



Aecon reports second quarter 2024 results

TORONTO, July 24, 2024 -- Aecon Group Inc. (TSX: ARE) ("Aecon" or the "Company") today reported results for the second quarter of 2024.

"With backlog of \$6.2 billion and strong demand for Aecon's services including recurring revenue programs, Aecon is well-positioned to achieve further revenue growth over the next few years," said Jean-Louis Servranckx, President and Chief Executive Officer, Aecon Group Inc. "The recent Coastal GasLink Pipeline settlement along with the additional write-downs on legacy projects in the second quarter are anticipated to lead to improved profitability and margin predictability as the remaining three projects move closer to substantial completion. We are focused on embracing new growth opportunities linked to the energy transition and opportunities in select U.S. and international markets, while continuing to pursue and deliver the majority of our work in established markets and under more collaborative project delivery models."

HIGHLIGHTS

All quarterly financial information contained in this news release is unaudited.

- Revenue for the three months ended June 30, 2024 of \$854 million was \$313 million, or 27%, lower compared to the same period in 2023.
- Adjusted EBITDA⁽¹⁾⁽²⁾ of \$(153.5) million for the three months ended June 30, 2024 (Adjusted EBITDA margin⁽³⁾ of 18.0%) compared to Adjusted EBITDA of \$16.7 million (Adjusted EBITDA margin of 1.4%) in the same period in 2023.
- Net loss of \$(123.9) million (diluted loss per share of \$1.99) for the three months ended June 30, 2024 compared to net profit of \$28.2 million (diluted earnings per share of \$0.38) in the same period in 2023.
- On June 28, 2024, Aecon announced that SA Energy Group (a general partnership of Aecon Construction Group Inc. and Robert B. Somerville Co. Ltd.) and Coastal GasLink Pipeline Limited Partnership, by its general partner Coastal GasLink Pipeline Ltd., reached an amicable and mutually agreeable global settlement to resolve their dispute fully and finally over the construction of Sections 3 and 4 of the Coastal GasLink Pipeline Project in British Columbia. The settlement agreement is not an admission of liability by either party and the parties have mutually released their respective claims in the arbitration, thereby avoiding the expense, burden and uncertainty associated with arbitration. The terms of the settlement agreement are expected to result in no further cash impacts to Aecon. From an accounting perspective, Aecon recognized in its consolidated financial results a non-recurring charge of \$127 million in both the second quarter and first six months of 2024 (\$nil in both the second quarter and first six months of 2023) related to the construction of Sections 3 and 4 of the Coastal GasLink Pipeline Project.
- Certain large fixed price legacy projects being performed by joint ventures in which Aecon is a participant (see Section 13 "Risk Factors" of the Company's June 30, 2024 Management's Discussion and Analysis ("MD&A") which is available on the Company's profile on SEDAR+ (www.sedarplus.ca), are being negatively impacted due to additional costs for which the joint ventures assert that the owners are contractually responsible, including for, among other things, unforeseeable site conditions, third party delays, impacts of COVID-19, supply chain disruptions, and inflation related to labour and materials. In the three months ended June 30, 2024, Aecon recognized an operating loss of \$110 million from these three legacy projects compared to an operating loss of \$81.3 million in the same period in 2023. Based on the information currently available, Aecon believes the potential for future additional financial risks to Aecon, if any, through to completion of the remaining three legacy projects should not exceed \$125 million to the end of 2025.
- Reported backlog at June 30, 2024 of \$6,186 million compared to backlog of \$6,851 million at June 30, 2023. New contract awards of \$766 million were booked in the second quarter of 2024 compared to \$2,016 million in the same period in 2023.
- Subsequent to quarter-end, on July 2, 2024, Aecon announced that its subsidiary, Aecon Utilities Group Inc., acquired a majority interest in Xtreme Powerline Construction, an electrical distribution utility contractor headquartered in Michigan for a base purchase price of approximately US\$73 million, with potential for additional contingent proceeds.
- Aecon's Board of Directors has authorized a Normal Course Issuer Bid ("NCIB") to purchase for cancellation up to 5% of the issued and outstanding common shares, or approximately 3.1 million common shares of Aecon, subject to the approval of the Toronto Stock Exchange (the "TSX"). Aecon intends to file a notice of intention with the TSX in this regard.

CONSOLIDATED FINANCIAL HIGHLIGHTS

\$ millions (except per share amounts)	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023

Revenue	\$ 853.8	\$ 1,166.9	\$ 1,700.4	\$ 2,274.1
Gross profit	(137.9)	45.1	(75.1)	112.0
Marketing, general and administrative expense	(48.2)	(43.1)	(100.3)	(97.3)
Income from projects accounted for using the equity method	11.6	4.8	13.8	8.0
Other income	28.0	70.1	29.7	82.7
Depreciation and amortization	(19.8)	(21.2)	(38.6)	(44.2)
Operating profit (loss)	(166.3)	55.6	(170.5)	61.2
Finance income	2.1	1.8	5.3	3.2
Finance cost	(6.6)	(16.1)	(12.2)	(33.1)
Profit (loss) before income taxes	(170.8)	41.3	(177.4)	31.4
Income tax (expense) recovery	46.9	(13.1)	47.4	(12.6)
Profit (loss)	\$ (123.9)	\$ 28.2	\$ (130.0)	\$ 18.8
Gross profit margin⁽⁴⁾	(16.2)%	3.9%	(4.4)%	4.9%
MG&A as a percent of revenue⁽⁴⁾	5.6%	3.7%	5.9%	4.3%
Adjusted EBITDA⁽²⁾	\$ (153.5)	\$ 16.7	\$ (120.7)	\$ 41.3
Adjusted EBITDA margin⁽³⁾	(18.0)%	1.4%	(7.1)%	1.8%
Operating margin⁽⁴⁾	(19.5)%	4.8%	(10.0)%	2.7%
Earnings (loss) per share – basic	\$ (1.99)	\$ 0.46	\$ (2.09)	\$ 0.30
Earnings (loss) per share – diluted	\$ (1.99)	\$ 0.38	\$ (2.09)	\$ 0.28
Backlog (at end of period)			\$ 6,186	\$ 6,851

(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). 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 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.

(3) 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.

(4) This is a supplementary financial measure. Refer to the "Non-GAAP and Supplementary Financial Measures" section of this press release for more information on each supplementary financial measure.

Revenue for the three months ended June 30, 2024 of \$854 million was \$313 million, or 27%, lower compared to the second quarter of 2023. In the Construction segment, revenue was \$288 million lower driven by decreases in industrial (\$205 million), urban transportation solutions (\$87 million), and civil operations (\$63 million), partially offset by higher revenue in nuclear (\$63 million) and utilities (\$4 million). In the Concessions segment, revenue was \$25 million lower for the three months ended June 30, 2024 primarily due to the use of the equity method of accounting in 2024 for Aecon's 50.1% retained interest in the Bermuda International Airport concessionaire ("Skyport") following the sale of a 49.9% interest in Skyport in the third quarter of 2023.

Operating loss of \$166.3 million for the three months ended June 30, 2024 compares to an operating profit of \$55.6 million in the same period in 2023 for a decrease in operating profit of \$221.9 million. The decrease in operating profit was largely due to lower quarter-over-quarter gross profit in the second quarter of 2024 of \$183.0 million compared to the same period in 2023. In the Construction segment, gross profit decreased by \$167.9 million largely from an increase in negative gross profit related to four fixed price legacy projects of \$155.7 million compared to the second quarter of 2023. In the second quarter of 2024, Aecon recorded a charge of \$127.0 million related to the Coastal GasLink Pipeline Project and an additional aggregate charge of \$110.0 million related to the three remaining legacy projects, compared to negative gross profit on the four fixed price legacy projects of \$81.3 million in the second quarter of 2023. The charge recorded this quarter represents Aecon's current estimates of future expected costs required to achieve substantial completion on the remaining three legacy projects.

Aecon believes the estimates underpinning its current positions on the projects to be accurate as of today, however, additional risks exist if assumptions, estimates, and circumstances change. Given the progress achieved to date and based on the information currently available, Aecon believes the potential for future additional financial risks to Aecon, if any, through to completion of the remaining three legacy projects should not exceed \$125 million to the end of 2025.

These four fixed price legacy projects are discussed in Section 5 "Recent Developments" and Section 10.2 "Contingencies" in the Company's June 30, 2024 MD&A, and Section 13 "Risk Factors" in the 2023 Annual MD&A.

Other than the impact of these fixed price legacy projects in the second quarter, lower gross profit in the balance of the Construction segment was primarily due to lower gross profit in urban transportation solutions. In the Concessions segment, gross profit decreased by \$14.8 million, primarily from the use of the equity method of accounting in 2024 for Aecon's 50.1% retained interest in Skyport following the sale of a 49.9% interest in this project in the third quarter of 2023.

Contributing to the decrease in operating profit in the second quarter of 2024 was lower other income of \$42.1 million compared to the same period in 2023. The decrease was due to lower gains on the sale of property, buildings, and equipment of \$21.7 million compared to the second quarter of 2023. In addition, gains on the sale of Aecon Transportation East (“ATE”) decreased by \$25.5 million quarter-over-quarter (an initial gain of \$38.0 million in the second quarter of 2023 compared to a further gain of \$12.5 million in the second quarter of 2024 from incremental proceeds earned in 2024). Foreign exchange gains also decreased in the quarter by \$1.0 million. These decreases were partially offset by a \$5.9 million gain from incremental proceeds earned in the second quarter of 2024 related to the partial sale of Skyport that occurred in 2023), and by a fair value remeasurement gain \$0.2 million in the quarter.

Reported backlog at June 30, 2024 of \$6,186 million compares to backlog of \$6,157 million at December 31, 2023 and \$6,851 million at June 30, 2023. New contract awards of \$766 million were booked in the second quarter in 2024 compared to \$2,016 million in the same period in 2023.

REPORTING SEGMENTS

Aecon reports its financial performance on the basis of two segments: Construction and Concessions, which are described in the Company’s June 30, 2024 Management’s Discussion and Analysis (“MD&A”).

CONSTRUCTION SEGMENT

Financial Highlights

\$ millions	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Revenue	\$ 851.5	\$ 1,139.4	\$ 1,695.3	\$ 2,229.9
Gross profit	\$ (136.8)	\$ 31.1	\$ (73.2)	\$ 93.3
Adjusted EBITDA ⁽¹⁾	\$ (172.6)	\$ (4.4)	\$ (144.9)	\$ 17.9
Operating profit (loss)	\$ (185.0)	\$ (7.5)	\$ (177.5)	\$ 8.7
Gross profit margin ⁽³⁾	(16.1)%	2.7%	(4.3)%	4.2%
Adjusted EBITDA margin ⁽²⁾	(20.3)%	(0.4)%	(8.5)%	0.8%
Operating margin ⁽³⁾	(21.7)%	(0.7)%	(10.5)%	0.4%
Backlog (at end of period)			\$ 6,081	\$ 6,752

(1) 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.

(2) This is a non-GAAP ratio. 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 ratio.

(3) This is a supplementary financial measure. Refer to the “Non-GAAP and Supplementary Financial Measures” section of this press release for more information on each supplementary financial measure.

Revenue in the Construction segment for the three months ended June 30, 2024 of \$851 million was \$288 million, or 25%, lower compared to the same period in 2023. Revenue was lower in industrial operations (\$205 million) driven primarily by decreased activity on mainline pipeline work following the achievement of substantial completion on a large project in the third quarter of 2023, which offset a higher volume of field construction work primarily at wastewater treatment facilities in western Canada. In urban transportation solutions, revenue was lower (\$87 million) primarily from a decrease in light rail transit (“LRT”) work in Ontario and Québec as three of these LRT projects near completion. Lower revenue in civil operations (\$63 million) was driven by a lower volume of major projects work, largely related to the substantial completion of a large hydroelectric project in western Canada in 2023, and from a lower volume of roadbuilding construction work primarily in eastern Canada as a result of the sale of ATE in the second quarter of 2023 (\$20 million). Partially offsetting these decreases was higher revenue in nuclear operations (\$63 million) from an increased volume of refurbishment work at nuclear generating stations located in Ontario, and in utilities operations (\$4 million) from a higher volume of electrical transmission and battery energy storage system work, partially offset by a lower volume of telecommunications and gas distribution work.

Operating loss in the Construction segment of \$185.0 million in the three months ended June 30, 2024 compares to an operating loss of \$7.5 million in the same period in 2023, for a decrease in operating profit of \$177.5 million. The largest driver of the decrease in operating profit was negative gross profit from the four fixed price legacy projects of \$237.0 million in the second quarter of 2024 compared to negative gross profit on the four fixed price legacy projects of \$81.3 million in the second quarter of 2023, for a net negative quarter-over-quarter impact on operating profit of \$155.7 million. These four fixed price legacy projects are discussed in Section 5 “Recent Developments” and Section 10.2 “Contingencies” in the Company’s June 30, 2024 MD&A, and Section 13 “Risk Factors” in the 2023 Annual MD&A. In addition to the impact of these fixed price legacy projects in the second quarter, lower operating profit in the balance of the Construction segment was primarily the result of lower gross profit in urban transportation solutions from rail electrification work, and from lower gains on the sale of property, buildings, and equipment (\$3.9 million) in the quarter.

Construction backlog at June 30, 2024 was \$6,081 million, which was \$671 million lower than the same time last year. Backlog decreased period-over-period in nuclear (\$295 million), utilities (\$132 million), urban transportation solutions (\$123 million), civil (\$82 million), and industrial operations (\$39 million). New contract awards totaled \$763 million in the second quarter of 2024 compared to \$1,990 million in the same period last year.

CONCESSIONS SEGMENT

Financial Highlights

\$ millions	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Revenue	\$ 2.3	\$ 27.3	\$ 5.2	\$ 44.3
Gross profit	\$ (1.1)	\$ 13.7	\$ (1.7)	\$ 18.4
Income from projects accounted for using the equity method	\$ 11.9	\$ 4.8	\$ 14.1	\$ 8.3
Adjusted EBITDA ⁽¹⁾	\$ 29.5	\$ 27.6	\$ 47.1	\$ 42.6
Operating profit	\$ 16.8	\$ 14.4	\$ 17.9	\$ 16.8
Backlog (at end of period)			\$ 105	\$ 99

(1) 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.

Aecon currently holds a 50.1% interest in Skyport, the concessionaire responsible for the Bermuda airport's operations, maintenance, and commercial functions, and the entity that will manage and coordinate the overall delivery of the Bermuda International Airport Redevelopment Project over a 30-year concession term that commenced in 2017. Aecon's participation in Skyport is accounted for using the equity method. On September 20, 2023, Aecon sold a 49.9% interest in Skyport to Connor, Clark & Lunn Infrastructure with Aecon retaining the management contract for the airport. Prior to this transaction, Aecon's participation in Skyport was 100% consolidated and, as such, was accounted for in the consolidated financial statements by reflecting, line by line, the assets, liabilities, revenue and expenses of Skyport. Aecon's concession participation in the Eglinton Crosstown LRT, Finch West LRT, Gordie Howe International Bridge, Waterloo LRT, and the GO Expansion On-Corridor Works projects are joint ventures that are also accounted for using the equity method.

For the three months ended June 30, 2024, revenue in the Concessions segment of \$2.3 million was \$25 million lower compared to the same period in 2023. Lower revenue in the period was primarily due to lower reported revenue from Skyport due to the commencement of the equity method of accounting for the project following the above noted sale of a 49.9% interest in Skyport in the third quarter of 2023.

Operating profit in the Concessions segment of \$16.8 million for the three months ended June 30, 2024 improved by \$2.4 million. Operating profit related to the Bermuda International Airport project was higher driven by one-time recoveries of \$5.9 million in 2024 and an incremental gain on sale of \$5.9 million reported in 2024 related to additional proceeds earned from the 2023 partial sale of Skyport. Operating results from Skyport in 2024 were also impacted by the sale of a 49.9% interest in Skyport in the third quarter of 2023 and from the use of the equity method of accounting in 2024 where operating results for Aecon's interest in Skyport were reported net of financing costs and income taxes, which contributed to lower period-over-period operating profit results from the ongoing operations at Skyport. Operating profit in the segment was also impacted by a decrease in management and development fees from the balance of the concessions operations.

Except for Operations and Maintenance ("O&M") activities under contract for the next five years and that can be readily quantified, Aecon does not include in its reported backlog expected revenue from concession agreements. As such, while Aecon expects future revenue from its concession assets, no concession backlog, other than from such O&M activities for the next five years, is reported.

DIVIDEND

Aecon's Board of Directors approved its next quarterly dividend of 19 cents per share. The dividend will be paid on October 2, 2024 to shareholders of record as of September 20, 2024.

OUTLOOK

Aecon's goal is to build a resilient company through a balanced and diversified work portfolio across sectors, markets, geographies, project types, sizes, and delivery models while enhancing critical execution capabilities and project selection to play to its strengths. With backlog of \$6.2 billion at the end of the second quarter of 2024, recurring revenue programs continuing to see robust demand, and a strong bid pipeline, Aecon believes it is positioned to achieve further revenue growth commencing in 2025 and over the next few years and is focused on achieving improved profitability and margin predictability.

In the Construction segment, demand for Aecon's services across Canada continues to be strong. Development phase work is ongoing in consortiums in which Aecon is a participant to deliver the long-term GO Expansion On-Corridor Works project, the Scarborough Subway Extension Stations, Rail and Systems project, and the Darlington New Nuclear Project, all in Ontario,

and the Contrecoeur Terminal Expansion project in-water works in Quebec. These projects are being delivered using progressive design-build or alliance models and each project is expected to move into the construction phase in 2025. The GO Expansion On-Corridor Works project also includes an operations and maintenance component over a 23-year term commencing January 1, 2025. None of the anticipated work from these four significant long-term progressive design-build projects is yet reflected in backlog.

In the Concessions segment, there are a number of opportunities to add to the existing portfolio of Canadian and international concessions in the next 12 to 24 months, including projects with private sector clients that support a collective focus on sustainability and the transition to a net-zero economy as well as private sector development expertise and investment to support aging infrastructure, mobility, connectivity, and population growth. The GO Expansion On-Corridor Works project noted above and the Oneida Energy Storage project, a consortium in which Aecon Concessions is an equity partner that will deliver a 250 megawatt / 1,000 megawatt-hour energy storage facility near Nanticoke Ontario, are examples of the role Aecon's Concessions segment is playing in developing, operating, and maintaining assets related to this transition. In addition, in the first quarter of 2024, an Aecon-led consortium was selected by the U.S. Virgin Islands Port Authority to redevelop the Cyril E. King Airport in St. Thomas and the Henry E. Rohlsen Airport in St. Croix under a collaborative Design, Build, Finance, Operate and Maintain Public-Private Partnership model.

Global and Canadian economic conditions impacting inflation, interest rates, and overall supply chain efficiency have stabilized, and these factors have largely been and will continue to be reflected in the pricing and commercial terms of the Company's recent and prospective project awards and bids. However, certain ongoing joint venture projects that were bid some years ago have experienced impacts related, in part, to those factors, that will require satisfactory resolution of claims with the respective clients. Results have been negatively impacted by these four legacy projects in recent periods, undermining positive revenue and profitability trends in the balance of Aecon's business. Until these projects are complete and related claims have been resolved, there is a risk that this could also occur in future periods – see Section 5 "Recent Developments" and Section 10.2 "Contingencies" in the Company's MD&A, and Section 13 "Risk Factors" in the 2023 Annual MD&A regarding the risk on certain large fixed price legacy projects entered into in 2018 or earlier by joint ventures in which Aecon is a participant. However, the recent Coastal GasLink Pipeline settlement along with the additional write-downs on the fixed price legacy projects in the second quarter of 2024 are anticipated to lead to improved profitability and margin predictability especially as the remaining three projects move closer to substantial completion.

Revenue in 2024 will be impacted by the three strategic transactions completed in 2023, the substantial completion of several large projects in 2023, the four legacy projects, and the five major projects currently in the development phase by consortiums in which Aecon is a participant being delivered using the progressive design-build or alliance models which are expected to move into the construction phase in 2025. The completion and satisfactory resolution of claims on the remaining three legacy projects with the respective clients remains a critical focus for the Company and its partners, while the remainder of the business continues to perform as expected, supported by the strong level of backlog, and the strong demand environment for Aecon's services, including recurring revenue programs.

CONSOLIDATED RESULTS

The consolidated results for the three and six months ended June 30, 2024 and 2023 are available at the end of this news release.

CONSOLIDATED BALANCE SHEET

\$ thousands	June 30 2024	December 31 2023
Cash and cash equivalents	\$ 499,386	\$ 645,784
Other current assets	1,836,375	1,827,472
Property, plant and equipment	304,883	251,899
Other long-term assets	499,438	470,473
Total Assets	\$ 3,140,082	\$ 3,195,628
Current portion of long-term debt - recourse	\$ 39,046	\$ 42,608
Preferred Shares of Aecon Utilities	158,150	157,110
Other current liabilities	1,692,789	1,583,549
Long-term debt - recourse	104,831	106,770
Other long-term liabilities	226,167	241,265
Equity	919,099	1,064,326
Total Liabilities and Equity	\$ 3,140,082	\$ 3,195,628

CONFERENCE CALL

A conference call and live webcast has been scheduled for 9 a.m. (Eastern Time) on Thursday, July 25, 2024. A live webcast of the conference call can be accessed using this [link](#) and will be available at www.aecon.com/InvestorCalendar. Participants

can also dial-in to the conference call and pre-register using this [link](#). After registering, an email will be sent, including dial-in details and a unique access code required to join the live call. Please ensure you have registered at least 15 minutes prior to the conference call time.

An accompanying presentation of the second quarter 2024 financial results will also be available after market close on July 24, 2024 at www.aecon.com/investing. For those unable to attend, a replay will be available within one hour following the live webcast and conference call at the same webcast link above.

ABOUT AECON

Aecon Group Inc. (TSX: ARE) is a North American 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, management, and operations and maintenance services through its Concessions segment. Join our online community on X, LinkedIn, Facebook, and Instagram @AeconGroupInc.

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NON-GAAP AND SUPPLEMENTARY FINANCIAL MEASURES

The 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 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 financial statements of the Company; and (d) is not a ratio.

Non-GAAP financial measures presented and discussed in this press release are 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).
- **"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 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 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. The most directly comparable measures calculated in accordance with GAAP are operating profit and profit (loss) attributable to shareholders.

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 press release 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

share of projects accounted for using the equity method ⁽¹⁾	Other costs and eliminations Consolidated				Other costs and eliminations Consolidated			
	Construction	Concessions			Construction	Concessions		
Operating profit	\$ 1.6	\$ 12.5	\$ -	\$ 14.1	\$ 2.7	\$ 22.9	\$ -	\$ 25.6
Depreciation and amortization	0.1	-	-	0.1	0.2	-	-	0.2
Equity Project EBITDA ⁽²⁾	\$ 1.7	\$ 12.5	\$ -	\$ 14.2	\$ 2.9	\$ 22.9	\$ -	\$ 25.8

(1) Refer to Note 10 “Projects Accounted for Using the Equity Method” in June 30, 2024 interim condensed consolidated financial statements

(2) This is a non-GAAP financial measure. Refer to the “Non-GAAP and Supplementary 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 known and unknown risks, assumptions 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: expectations regarding the financial risks and impact of the remaining three fixed price legacy projects, the expected timelines of such projects and the application of critical accounting estimates in respect of the remaining three fixed price legacy projects, and the information in respect of such joint ventures under review and assessment in respect of the application of such critical accounting estimates; backlog and estimated duration; the impact of certain contingencies on Aecon (see: Section 10.2 “Contingencies” in the Company’s June 30, 2024 MD&A); 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 future revenue growth and the impact therefrom; expectations regarding profitability and margin predictability; expectations regarding the pipeline of opportunities available to Aecon; statements regarding the various phases of projects for Aecon; its strategic focus on projects linked to decarbonization, energy transition and sustainability, and the opportunities arising therefrom; communities sharing in the benefits and opportunities associated with Aecon’s work, including commitments to publish information with respect to reconciliation and targets including Indigenous suppliers; expectations regarding ongoing recovery in travel through Bermuda International Airport in 2024 and opportunities to add to the existing portfolio of Canadian and international concessions in the next 12 to 24 months; Oaktree Capital Management, L.P.’s (“Oaktree”) investment in Aecon Utilities Group Inc. (“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 use of proceeds from the investment; the expansion of Aecon Utilities’ geographic reach and range of services in the U.S.; the potential for additional contingent proceeds payable under the Aecon Utilities acquisition of a majority interest in Xtreme Powerline Construction (“Xtreme”); the ability of Aecon Utilities and Xtreme to integrate successfully following the acquisition, the expansion in the U.S. utility services market and driving continued growth in priority markets; and the effective collaboration with Xtreme management. Forward-looking statements may in some cases be identified by words such as “will,” “plans,” “schedule,” “forecast,” “outlook,” “completing,” “mitigating,” “potential,” “possible,” “maintain,” “seek,” “cost savings,” “synergies,” “strategy,” “goal,” “indicative,” “may,” “could,” “might,” “can,” “believes,” “expects,” “anticipates,” “aims,” “assumes,” “upon,” “commences,” “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 risks associated with a third party’s failure to perform; the risk of not being able to meet its labour needs at reasonable costs; possibility of gaps in insurance coverage; 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 risks associated with international operations and foreign jurisdiction factors; the risk of not being able, through its joint ventures, to enter into implementation phases of certain projects following the successful completion of the relevant development phase; the risk of not being able to execute its strategy of building strong partnerships and alliances; the risk of not being able to execute its risk management strategy; the risk of not being able to grow backlog across the organization by winning major projects; the risk of not being able to maintain a number of open, recurring, and repeat contracts; the risk of not being able to accurately assess the risks and opportunities related to its industry’s transition to a lower-carbon economy; the risk of not being able to oversee, and where appropriate, respond to known and unknown environmental and climate change-related risks, including the ability to recognize and adequately respond to climate change concerns or public, governmental, and other stakeholders’ expectations on climate matters; the risk of not being able to meet its commitment to meeting its greenhouse gas emissions reduction, Board diversity or Indigenous supplier

targets; the risks of nuclear liability; the risks of cyber interruption or failure of information systems; 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 that Aecon will not realize the opportunities presented by a transition to a net-zero economy; risks associated with future pandemics, epidemics and other health crises and Aecon's ability to respond to and implement measures to mitigate the impact of such pandemics or epidemics; 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; the risk of costs or difficulties related to the integration of Aecon Utilities and Xtreme being greater than expected; the risk of the anticipated benefits and synergies from the acquisition not being fully realized or taking longer than expected to realize; the risk of being unable to retain key personnel, including Xtreme management; the risk of being unable to maintain relationships with customers, suppliers or other business partners of Xtreme; and statements with respect to the approval of the NCIB by the TSX, the timing and size of the NCIB, the number of common shares that can be purchased under the NCIB and Aecon's current and future plans, expectations and intentions with respect to the NCIB, 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.ca), including the risk factors described in Section 13 - "Risk Factors" in Aecon's 2023 Management's Discussion and Analysis for the fiscal year ended December 31, 2023 and our Management's Discussion and Analysis for the fiscal quarter ended June 30, 2024 and in other filings made by Aecon with the securities regulatory authorities in Canada.

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 and assumptions regarding the outcome of the outstanding claims in respect of the remaining three fixed price legacy projects being performed by joint ventures in which Aecon is a participant. 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.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(in thousands of Canadian dollars, except per share amounts)

	For the three months ended		For the six months ended	
	June 30 2024	June 30 2023	June 30 2024	June 30 2023
Revenue	\$ 853,779	\$ 1,166,918	\$ 1,700,371	\$ 2,274,073
Direct costs and expenses	(991,686)	(1,121,775)	(1,775,492)	(2,162,097)
Gross profit	(137,907)	45,143	(75,121)	111,976
Marketing, general and administrative expense	(48,227)	(43,105)	(100,302)	(97,343)
Depreciation and amortization	(19,784)	(21,241)	(38,627)	(44,165)
Income from projects accounted for using the equity method	11,555	4,750	13,848	8,037
Other income	28,046	70,093	29,704	82,729
Operating profit (loss)	(166,317)	55,640	(170,498)	61,234
Finance income	2,138	1,757	5,297	3,175
Finance cost	(6,572)	(16,127)	(12,244)	(33,051)
Profit (loss) before income taxes	(170,751)	41,270	(177,445)	31,358
Income tax recovery (expense)	46,857	(13,062)	47,434	(12,588)
Profit (loss) for the period	\$ (123,894)	\$ 28,208	\$ (130,011)	\$ 18,770
Basic earnings (loss) per share	\$ (1.99)	\$ 0.46	\$ (2.09)	\$ 0.30

Diluted earnings (loss) per share

\$ (1.99) \$ 0.38 | \$ (2.09) \$ 0.28