims, or otherwise cannot satisfy their requirements to Aecon, the Company's overall risk exposure could be materially increased.

Insurance risk entails inherent unpredictability that can arise from assuming long-term policy liabilities or from uncertainty of future events. Although Aecon has in the past been able to meet its insurance needs, there can be no assurances that Aecon will be able to secure all necessary or appropriate insurance on a going forward basis. Insurance premiums or deductibles may also increase, resulting in higher costs to the Company.

n. Environmental and Safety Factors

During its history, Aecon has experienced a number of incidents, emissions or spills of a non-material nature in the course of its construction activities. Although none of these environmental incidents to date have resulted in a material liability to Aecon, there can be no guarantee that any future incidents will also not be material.

Aecon is subject to, and complies with, federal, provincial, and municipal environmental legislation in all of its operations. Aecon recognizes that it must conduct all of its business in such a manner as to both protect and preserve the environment in accordance with this legislation. At each place where work is performed, Aecon develops and implements a detailed quality control plan as the primary tool to demonstrate and maintain compliance with all environmental regulations and conditions of permits and approvals. Given its more than one-hundred-year history in the construction industry, the large number of companies incorporated into its present structure, and the fact that environmental regulations tend not to have a statute of limitations, there can be no guarantee that a historical claim may not arise on a go forward basis. Management is not aware of any pending environmental legislation that would be likely to have a material impact on any of its operations, capital expenditure requirements or competitive position, although there can be no guarantee that future legislation (including without limitation the introduction of environmentally-focused legislation that may impact aspects of Aecon's business) will not be proposed and, if implemented, might have an impact on the Company and its financial results. Please see "Risk Factors – Risks Related to Environment and Extreme Weather" herein for a discussion of extreme weather risks.

Aecon is also subject to, and complies with, health and safety legislation in all of its operations in the jurisdictions in which it operates. The Company recognizes that it must conduct all of its business in such a manner as to ensure the protection of its workforce and the general public. Aecon has developed a health and safety program; nevertheless, given the nature of the industry, accidents will inevitably occur from time to time. Management is not aware of any pending health and safety legislation or prior incidents which would be likely to have a material impact on any of its operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or accidents. Increasingly across the construction industry, safety standards, records and culture are an integral component of winning new work. Should Aecon fail to maintain its safety standards, such failure may lead to termination of contracts and/or impact future job awards, and could therefore impact financial results.

o. Cyclical Nature of the Construction Industry

Fluctuating demand cycles are common in the construction industry and can have a significant impact on the degree of competition for available projects. As such, fluctuations in the demand for construction services or the ability of the private and/or public sector to fund projects in the current economic climate could adversely affect backlog and margin and thus Aecon's results.

Given the cyclical nature of the construction industry, the financial results of Aecon, similar to others in the industry, may be impacted in any given period by a wide variety of factors beyond its control (as outlined herein) and, as a result, there may be from time to time, significant and unpredictable variations in Aecon's quarterly and annual financial results.

p. Nuclear Liability

Aecon's Nuclear sector supports clients across various types of work in the nuclear industry, which includes construction and fabrication services, such as reactor new builds and the refurbishment of current nuclear reactors, and decommissioning. While Aecon's management, with the guidance of external advisors, monitors nuclear regulatory policies and practices in the jurisdictions where it operates, with an emphasis on the safety of nuclear installations, protection of workers against ionizing radiation and preservation of the environment, the work that Aecon performs can subject the Company to risks arising out of a nuclear, radiological or criticality incident, whether or not within the Aecon's control.

Indemnification provisions contained in the domestic legislation of the jurisdictions in which Aecon's nuclear sector operates, such as the *Nuclear Liability and Compensation Act* (Canada) and the *Price-Anderson Act* (United States), or equivalent protections afforded under international conventions and supplementary conventions, seek to ensure compensation for the general public, while indemnifying nuclear industry participants against liability arising from nuclear incidents, subject to possible exclusions. However, these legislative indemnification provisions may not apply to all liabilities incurred while performing services as a contractor for the nuclear industry. If an incident or certain damages resulting therefrom are not covered under applicable legislative indemnification provisions, Aecon could be held liable for damages which could have a material adverse impact on the Aecon's financial condition and results of operations. In addition to legislative indemnification provisions, the Company seeks to protect itself from liability associated with nuclear incidents and damages resulting therefrom in its contracts, but there can be no assurance that such contractual limitations on liability will be effective in all cases or that Aecon or its clients' insurance will cover all the liabilities assumed under those contracts. The costs of defending against claims arising out of a nuclear incident, and any damages that could be awarded as a result of such claims, could have a material adverse impact on Aecon's financial condition and results of operations.

q. Force Majeure Events

The Company is exposed to various risks arising out of extraordinary or force majeure events beyond the Company's control, such as epidemics or pandemics, acts of war, terrorism, strikes, protests or social or political unrest generally. Such events could disrupt the Company's operations, result in shortages of materials and equipment, cause supply chain delays or delivery failures, or lead to the realization of or exacerbate the impact of other risk factors. To the extent that such risks are not mitigated contractually through provisions that provide the Company with relief from its schedule obligations and/or cost reimbursement, the Company's financial condition, results of operations or cash flows may be adversely affected.

Reliance on global networks and supply chains, rates of international travel and the significant number of people living in high-density urban environments increase humanity's susceptibility to infectious disease. Epidemics occurring in regions in which Aecon operates and pandemics that pose a global threat can negatively impact business operations by disrupting the supply chain and causing high absenteeism across the workforce. Similarly, disasters arising from extraordinary or force majeure events may result in disruptions resulting from the evacuation of personnel, cancellation of contracts, or the loss of workforce, contractors or assets. In addition, a disaster may disrupt public and private infrastructure, including communications and financial services, which could disrupt the Company's normal business operations.

Aecon has implemented a business continuity plan to assist with preparing for, and managing the impact of, an extraordinary or force majeure event by identifying core services, developing a communications strategy and protecting the health and safety of its employees. While the business continuity plan may mitigate the impact of an extraordinary or force majeure event, minimize recovery time and reduce business losses, the plan cannot account for all possible unexpected events. An extraordinary or force majeure event therefore may have material adverse financial implications for the Company.

r. Internal and Disclosure Controls

Inadequate disclosure controls or ineffective internal controls over financial reporting could result in an increased risk of material misstatements in the financial reporting and public disclosure record of Aecon. Inadequate controls could also result in system downtime, give rise to litigation or regulatory investigation, fraud or the inability of Aecon to continue its business as presently constituted. Restrictions related to a hybrid working model for office-based employees have necessitated modified controls during the consolidation and finalization of financial statements.

Aecon has designed and implemented a system of internal controls and a variety of policies and procedures to provide reasonable assurance that material misstatements in the financial reporting and public disclosures are prevented and detected on a timely basis and other business risks are mitigated. In accordance with the guidelines adopted in Canada, Aecon assesses the effectiveness of its internal and disclosure controls using a top-down, risk-based approach in which both qualitative and quantitative measures are considered. An internal control system, no matter how well conceived and operated, can provide only reasonable – not absolute – assurance to management and the Board regarding achievement of intended results. Aecon's current system of internal and disclosure controls places reliance on key personnel across the Company to perform a variety of control functions including key reviews, analysis, reconciliations and monitoring. The failure of individuals to perform such functions or properly implement the controls as designed could adversely impact results.

s. Integration and Acquisition

Aecon has made a number of acquisitions in recent years and may continue to pursue acquisition opportunities in accordance with its strategic plan. The integration of any acquisition raises a variety of issues including, without limitation, identification and execution of synergies to achieve anticipated economies of scale, elimination of cost duplication, systems integration (including accounting and information technology), execution of the pre-deal business strategy in an uncertain economic market, development of common corporate culture and values, integration and retention of key staff, retention of current clients as well as a variety of issues that may be specific to Aecon and the industry in which it operates. Additional risks include the discovery of undisclosed or underestimated liabilities and the possibility that acquired intangible assets or goodwill may become impaired in the future, requiring charges to earnings.

Although Aecon collaborates with the leadership teams of acquired entities to design a culture that promotes delivery of desired results, there can be no assurance that Aecon will maximize or realize the full potential of any of its acquisitions. A failure to successfully integrate operations, systems, technologies and different corporate cultures and to execute a combined business plan could materially impact the future financial results of Aecon. Likewise, a failure to expand the existing client base and achieve sufficient utilization of the assets acquired could also materially impact the future financial results of Aecon.

t. Reputation in the Construction Industry

Reputation and goodwill play an important role in the long-term success of any company in the construction industry. Negative opinion may impact long-term results and can arise from a number of factors including perceived competence, losses on specific projects, questions concerning business ethics and integrity, corporate governance, environmental and extreme weather impact awareness, the accuracy and quality of financial reporting and public disclosure as well as the quality and timing of the delivery of key products and services.

Aecon has implemented various procedures and policies to help mitigate this risk, including the adoption of Aecon's Code of Ethics and Business Conduct (the "Code") which all employees are expected to review and abide by, and an ethical due diligence process to vet prospective partners, international subcontractors and third-party intermediaries. Nevertheless, the adoption of corporate policies, training of employees and vetting of third parties cannot guarantee that a future breach or breaches of the Code or other corporate policies will not occur which may or may not impact the financial results of the Company.

u. Aecon's Utility Business has a Third-Party Equity Investor

In October 2023, Aecon completed a transaction pursuant to which Splice Holdings S.à r.l., an entity managed by the Power Opportunities strategy of Oaktree Capital Management, L.P., ("Oaktree") acquired 154,640 preferred shares in the capital of Aecon Utilities Group Inc. ("AUGI"), a subsidiary of Aecon which owns Aecon's utilities business. The preferred shares are convertible at any time by Oaktree into a fixed 27.5% of the common equity of AUGI. The agreement entitles Oaktree to the greater of 1.5x their invested capital, the accreted value of the instrument, or 27.5% of the equity value of AUGI, and depending on the timing of a potential redemption, the cost of the redemption may exceed the accounting book value of the liability on the balance sheet. As discussed under "Three-Year History – Sale of 27.5% Interest in Aecon Utilities Group Inc." herein, both the terms of Oaktree's preferred shares and the shareholders' agreement entered into by Aecon, AUGI and Oaktree provide Oaktree with certain governance and other rights regarding AUGI and its subsidiaries such that Oaktree has the ability to exert influence over many matters affecting AUGI's business, policies and affairs. Without limiting the foregoing, subject to certain conditions, Oaktree is entitled to two nominees on the board of AUGI, pre-emptive rights, registration rights, liquidity rights and, in the ordinary course, approval rights over certain activities of AUGI and its subsidiaries, including incurring indebtedness above certain levels or amalgamating, merging with or acquiring another business with an enterprise value in excess of certain thresholds, and, in circumstances in which AUGI is in breach of its obligations under the shareholders' agreement, Oaktree has additional approval rights, including with respect to the declaration and payment of dividends. In addition, Oaktree has certain liquidity rights that, if exercised, could have an adverse effect on Aecon's cash flows and debt covenants and, in certain circumstances where Aecon is unable to satisfy the liquidity rights, could lead to a sale of some or all of the utilities business. Furthermore, the interests of Oaktree may differ from the interests of Aecon and its shareholders in material respects. In that regard, Oaktree may from time to time have other investments that are permitted, subject to certain conditions provided in the shareholders' agreement, to compete with the business of AUGI.

2. Liquidity, Capital Resources and Financial Position Risks

a. Ongoing Financing Availability

Aecon's business strategy involves the selective growth of its operations through internal growth and acquisitions. Aecon requires substantial working capital during its peak busy period. Aecon relies on its cash position and the availability of credit and capital markets to meet these working capital demands. As Aecon's business grows, Aecon is continually seeking to enhance its access to funding in order to finance the working capital associated with this growth. However, given the expected demand for infrastructure services over the next several years based on announced government infrastructure programs and related investment commitments and the size of many of these projects, Aecon may be constrained in its ability to capitalize on growth opportunities to the extent that financing is either insufficient or unavailable. Further, instability or disruption of capital markets, or a weakening of Aecon's cash position could restrict its access to or increase the cost of obtaining financing. Aecon cannot guarantee that it will maintain an adequate cash flow to fund its operations and meet its liquidity needs. Additionally, if the terms of Aecon's credit facilities are not met and compliance with its covenants are not achieved, lenders may terminate Aecon's right to use its credit facilities or demand repayment of whole or part of all outstanding indebtedness, which could have a material adverse effect on Aecon's financial position. One or more third parties drawing on letters of credit or guarantees could have a material adverse effect on Aecon's cash position and operations.

Some of Aecon's clients also depend on the availability of credit to finance their projects. If clients cannot arrange financing, projects may be delayed or cancelled, which could have a material adverse effect on Aecon's growth and financial position. A reduction in a client's access to credit may also affect Aecon's ability to collect payments, negotiate change orders, and settle claims with clients which could have a material adverse effect on Aecon's financial position.

b. Access to Bonding, Pre-qualification Rating and Letters of Credit

Many of Aecon's construction contracts require sufficient bonding, pre-qualification rating or letters of credit. The issuance of bonds under surety facilities is at the sole discretion of the surety company on a project-by-project basis. As such, even sizeable surety facilities are no guarantee of surety support on any specific individual project. Although the Company believes it will be able to continue to maintain surety capacity adequate to satisfy its requirements, should those requirements be materially greater than anticipated, or should sufficient surety capacity not be available to Aecon or its joint arrangement partners (see "Risk Factors - Large Projects" herein) for reasons related to an economic downturn, Aecon's financial performance or otherwise, or should the cost of bonding rise substantially (whether Aecon specific or industry wide), these events may have an adverse effect on the ability of Aecon to operate its business or take advantage of all market opportunities. The Company also believes that it has sufficient capacity with respect to letters of credit to satisfy its requirements, but should these requirements be materially greater than anticipated or should industry capacity be materially impacted by domestic or international conditions unrelated to Aecon, this may have an adverse effect on the ability of Aecon to operate its business.

c. Adjustments in Backlog

There can be no assurance that the revenues projected in Aecon's backlog at any given time will be realized or, if realized, that they will perform as expected with respect to margin. Projects may from time to time remain in backlog for an extended period of time prior to contract commencement, and after commencement may occur unevenly over current and future earnings periods. Project suspensions, terminations or reductions in scope do occur from time to time in the construction industry due to considerations beyond the control of a contractor such as Aecon and may have a material impact on the amount of reported backlog with a corresponding impact on future revenues and profitability. A variety of factors outlined in these "Risk Factors" including, without limitation, the failure to replace the revenue generated from large projects on a going forward basis, conditions in resource related sectors and the impact of economic weakness could lead to project delays, reductions in scope and/or cancellations which could, depending on severity, negatively affect the ability of the Company to replace its existing backlog, which may adversely impact results.

d. Tax Accrual Risks

Aecon is subject to income taxes in Canada and several foreign jurisdictions. Significant judgment is required in determining the Company's worldwide provision for income taxes. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. Although Aecon 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 historical income tax provisions and accruals. Although management believes it adequately provides 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 a material adverse effect on the Company's current and future results and financial condition.

e. *Impairment in the Value of Aecon's Assets*

New events or circumstances may lead Aecon to reassess the value of goodwill, property, plant and equipment, and other non-financial assets, and record a significant impairment loss, which could have a material adverse effect on its financial position. Goodwill and intangible assets with indefinite lives 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. The net carrying amounts of property, plant and equipment assets are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate the carrying amount may not be recoverable. Aecon's financial assets, other than those accounted for at fair value, are assessed for indicators of impairment quarterly. In such cases, Aecon may be required to reduce carrying values to their estimated fair value. Aecon's estimates of future cash flows are inherently subjective, which could have a significant impact on the analysis. Further, there could be a material adverse effect on Aecon's financial position and compliance under its credit facilities from any future write-offs or write-downs of Aecon's projects, assets or in the carrying value of its investments.

f. *Dependence on Subsidiaries to Help Repay Indebtedness*

A significant portion of the Company's assets is the capital stock of its subsidiaries, and the Company conducts an important portion of its business through its subsidiaries. Consequently, the Company's cash flow and ability to service its debt obligations are dependent to a great extent upon the earnings of its subsidiaries and the distribution of those earnings to the Company, or upon loans, advances or other payments made by these entities to the Company.

The Company's subsidiaries are separate and distinct legal entities and may have significant liabilities. The ability of these entities to pay dividends or make other loans, advances or payments to the Company will depend upon their operating results and will be subject to applicable laws and shareholder agreements. In addition, certain other agreements governing certain subsidiaries of the Company contain restrictions on the payment of dividends and distributions, as well as specified liquidity covenants. Also, a number of the Company's material subsidiaries have provided guarantees of the Company's primary third-party debt instruments and obligations, including the Company's Credit Agreements.

The ability of the Company's subsidiaries to generate sufficient cash flow from operations will depend on their future financial performance, which will be affected by a range of economic, competitive, and business factors, many of which are outside of the control of the Company or its subsidiaries. The cash flow and earnings of the Company's operating subsidiaries and the amount that they are able to distribute to the Company as dividends or otherwise may be insufficient to satisfy the Company's debt obligations. Accordingly, the Company may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. The Company cannot assure that any such alternatives would be possible, that any assets could be sold, or, if sold, of the timing of the sales and the amount of proceeds realized from those sales, and that additional financing could be obtained on acceptable terms, if at all. The Company's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its obligations on commercially reasonable terms, would have a material adverse effect on its business, financial condition, and results of operations.

g. Dividends

The declaration and payment of dividends on common shares are at the discretion of the board of directors of the Company. The cash available for dividends is a function of numerous factors, including the Company's financial performance, dividends and cash flow from subsidiaries, the impact of interest rates, debt covenants and obligations, working capital requirements and future capital requirements. Accordingly, there is no guarantee that Aecon will be able to pay any cash dividends on the common shares.

3. International/Foreign Jurisdiction Factors

Aecon is from time to time engaged in projects in foreign jurisdictions, focusing on its core markets, namely Canada, the United States, the Caribbean and Latin American nations. International projects can expose Aecon to risks beyond those typical for its activities in Canada, its home market, including without limitation, economic, geopolitical, geotechnical, military risks, limitations on repatriation of undistributed profits, currency and foreign exchange risks, adoption of new or expansion of existing tariffs and/or taxes or other restrictions, sanctions risk, partner or third-party intermediary misconduct risks, difficulties in staffing and managing foreign operations, and other risks beyond the Company's control, including the duration and severity of the impact of global economic downturns.

a. Tax

The Company is subject to income taxes in various foreign jurisdictions. A significant change in tax laws could have an adverse effect on Aecon's profitability. More than 100 foreign jurisdictions have agreed to implement a new global minimum tax regime ("Pillar Two") based on model rules published by the Organization for Economic Cooperation and Development. The proposed Pillar Two rules are intended to ensure that large qualifying multinational enterprises ("MNE") pay a minimum tax of 15% on the income arising in each jurisdiction in which they operate. To the extent that a qualifying MNEs' effective tax rate equals or exceeds at least 15% for the fiscal year ending December 31, 2024, or meets the qualified substance-based income exclusion, they will qualify for the Transitional Country by Country Safe Harbor ("TCSH") for FY 2024-2026, which provides an exemption from preparing detailed GLoBE calculations and reporting for the jurisdiction. The Effective Tax Rate test requires a minimum of 16% for fiscal years beginning in 2025, and 17% for fiscal years beginning after December 31, 2025. The impact on Aecon will depend on how each jurisdiction implements the model rules, as well as the profitability and local tax liabilities of Aecon's operations in those jurisdictions.

b. Corruption and Bribery

The Canadian *Corruption of Foreign Public Officials Act* and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to public officials or others for the purpose of obtaining or retaining business. While Aecon's policies mandate compliance with these anti-corruption laws, Aecon may in the future operate in parts of the world that have experienced corruption to some degree. Aecon trains its employees with respect to anti-corruption issues, and takes steps to require its partners, subcontractors, suppliers, vendors, agents and others who work for Aecon or on its behalf to comply with anti-corruption laws. Aecon has procedures and controls in place to perform appropriate due diligence and monitor compliance. However, there is no assurance that Aecon's internal controls and procedures will always protect the Company from possible improper payments made by its employees or agents. If Aecon is found to be liable for violating anti-corruption laws, the Company could suffer from criminal or civil penalties or other sanctions, including contract cancellations or debarment and loss of reputation, any of which could have a material adverse effect on its business.

Money laundering and related crimes pose a threat to the stability and integrity of the financial sector and the broader economy. Consequently, the international community is increasingly prioritizing its fight against these illegal activities. Aecon is committed to all anti-money laundering regulatory requirements and has implemented procedures, processes and controls with respect to due diligence, record keeping, reporting and training in jurisdictions in which it operates, to attenuate exposure to such illegal activities. However, there are no assurances that Aecon's procedures, processes and controls will be sufficient to prevent or detect the occurrence of money laundering and related crimes.

c. *Contracts and Transactions*

Aecon continually evaluates its exposure to unusual risks inherent in international projects and, where deemed appropriate in the circumstances, mitigates these risks through specific contract provisions, insurance coverage and forward exchange agreements. However, there are no assurances that such measures would offset or materially reduce the effects of such risks. For additional details, see Note 29 "Financial Instruments" to the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2025.

Transactional foreign exchange risks are actively managed and hedged where possible and considered cost effective, when directly tied to quantifiable contractual cash flows accruing directly to Aecon within periods of one or two years. Operations in foreign jurisdictions, including major projects executed through joint arrangements, generally have a longer term and result in foreign exchange translation exposures that Aecon has not hedged. Such translation exposure will have an impact on Aecon's consolidated financial results. Practical and cost-effective hedging options to fully hedge this longer-term translational exposure are not generally available.

d. *Political and Social Instability*

Aecon's international operations are subject to risks related to political conditions in certain foreign jurisdictions where it operates, including embargoes and sanctions, civil unrest, extortion against businesses, disruption of supply chains, expropriation of property, absence of law enforcement and other forms of unexpected instability which may adversely impact the Company's results. Aecon has implemented protective factors and proactive strategies that decrease vulnerabilities, however there is no guarantee that these measures will be sufficient to address the current security crisis.

e. Repatriation of Funds

The repatriation of cash in the form of dividends from Aecon's foreign affiliates is at the discretion of the local management of the Company. The cash available for dividends is a function of numerous factors, including the Company's financial performance, cash flow from operations, the impact of debt covenants, warranties and other obligations, withholding tax obligations, and working capital requirements. Accordingly, the amount of cash Aecon can repatriate is uncertain, and therefore, there is no guarantee that Aecon will be able to pay any cash dividends.

4. Risks Related to Information Systems, Technology and Intellectual Property

a. Cyber Interruption or Failure of Information Systems

Aecon relies extensively on information systems, data and communication networks to effectively manage its operations. Complete, accurate, available and secure information is vital to the Company's operations and any compromise in such information could result in improper decision making, inaccurate or delayed operational and/or financial reporting, delayed resolution to problems, breach of privacy and/or unintended disclosure of confidential materials. Aecon has established safeguards and access controls to protect its information systems and infrastructure and maintains a cyber insurance policy to mitigate impacts of cyber incidents.

Aecon relies on information technology systems to manage its operations, including for reporting its results of operations, collection and storage of client data, personal data of employees and other stakeholders, and various other processes and transactions. Certain systems are managed by third-party service providers that are engaged and given access to, or store, Aecon data. As a result, Aecon is exposed to cybersecurity, availability and data protection risks arising not only from its own environment, but also from the systems and controls of third-party service providers. In order to support its operations, Aecon is implementing new information systems and technology related tools. An unsuccessful roll out of this program could cause operational and financial disruption. Aecon has similar exposure to security risks faced by other large companies that have data stored on their information technology systems.

Ransomware and other forms of cyber extortion continue to represent significant threats to Aecon and to organizations globally. The threat landscape has evolved to include increasingly sophisticated attack methods, including social engineering, phishing and malware campaigns that may leverage automation and artificial intelligence. Hybrid and remote working arrangements continue to expand the potential attack surface, increasing the risk of unauthorized access to corporate systems and data. Cyber criminals are adapting their tactics, exposing new forms of data theft, including employees' personal information, corporate data, client and customer information, intellectual property and key infrastructure. Aecon has experienced increased volumes of phishing attempts and fraudulent communications directed at employees and continues to implement mitigation measures, including employee training, monitoring, detection and incident response controls.

Given the rapid evolution and sophisticated level of cyber incidents, security measures and controls implemented by Aecon may not be sufficient to prevent third-party access of digital data from Aecon's or its third-party service providers' systems with the intent to misappropriate information, corrupt data or cause operational disruptions. Such incidents could cause delays in the Company's operations and construction projects, result in lost revenues due to a disruption of activities, lead to the loss, destruction, inappropriate use or theft of confidential data, or result in theft of confidential information, including the Company's or its clients' or joint arrangement partners' intellectual property. If any of the foregoing events occurs, the Company may be exposed to a number of consequences, including potential litigation or regulatory actions and reputational damage, which could have a material adverse effect on the Company.

b. Outsourced Software

Aecon relies on third-party providers of software and infrastructure to run critical accounting, project management and financial systems. Aecon's reliance on these third-party systems exposes it to risks arising from software defects, service outages, cybersecurity incidents, or the discontinuation, modification or inadequate support of such systems. Any disruption, degradation or failure of third-party software or infrastructure could adversely affect Aecon's operations.

c. Protection of Intellectual Property and Proprietary Rights

The Company depends, in part, on its ability to protect its intellectual property rights. Aecon relies primarily on patent, copyright, trademark and trade secret laws to protect its proprietary technologies. The failure of intellectual property protections to adequately safeguard Aecon's proprietary rights could enable competitors to replicate or derive similar products, services or processes, potentially resulting in reduced competitiveness, lower revenues or diminished margins.

The Company's trademarks and trade names are registered in relevant jurisdictions where it operates and the Company intends to keep these filings current and seek protection for new trademarks to the extent consistent with business needs. The Company relies on trade secrets and proprietary know-how and confidentiality agreements with employees, partners, and third parties to protect certain technologies and processes. However, these measures may not prevent unauthorized disclosure, misappropriation or infringement of the Company's intellectual property.

d. Artificial Intelligence Risk

Aecon continues to adopt and expand the use of Artificial Intelligence ("AI") technologies across its operations. While AI may enhance efficiency, productivity and decision-making, the use of AI also presents risks, including the potential for biased or inaccurate outputs, data privacy and security issues, intellectual property concerns, and unintended consequences arising from reliance on automated or semi-automated systems.

Aecon has implemented an AI Usage Policy and established an AI Strategy and Governance Council, comprised of executive and senior leadership, to oversee AI strategy, governance and risk management. Notwithstanding these measures, the rapid evolution of AI technologies, including generative AI, may outpace the development of internal controls, regulatory frameworks and best practices. The misuse or failure of AI systems, or inadequate oversight of AI-enabled tools, could result in data breaches, operational or reputational harm, regulatory exposure or legal liability, which could adversely affect the Company.

5. Economic and Strategic Risks

a. Economic Factors

Aecon's profitability is closely tied to the general state of the economy in those geographic areas in which it operates. More specifically, the demand for construction and infrastructure development services, which is the principal component of Aecon's operations, would typically be the largest single driver of the Company's growth and profitability. In periods of strong economic growth and in some cases in periods of economic recovery, there is generally an increase in the number of opportunities available in the construction and infrastructure development industry as capital spending increases. In periods of weak economic growth, the demand for Aecon's services from private sector and public authority clients may be adversely affected.

Inflation as measured by the Consumer Price Index (CPI) in Canada rose 2.1% on an annual basis in 2025, down from 2.4% in 2024 and 3.9% in 2023, following a 40-year high increase of 6.8% in 2022 and a 3.4% increase in 2021. The decrease in inflation in 2024 and 2025 resulted in cuts to interest rates, while the increase in inflation in 2022 and 2023 resulted in interest rate increases commencing in 2022 and continuing into 2023. While inflation is currently near the Bank of Canada's target of 2%, any increase in inflation may lead to future increases in interest rates. Higher inflation and a resulting monetary tightening policy increases Aecon's borrowing costs and can result in increased costs for labour, raw materials, and other inputs to the extent these cannot be passed on to clients. It may also impact the decisions of private and public sector clients when considering whether to proceed with projects that might otherwise have gone ahead.

In North America, which tends to have relatively sophisticated infrastructure, Aecon's profitability is dependent both on the development, rehabilitation, and expansion of basic infrastructure (such as, among others, highways, airport terminals, transit systems and power plants) and on the type of infrastructure that flows from commercial and population growth. Commercial growth demands incremental facilities for the movement of goods within and outside of the community, along with water and sewer systems and heat, light and power supplies. Population growth creates a need to move people to and from work, schools. and other public facilities, and demands similar services to new homes. Growth in both of these areas, with the possible exception of road maintenance and construction, is directly affected by the general state of the local economy.

The ongoing uncertainties regarding a prolonged economic downturn in the markets in which Aecon operates, related constraints on public sector funding, including as a result of government deficits and the ultimate ability of government action to contribute to an economic rebound may impact Aecon's clients and its business in 2026 and beyond and may have a significant adverse impact on Aecon's operations.

b. Tariffs

Throughout 2025, the current United States administration imposed various tariffs on Canada and other countries by way of executive orders, including universal tariffs on steel, aluminum and automotive imports, with Canada imposing counter tariffs in response. Whether some of the executive orders are within the authority granted to the President by Congress under the International Emergency Economic Powers Act ("IEEPA") has been under consideration by the United States Supreme Court ("SCOTUS") and on February 20, 2026, the administration received an unfavourable ruling regarding the ability to impose tariffs under IEEPA absent congressional approval. The administration has asserted that it intends to pursue other avenues to achieve similar outcomes.

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. 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.

c. Trade Agreements

The United States-Mexico-Canada Agreement ("USMCA"), which came into force in 2020, is entering a critical, scheduled joint review in July 2026 to assess its effectiveness, address issues, and decide on a 16-year extension. The ordinarily routine review may turn into a material renegotiation driven in part by political and other factors, including the upcoming midterm elections in the United States. Companies based in Canada, including Aecon, rely on the predictable trading environment that exists under the USMCA. Consequently, the outcome of the review is critical for maintaining stable, integrated supply chains in North America, with potential for significant impacts on trade, investment, and future economic policy which may affect Aecon's operations and future earnings. Furthermore, Canada's economic growth, which is highly trade-dependent, could be negatively impacted, with adverse effects on Canadian businesses like Aecon.

Despite the operation of the USMCA which establishes a preferential tariff treatment for USMCA compliant goods, in January 2026, the United States threatened new tariffs on Canadian goods if Canada pursues specific trade deals with non-market economies like China. For greater detail regarding tariffs, see "Risk Factors – Tariffs" herein.

d. Increases in the Cost of Raw Materials

The cost of raw materials represents a significant component of Aecon's operating expenses. As contractors are not always able to pass such risks on to their customers, unexpected increases in the cost of raw materials may negatively impact the Company's results. Inflation on the cost of raw materials, increased demand for raw materials used in construction, such as metals, cement and wood products, resulting in periodic supply shortages as well as inflation as well as supply chain disruptions has contributed to an increase in raw material prices with upstream impacts through global supply chains. Tariffs on raw materials between nations may also impact the cost of raw materials from time to time. Unanticipated fluctuations in the costs of raw materials and periodic supply shortages may add a significant risk to many vendors and subcontractors, some of whom may respond by no longer guaranteeing price or availability on long-term contracts, which in turn increases the risk for contractors who are not always able to pass this risk on to their customers. Although Aecon attempts to mitigate these risks through contractual means or purchasing approaches, there is no guarantee that increases to input costs will not negatively impact Aecon's future earnings and financial position.

e. Resources and Commodities Sector

Delays, scope reductions and/or cancellations in previously announced or anticipated projects in the resources and commodities sector could be impacted by a variety of factors. General factors include but are not limited to: the prices of oil, natural gas and other commodities; market volatility; the impact of global economic conditions affecting demand or the worldwide financial markets; cost overruns on announced projects; efforts by owners to contractually shift risk for cost overruns to contractors; fluctuations in the availability of skilled labour; lack of sufficient governmental investment or infrastructure to support growth; the introduction or repeal of environmentally-focused legislation (such as a carbon tax); negative perception of the oil sands and gas industry and related potential environmental impact; the need for consent from or consultation with Indigenous peoples impacted by proposed projects; and a shortage of sufficient pipeline and/or transportation infrastructure to transport production to major markets.

The prices of oil, natural gas and other commodities are determined based on world demand, supply, production, speculative activities and other factors, all of which are beyond the control of the Company. Investment decisions by some of Aecon's clients are dependent on the clients' outlook on long-term commodity prices. If that outlook is unfavourable it may cause delay, reduction or cancellation of current and future projects, including pipeline projects. A material reduction in oil and gas development, commodity mining, transportation or distribution activities and capital expenditure plans of some of the Company's clients due to, among other reasons, the perception that a pandemic, war or other similarly disruptive international crisis may have lasting impacts on the consumption of oil, gas, and other commodities, could have a negative effect on the frequency, number and size of the projects for which the Company would bid (For greater detail, see "Risk Factors – Force Majeure Events" herein.).

Given the volatility of world oil, natural gas and commodity prices, a sustained period of low prices on a going forward basis for any reason may result in material differences in previously projected resource development projects. Postponements or cancellations of investment in existing and new projects could have an adverse impact on Aecon's business and financial condition.

6. Risks Related to Environment and Extreme Weather

Environmental Management and extreme weather continues to attract considerable public, scientific and regulatory attention, while policy continues to evolve at regional, national and international levels. Aecon carefully considers the physical and non-physical impacts of the environment and extreme weather on the company.

a. Transition Risks

The transition to a lower carbon economy may disrupt traditional business models, infrastructure investment patterns, and project funding priorities. Aecon's public and private sector clients may modify, defer, or cancel projects in response to evolving policies, regulatory requirements, investor expectations, or public perception. These changes may reduce the demand or alter the timing, scope or economics of certain projects.

Government action to address this may include changes to carbon pricing mechanisms, energy and fuel taxes, efficiency standards and regulation and reporting requirements. Such measures may increase compliance obligations, project complexity, and costs for Aecon and its clients.

b. Financial Impacts

As environmentally focused regulations, policies and market expectations evolve, Aecon's cost of doing business may increase. The Company may incur higher operating costs, including increased insurance premiums, costs related to regulatory compliance, monitoring and reporting, and capital expenditures associated with equipment and materials that meet client or regulatory requirements. Aecon's failure to comply with applicable laws and regulations could also result in penalties, litigation and reputational damage, or other adverse financial impacts.

c. Disclosure and Reputation Risks

Aecon is subject to increasing expectations from certain investors, regulators, clients and other stakeholders regarding its disclosures. Evolving regulatory requirements, have increased scrutiny of environmental claims and may increase the risk of reputational harm associated with perceived misstatements, omissions, or insufficient substantiation of environmental commitments and performance. Aecon may be subject to a broad range of additional environmental information requests by customers, potential customers and other stakeholders in certain regions and increasing levels of disclosure regarding environmental performance.

Certain stakeholders may hold differing views regarding the appropriate scope and ambition of climate-related action, which may increase the risk that actions or inactions by the Company are perceived negatively by certain stakeholders. Adverse stakeholder perceptions may affect Aecon's reputation, competitive position, access to capital, or investment decisions.

d. Carbon Transition Technologies

Aecon's publicly disclosed greenhouse gas emission reduction targets are dependent on the ability to improve operational efficiency and adoption of efficient technologies, fuels and materials. Achievement of these targets may be adversely affected by factors beyond Aecon's control, including supply chain constraints, delays in the availability of suitable new technology, and reversal of clean fuel or emission related policies and standards, and could cause Aecon to fail to meet its commitments in the time frames it has set out or at all.

e. Physical Risks

Many of Aecon's construction activities are conducted outdoors and are therefore exposed to physical environmental and extreme weather risks. Aecon may experience increased severity, frequency, and unpredictability of extreme weather events, as well as longer-term shifts in weather patterns. Severe weather events, including storms, wildfires, floods, heatwaves and droughts, may result in project delays, work stoppages, damage to assets, increased health and safety risks, and supply-chain disruptions. Severe weather events may also affect the availability and cost of raw materials and may disrupt key manufacturing or logistics facilities. These impacts could increase project costs, reduce productivity, and adversely affect Aecon's financial performance, operating results, and long-term resilience. See "Risk Factors – Weather Conditions" herein for further details.

7. Social Risks

a. Human Capital

The development, attraction and retention of employees is a critical success factor for Aecon. The Company's continued growth and future success depends on its ability to identify, recruit, assimilate and retain key management, technical, project and business development personnel. Aecon also continues to emphasize employee development and training to empower its employees to unleash their full potential and has implemented programs to help identify top performers and rising talent. The competition for top talent, particularly during periods of high demand in certain sectors, is intense and there can be no assurance that the Company will be successful in identifying, recruiting or retaining such personnel.

Moreover, effective succession planning is a critical element of Aecon's talent management strategy. The Company invests in leadership development, but the failure to ensure effective knowledge transfer and leadership transitions could impact its implementation of its strategic plan.

b. Human Rights

Companies, including Aecon, are under increasing scrutiny to address human rights issues, including issues related to social, gender and racial matters. Aecon has made efforts to address evolving concerns relating to these issues by undertaking a census of its workforce, expanding initiatives tied to fostering a constructive workplace environment for our people, introducing mandatory training for employees to adhere with legal, regulatory, and internal policy requirements, and formalizing a clear process to be followed by Aecon leaders who become aware of an incident of concern of any kind. Aecon publicly reports under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada). Failure to effectively implement these initiatives may result in strategic, reputational and regulatory risks for Aecon.

8. General Risks

a. Shareholder Activism

In recent years, publicly traded companies have been increasingly subject to demands from activist shareholders advocating for changes to corporate governance practices or engaging in certain corporate actions. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on the Company's reputation and divert the attention and resources of the Company's management and Board of Directors. Additionally, actions of activist shareholders may cause fluctuations in Aecon's share price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of the Company.

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)	**March 5, 2026**
Number of common shares outstanding	64,072,022
Outstanding securities exchangeable or convertible into common shares	
DSUs and RSUs outstanding under the Long-Term Incentive Plan and the 2014 Director DSU Plan	2,799,104

15. OUTLOOK

Aecon expects 2026 revenue to exceed 2025 levels on the strength of its record backlog, strategic positioning in sectors with attractive demand profiles, robust recurring revenue programs, and a healthy pipeline of project opportunities tied to power generation, critical resource development, mass transit infrastructure, water, and defence.

In the Construction segment, demand for Aecon's services across Canada and in select U.S. and international markets continues to be strong with opportunities across all sectors. During 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 has commenced under a target price contract. In addition, an Aecon joint operation was awarded a collaborative contract by Ontario Power Generation which includes the definition phase work for the retube, feeder and boiler replacement of four units at the Pickering Nuclear Generating Station in Ontario. An Aecon-led partnership was awarded an alliance construction contract by Ontario Power Generation for the execution phase of the Darlington New Nuclear Project in Ontario, the first Small Modular Reactor project in the G7. An Aecon partnership completed the collaborative development phase and reached financial close on a contract with the Montreal Port Authority for the Port of Montreal Expansion in-water works project in Contrecoeur, Québec.

In the Concessions segment, there are several opportunities to add to the existing portfolio of Canadian and international concessions in the next 6 to 12 months to support trends in aging infrastructure, mobility, connectivity, energy, and population growth.

Operating profitability in recent years was negatively impacted by the fixed price legacy projects. Two of the remaining three legacy projects achieved substantial completion in 2025, and construction on the remaining legacy project is significantly progressed but substantial completion has not been achieved due to delays relating to subcontracted work and operational commissioning. The remaining project is expected to be substantially complete in the first half of 2026. Until all 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", Section 10.2 "Contingencies", and Section 13 "Risk Factors" in this 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 fixed price legacy projects with the respective clients remains a critical focus for the Company and its partners. The finalization of these projects is anticipated to lead to improved profitability and margin predictability going forward.

Beyond the legacy projects, Aecon's deliberate shift towards a greater weighting of improved risk-adjusted programs, in combination with a strong focus on operational excellence, is anticipated to support a stabilization and gradual improvement of Adjusted EBITDA margins in the Construction segment in 2026.

Management will continue to monitor the impact of a dynamic political environment as well as announced or threatened tariffs and non-tariff measures on the Company's operations. The introduction of these measures could cause increased purchased material costs and/or reduced availability, downward or upward changes to the level of demand for Aecon's services, as well as delays by some private clients in moving forward with projects.

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 share repurchases on an opportunistic basis. Aecon is also focused on making strategic investments in its operations to support the growth of its concessions portfolio, provide access and entry into new markets and increase operational effectiveness. Aecon expects capital expenditures in 2026 to exceed 2025 levels to support growth initiatives and systems investments designed to enhance execution resiliency and enable the ambitions of key sectors in a disciplined manner.