FORM 51-102F3

MATERIAL CHANGE REPORT
NATIONAL INSTRUMENT 51-102

ITEM 1 Name and Address of Company

Aecon Group Inc. ("**Aecon**")
20 Carlson Court, Suite 105
Toronto, ON M9W 7K6

ITEM 2 Date of Material Change

October 23, 2023

ITEM 3 News Release

A news release with respect to the material change referred to in this report was disseminated through CNW on October 23, 2023 (the "**News Release**") and subsequently filed on SEDAR+ at www.sedarplus.com. A copy of the News Release is attached hereto as Schedule A.

ITEM 4 Summary of Material Change

On October 23, 2023, Aecon Utilities Group Inc. ("**AUGI**"), a wholly-owned subsidiary of Aecon, entered into a subscription agreement (the "**Subscription Agreement**") with Splice Holdings S.à r.l. (the "**Investor**"), an entity managed by the Power Opportunities strategy of Oaktree Capital Management, L.P., pursuant to which the Investor subscribed for 154,640 preferred shares in the capital of AUGI (the "**Preferred Shares**") (representing a 27.5% ownership interest in AUGI) for an aggregate gross subscription price of $154,640,000, representing an aggregate net investment amount of $150,000,000 after upfront fees. The subscription closed the following day on October 24, 2023 (the "**Closing Date**").

Proceeds from the transaction will be used to improve Aecon's balance sheet, including to pay down its debt, positioning Aecon to fund strategic growth initiatives, and for other general corporate purposes.

In connection with the closing of the subscription:

(a) AUGI, the Investor and Aecon Construction Group Inc. ("**ACGI**"), a wholly-owned subsidiary of Aecon, entered into a shareholders' agreement (the "**Shareholders' Agreement**") to govern the business and affairs of AUGI and the respective rights of its shareholders; and

(b) AUGI and certain of its wholly-owned subsidiaries entered into a credit agreement (the "**Credit Agreement**") with a Canadian chartered bank, as administrative agent, and the financial institutions from time to time parties thereto, as lenders (the "**Lenders**"), pursuant to which the Lenders made certain credit facilities in the aggregate committed principal amount of $400,000,000 available to AUGI and such subsidiaries.

ITEM 5 Full Description of Material Change

On October 23, 2023, AUGI and the Investor entered into the Subscription Agreement and the subscription closed the following day on October 24, 2023.

Proceeds from the transaction will be used to improve Aecon's balance sheet, including to pay down its debt, positioning Aecon to fund strategic growth initiatives, and for other general corporate purposes.

Subscription Agreement

In addition to the general terms of the Subscription Agreement described in Item 4 above, the Subscription Agreement contains customary representations, warranties and covenants of AUGI and the Investor, and the parties have agreed to indemnify each other against certain losses resulting from breaches of their respective representations, warranties and covenants.

The Subscription Agreement, which is filed on SEDAR+, is not intended to modify or supplement any factual disclosures about AUGI or Aecon in any public reports filed or to be filed on SEDAR+ by Aecon. In particular, the assertions embodied in the representations, warranties, and covenants contained in the Subscription Agreement were made only for purposes of the Subscription Agreement and as of specified dates, were solely for the benefit of the parties to the Subscription Agreement, and are subject to qualifications and limitations agreed upon by the parties to the Subscription Agreement. Moreover, certain representations and warranties in the Subscription Agreement have been made for the purposes of allocating risk between the parties to the Subscription Agreement instead of establishing matters of fact. Accordingly, the representations and warranties in the Subscription Agreement may not constitute the actual state of facts about AUGI or the Investor. The representations and warranties set forth in the Subscription Agreement may also be subject to a contractual standard of materiality different from that generally applicable under securities laws. Investors should not rely on the representations, warranties, or covenants or any descriptions thereof as characterizations of the actual state of facts or the actual condition of AUGI, Aecon or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Subscription Agreement, which subsequent information may or may not be fully reflected in the Aecon's public disclosures.

Articles of Amendment

Following the execution of the Subscription Agreement, AUGI filed articles of amendment to, among other things, create the Preferred Shares and establish the rights, privileges, restrictions and conditions attaching to the Preferred Shares (the "**Articles of Amendment**"). The Preferred Shares rank senior to the common shares in the capital of AUGI (the "**AUGI Common Shares**") and to any other class of shares in the capital of AUGI ranking junior to the Preferred Shares with respect to dividends and distributions and rights upon liquidation.

Voting Rights

Except as otherwise required by the *Canada Business Corporations Act* (the "**Act**") and the Shareholders' Agreement, the holders of Preferred Shares are not entitled to receive notice of or attend any meeting of the shareholders of AUGI, or vote at any such meeting. In exercising any voting rights provided by the Act and the Shareholders' Agreement, each Preferred Share is entitled to that number of votes equal to the number of AUGI Common Shares into which such Preferred Share is convertible at the relevant time.

Dividends and Distributions

The holders of Preferred Shares are entitled to receive cash dividends on the Preferred Shares ("**Preferred Cash Dividends**"), which accrue daily from the date of issuance of the Preferred Shares (the "**Issue Date**") to the last day of the fiscal quarter during which the Issue Date occurs and during each fiscal quarter thereafter (each such period, a "**Payment Period**") at a rate of 12% per annum from the Issue Date to the third anniversary thereof, increasing to 14% per annum thereafter (the "**Dividend Rate**"), on the Accreted Face Value (as defined below) of each Preferred Share in effect immediately after the last day of the immediately prior Payment Period (or the Issue Date, in the case of the initial Payment Period).

The "**Accreted Face Value**" of each Preferred Share is an amount equal to the sum of (a) $1,000, plus (b) the aggregate amount of all dividends accrued with respect to each Preferred Share as at the end of the most recently completed Payment Period, less the amount, on a dollar-for-dollar basis, of all credited Matching Distributions (as defined below) paid prior to such time (the "**Accreted Value**").

Any dividend or distribution paid on Preferred Shares in respect of any Payment Period (other than Preferred Cash Dividends) ("**Matching Distributions**") will be credited against the Accreted Value as a credited Matching Distribution if (a) such Matching Distribution would not result in the leverage, as at the end of the relevant Payment Period, exceeding 2.15x AUGI's Adjusted EBITDA calculated in accordance with the Credit Agreement for the 12-month period ending at the end of the most recently completed fiscal quarter in respect of which the calculation is made and (b) it does not exceed 50% of AUGI's cumulative "Levered Free Cash Flow" calculated since the Issue Date to the time of payment of such Matching Distribution.

Unless the board of directors of AUGI (the "**AUGI Board**") declares a Preferred Cash Dividend on or prior to the last day of a particular Payment Period, such dividend will automatically be added to the Accreted Value. If the AUGI Board declares or pays a dividend on the AUGI Common Shares, it must pay a matching dividend or distribution on the Preferred Shares.

Upon the occurrence of certain events specified in the Articles of Amendment, including (a) AUGI or any of its subsidiaries taking any action with respect to certain specified approval matters without the prior written consent of the Investor (each, an "**Event of Noncompliance**"), (b) the failure of AUGI or ACGI or any of its affiliates that is a shareholder of AUGI (collectively, the "**ACGI Group**") to pay any amount that is owing to the Investor or any "Power Fund Group Member" (as defined below) that is a shareholder of AUGI (each, an

“**Investor Group Member**”, and collectively, the “**Investor Group**”) pursuant to the Shareholders’ Agreement or Articles of Amendment, or (c) an event of default under the Credit Agreement (each of (a), (b) and (c), a “**Dividend Rate Increase Event**”) that remains uncured for 30 days from the first date on which AUGI acquired actual knowledge of the occurrence of such Dividend Rate Increase Event or receives written notice of such Dividend Rate Increase Event from any holder of Preferred Shares (the “**Dividend Reset Date**”), the Dividend Rate will, with retroactive effect from the Dividend Reset Date, increase by two percentage points per annum. Thereafter, until such Dividend Rate Increase Event is cured, the Dividend Rate will increase automatically at the end of each succeeding 12-month period following the Dividend Reset Date by an additional two percentage points per annum. The increased Dividend Rate will cease to apply as of the close of business on the date on which the applicable Dividend Rate Increase Event is cured.

Liquidation Rights

In the event of the dissolution, liquidation or winding-up of AUGI (other than a specified insolvency event), the holders of Preferred Shares will be entitled to receive an amount per Preferred Share as at such date (the “**Liquidation Preference**”) equal to the greatest of: (a) 1.5 times an amount equal to $970 per Preferred Share (the “**Net Investment Amount**”), less the per Preferred Share amount of all Preferred Cash Dividends and Matching Distributions paid to holders of Preferred Shares; (b) the Accreted Face Value; and (c) the fair market value of the AUGI Common Shares in which such Preferred Share is convertible at the relevant time, determined in accordance with Article 9 of the Shareholders’ Agreement (the “**As-Converted Value**”).

Mandatory Redemption

Upon the occurrence of a specified insolvency event in respect of AUGI, AUGI will be required to redeem all of the Preferred Shares on payment for each Preferred Share of an amount equal to the Liquidation Preference, where clause (c) of the definition of Liquidation Preference above will be the per-share value (on an as-converted basis) attributed to, on an as-converted basis, each Preferred Share (the “**Redemption Price**”).

Mandatory Conversion

Immediately prior to the completion of a “**Qualifying Initial Public Offering**”, each Preferred Share will automatically convert into such number of AUGI Common Shares equal to the quotient of the Net Investment Amount divided by the conversion price per Preferred Share of $1.00, as adjusted up to such time in accordance with the customary anti-dilution adjustment provisions of the Articles of Amendment or by the AUGI Board in its discretion for purposes of satisfying the criteria for a Qualifying Initial Public Offering (the “**Conversion Price**”). A Qualifying Initial Public Offering is an initial public offering of AUGI Common Shares that: (a) represents an As-Converted Value equal to or greater than clauses (a) and (b) of the definition of Liquidation Preference above (taking into account any downward adjustment to the Conversion Price approved by the AUGI Board for purposes of satisfying the criteria for a Qualifying Initial Public Offering); (b) generates aggregate gross proceeds of at least $150,000,000; and (c) results in the holders of Preferred Shares at such time receiving aggregate gross proceeds of not less than $75,000,000, less the aggregate amount of all

Preferred Cash Dividends and Matching Distributions previously paid to holders of Preferred Shares.

In addition, immediately prior to the completion of any purchase of shares pursuant to the Call Right, the Put Right (except if ACGI elects to initiate a Sale Process and/or Initial Public Offering) or in connection with the occurrence of a Change of Control Purchase Event (each as defined below), the Preferred Shares subject to such transaction will automatically convert into AUGI Common Shares or AUGI Common Shares and a separate class of the non-voting common shares in the capital of AUGI (the "**Non-Voting Common Shares**") in accordance with the formulae set forth in the Articles of Amendment.

Optional Conversion

Each Preferred Share may be converted at the option of the holder thereof, at any time and from time to time, into that number of AUGI Common Shares equal to the quotient of the Net Investment Amount divided by the Conversion Price in effect at such time. In connection with an optional conversion of Preferred Shares, the holder of Preferred Shares may request that the Preferred Shares so converted be converted into common shares of a new and distinct class that is economically equivalent to the AUGI Common Shares and convertible into AUGI Common Shares prior to an initial public offering.

Shareholders' Agreement

On the Closing Date, AUGI, the Investor and ACGI entered into the Shareholders' Agreement to govern the business and affairs of AUGI and the respective rights of its shareholders.

Governance Rights

Pursuant to the Shareholders' Agreement, the size of the AUGI Board was increased to six directors. For so long as the Investor Group collectively holds shares in the capital of AUGI representing not less than 10% of the outstanding AUGI Common Shares, calculated on an as-converted basis, the Investor will have the right to: (a) nominate two directors to the AUGI Board, each of whom must be an employee or principal of Oaktree Capital Management L.P. or any of its subsidiaries and (b) designate a non-voting observer to attend meetings of the AUGI Board, who must be an employee of Oaktree Capital Management L.P. or any of its subsidiaries.

In addition, the Investor has certain approval rights under the Shareholders' Agreement with respect to certain actions that may be taken by AUGI or any of its subsidiaries, such approval not to be unreasonably withheld, conditioned or delayed. These approval matters include: (a) the filing of articles of amendment or changes to the by-laws of AUGI in a manner that materially and adversely affects the holders of Preferred Shares; (b) the entering into any transaction with a non-arm's length party, subject to certain exceptions; (c) the issuance of any shares of the same class as the Preferred Shares; and (d) for so long as the Investor Group collectively holds shares in the capital of AUGI representing not less than 10% of the outstanding AUGI Common Shares, calculated on an as-converted basis: (i) the incurrence of any indebtedness for borrowed money or entering into any new credit facility, subject to certain exceptions set forth in the Shareholders' Agreement; or (ii) amalgamating or merging with or acquiring another business with an enterprise value in excess of a threshold specified in the Shareholders' Agreement.

Exit Rights

At any time following the seventh anniversary of the Shareholders' Agreement or following the 90th day after the occurrence of an Event of Noncompliance that has remained uncured, and only until such Event of Noncompliance is cured, any Investor Group Member may sell any shares or other securities of AUGI to any third party, provided that such Investor Group Member first offers to sell such securities to the ACGI Group in accordance with the Shareholders' Agreement. The Shareholders' Agreement also provides for customary drag-along rights in favour of ACGI and tag-along rights in favour of the Investor.

Call Right

At any time after the date of the Shareholders' Agreement, ACGI or any affiliate designated by ACGI (other than AUGI) (the "**ACGI Purchaser**") is entitled to purchase (such right, the "**Call Right**") all but not less than all of the outstanding AUGI Common Shares and, if applicable, Non-Voting Common Shares, into which the Preferred Shares held by the holders of Preferred Shares are mandatorily convertible in accordance with the Articles of Amendment (the "**Converted AUGI Common Shares**") in exchange for an amount equal to the aggregate "**Call Price**" of the Preferred Shares held by such holder immediately prior to the conversion of such Preferred Shares into Converted AUGI Common Shares, the Call Price being an amount per Preferred Share as at the date on which the ACGI Purchaser gave notice of its intention to exercise the Call Right equal to the greatest of: (a) 1.5 times the Net Investment Amount, less the per Preferred Share amount of all Preferred Cash Dividends and Matching Distributions paid to holders of Preferred Shares; (b) the Accreted Face Value; and (c) the As-Converted Value.

Put Right

At any time on or after the seventh anniversary of the Shareholders' Agreement, a holder of Preferred Shares will be entitled to request (a "**Put Request**") that any ACGI Purchaser purchase all but not less than all of the Converted AUGI Common Shares held by all holders of Preferred Shares (such right, the "**Put Right**"). In response to a Put Request, ACGI will have the option, exercisable within 30 days of receipt of a Put Request, to cause AUGI to engage a jointly-selected investment bank to conduct a customary sale process to sell AUGI for the purpose of funding the aggregate Put Price (as defined below) (a "**Sale Process**") and/or an initial public offering of AUGI Common Shares in Canada and/or the United States (an "**Initial Public Offering**"). If ACGI does not elect to initiate a Sale Process and/or Initial Public Offering in response to a Put Request, then ACGI or another ACGI Purchaser will:

(a) on a date designated by the ACGI Purchaser that is no later than three months following the date that the Put Price is determined, acquire not less than 50% of the aggregate number of Converted AUGI Common Shares if all of the Preferred Shares were converted on such date in exchange for an amount equal to the aggregate "**Put Price**" of the Preferred Shares to be purchased from such holder on such closing date immediately prior to the conversion of such Preferred Shares into

Converted AUGI Common Shares, the Put Price being an amount per Preferred Share equal to the greater of: (i) the Accreted Face Value; and (ii) the As-Converted Value; and

(b) thereafter, on a date designated by the ACGI Purchaser that is no later than 15 months following the date of the Put Request, acquire all of the Converted AUGI Common Shares in respect of the Preferred Shares outstanding immediately prior to such closing date in exchange for an amount equal to the aggregate Put Price of the Preferred Shares to be purchased from such holder on such closing date immediately prior to the conversion of such Preferred Shares into Converted AUGI Common Shares.

Change of Control

Upon the occurrence of a specified change of control of AUGI, other than a change of control (a) arising out of an initial public offering of AUGI Common Shares or other securities of AUGI, (b) arising as a result of ACGI's election to initiate a Sale Process following receipt of a Put Request or the Investor's election to require AUGI to initiate an "Investor Initiated Sale Process" (as defined below), or (c) in connection with the exercise of drag-along rights or tag-along rights in accordance with the Shareholders' Agreement (such change of control, a "**Change of Control Purchase Event**"), ACGI or another ACGI Purchaser will be required to purchase all but not less than all of the Converted AUGI Common Shares held by all holders of Preferred Shares in exchange for an amount equal to the aggregate "**Change of Control Purchase Price**" of the Preferred Shares held by such holder immediately prior to the conversion of such Preferred Shares into Converted AUGI Common Shares, the Change of Control Purchase Price being an amount per Preferred Share as at the effective date of the change of control equal to the greatest of: (a) 1.5 times the Net Investment Amount, less the per Preferred Share amount of all Preferred Cash Dividends and Matching Distributions paid to holders of Preferred Shares; (b) the Accreted Face Value; and (c) the As-Converted Value, which shall be the per-share value (on an as-converted basis) payable or attributed to, on an as-converted basis, each Preferred Share.

Purchase Failure

If: (a) an ACGI Purchaser fails to pay the aggregate price for the Converted AUGI Common Shares to be purchased following the exercise of the Call Right or the Put Right or following the occurrence of a Change of Control Purchase Event; (b) AUGI fails to pay the aggregate Redemption Price for Preferred Shares following a redemption in accordance with the Articles of Amendment; or (c) AUGI fails to enter into a binding sale agreement within nine months after the end of the 30-day period following receipt of a Put Request during which ACGI may elect to initiate a Sale Process and/or an Initial Public Offering, closing to be subject only to the receipt of regulatory approvals and other customary closing conditions that by their terms can only be satisfied on the closing date, then in any such case the Investor will have the right (exercisable once in any 12-month period commencing on the date of such failure) to require AUGI to engage an investment bank to conduct a customary sale process to sell AUGI or raise capital for the purpose of funding the remaining balance owing to the Investor (an "**Investor Initiated Sale Process**"). Such Investor Initiated Sale

Process will be led by the Investor and the Investor will consult with ACGI with respect to its design, the assets to be marketed and potential buyers to be approached, provided that no sale may be completed pursuant to an Investor Initiated Sale Process without the prior written approval of ACGI, such approval not to be unreasonably withheld, conditioned or delayed.

In addition, for so long as such amounts remain unpaid: (a) the Investor will have additional approval rights with respect to certain actions that may be taken by AUGI or any of its subsidiaries, such approval not to be unreasonably withheld, conditioned or delayed, including with respect to the approval of AUGI's annual business plan or annual budget, the incurrence of indebtedness of borrowed money, sales or other dispositions of all or substantially all of the assets of AUGI, the acquisition of other businesses and the declaration and payment of dividends on the AUGI Common Shares; and (b) the Investor will have the right to request changes to AUGI's management team and approve changes to AUGI's management team proposed by AUGI, such approval not to be unreasonably withheld, conditioned or delayed.

Events of Default

Following the occurrence of certain events of default by the Investor and its affiliates under the Shareholders' Agreement (including breach of the transfer restrictions, the occurrence of a specified insolvency event with respect to such entity and breach of confidentiality, non-solicitation, non-competition or standstill obligations), subject to a 60-day cure period if such event of default is curable and the Investor Group is making commercially reasonable efforts to cure such event of default within the 60-day cure period, AUGI or any ACGI Purchaser may elect within a 30-day period to purchase the securities of AUGI held by each Investor Group Member for a purchase price equal to 80% of the aggregate Liquidation Preference (or the As-Converted Value, if the securities so purchased are not Preferred Shares).

Pre-emptive Rights

Pursuant to the Shareholders' Agreement, each shareholder who, together with its affiliates, holds shares in the capital of AUGI representing at least 10% of the outstanding AUGI Common Shares, calculated on an as-converted basis, is entitled to customary pre-emptive rights with respect to future offerings of securities of AUGI in order to maintain the proportionate ownership interest of such shareholder and its affiliates at the time of such offering.

Registration Rights

Pursuant to the Shareholders' Agreement, each Investor Group Member was granted certain registration rights relating to the resale of AUGI Common Shares that are acquired upon the conversion of Preferred Shares or upon the exercise of pre-emptive rights in accordance with the Shareholders' Agreement (the "**Registrable Shares**"). At any time after the later of 180 days following the date of an Initial Public Offering and the expiration of the lock-up period following an Initial Public Offering, if applicable, any Investor Group Member may require AUGI to file a prospectus covering Registrable Shares that such Investor Group Member requests to be registered from time to time, but no more than three times in any 12-month period and subject to certain additional conditions set forth in the Shareholders' Agreement. In certain circumstances, the Investor

Group Members will have piggyback registration rights on offerings initiated by AUGI. The demand registration and piggyback rights granted to the Investor Group pursuant to the Shareholders' Agreement will terminate on the first day following the date on which the Investor Group collectively holds shares in the capital of AUGI representing less than 10% of the outstanding AUGI Common Shares, calculated on an as-converted basis.

Investor Covenants

Pursuant to the Shareholders' Agreement, the Investor Group Members, Oaktree Power Opportunities Fund VI L.P. and any affiliate transferee thereof and any person that is at any time directly or indirectly controlled by Oaktree Power Opportunities Fund VI L.P. or any affiliate transferee thereof (each a, "**Power Fund Group Member**", and collectively, the "**Power Fund Group**") and their respective representatives are subject to customary restrictions on the use and disclosure of confidential information concerning AUGI and its subsidiaries other than within the Power Fund Group, provided that such confidential information may not be disclosed to any competitive investment of the Power Fund Group or any individual who is involved therein.

In addition, until one year after the later of (i) the date on which the Investor Group ceases to own any Preferred Shares and (ii) the date on which the Investor Group ceases to own AUGI Common Shares representing at least 5% of the outstanding AUGI Common Shares, calculated on an as-converted basis:

(a) no Power Fund Group Member nor any of its representatives may, without the approval of the AUGI Board, solicit any employee or independent contractor of AUGI or any of its subsidiaries for the purpose of offering employment or an independent contractor arrangement with any entity other than AUGI or any of its subsidiaries, subject to certain exceptions set out in the Shareholders' Agreement; and

(b) no Power Fund Group Member nor any of its representatives may own any interest in, provide financing or financial assistance to or participate or be involved in any business that is competitive with any aspect of the business carried on by AUGI and its subsidiaries in Canada, subject to certain exceptions, including that: (i) a Power Fund Group Member that is not a specified competitive investment of the Power Fund Group may pursue or complete an acquisition of a business that would be competitive with any aspect of the business carried on by AUGI and its subsidiaries in Canada if the revenues of such business satisfy a *de minimis* test set forth in the Shareholders' Agreement; and (ii) Power Fund Group Members that are specified competitive investments of the Power Fund Group may operate in Canada in the ordinary course of business consistent with their respective existing service offering descriptions or strategies provided to AUGI in writing, subject to certain exceptions set forth in the Shareholders' Agreement.

Finally, until the later of (i) the date on which the Investor Group ceases to own any Preferred Shares and (ii) the date on which the Investor Group ceases to own AUGI Common Shares representing at least 5% of the outstanding AUGI Common Shares, calculated on an as-converted basis, the Power Fund Group Members may not, except with the prior written consent of ACGI, take certain actions with respect to Aecon, including: (a) acquiring, or agreeing or offering to acquire, securities of Aecon or, except as provided in the Shareholders' Agreement, any of its subsidiaries or any material portion of the assets of any of them; (b) commencing a take-over bid for securities of Aecon; (c) effecting, seeking, offering or proposing any extraordinary transaction by or with respect to Aecon or, except as expressly provided in this Agreement, any of its subsidiaries; (d) soliciting proxies from security holders of Aecon; (e) seeking to control or influence the management, board of directors or policies of Aecon or to obtain representation on the board of directors of Aecon; (f) assisting, advising or encouraging any other person to engage in any of the foregoing activities; or (g) making any public announcement with respect to the foregoing.

The summary descriptions of the Subscription Agreement, the Articles of Amendment and the Shareholders' Agreement do not purport to be complete. Such summaries are qualified in their entirety by reference to the applicable agreement or other document to be filed on SEDAR+.

ITEM 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

ITEM 7 Omitted Information

Not applicable.

ITEM 8 Executive Officer

For further information, please contact:

Adam Borgatti
Senior Vice President, Corporate Development and Investor Relations
Phone: 416-297-2600

ITEM 9 Date of Report

November 2, 2023

Statement on Forward-Looking Information

The information in this material change report 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 Investor's minority investment in AUGI and the anticipated use of proceeds from the transaction. Forward-looking statements may in some cases be identified by words such as "may", "will," "plans," "believes," "expects," "anticipates," "estimates," "projects," "intends," "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 that the strategic partnership with the Investor will not realize *the expected results and may negatively impact the existing business of AUGI, the risk that Aecon will not realize the anticipated balance sheet flexibility with the completion of the transaction, the risk that AUGI will not realize opportunities to expand its geographic reach and range of services in the U.S. and various other risk factors described in Aecon's filings with the securities regulatory authorities which are available under Aecon's profile on SEDAR+ (www.sedarplus.com), including the risk factors described in Section 13 – "Risk Factors" in Aecon's September 30, 2023 Management's Discussion and Analysis filed on SEDAR+ (www.sedarplus.com).*

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 Aecon believes that such third-party sources are reliable sources of information, it has not independently verified the information. Aecon 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.

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.

SCHEDULE A
NEWS RELEASE

(See attached.)

AECON ANNOUNCES $150 MILLION STRATEGIC INVESTMENT IN AECON UTILITIES GROUP BY OAKTREE

TORONTO, Oct. 23, 2023 /CNW/ - Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") announced today that funds managed by the Power Opportunities strategy of Oaktree Capital Management, L.P. ("Oaktree") agreed to make a strategic investment in an Aecon subsidiary, Aecon Utilities Group Inc. ("Aecon Utilities"), creating an enhanced growth vehicle focused on providing utility infrastructure services across North America. On closing, Oaktree will acquire a 27.5% ownership interest in Aecon Utilities by way of a net $150 million convertible preferred equity investment (the "Investment"). The Investment is expected to provide immediate benefits to both Aecon and Aecon Utilities:

- **Creates a Strategic Platform** – Aecon Utilities is positioned to address industry growth opportunities across utility end-markets in Canada and the U.S., many of which are tied to ongoing energy transition and decarbonization. As a standalone legal entity, Aecon Utilities will have enhanced optionality regarding future capital raising.
- **Establishes a Value-Add Partnership** – Oaktree is a recognized value-added partner with an over 25-year track record in utilities infrastructure investing. Aecon Utilities will seek to leverage Oaktree's expertise and network of relevant investments and relationships to enable continued growth in its platform in North America.
- **Further Highlights the Value of Aecon's Portfolio** – The conversion value of the Investment implies a $750 million enterprise value for Aecon Utilities, representing a trailing twelve month ("TTM") Adjusted EBITDA[1],[2] multiple of 9.3x. On closing Aecon will own 72.5% of Aecon Utilities.
- **Provides Financial Flexibility to Accelerate Acquisition Strategy** – Aecon Utilities will have a standalone committed revolving $400 million credit facility and supportive capital partners in Oaktree and Aecon to enable its growth aspirations. Aecon Utilities' balance sheet will allow it to complement its track-record of organic growth with potential strategic acquisitions in Canada and the U.S.
- **Generates Significant Proceeds to Aecon Group** – Strengthens Aecon's consolidated balance sheet with Aecon receiving proceeds of $150 million from the Investment. This will provide Aecon the financial flexibility to fund strategic growth initiatives. In addition to Aecon Utilities' new credit facility of $400 million, Aecon will have a separate committed revolving credit facility of $450 million to replace its prior $600 million facility following the closing of the Investment.

Aecon Utilities is a leading provider of utility infrastructure solutions in Canada operating in four end markets: electrical transmission and distribution, renewables and in-home services, telecommunications, and pipeline distribution. A significant portion of Aecon Utilities' revenues are generated from recurring revenue programs for public and leading private utility-sector clients. Aecon Utilities has demonstrated a strong revenue growth profile with an approximate 19% compound annual growth rate from 2019 to 2022. Aecon Utilities has established a presence in the U.S. and sees attractive opportunities to expand its geographic reach and range of services in that market. As of the end of Q2 2023, Aecon Utilities generated TTM revenue and TTM Adjusted EBITDA[3] of $931 million and $80 million, respectively.

"This strategic Investment will accelerate growth in Aecon Utilities, further strengthen Aecon's balance sheet to take advantage of growth and concession opportunities, and unlock value for our shareholders as we continue our strategic focus on infrastructure solutions delivered under more collaborative models and linked to decarbonization, sustainability and the energy transition," said Jean-Louis Servranckx, President & Chief Executive Officer, Aecon.

"We are delighted to partner with an experienced and value-added investor in Oaktree to continue to grow Aecon Utilities in Canada and the U.S.," said Eric MacDonald, Executive Vice President, Aecon Utilities.

Jimmy Lee, Managing Director and Assistant Portfolio Manager in Oaktree's Power Opportunities Group, said "Aecon Utilities' strong competitive position, long-term customer relationships and exposure to numerous market tailwinds provide an exceptional foundation for growth. We look forward to bringing to bear our resources and relationships to support Aecon Utilities' talented leadership team and employees as they execute their strategic plan."

"Aecon Utilities is widely known as a leading provider of mission critical recurring utility infrastructure services across Canada. We see tremendous opportunity to leverage its capabilities to expand with new and existing customers while maintaining the commitment to workforce safety and exceptional quality for which Aecon Utilities is known," said Andrew Moir, Senior Vice President in Oaktree's Power Opportunities Group.

____

(1) This press release 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 Canadian Generally Accepted Accounting Principles under IFRS). Further details on these measures and ratios are included in the "Non-GAAP and Supplementary Financial Measures" and "Reconciliations and Calculations" sections of this press release.

(2) This is a non-GAAP ratio. Refer to the "Non-GAAP and Supplementary Financial Measures" section of this press release for more information on each non-GAAP ratio.

(3) This is a non-GAAP financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" and "Reconciliations and Calculations" sections of this press release for more information on each non-GAAP financial measure.

Investment Summary

The Investment will be effected through the purchase of newly created convertible preferred equity securities (the "Preferred Equity") of Aecon Utilities. The gross subscription amount of the Investment is $154.6 million of Preferred Equity, which represents $150.0 million after upfront fees ("Net Investment Amount"). The Investment is convertible at any time by Oaktree into a fixed 27.5% of the common equity of Aecon Utilities and is mandatorily convertible upon a qualified IPO. Prior to conversion, the Preferred Equity will accrue a 12% annual coupon for the first three years and 14% annual coupon thereafter. At Aecon's option, the coupon is payable in kind by accreting the principal amount or in cash. On conversion of the Preferred Equity, Aecon's 72.5% equity interest in Aecon Utilities is not diluted as a result of the accretion feature. Aecon has the option to purchase the Preferred Equity for cash at any time at a value equivalent to the greatest of: (a) the as-converted value of the Preferred Equity, (b) the accreted value of the Preferred Equity, and (c) 1.5x the Net Investment Amount less all cash dividends and distributions paid to Oaktree. Following the seven-year anniversary of the Investment, Oaktree may sell its Investment, subject to a right of first offer in favour of Aecon, or may require Aecon, at Aecon's election, to either (i) initiate an IPO process and/or (ii) initiate a sale of Aecon Utilities or (iii) purchase the Preferred Equity for cash at a price equal to the greater of (A) the accreted value of the Preferred Equity and (B) the as-converted value of the Preferred Equity.

A six-person board of directors will oversee Aecon Utilities, comprised of four members nominated by Aecon and two members nominated by Oaktree.

In connection with the Investment, Oaktree and Aecon will enter into customary agreements for investments of this nature including standstill and transfer restrictions and providing for minority investor rights. Aecon Utilities' management team will continue to lead the business, and as the controlling shareholder Aecon will continue to consolidate the financial results of Aecon Utilities.

Additional information regarding the Investment and the terms of the Preferred Equity will be included in a material change report available through SEDAR+ at (www.sedarplus.com). This press release is only a summary of certain principal terms of the Investment and is qualified in its entirety by reference to the more detailed information contained in the material change report.

The closing is expected to occur within the coming days.

Advisors

CIBC Capital Markets is serving as exclusive financial advisor to Aecon, and Davies Ward Phillips & Vineberg LLP is serving as legal counsel.

About Aecon

Aecon Group Inc. (TSX: ARE) is a national Canadian construction and infrastructure development company with global experience. Aecon delivers integrated solutions to private and public-sector clients through its Construction segment in the Civil, Urban Transportation, Nuclear, Utility and Industrial sectors, and provides project development, financing, investment and management services through its Concessions segment. Join our online community on Twitter, LinkedIn, Facebook, and Instagram @AeconGroupInc.

About Oaktree

Oaktree is a leader among global investment managers specializing in alternative investments, with $179 billion in assets under management as of June 30, 2023. The firm emphasizes an opportunistic, value-oriented and risk-controlled approach to investments in credit, private equity, real assets and listed equities. The firm has over 1,100 employees and offices in 20 cities worldwide. For additional information, please visit Oaktree's website at www.oaktreecapital.com.

In 2019, Brookfield Asset Management acquired a majority interest in Oaktree. Together, Brookfield and Oaktree provide investors with one of the most comprehensive offerings of alternative investment products available today. While partnering to leverage one another's strengths, Oaktree operates as an independent business within the Brookfield family, with its own product offerings and investment, marketing, and support teams. To learn more about Brookfield, please visit www.brookfield.com.

NON-GAAP FINANCIAL MEASURES

This press release presents certain non-GAAP financial measures, as well as non-GAAP ratios to assist readers in understanding the Company's performance (GAAP refers to Generally Accepted Accounting Principles under IFRS). 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 press release, 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 primary financial statements of the Company; and (d) is not a ratio.

A non-GAAP financial measure presented and discussed in this press release is as follows:

- **"Adjusted EBITDA"** represents operating profit (loss) adjusted to exclude depreciation and amortization, the gain (loss) on sale of assets and investments, 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 the "Reconciliations and Calculations" section of this press release for a quantitative reconciliation to the most comparable financial measure).

Management uses the above non-GAAP financial measure to analyze and evaluate operating performance. Aecon also believes the above financial measure is commonly used by the investment community for valuation purposes, is a useful complementary measure of profitability, and provides a metric useful in the construction industry. The most directly comparable measures calculated in accordance with GAAP are operating profit and profit (loss) attributable to shareholders.

Primary Financial Statements

Primary financial statements include 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 presented in this press release are as follows:

- **"Operating profit (loss)"** represents the profit (loss) from operations, before finance income, finance cost, income tax expense (recovery) and non-controlling interests.

The above measure is presented on the face of the Company's consolidated statements of income and is not meant to be a substitute for other subtotals or totals presented in accordance with IFRS, but rather should be evaluated in conjunction with such IFRS 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 press release is as follows:

- **"TTM Adjusted EBITDA Multiple"** represents the implied $750 million enterprise value for Aecon Utilities divided by Adjusted EBITDA.

RECONCILIATIONS AND CALCULATIONS

Set out below is the calculation of Adjusted EBITDA for Aecon Utilities for the most recent four quarters and the calculation of TTM Adjusted EBITDA Multiple for the TTM period ended June 30, 2023:

$ millions

	2023		2022		Total
	Quarter 2	Quarter 1	Quarter 4	Quarter 3	TTM
Operating profit	$ 12.3	$ 7.4	$ 29.8	$ 22.9	$ 72.4
Depreciation and amortization	6.7	6.7	7.0	7.2	27.6
(Gain) on sale of assets	(0.3)	(11.5)	(7.0)	(0.8)	(19.6)
Adjusted EBITDA(1)	$ 18.7	$ 2.6	$ 29.8	$ 29.3	$ 80.4
Implied enterprise value for Aecon Utilities					750.0
TTM Adjusted EBITDA Multiple					9.3

(1) This is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section in this press release for more information on each non-GAAP financial measure.

Statement on Forward-Looking Information

The information in this press release 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 and its subsidiaries, including statements regarding: Oaktree's minority investment in Aecon Utilities, the expected benefits thereof and results therefrom, including the acceleration of growth of Aecon Utilities in Canada and the U.S.; the anticipated closing date of Oaktree's minority investment in Aecon Utilities; the anticipated use of proceeds from the investment; the expansion of Aecon Utilities' geographic reach and range of services in the U.S.; and Aecon Utilities' goal of targeting prudent balance sheet leverage and liquidity. Forward-looking statements may in some cases be identified by words such as "may", "will," "plans," "believes," "expects," "anticipates," "estimates," "projects," "intends," "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 inability to complete, or potential delays in completing, the closing of Oaktree's minority investment in Aecon Utilities; the risk that the strategic partnership with Oaktree will not realize the expected results and may negatively impact the existing business of Aecon Utilities; the risk that Aecon Utilities will not realize the anticipated balance sheet flexibility with the completion of the investment; the risk that Aecon Utilities will not realize opportunities to expand its geographic reach and range of services in the U.S.; and various other risk factors described in Aecon's filings with the securities regulatory authorities which are available under Aecon's profile on SEDAR+ (www.sedarplus.com)*, including the risk factors described in Section 13 - "Risk Factors" in Aecon's June 30, 2023 Management's Discussion and Analysis filed on* SEDAR+ (www.sedarplus.com)*.*

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.

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.

SOURCE Aecon Group Inc.

View original content to download multimedia: http://www.newswire.ca/en/releases/archive/October2023/23/c5304.html

%SEDAR: 00004778E

For further information: Adam Borgatti, SVP, Corporate Development and Investor Relations, 416-297-2600, ir@aecon.com; Nicole Court, Vice President, Corporate Affairs, 416-297-2600, corpaffairs@aecon.com

CO: Aecon Group Inc.

CNW 09:50e 23-OCT-23