



ATCO LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of ATCO Ltd. (ATCO, our, we, us, or the Company) during the year ended December 31, 2024.

This MD&A was prepared as of February 26, 2025, and should be read with the Company's audited consolidated financial statements (2024 Consolidated Financial Statements) for the year ended December 31, 2024. Additional information, including the Company's Annual Information Form (2024 AIF) is available on SEDAR+ at www.sedarplus.ca.

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family. The Company includes controlling positions in Canadian Utilities Limited (Canadian Utilities or CU) (52.5 per cent ownership), ATCO Structures & Logistics Ltd. (ATCO Structures & Logistics) (100 per cent ownership), ATCO Land and Development Ltd. (ATCO Land and Development) (100 per cent ownership), ASHCOR Technologies Ltd. (Ashcor) (100 per cent ownership), ATCO Energy Ltd. (ATCO Energy) (100 per cent ownership), and Fresh Bites Inc. (Fresh Bites) (100 per cent ownership). The Company also has an equity investment in Neltume Ports S.A. (Neltume Ports) (40 per cent ownership). Throughout this MD&A, the Company's earnings attributable to Class I and Class II Shares and adjusted earnings are presented after non-controlling interests.

Terms used throughout this MD&A are defined in the Glossary at the end of this document.

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SHAPING THE FUTURE: ATCO'S AMBITIONS

CREATING PROSPERITY AND OPPORTUNITY FOR GENERATIONS TO COME

ATCO is committed to a bold and extraordinary future for our companies, our customers, and our owners. ATCO is charting a course for the future with an ambitious set of objectives that build upon the long corporate history of bringing prosperity and opportunity to the communities we serve.

OUR STRATEGIC IMPERATIVES

Our actions reflect our core values of safety, integrity, agility, caring, and collaboration. These core values guide us as we balance the short- and long-term economic, environmental and social considerations of our businesses.

Innovation, growth and financial strength provide the foundation from which we built our Company. Our long-term success depends on our ability to continue offering our customers premier, comprehensive and integrated solutions to meet their evolving needs and expand into new markets. Our strategic imperatives, as noted below, are supported by our unwavering commitment to financial strength, operational excellence, our customers, our people and the communities we are privileged to serve around the world.



Valuing a long-term outlook.



Providing solutions for shelter and community spaces.



Taking a leadership role in the energy transition.



Advancing equitable partnerships with Indigenous communities.



Collaborating for the betterment of communities.



Supporting the talent and diversity of the ATCO team.

ATCO'S INVESTMENT STRATEGY

At the heart of ATCO's investment strategy is the desire to be a unified provider of essential services for our customers. These essential services underpin our portfolio and our continued investment in the Energy, Logistics and Transportation, Shelter, and Real Estate industries. They are tied to infrastructure, providing us a source of recurring cash flows and earnings that have proven to be resilient to changes in global macro-economic cycles, geopolitical conflict and extreme weather. Our unique market position, integrated capabilities, and exceptional customer care combine to create a competitive advantage that is difficult to replicate, and one that continues to deliver value to share owners through earnings and dividend growth.

As a globally diversified investment company, ATCO's portfolio provides customers with integrated and sustainable solutions. To maintain our exceptional dividend resiliency, our portfolio has been constructed to provide a balance between yield and long-term growth.

Growth

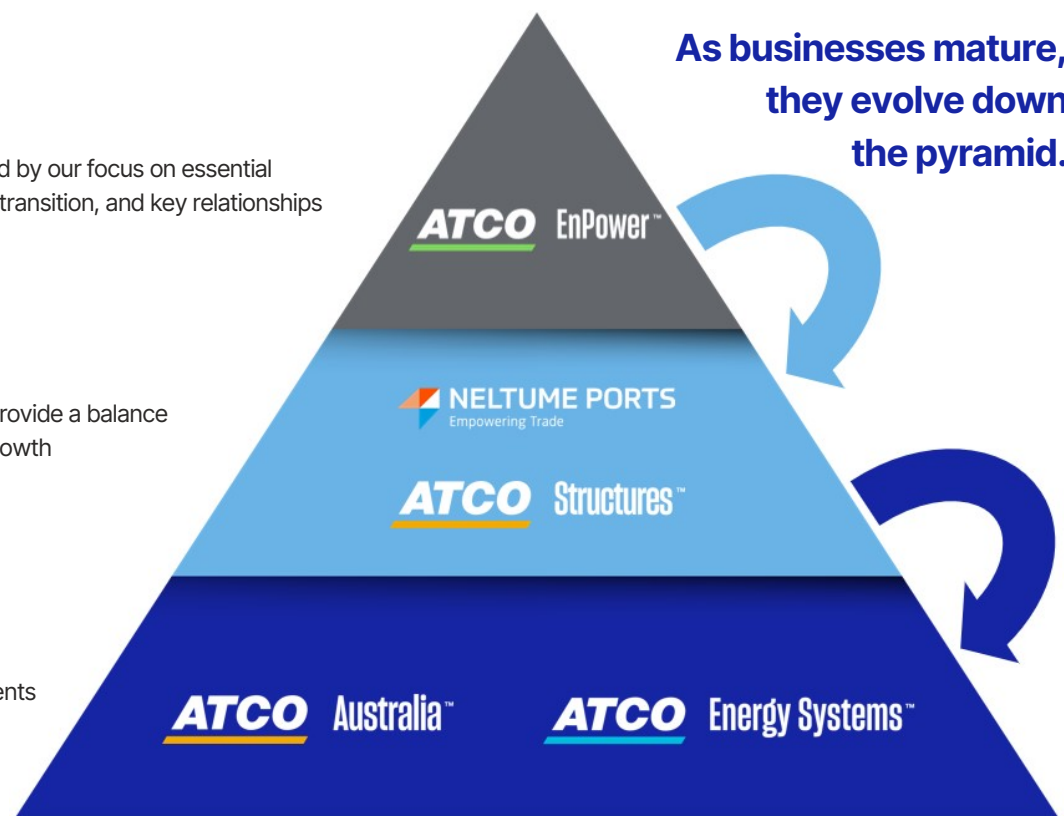
New growth is guided by our focus on essential services, the energy transition, and key relationships

Value

These investments provide a balance between yield and growth

Yield

Stable utility investments



At the base of our portfolio we look for a stream of stable and reliable earnings and cash flows for ATCO. This supports new investment and provides surety to our dividends.

Value investments provide a balance between yield and growth and while they likely have some cyclicity, they also generally have the ability to outpace overall economic growth and drive better returns. Our ATCO Structures and Neltume Ports businesses showcase value investments.

We also look for contributions that are more growth focused. They may have less ability to contribute to the current dividend due to the need for growth capital, but will create meaningful growth for our portfolio in the coming years. An example of this approach is ATCO EnPower's advancements on renewables and cleaner fuels investments. As these businesses mature and begin to contribute additional cash flows, they evolve down the pyramid, allowing us to potentially add more growth businesses.

We continue to have significant growth aspirations across these existing investments, and share owners can expect that the new investments we make will be tied to this proven strategy of investing in companies within the essential services space.

OUR COMPANY

Global Profile

ATCO Ltd. is a publicly traded company listed on the Toronto Stock Exchange (TSX: ACO.X) (TSX: ACO.Y).

Principal subsidiaries are Canadian Utilities (TSX:CU), of which ATCO owns 52.5 per cent and ATCO Structures & Logistics, of which ATCO owns 100 per cent of the common shares. ATCO also owns 100 per cent of the common shares of ATCO Land and Development, Ashcor, ATCO Energy, and Fresh Bites, and 40 per cent of Neltume Ports (the 2024 Consolidated Financial Statements include our equity-accounted investment in this associate company and also our share of joint venture (JV) investments).



4M+

Total Customers



\$27B

Total Assets



32

Years of Annual
Dividend Increases



**100+
Countries**

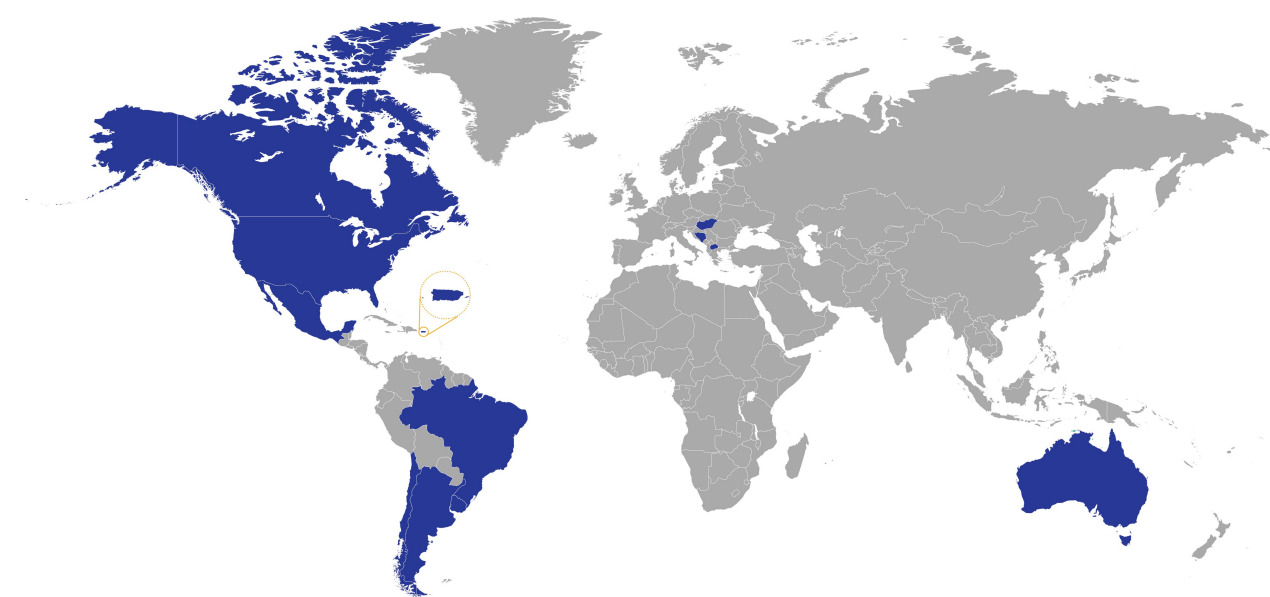
Long History of Global
Operations

Partnering and investing in life's essentials for a changing world



Based in Alberta, ATCO is one of Canada's premier corporations. With assets of \$27 billion, ATCO is a proven, diversified, and global corporation. From reliable, sustainable energy for homes and businesses to innovative temporary and permanent structures and everything in between, we build communities, energize industries and deliver customer-focused infrastructure solutions. ATCO is privileged to be providing these innovative solutions in sectors that are essential to global growth and prosperity with the dedication and support of our approximately 8,200 ATCO employees and the additional 12,400 employees in our non-controlled interests around the world.

CURRENT OPERATIONS



OUR BUSINESS UNITS

ATCO reports on the four business units of Structures & Logistics, Neltume Ports, ATCO Corporate & Other, and Canadian Utilities. The operating subsidiaries in these business units share similar economic characteristics and have been aggregated for reporting purposes. Structures & Logistics includes performance details on ATCO Structures and ATCO Frontec, and Canadian Utilities reports on ATCO Energy Systems, ATCO EnPower, ATCO Australia, and Canadian Utilities Corporate & Other. Learn more details about each business unit, including their strategies, below.

Structures & Logistics

ATCO Structures & Logistics' activities are conducted through two complementary businesses: ATCO Structures and ATCO Frontec.

ATCO STRUCTURES

FAST FACTS		
		
44	2,062	12
Operating Locations Worldwide	Approximate Employees in 5 Countries	Manufacturing Locations

ATCO Structures manufactures, sells and leases transportable workforce housing, residential housing, and space rental products.

ATCO Structures aims to generate sustainable earnings growth by strengthening our market presence and performance in the regions we operate, identifying opportunities to expand into new markets, and delivering exceptional customer service. Our growth strategy in each geography is delivered through continued expansion of our space rentals business line, which provides the infrastructure and skilled personnel to deliver complementary products and services, including workforce housing, residential housing, permanent modular construction, logistics, and site construction services. Our manufacturing capability is a key differentiator in servicing the markets we operate in, affording us the flexibility to build our fleet, offer customized product sales, and provide products and services beyond our core offerings. Working with governments and communities, ATCO Structures is an innovator in producing affordable, high-quality modular products that support growing

needs for diverse shelter options worldwide, including attainable residential housing. We continue to grow our business strategically across the globe organically, while supplementing with targeted merger and acquisition opportunities to meet the needs of our growing customer base.

ATCO FRONTEC

FAST FACTS



ATCO Frontec provides facility operations and maintenance services, workforce lodging and support services, defence operations services, and disaster and emergency management services.

ATCO Frontec continues to grow its business as an international provider of integrated operational support services to government, defence and commercial clients. With our expertise in workforce housing camp services, facility operations and maintenance services, defence operations services, and disaster and emergency management, we are able to apply our competitive advantages of being a bundled services provider with proven long-term, collaborative partnerships. We enable our customers to focus on their core business.

Neltume Ports

FAST FACTS



ATCO has a 40 per cent interest in Neltume Ports. Neltume Ports is a port operator and developer with a diversified portfolio of multipurpose, bulk cargo and container terminals located primarily in Chile with additional operations in Uruguay, Argentina, Brazil, and the US. In 2024, Neltume Ports handled 45 million tonnes of product, including copper, forestry products, consumer goods and agricultural products.

Neltume Ports' growth will be achieved by improving operational efficiency, increasing volumes and ownership at existing ports, and investing in brownfield, greenfield and acquisition opportunities throughout the Americas. Neltume Ports is focused on continuous improvement initiatives to refine operational practices throughout all facets of its business. Most of Neltume Ports' existing ports are underpinned by long-term contracts or concessions and are strategically located near major resource or agriculture hubs, as well as high density areas of economic importance. The business environment is also supported by key partnerships with shipping lines and cargo owners.

ATCO Corporate & Other

FAST FACTS



ATCO Corporate & Other includes ATCO Land and Development, Ashcor, and our ATCO retail businesses (ATCOenergy, Rūmi and Fresh Bites). ATCO Corporate & Other also includes the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses.

ATCO Land and Development is focused on the development and operation of commercial and residential real estate and its current portfolio includes 10 commercial real estate properties and 2 residential development properties. This real estate portfolio encompasses 390,000 square feet of office property and 325 acres of land. ATCO Land and Development is also breaking new ground in the attainable housing space, with a strategy aimed at bringing high-quality, cost-competitive housing to the market through the utilization of advanced modular construction processes and ATCO's deep development expertise. This housing strategy will help meet the national need for attainable housing options and provide government, agency and market owners with a turn-key housing solution at a pace that cannot be matched through conventional on-site construction.

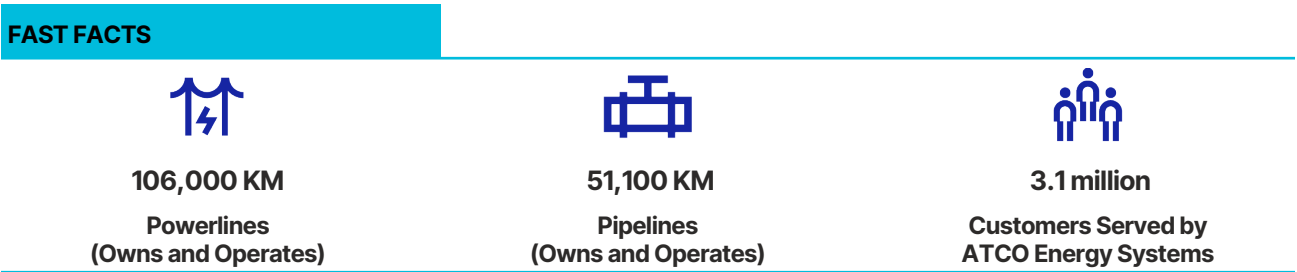
Ashcor is an Alberta-based company with a 27-year history, engaged in the recycling and marketing of ash, a waste byproduct of electricity generation by creating useful products from what would otherwise be industrial waste. Ashcor's Reclaimed Ash Management (RAM™) technology expands its ability to recycle ash previously stored in the ground. The unique properties of Ashcor's recycled ash product offer many performance and financial benefits across a wide variety of applications including a high-grade concrete supplement that helps reduce customer carbon emissions associated with cement production while making concrete stronger and more durable. Over the past two decades, Ashcor has expanded its territory to encompass Western Canada, and the Northwestern and Midwestern United States, including the recently announced RAM™ facility to be constructed near Holland, Michigan.

ATCO Retail businesses are focused on offering reliable, affordable and flexible home solutions to our customers through our diverse range of quality offerings. ATCOenergy is the fourth largest competitive energy retailer in the province of Alberta, offering electricity and natural gas plans to residential and business customers. Rūmi is a solutions provider for home and business owners, offering home maintenance services, home system protection plans, and professional home advice for homeowners. Fresh Bites is a food service company that incorporates our legacy retail food services brand Blue Flame Kitchen (BFK). Fresh Bites provides custom-created products serving businesses such as health care facilities, airlines and convenience store chains across Canada, and is complemented by BFK's offerings of culinary experiences through events, catering, and educational classes.

Canadian Utilities

Canadian Utilities is a diversified global energy infrastructure corporation delivering operating and service excellence and innovative business solutions through ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations); ATCO EnPower (generation, energy storage, industrial water solutions, and cleaner fuels); and ATCO Australia (natural gas distribution and electricity generation).

ATCO ENERGY SYSTEMS



ATCO Energy Systems is our regulated utilities business unit that operates in Canada and Puerto Rico. The four regulated utilities (Electricity Transmission, Electricity Distribution, and Natural Gas Transmission and Natural Gas Distribution) in Alberta, Saskatchewan and the northern regions of Canada have delivered reliable electricity and natural gas to customers for many decades. International Electricity Operations operates in Puerto Rico through Canadian Utilities' 50 per cent ownership in LUMA Energy, LLC (LUMA Energy).

ATCO Energy Systems' value proposition is delivering essential energy for an evolving world that requires more energy to provide quality of life to a growing population, advance economies and power industry. Our customers need resilient and reliable services that are balanced with sustainability and affordability. We safely deliver this reliable and affordable energy by actively leading and constructively participating in a responsible and equitable energy transition, investing to serve the

evolving needs of our customers, being a trusted partner, and providing the integral energy infrastructure required for the expanding population and industry. ATCO Energy Systems' three year capital expenditure plan includes a minimum expected expenditure of \$5.8 billion of planned capital spending in capital projects that will serve the evolving needs of our customers and support population and business growth, system reliability and safety, climate resiliency and adaptation, decarbonization, and technology to further improve operating efficiencies. Increases to expenditures could result from the timing of certain regulatory applications to be made in 2025, as well as the expansion of Alberta's electric transmission system as assigned by the Alberta Electric System Operator (AESO).

ATCO ENPOWER

FAST FACTS



544,000 m³

**Natural Gas Liquids
Storage Capacity**



457-MW

**Electricity Generation
(Owns and Operates)**



117 PJ

**Natural Gas Storage
Capacity**

ATCO EnPower's energy transition businesses include hydro, solar, wind, and natural gas electricity generation in Canada, Mexico, and Chile, as well as natural gas storage, Natural Gas Liquids (NGL) storage, and industrial water solutions in Alberta. ATCO EnPower is also developing its cleaner fuels business, including hydrogen, hydrogen derivatives, and carbon capture and sequestration (CCS) projects.

ATCO EnPower has a multifaceted approach to energy transition solutions that involves both innovative technologies and lower-carbon energy sources. We focus on delivering reliable, affordable, and cleaner energy infrastructure that supports our customers' decarbonization objectives and leverages our core competencies and assets in the Americas. ATCO EnPower is actively participating in the energy transition, which will help us pursue our three-pillar growth strategy and vision: Generation, Natural Gas and NGL Storage, and Cleaner Fuels.

ATCO AUSTRALIA

FAST FACTS



14,900 KM

**Natural Gas Pipelines
(Owns and Operates)**



13,894

**New Customers
Energized in 2024**



815,000

**Average Monthly Customers
in 2024**

ATCO Australia includes ATCO Gas Australia and ATCO Power Australia. ATCO Gas Australia is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions. ATCO Power Australia develops, builds, owns and operates energy and infrastructure assets, including two natural gas fired generation plants: Karratha in the Pilbara region of Western Australia, and Osborne in Adelaide, South Australia.

ATCO's growth strategy in Australia is aligned with the country's evolving energy landscape characterized by progressive policies and publicly stated emissions targets. Leveraging our strong base business and with ATCO Australia's focus on renewable energy adoption and the development of firming technologies, such as energy storage solutions and hydrogen production, we aim to substantially increase our capacity to meet the rising demand for cleaner energy.

CANADIAN UTILITIES CORPORATE & OTHER

Canadian Utilities Corporate & Other includes the global corporate head office in Calgary, Canada, and CU Inc. and Canadian Utilities preferred share dividends and financing expenses.

OUR OPERATING ENVIRONMENT

We operate in a complex and ever-changing world, so striving to anticipate and understand the broad trends impacting our customers and communities is paramount. This appreciation and understanding of our operating environment allows us to better identify possible challenges while capitalizing on emerging opportunities and continuing to deliver high-performing results.

Key market trends

Global and societal changes can create opportunities or present challenges, and they play an important role in shaping the way we collaborate with our customers, team members, share owners and the communities in which we operate. The following is an examination of the key market trends we are seeing and how we are positioning our businesses to respond.



ENERGY TRANSITION & ENERGY SECURITY

The global energy transition is a complex ongoing process requiring long-term energy strategies, which utilize appropriate technologies and fuels to produce energy that satisfies evolving demand. The energy transition must balance reliability and resilience with affordability while achieving higher energy security and lower emissions. With this, the energy and utilities industries are increasing their focus on decarbonization, digitalization, decentralization, and evolving customer demand. The worldwide push towards reduced emissions, evolving regulations to encourage the advancement of new technologies, emissions reduction targets, and government incentives present opportunities and risks for utility companies. ATCO is well positioned to respond to these energy transition trends due to its diversified portfolio of utility and non-regulated assets.

Additionally, the political and societal push to address climate change is driving further investment into storage and grid balancing solutions to improve system reliability. This ongoing transition, along with changing government policy, brings uncertainty and risks. We are prudent in assessing potential impacts from evolving policies before making investment decisions.

Extreme weather events such as volatile temperatures, wildfires, ice and frost events, and large storms are becoming more frequent and more intense through the impact of climate change. ATCO is uniquely positioned to provide support to communities and areas affected by these catastrophic events, while working diligently to minimize our impact with the Company's initial set of 2030 ESG Targets. We also maintain in-depth emergency response measures for these extreme weather events. In recent years, as we have been exposed to earlier fire seasons with increased intensity in many of the jurisdictions in which we operate, our robust Wildfire Management Plans and significant proactive efforts to increase system reliability and resilience have helped lower the risk to our assets. When planning for capital investment or acquiring assets, site specific climate and weather factors, such as flood plain mapping and reliability during extreme weather history are considered.



GLOBAL SECURITY AND DEFENCE

Over the last few years we have seen an increase in geopolitical tensions and conflicts. Such geopolitical events can cause varying levels of disruption, which can generate labour shortages in critical trades, persistent global supply chain delays that can affect project productivity and delivery, and directed cybersecurity threats and technology leaks. As part of its corporate strategy, ATCO is vigilant about the increased risks and threats that may impact us. Beyond the business impact, the human toll can be staggering, whether due to hostilities, food insecurity or loss of homes.

This global polarization and resulting tension may continue to increase over the years to come. Governments and business will both need to bring all their resources to bear to protect our democracies and civilians. These global security risks further amplify the need for protection of the critical infrastructure in the areas we operate, and to provide support to those impacted by geopolitical events.

ATCO Frontec has a longstanding history of supporting Canada's Department of National Defence, the Canadian Armed Forces, and NATO, largely by providing site support services with an expertise in remote, harsh environments. ATCO Frontec can also supply a rapidly deployable camp system to provide humanitarian relief and resolve immediate shelter needs.

Employees throughout the ATCO group of companies are trained in using the Incident Command Systems (ICS) and have a broad range of skills and expertise that can support the recovery of communities in need or damaged infrastructure.



HOUSING ATTAINABILITY

Housing attainability is an issue impacting many of the communities in which we operate. Canada, notably, faces a critical shortage of housing supply, compounded by large household debts, increasing population, investor speculation, and high inflation and interest rates. The prohibitive cost of housing is impacting low-income households and vulnerable peoples in particular.

We believe innovative solutions to the housing crisis are the path forward. From our partnership with the Homes for Heroes Foundation creating tiny homes across Canada to ATCO Structures' affordable housing projects with the Government of British Columbia from 2019 to 2022, ATCO has a proven record in providing those solutions. The permanent modular construction offered by ATCO Structures is a way to relieve pressure on the housing market with modular construction being up to 40 per cent faster than traditional site-built construction. Our acquisitions of Triple M Housing Ltd. (in 2022) and NRB Limited (NRB) (in 2024) highlight our belief in the immense value of modular products as part of the solution to attainable housing. ATCO is also working with governments and not-for-profit agencies to overcome challenges that often stall affordable housing projects.



INDIGENOUS RECONCILIATION

Share owners are increasingly favouring companies that align with their social values, including those that show a commitment towards Indigenous reconciliation. Additionally, principles from the United Nations Declaration on the Rights of Indigenous People Act (UNDRIP Act) have been incorporated into certain legislative acts, and companies that genuinely pursue equitable partnerships, provide employment opportunities, and have robust Indigenous procurement standards set themselves apart when bidding on government contracts or applying for government projects or grants.

The progress ATCO has made in creating equitable partnerships with Indigenous communities is a hallmark of our approach to business. This is highlighted by ATCO Frontec's achievements in securing numerous contracts with our Indigenous joint-venture partnerships, ATCO Energy Systems' landmark sale of Alberta PowerLine in which seven Indigenous communities in Alberta purchased a 40 per cent equity interest, and ATCO Energy Systems' electricity purchase agreements with remote communities that support reduction of diesel reliance, and ATCO EnPower's equity partnership with the Chiniki and Goodstone First Nations for the Deerfoot and Barlow solar projects. We believe that creating equitable partnerships for Indigenous communities should be the standard for governments and businesses alike in support of reconciliation and inclusiveness.

We pride ourselves on being a leader in the communities we serve through our various initiatives with Indigenous groups, and local charities. ATCO has incorporated an Indigenous Advisory Board led by senior Indigenous leaders from across Canada and they have been instrumental with the advice provided to our businesses.



THE GLOBAL ECONOMY AND MARKET VOLATILITY

The global impacts of large-scale world events can create challenges for any business. In the last five years, we have seen numerous examples such as the worldwide pandemic, increasingly destructive weather events, supply chain interruptions, geopolitical tensions and wars, and future potential trade wars. In 2024, approximately 70 countries went through an election cycle; with many jurisdictions voting in new leaders, often leading to new policy direction. 2025 will see this trend continue with numerous elections, including the anticipated Canadian federal election. These factors all show that a business needs to be ready for anything. By being a forward-looking company, ATCO can, and has, mitigated the impacts such changes bring.

We view total share owner return through a long-term lens, and our corporate actions are consistent with that. Many of our core financial pillars – minimum liquidity, strong focus on access to capital, and adequate leverage – reflect learnings from history. Whether it be capital recycling through asset sales, expanding through new acquisitions or purposeful capital

allocation to our existing companies, proactive decisions made across our businesses have allowed us to deliver strong results through various geopolitical events and economic cycles.



PUBLIC DEBT, INFLATION AND INTEREST RATES

Previous years saw inflation and interest rates increase globally and create challenges for investment and risk to managing operating costs. Many economies are starting to see increased economic growth, but others have slowed further as interest rates rose into 2024. However, as borrowing costs are expected to continue to ease through 2025, it is anticipated that the impact of interest rates will diminish. With increased expenditures of governments around the world, particularly in response to the COVID-19 pandemic, the accumulated public debt has had lingering impacts on the global economy, and will continue to for years to come. ATCO has operated for over 77 years through other times of high interest rates and rising inflation and our record shows our ability to manage and thrive despite these conditions. We do not view these macroeconomic impacts as transitory, and are actively managing our portfolio with this in mind.

ATCO Structures and ATCO Frontec look to mitigate such risk with carefully constructed contracts by working closely with our partners and vendors in ways that are fair to all parties. Our Regulated Utilities in Alberta and Australia have regulatory mechanisms that take inflation into consideration, providing resiliency for a large portion of our earnings, and ATCO EnPower limits its exposure to the fluctuating commodities market by signing longer term contracts, including Power Purchase Agreements (PPA) associated with its generation facilities. The key to ATCO's success in weathering these conditions is our consistent approach to being proactive when it comes to planning and operations, allowing us to take advantage of opportune times for project purchasing, managing staffing requirements, and taking into account relevant exchange rates.



CHANGING POLICY AND REGULATIONS

2024 saw numerous changes in political leaders throughout jurisdictions around the world. As these changes in government take place they are often followed by a period of increased focus on policies, agreements, and regulations that can have far-reaching impacts to numerous industries. These changes can present an opportunity to collaborate with new governments on cross-border projects, or present potential threats as protectionist attitudes turn to tariffs and other trade barriers. Our Company works to build collaborative and constructive relationships with each level of government within the jurisdictions we operate.

Additionally, numerous regulatory bodies throughout the world are beginning to release new reporting standards regarding climate-related financial disclosure requirements. For ATCO, the most imminent impact is the Australian Accounting Standards Board's (AASB) inaugural Australian Sustainability Reporting Standards, which include the voluntary Standard AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information and the mandatory Standard AASB S2 Climate-related Disclosures. ATCO Australia is required to begin this reporting in early 2026 for the year ending December 31, 2025.

Companies need to be diligent in making sure they understand the impacts, risk and potential costs of proposed policy changes and requirements. ATCO's focus on creating a talent base of world-class employees, many with the specialized skills to understand and provide guidance to ATCO's leadership, has supported our ability to be agile and adapt to changes. Between our dedicated regulatory teams, sustainability teams, government affairs, and finance and accounting teams who continually monitor amended and future changes to accounting policies, our Company is proactive in our approach to developments in policy and regulations.



DIGITIZATION AND ARTIFICIAL INTELLIGENCE

Artificial Intelligence (AI) is a critical topic as companies navigate how and when to apply these fast emerging technologies. AI can range from personal assistants in phones, to generative AI incorporated into different software, to technology providing real-time information to a company. Additionally, many companies are already in the process of digitization to increase operational efficiencies, reliability of information, and managing large amounts of data.

Within ATCO Energy Systems, leveraging data and digitizing our utilities technology remains a key priority and one that will drive continued efficiencies as our system becomes more capable of predicting and responding to customer needs. As part of this process, the last few years have seen us complete a number of digitization and modernization objectives, including the

deployment of Advanced Metering Infrastructure (AMI), the latest in metering technology; working towards deploying an Advanced Distribution Management System, a platform for a variety of smart grid functions; as well as implementation of a workforce and asset management program that provides an efficient way to track, manage, and dispatch work to field-based employees based on urgency.

AI has the potential to enhance the capabilities of our digital systems. While our AMI technology is already allowing for faster detection of outages, applied AI could predict infrastructure maintenance. The immense energy requirements to power the increased use in AI, could create opportunities through potential interconnections between data centres and electricity infrastructure. Like all new technologies, proper governance and risk management are imperative, particularly as regulatory bodies are starting to implement and issue notices related to the disclosure and usage of AI. However, the successful integration of AI and digital technologies could provide long-term operational and financial value to our businesses.

OUR CORPORATE GOVERNANCE

Ensuring that our business operates in a transparent, ethical and accountable manner is at the core of creating strong and sustainable value for our share owners and in promoting the Company's well-being over the long term.

Our Board of Directors has designed and implemented a unique and effective system of checks and balances that recognizes the need to provide autonomy to our various business units, while prudently managing our financial resources.

Following are some of the highlights of our model for corporate governance. For more information, please see the Governance section of our 2024 Management Proxy Circular, which will be available in April 2025.

Our Board of Directors

The role of our Board has evolved alongside our business, providing oversight to an organization with a growing global footprint and a diverse, yet complementary suite of premier products and services. The Board strives to ensure that its corporate governance practices provide for the effective stewardship of the Company, and it regularly evaluates these practices to ensure they are in keeping with the highest standards.

Key elements of our corporate governance system include the oversight and diligence provided by the Board, the Lead Director, the Audit & Risk Committee and the Corporate Governance - Nomination, Compensation and Succession Committee (GOCOM). Although not required by securities laws, some of our governance tools, such as the use of Designated Audit Directors (DADs), also reinforce the effectiveness and rigor of our governance model.

Much like our business operations, the strength of our Board is due in no small part to the diverse nature of skills, talent and experience each member brings to Board deliberations.

In 1995, ATCO was among the first public companies in Canada to introduce the concept of a Lead Director. Dr. Robert J. Routs is the current Lead Director for ATCO, and was appointed to this position on July 22, 2021. The Lead Director provides the Board with the leadership necessary to ensure independent oversight of management. The Lead Director must be an independent director and is a member of GOCOM.

Designated Audit Directors

Distinctly unique to ATCO are DADs. Each DAD is assigned to one of our business units based on their strengths and experience in various industry sectors. The role of the DADs is to supplement the oversight role of the Audit & Risk Committee.

DADs meet quarterly with senior management of their respective business unit, and annually with internal and external auditors. In addition, they review their respective businesses' financial performance and operating results, discuss risks with management, and report to the Audit & Risk Committee.

PERFORMANCE OVERVIEW

FINANCIAL METRICS

The following chart summarizes key financial metrics associated with our financial performance.

	Year Ended December 31		
(\$ millions, except per share data and outstanding shares)	2024	2023	2022
Key Financial Metrics			
Revenues	4,942	4,741	4,978
Adjusted earnings (loss) ⁽¹⁾	481	432	423
Structures & Logistics ⁽¹⁾	104	90	61
Neltume Ports	24	22	14
ATCO Corporate & Other ⁽¹⁾	13	5	—
Canadian Utilities Limited ⁽¹⁾			
ATCO Energy Systems ⁽¹⁾	333	302	330
ATCO EnPower ⁽¹⁾	23	24	18
ATCO Australia ⁽¹⁾	25	32	41
Canadian Utilities Corporate & Other ⁽¹⁾	(41)	(43)	(41)
Adjusted earnings (\$ per share) ⁽²⁾	4.29	3.82	3.71
Earnings attributable to Class I and Class II Shares	430	432	370
Earnings attributable to Class I and Class II Shares (\$ per share)	3.83	3.82	3.25
Diluted earnings attributable to Class I and Class II Shares (\$ per share)	3.83	3.82	3.24
Total assets	26,724	25,358	24,139
Long-term debt	11,551	11,048	10,087
Class I and Class II Share owners' equity	4,632	4,423	4,376
Cash dividends declared per Class I and Class II Share (cents per share)	1.96	1.90	1.85
Cash flows from operating activities	2,197	1,965	2,396
Capital investment ⁽³⁾	1,871	2,301	1,650
Capital expenditures	1,820	1,586	1,597
Other Financial Metrics			
Weighted average Class I and Class II Shares outstanding (thousands):			
Basic	112,174	113,216	113,958
Diluted	112,282	113,378	114,269

(1) Total of segments measures (as defined in National Instrument 52-112 - Non GAAP and Other Financial Measures Disclosure (NI 52-112)). The most directly comparable measure to Adjusted Earnings (loss) reported in accordance with International Financial Reporting Standards (IFRS) is Earnings Attributable to Class I non-voting and Class II voting shares. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Non-GAAP ratio (as defined in NI 52-112). The most directly comparable measure reported in accordance with IFRS is Earnings Attributable to Class I non-voting and Class II voting shares (\$ per share). See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(3) Non-GAAP financial measure (as defined in NI 52-112). The most directly comparable measure reported in accordance with IFRS is capital expenditures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

In 2024, ATCO Ltd. changed its operating segment structure to better align with management accountability. This change involved creating a new operating segment, ATCO Australia, which includes natural gas distribution (ATCO Gas Australia) and electricity generation operations (ATCO Power Australia) based in Australia. Previously, ATCO Australia's natural gas distribution operations were reported in the ATCO Energy Systems operating segment and the electricity generation operations were reported in the ATCO EnPower operating segment. In addition, ATCO Australia's corporate office was

included in Canadian Utilities Corporate & Other. Comparative amounts for prior periods have been reclassified to reflect this change in reportable operating segments.

REVENUES

Revenues in 2024 were \$4,942 million, \$201 million higher than the same period in 2023 mainly due to higher workforce housing sale activity in Australia and the US, and space rental trade activity in most geographies in ATCO Structures, and growth in rate base and an increase in return on equity (ROE) in ATCO Energy Systems. Revenues were partially offset by decreased commodity prices in ATCOenergy, and lower flow-through revenues in Electricity Distribution.

ADJUSTED EARNINGS ⁽¹⁾

Our adjusted earnings in 2024 were \$481 million or \$4.29 per share, compared to \$432 million or \$3.82 per share for the same period in 2023.

Higher adjusted earnings in 2024 were mainly due to ATCO Structures' increased space rentals activity and improved workforce housing trade sale performance in most geographies, growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, stronger seasonal spreads in natural gas storage services at ATCO EnPower, and higher interest income earned on Corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and ATCO Frontec's provision regarding the potential collectability of a customer's receivables.

Additional detail on the financial performance of our business units is discussed in the "Business Unit Performance" section of this MD&A.

EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Earnings attributable to Class I and Class II Shares were \$430 million in 2024, \$2 million lower compared to the same period in 2023. Earnings attributable to Class I and Class II Shares include timing adjustments related to rate-regulated activities, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings.

More information on these and other items is included in the "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" section of this MD&A.

CASH FLOWS FROM OPERATING ACTIVITIES

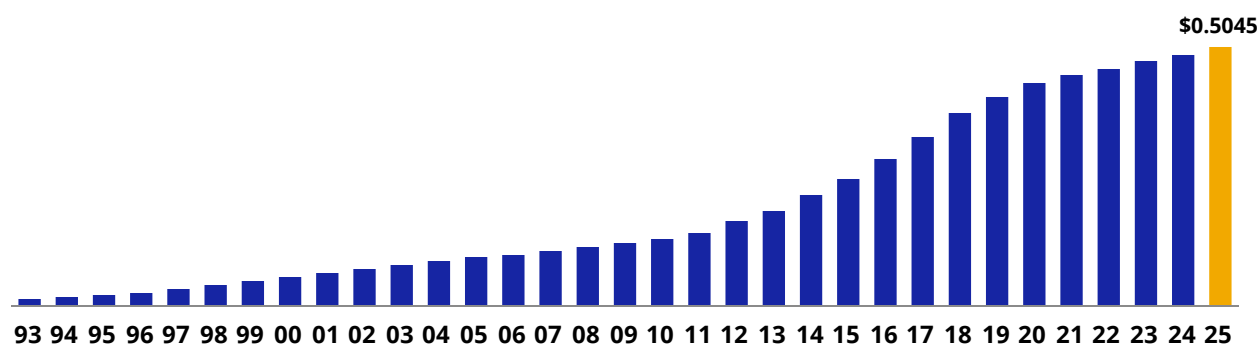
Cash flows from operating activities were \$2,197 million in 2024, \$232 million higher than the same period in 2023. This increase was mainly due to growth in rate base, a higher return on rate base, and the timing of certain revenues and expenses in ATCO Energy Systems, and higher earnings in ATCO Structures. Higher cash flows from operating activities were partially offset by restructuring costs, and additional income taxes paid relating to the 2009-2016 reassessment notices received from the Portuguese Tax Authority.

COMMON SHARE DIVIDENDS

We have increased our common share dividend every year for the past 32 years, a track record of which we are very proud. Dividends paid to Class I and Class II Share owners totaled \$220 million in 2024. On January 9, 2025, the Board of Directors declared a first quarter dividend of 50.45 cents per share or \$2.02 on an annualized basis. ATCO expects to continue to grow its dividends consistent with the sustainable growth of its investments.

⁽¹⁾ Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

Quarterly Dividend Rate 1993 - 2025 (dollars per share)



CAPITAL INVESTMENT ⁽¹⁾ AND CAPITAL EXPENDITURES

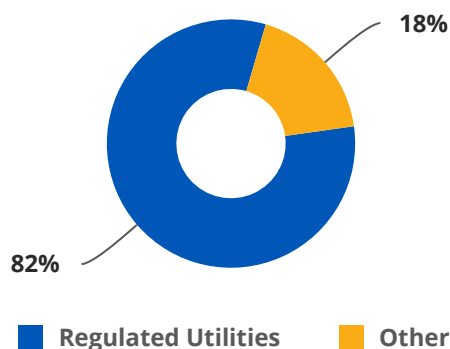
Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Total capital investment of \$637 million in the fourth quarter of 2024 was \$177 million higher compared to the same period in 2023, mainly due to increased spending related to ongoing system upgrades and growth projects for new customers in the Regulated Utilities, including the Central East Transfer Out project in Electricity Transmission, and the Atlas Carbon Storage Hub in ATCO EnPower.

Total capital investment of \$1,871 million in the full year of 2024 was \$430 million lower compared to the same period in 2023 mainly due to the acquisition of the renewable energy portfolio in January 2023, partially offset by increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities and ATCO EnPower, as noted above, and ATCO Structures' acquisition of NRB.

Capital expenditures, a GAAP measure reported in accordance with IFRS, include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of \$635 million and \$1,820 million in the fourth quarter and full year of 2024 were \$187 million and \$234 million higher compared to the same periods in 2023 mainly due to the factors outlined above with the exception of the 2023 renewable energy portfolio acquisition within ATCO EnPower, and ATCO Structures' acquisition of NRB in the third quarter of 2024. Business combinations are excluded from capital expenditures.

Capital expenditures for ATCO Energy Systems in 2024 were \$199 million higher than the projected capital expenditures provided by the Company in the second quarter of 2024, mainly due to increased spending related to ongoing system upgrades and growth projects for new customers.

Capital Expenditures in 2024



Capital expenditures in Canadian Utilities' Regulated Utilities accounted for 82 per cent of the total in the full year of 2024. The remaining 18 per cent was primarily related to ATCO Structures' continued expansion of its space rentals fleet globally, and capital spending within ATCO EnPower, largely related to the Atlas Carbon Storage Hub project and sustaining capital.

⁽¹⁾ Non-GAAP financial measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

BUSINESS UNIT PERFORMANCE



ATCO Structures & Logistics' activities are conducted through two complementary businesses: ATCO Structures and ATCO Frontec. ATCO Structures designs, builds and delivers products to service the essential need for housing and shelter around the globe. ATCO Frontec provides operational support services to government, defence and commercial clients.

REVENUES

Structures & Logistics revenues of \$367 million and \$1,114 million in the fourth quarter and full year of 2024 were \$128 million and \$188 million higher than the same periods in 2023 mainly due to higher workforce housing sale activity in Australia and the US, higher space rentals activity in most geographies, and additional revenues from the recent NRB acquisition in ATCO Structures. Additionally, ATCO Frontec had additional revenues from new camp projects in both Canada and the US. Higher revenues were partially offset by ATCO Structures' lower workforce housing rental activity in Canada and the US, Bechtel Pluto Train II (Pluto) project reaching substantial completion in the second quarter of 2023, decreased client work requests and occupancy at the ATCO Frontec-operated BC Hydro Site C camp, and the 2023 closures of the Trans Mountain Expansion Project (TMEP) camps.

ADJUSTED EARNINGS

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
ATCO Structures⁽¹⁾	25	16	9	108	89	19
ATCO Frontec⁽¹⁾	(1)	(2)	1	(4)	1	(5)
Total Structures & Logistics⁽²⁾	24	14	10	104	90	14

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

Structures & Logistics adjusted earnings of \$24 million and \$104 million in the fourth quarter and full year of 2024 were \$10 million and \$14 million higher than the same periods in 2023. Higher adjusted earnings were mainly due to ATCO Structures' strong base business performance driven by increased space rentals activity in most geographies, and improved workforce housing trade sale performance in Canada, the US and Australia. Earnings were partially offset by ATCO Frontec's provision regarding the potential collectability of a customer's receivables, decreased client work requests and occupancy at the ATCO Frontec-operated BC Hydro Site C camp, and lower earnings from the completion of ATCO Frontec's TMEP camps in 2023.

Detailed information about the activities and financial results of the Structures & Logistics businesses is provided in the following sections.

ATCO STRUCTURES

ATCO Structures manufactures, sells and leases space rental products, transportable workforce housing, and modular residential housing. Space Rentals sells and leases mobile office trailers in various sizes and floor plans to suit our customers' needs. Workforce housing delivers modular workforce housing worldwide, including short-term and permanent modular construction, pre-fabricated and relocatable modular buildings. Residential housing manufactures and sells pre-fabricated, modular single- and multi-family homes.

ATCO Structures adjusted earnings of \$25 million and \$108 million in the fourth quarter and full year of 2024 were \$9 million and \$19 million higher than the same periods in 2023 mainly due to ATCO Structures' strong base business performance driven by increased space rentals activity in most geographies, improved workforce housing trade sale performance from increased activity in Australia, Canada and the US, and improved residential housing performance. This was partially offset by lower workforce housing rental activity in Canada and the US, and lower earnings from the completion of the Pluto project.

The following table compares ATCO Structures' rental fleet for the fourth quarter and full year of 2024 and 2023.

	Three Months Ended December 31			Year Ended December 31		
	2024	2023	Change	2024	2023	Change
Global Space Rentals						
Number of units	25,018	24,074	4%	25,018	24,074	4%
Average utilization (%)	74	74	—%	74	75	(1%)
Average rental rate (\$ per month)	794	738	8%	786	721	9%
Global Workforce Housing						
Number of units	2,621	2,747	(5%)	2,621	2,747	(5%)
Average utilization (%)	61	63	(2%)	60	69	(9%)
Average rental rate (\$ per month)	1,541	1,944	(21%)	1,446	2,027	(29%)

Rental Fleet

Space Rentals

ATCO Structures continues to invest capital in Canada, the US and Australia to capture market share and execute its expansion strategy for its sustainable base business. ATCO Structures has increased the number of units on rent and realized higher average rental rates due to sustained higher demand for space rentals fleet in these regions. Utilization follows a cyclical pattern with the North American construction season driving increased activity in the summer months. Current utilization levels ensure there is a mix of fleet available that is suitable for servicing the demands of a larger customer base.

Workforce Housing

ATCO Structures is focused on maintaining the optimized level and mix of workforce housing fleet in Canada and the US following the conclusion of long-term rental contracts in 2023, which drive the year-over-year fleet performance differences. Strong demand for workforce housing product in Australia has driven fleet growth in the region.

ATCO STRUCTURES RECENT DEVELOPMENTS

Canada

Mining Operations

ATCO Structures was awarded multiple contracts totaling \$29 million to supply and install an accommodation camp, and to design and supply mine dry and administrative facilities for a uranium mine in Western Canada. Delivery of units commenced during the fourth quarter of 2024 with final site completion expected in the second quarter of 2025.

Australia

Camp Relocation Project

ATCO Structures was awarded a \$12 million contract to decommission and relocate a rapid deployment camp from a mine site to expand an existing accommodation camp, both located in the Pilbara, Western Australia. The project commenced during the fourth quarter of 2024 and is expected to be completed during the second quarter of 2025.

Latin America

ATCO Structures was awarded a \$4 million contract to supply and install auxiliary buildings in support of an expansion project for a mine site located in north-central Chile. The rental term is expected to commence in the first quarter of 2025 for a term of 19 months.

ATCO STRUCTURES 2024 OVERVIEW

Strategic Growth

In 2024, ATCO Structures grew its market presence and service capabilities through both organic and inorganic strategic initiatives. Continued investment in the base business, particularly in Space Rentals, expanded ATCO Structures' operating footprint and customer base. During the year, five new operating locations were established across Canada and the US to meet the demand for core product offerings. This demand combined with continuous optimization of rental fleet performance has sustained steady growth of the rental fleet and organic growth of the base business.

A key achievement was the acquisition of NRB, which was fully integrated into Canadian modular operations after the transaction closed in the third quarter of 2024. The acquisition of NRB provided manufacturing expertise, particularly in permanent modular construction, and added manufacturing capacity and capability in Ontario and British Columbia, establishing a nationwide manufacturing footprint. Manufacturing continues to be a key differentiator for ATCO Structures among modular competitors, and the acquisition of NRB has strengthened ATCO Structures' position as a pan-Canadian modular solutions provider.

A summary of the key projects and sales contracts that were highlighted in the first, second, and third quarters of 2024 is below. These were awarded throughout 2024 and comprise a portion of revenues during the year.

Canada

Previously highlighted sale contracts awarded in Canada total over \$14 million and include a hospital complex in Quebec and a mine dry facility in Western Canada. Both awards commenced during the year. The Quebec hospital complex was completed during the year and the mine dry facility will carry into 2025.

United States

Previously highlighted sale contracts awarded in the US total \$19 million and include sales to Cotton Logistics, ATC Bangor, Highline Public Schools, and units in support of an in-situ copper recovery project. The Cotton Logistics and ATC Bangor contracts were completed during the year; Highline Public Schools and the in-situ copper recovery project will carry into 2025. Previously highlighted long-term rental contracts awarded in the US total \$39 million, and include the lease of units to Micron and Venture Global, units in support of data centres in Alabama and Wyoming, and units in support of an LNG Facility in the South-Central United States. All contracts commenced throughout 2024 with terms ranging from 12 to 36 months, with the exception of one project which was deferred and will commence in 2025.

Australia

Previously highlighted sale contracts awarded in Australia total \$273 million and include a construction camp for the CopperString 2032 project, camps to support infrastructure projects, 200-person and 700-person camps in support of separate mining projects in the Pilbara region, expansion of existing camp facilities in Western Australia, provision of units in support of facility upgrades at a port in Western Australia, and provision of units to support operations of an LNG facility in Western Australia. All contracts commenced in 2024. The camps supporting infrastructure projects and the 200-person camp supporting mining operations in the Pilbara were delivered in 2024; the remaining projects will carry into 2025.

ATCO FRONTEC

ATCO Frontec provides facility operations and maintenance services, workforce lodging and support services, defence operations services, and disaster and emergency management services.

ATCO Frontec adjusted earnings in the fourth quarter of 2024 were \$1 million higher than the same period in 2023 mainly due to the improved earnings from ATCO Frontec's Pogo Mine and Jansen Discovery Lodge projects, and realized operating efficiencies in the fourth quarter of 2024.

ATCO Frontec adjusted earnings in the full year of 2024 were \$5 million lower than the same period in 2023 mainly due to decreased client work requests and occupancy at the BC Hydro Site C camp, the 2023 closure of the TMEP camps, and a provision regarding the potential collectability of a customer's receivables. Lower earnings were partially offset by new projects in Canada and the US, improved earnings from ATCO Frontec's Pogo Mine and Jansen Discovery Lodge projects, and realized operating efficiencies in the fourth quarter of 2024.

ATCO FRONTEC RECENT DEVELOPMENTS

In October 2024, ATCO Frontec was awarded a contract to operate disaster support services for Hurricane Helene relief in the US states of North and South Carolina. These support services include laundry, shower facilities, catering, and utilities services across 22 sites. Relief services are expected to conclude in Q1 2025.

ATCO FRONTEC 2024 OVERVIEW

BMW Facility Maintenance Services

In the third quarter of 2024, ATCO Frontec mobilized on a contract with BMW to provide facility maintenance services for a manufacturing plant in Debrecen, Hungary. The contract commenced on August 1, 2024 for a term of four-and-a-half-years.

Neltume Ports

Neltume Ports is a port operator and developer with a diversified portfolio of 18 multi-purpose, bulk cargo and container port facilities and 5 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil and the US.

ADJUSTED EARNINGS

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
Neltume Ports	6	5	1	24	22	2

Neltume Ports adjusted earnings of \$6 million and \$24 million in the fourth quarter and full year of 2024 were \$1 million and \$2 million higher than the same periods in 2023 mainly due to improved margins across operations within the portfolio of ports.

NELTUME PORTS 2024 OVERVIEW

Vancouver Bulk Terminal Joint Venture

In May of 2024, Vancouver Bulk Terminal, a joint venture between Neltume Ports and Nautilus International Holding Corporation, secured project capital financing for the development of the soda ash export bulk facility at Terminal 2 within the Port of Vancouver, Washington. The facility will have the capacity to export 3 million tonnes of soda ash annually and will support soda ash volumes from Solvay's Green River, Wyoming operations while providing additional export capacity to the North American soda ash industry. Construction is expected to begin in 2025.



ATCO Corporate & Other includes ATCO Land and Development, Ashcor, and our ATCO retail businesses (ATCOenergy, Rūmi and Fresh Bites). ATCO Corporate & Other also includes the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses.

REVENUES

ATCO Corporate & Other revenues of \$42 million and \$86 million in the fourth quarter and full year of 2024 were \$34 million and \$67 million higher than the same periods in 2023 mainly due to additional revenues from ATCOenergy which was acquired in the third quarter of 2024, and increased ash sales at Ashcor's facilities.

ADJUSTED EARNINGS

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
ATCO Corporate & Other ⁽¹⁾	9	6	3	13	5	8

(1) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO Corporate & Other adjusted earnings of \$9 million and \$13 million in the fourth quarter and full year of 2024 were \$3 million and \$8 million higher than the same periods in 2023 mainly due to additional earnings from ATCOenergy, and higher interest income earned.

SUBSEQUENT DEVELOPMENT

On January 6, 2025, Ashcor announced an agreement with Consumers Energy to extract and repurpose impounded coal ash from the soon to be retired J.H. Campbell Generating Complex, located near Holland, Michigan. This project represents Ashcor's first RAM™ facility in the US. Construction of the facility is expected to begin in the second quarter of 2025 with operations anticipated to begin early 2027. The operational life of the project is expected to be approximately two decades.

ATCO CORPORATE & OTHER 2024 OVERVIEW

Transfer of ATCO Energy Ltd.

In the third quarter of 2024, ATCO Ltd. purchased ATCO Energy Ltd. (ATCOenergy and Rūmi) from Canadian Utilities. Commencing August 1, 2024, the Company is reporting these assets in ATCO Corporate & Other.

Canadian Utilities

Canadian Utilities is a diversified global energy infrastructure corporation delivering essential services and innovative business solutions through ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations); ATCO EnPower (generation, energy storage, industrial water solutions, and cleaner fuels); and ATCO Australia (natural gas distribution and electricity generation).

ATCO ENERGY SYSTEMS

REVENUES

ATCO Energy Systems revenues of \$828 million and \$3,071 million in the fourth quarter and full year of 2024 were \$28 million and \$103 million higher than the same periods in 2023. Revenues were positively impacted by growth in the Alberta regulated rate base and an increase in ROE following the 2023 Alberta Utilities Commission (AUC) decision which set the 2024 ROE at 9.28 per cent, partially offset by lower flow-through revenue in Electricity Distribution.

ADJUSTED EARNINGS

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
Electricity						
Electricity Distribution ⁽¹⁾	24	23	1	79	79	—
Electricity Transmission ⁽¹⁾	25	19	6	100	86	14
International Electricity Operations ⁽¹⁾	8	7	1	29	25	4
Total Electricity ⁽¹⁾	57	49	8	208	190	18
Natural Gas						
Natural Gas Distribution ⁽¹⁾	37	32	5	75	63	12
Natural Gas Transmission ⁽¹⁾	15	13	2	50	49	1
Total Natural Gas ⁽¹⁾	52	45	7	125	112	13
Total ATCO Energy Systems ⁽²⁾	109	94	15	333	302	31

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO Energy Systems adjusted earnings of \$109 million and \$333 million in the fourth quarter and full year of 2024 were \$15 million and \$31 million higher than the same periods in 2023 mainly due to growth in rate base and an increase in ROE, lower operating costs in International Electricity Operations, and lower earnings in the second quarter of 2023 due to the 2018-2021 Deferral Application decision which denied Electricity Transmission recovery of forgone return on rate base related to certain cancelled projects. Higher earnings were partially offset by tax adjustments recorded by Electricity Distribution over the final two quarters of 2023, and Natural Gas Transmission's 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers.

Detailed information about the activities and financial results of the ATCO Energy Systems business segments is provided in the following sections.

Electricity Distribution

Electricity Distribution provides regulated electricity distribution and distributed generation mainly in Northern and Central East Alberta, the Yukon, the Northwest Territories, and in the Lloydminster area of Saskatchewan.

Electricity Distribution adjusted earnings of \$24 million and \$79 million in the fourth quarter and full year of 2024 were comparable to the same periods in 2023.

Electricity Transmission

Electricity Transmission provides electricity transmission mainly in Northern and Central East Alberta, and in the Lloydminster area of Saskatchewan. Electricity Transmission has a 35-year contract to be the operator of Alberta PowerLine, a 500-km electricity transmission line between Wabamun, near Edmonton, and Fort McMurray, Alberta.

Electricity Transmission adjusted earnings of \$25 million and \$100 million in the fourth quarter and full year of 2024 were \$6 million and \$14 million higher than the same periods in 2023 mainly due to growth in rate base and an increase in ROE. Additionally, adjusted earnings were higher due to the 2018-2021 Deferral Application decision received in the second quarter of 2023 which denied recovery of forgone return on rate base related to certain cancelled projects.

International Electricity Operations

International Electricity Operations includes Canadian Utilities' 50 per cent ownership in LUMA Energy, a company formed to transform, modernize, and operate Puerto Rico's 31,000-km electricity transmission and distribution system under an Operations and Maintenance Agreement with the Puerto Rico Public-Private Partnerships Authority and the Puerto Rico Electric Power Authority (PREPA).

LUMA Energy continues to operate under the terms of a Supplemental Agreement, which was extended on November 30, 2022, and will continue until such time that PREPA's bankruptcy is resolved. Following the resolution of PREPA's bankruptcy proceeding, LUMA Energy will transition to year one of the Operations and Maintenance Agreement.

International Electricity Operations adjusted earnings of \$8 million and \$29 million in the fourth quarter and full year of 2024 were \$1 million and \$4 million higher compared to the same periods in 2023 mainly due to lower operating costs and higher management fees as a result of inflation adjustments.

Natural Gas Distribution

Natural Gas Distribution serves municipal, residential, commercial, and industrial customers throughout Alberta and in the Lloydminster area of Saskatchewan.

Natural Gas Distribution adjusted earnings of \$37 million and \$75 million in the fourth quarter and full year of 2024 were \$5 million and \$12 million higher than the same periods in 2023 mainly due to growth in rate base and an increase in ROE.

Natural Gas Transmission

Natural Gas Transmission receives natural gas on its pipeline system from various gas processing plants as well as from other natural gas transmission systems and transports it to end users within the province of Alberta or to other pipeline systems.

Natural Gas Transmission adjusted earnings of \$15 million and \$50 million in the fourth quarter and full year of 2024 were \$2 million and \$1 million higher than the same periods in 2023 mainly due to growth in rate base and an increase in ROE, partially offset by the impact of the 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers.

ATCO ENERGY SYSTEMS 2024 OVERVIEW

Yellowhead Mainline Project

On May 8, 2024, the Company announced its largest ever energy infrastructure project, the Yellowhead Mainline, with the projected spend estimated at \$2.8 billion, subject to further detailed engineering and tendering of supply contracts. On September 18, 2024, the Company announced the filing of a comprehensive regulatory application that establishes the need for the Yellowhead Mainline natural gas project and represents the first of two applications to the AUC. This Alberta project consists of approximately 200-230 kilometres of high-pressure natural gas pipeline and related control and compression facilities that will run from the Edson area to the northeast Edmonton area and is expected to have the capability to deliver about 1,200 terajoules (or 1.1 billion cubic feet) per day of incremental natural gas. Subject to regulatory and the Company's

approvals, construction is expected to commence in 2026 and the pipeline is expected to be on-stream in the fourth quarter of 2027.

Central East Transfer Out (CETO) project

In 2024, Electricity Transmission began construction of the CETO project, an electric transmission system project direct assigned to both ATCO Electric and AltaLink LP by the AESO. The construction of the 135-km 240kV transmission line will support renewable energy integration in Alberta and transport electricity in the counties of Red Deer, Lacombe and Stettler, supplying more than 1,500-MW of electricity to Alberta's grid. Construction commenced in the third quarter of 2024 and is being executed over two winter seasons, with expected completion in 2026. Electricity Transmission is building 85-km of the transmission line and AltaLink is constructing the remaining 50-km.

ATCO ENERGY SYSTEMS REGULATORY FRAMEWORKS

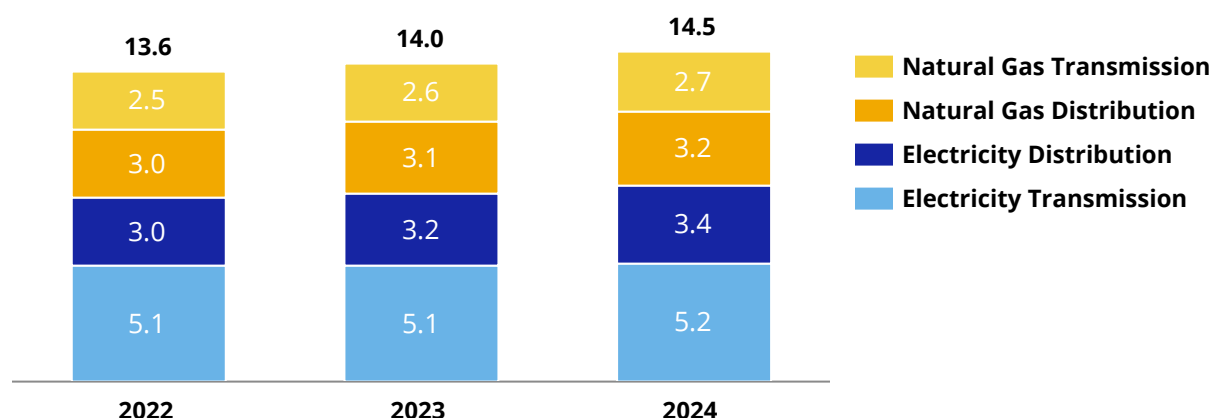
Regulated Business Models

The Alberta business operations of Electricity Distribution, Electricity Transmission, Natural Gas Distribution, and Natural Gas Transmission are regulated mainly by the AUC. The AUC administers acts and regulations covering such matters as rates, financing and service area.

Natural Gas Transmission and Electricity Transmission operate under Cost of Service (COS) regulation. Under this model, the regulator establishes the revenues to provide for a fair return on utility investment using mid-year calculations of the total investment less depreciation, otherwise known as mid-year rate base. Growth in mid-year rate base is a leading indicator of the business' earnings trend, depending on changes in the approved equity component of the mid-year rate base and the rate of return on common equity.

Natural Gas Distribution and Electricity Distribution operate under Performance Based Regulation (PBR). Under PBR, revenue is determined by a formula that adjusts customer rates for inflation less an estimated amount for productivity improvements. The AUC reviews the utilities' results annually to ensure the rate of return on common equity is within certain upper and lower boundaries. To complete these calculations, the AUC uses mid-year rate base. For this reason, growth in mid-year rate base can be a leading indicator of the business' earnings trend, depending on the ability of the business to maintain costs based on approved going-in rates and on the formula that adjusts rates for inflation and productivity improvements.

Alberta Utilities Mid-Year Rate Base⁽¹⁾
(\$ Billions)



(1) Mid-year rate base is a non-GAAP financial measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Rate Base to Property, Plant and Equipment, and Intangible Assets" in this MD&A.

Performance Based Regulation

After the conclusion of the second generation PBR term (PBR2) in 2022, and following a one-year COS rebasing in 2023, the Natural Gas Distribution and Electricity Distribution businesses moved to a third generation of PBR (PBR3) for the years 2024 to 2028.

On October 4, 2023, the AUC issued its decision regarding the parameters of the PBR3 plans that set rates for the distribution utilities for the years 2024 to 2028. The AUC approved continuation of the incremental capital funding mechanism based on historical five years of actual capital spend as well as the ability to seek additional funding for capital that meets certain eligibility criteria. The AUC also introduced a new productivity factor premium and an asymmetric, two-tiered Earnings Sharing Mechanism. The AUC did not include an Efficiency Carryover Mechanism (ECM) for PBR3, however, 2023 and 2024 had ECM revenue related to the second PBR term.

PBR Third Generation	
Timeframe	2024 to 2028
Inflation Adjuster (I Factor)	Inflation indices (FWI and CPI) adjusted annually with a true up applied
Productivity Adjuster (X Factor)	0.40% (includes 0.3% for productivity factor premium)
O&M	Based on 2023 approved COS Applications; inflated by I-X through the PBR term
Return on Operating Cost Investment	Ability to apply for return on operating solutions
Treatment of Capital Costs	- Recovered through going-in rates inflated for I-X and a K Bar (the AUC allowance for capital additions under PBR) that is based on inflation adjusted average historical capital costs for the period 2018-2022. The K Bar is calculated annually and adjusted for the actual weighted average cost of capital (WACC) - Significant extraordinary capital costs not previously incurred, required by a third party or directly caused by applicable law related to net-zero objectives recovered through a "Type I" K Factor
Return On Equity (ROE)	- Based on the established Generic Cost of Capital (GCOC) formula (results released November of each year) + 0.5% ROE efficiency carry-over mechanism (ECM) achieved from PBR Second Generation added to 2023 and 2024
Earnings Sharing Mechanism (ESM)	Two-tiered, asymmetric ESM; - the utilities retain 100% of the first 200 bps of earnings above the authorized ROE - a 60/40 utility/customer split for the next 200 bps of earnings, and - a 20/80 utility/customer split for any earnings over 400 bps
Reopener	- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year
ROE Used for Reopener Calculation	2024: Based on the GCOC formula excluding impact of ECM 2025-2028: Based on the GCOC formula
Quantification and Tracking of Efficiencies	Utility must report a select set of operational metrics annually to the AUC

ATCO ENERGY SYSTEMS REGULATORY DEVELOPMENTS

Common Matters

Second Generation Performance Based Regulation Re-openers

In June 2023, the AUC initiated a proceeding for Electricity Distribution and Natural Gas Distribution as the re-opener clause was triggered by both utilities in 2022, the final year of PBR2. The PBR2 reopener thresholds were triggered if a utility's earnings are +/- 500 basis points from the approved ROE in one year or +/- 300 basis points from the approved ROE in two consecutive years. On May 22, 2024, the AUC issued its decision and advanced to the second phase of the proceeding.

The Company filed a Review & Variance (R&V) of the decision and Permission to Appeal with the Alberta Court of Appeal. On August 1, 2024, the AUC denied the R&V of the decision. The Permission to Appeal on the Re-Opener Phase I Decision was heard by the Alberta Court of Appeal on October 31, 2024 and a favourable ruling on the Permission to Appeal was received.

December 10, 2024. Based on the positions advanced in these submissions, we do not anticipate any impact to earnings as a result of this proceeding.

ATCO Gas and ATCO Electric were the only utilities in Alberta to lower rates in 2023 due to efficiencies being passed onto customers. Similar to the first generation of PBR, the increase in earnings in the second generation of PBR was a direct result of management's response to the incentive to implement efficiency improvements.

Electricity Transmission

ATCO Electric Settlement Application

On June 24, 2024, AUC Enforcement and ATCO Electric filed a joint submission seeking the AUC's approval of a settlement agreement involving two matters ATCO Electric had previously self-reported to AUC Enforcement staff. These historical items related to disclosure requirements for two independent matters included in applications filed in 2015 and 2019, for projects constructed between 2012 and 2015. They were identified following an extensive internal investigation supported by independent third parties. There is no material impact to customer rates (or bills) as a result of these matters.

On September 25, 2024, the AUC released their decision approving the settlement agreement as filed, including the associated costs that were recognized in the second quarter of 2024.

Natural Gas Transmission

2024 - 2026 General Rate Application (GRA)

On July 31, 2023, ATCO Pipelines filed a GRA for 2024 through 2026. A comprehensive Negotiated Settlement Agreement (NSA) was reached with all participating interveners in December 2023, and an application was filed with the AUC in January 2024. On March 27, 2024, the AUC issued a decision approving the NSA for 2024 and 2025 in its entirety but limited the approval to two years.

ATCO ENPOWER

REVENUES

ATCO EnPower revenues of \$87 million in the fourth quarter of 2024 were \$2 million higher compared to the same period in 2023 mainly due to stronger seasonal spreads in natural gas storage services.

ATCO EnPower revenues of \$313 million in the full year of 2024 were \$33 million lower compared to the same period in 2023 mainly due to lower flow-through natural gas revenues, and lower realized pricing on assets with merchant exposure. Lower revenues were partially offset by stronger seasonal spreads in natural gas storage services, revenues from the solar assets energized in 2023, and higher generation at the Veracruz hydro facility in Mexico.

ADJUSTED EARNINGS

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
Electricity Generation ⁽¹⁾	(1)	2	(3)	3	8	(5)
Storage & Industrial Water ⁽¹⁾	3	6	(3)	20	16	4
Total ATCO EnPower ⁽²⁾	2	8	(6)	23	24	(1)

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO EnPower adjusted earnings of \$2 million in the fourth quarter of 2024 were \$6 million lower than the same period in 2023 mainly due to lower realized pricing at the renewable facilities, and a non-recurring recovery received in the fourth quarter of 2023, partially offset by stronger seasonal spreads in natural gas storage services.

ATCO EnPower adjusted earnings of \$23 million in the full year of 2024 were \$1 million lower than the same period in 2023 mainly due to lower realized pricing at the renewable facilities and a non-recurring recovery received in the fourth quarter of

2023, partially offset by stronger seasonal spreads in natural gas storage services, recognizing compensation related to turbine availability guarantees at the Forty Mile wind facility, and higher generation at the Veracruz hydro facility in Mexico.

Detailed information about the activities and financial results of ATCO EnPower's businesses is provided in the following sections.

Electricity Generation

Non-regulated electricity activities include the supply of electricity from solar, wind, hydroelectric, and distributed generation facilities in Canada, Mexico, and Chile.

Electricity Generation adjusted earnings in the fourth quarter and full year of 2024 were \$3 million and \$5 million lower than the same periods in 2023 mainly due to lower realized pricing at the renewable facilities, partially offset by the recognition of compensation relating to turbine availability guarantees at the Forty Mile wind facility, and higher generation at the Veracruz hydro facility in Mexico.

The following table compares ATCO EnPower's renewable portfolio performance in Canada for the fourth quarter and full year of 2024 and 2023.

	Three Months Ended December 31			Year Ended December 31		
	2024	2023	Change	2024	2023	Change
Capacity Share ^{(1) (2)} (MW)	390	359	31	390	359	31
Average Availability (%)	93	92	1	92	92	—
Generation (MWh)	236,617	235,352	1,265	943,014	839,068	103,946
Wind	211,898	207,422	4,476	726,503	709,498	17,005
Solar ⁽³⁾	21,409	23,485	(2,076)	167,338	60,599	106,739
Hydroelectric	3,310	4,445	(1,135)	49,173	68,971	(19,798)
% Merchant	24	25	(1)	27	59	(32)
% PPA	76	75	1	73	41	32
Average Realized Price (\$)	75	79	(4)	75	95	(20)

(1) Capacity share represents the percentage of nameplate capacity owned by ATCO EnPower, except in respect of the Deerfoot and Barlow solar facilities which are represented at 100 per cent because they are held by a controlled subsidiary.

(2) Capacity share increased by 31-MW as a result of completing 4-MW uprates at the Deerfoot and Barlow solar facilities in the third quarter of 2024 and a 23-MW uprate at the Forty Mile wind facility in the fourth quarter of 2024.

(3) Higher full year solar operations are a result of partial and full commencement of operations in the second and fourth quarter, respectively, of 2023.

Total generation from the renewable portfolio increased in 2024 after full commercial operation of the Barlow, Deerfoot and Empress solar assets was achieved in the second half of 2023, the successful 4-MW uprates at each of the Barlow and Deerfoot facilities in the third quarter of 2024, and improved performance and availability in wind assets including the successful 23-MW uprate at the Forty Mile facility in the fourth quarter of 2024. Generation was offset by lower hydroelectric generation in the first half of 2024 as our hydroelectric facility in Southern Alberta was impacted by lower reservoir and river flow levels, which were at a thirty-year low for the time of year due to drought conditions.

The Alberta wind fleet capacity was as much as five to twenty per cent below the 5-year daily moving average in the first quarter and latter part of the fourth quarter in 2024, with improved performance in the remainder of the year. Wind generation in the fourth quarter of 2024 was higher than the same period of 2023 due to improved asset availability of the Forty Mile facility, improved generation at the Adelaide facility, offset by the lower Alberta fleet capacity realized in the latter half of the quarter due to less wind as compared to the same period in 2023. Solar generation in the fourth quarter of 2024 was lower than the same period in 2023 mainly due to unfavourable weather conditions experienced.

The average realized price related to the renewable portfolio decreased from an average of \$79 per MWh and \$95 per MWh in the fourth quarter and full year of 2023 to an average of \$75 per MWh in the fourth quarter and full year of 2024. Merchant generation decreased as we increased the percentage of contracted generation in the latter half of 2023 in response to lower merchant pricing and as we project financed certain assets.

Storage & Industrial Water

Storage & Industrial Water provides non-regulated natural gas storage, natural gas liquids storage, and industrial water services in Alberta and energy services in the Northwest Territories.

Storage & Industrial Water adjusted earnings of \$3 million in the fourth quarter of 2024 were \$3 million lower compared to the same period in 2023 mainly due to a non-recurring recovery in the fourth quarter of 2023, partially offset by stronger seasonal spreads in natural gas storage services.

Storage & Industrial Water adjusted earnings of \$20 million in the full year of 2024 were \$4 million higher compared to the same period in 2023 mainly due to stronger seasonal spreads in natural gas storage services, partially offset by a non-recurring recovery in the fourth quarter of 2023.

ATCO ENPOWER RECENT DEVELOPMENTS

Forty Mile Wind Facility Uprate

In December 2024, ATCO EnPower successfully completed uprating work on the Forty Mile wind facility increasing Forty Mile wind generation from 202-MW to 225-MW.

ATCO ENPOWER 2024 OVERVIEW

ATCO Heartland Hydrogen Hub Project (AH3)

ATCO EnPower remains committed to hydrogen development within Alberta's Industrial Heartland and has signed a Letter of Intent with Linde Canada Inc. (Linde). ATCO EnPower and Linde are working alongside other parties to further the development and commercial success of the AH3 project, with the objective to commence Front End Engineering Design (FEED) in 2025 and advance both domestic and export offtake opportunities. The project has significant potential to supply hydrogen to domestic and international markets, including the Alberta gas grid, industrial, municipal, and commercial transport users. The parties continue to work with supportive federal and provincial governments to establish policy and frameworks that facilitate investment in the Canadian hydrogen economy of both export and domestic opportunities, and to work with First Nations for their participation in the development of and ownership in the project.

Canadian Pacific Kansas City Limited (CPKC) Hydrogen Locomotive Project

In September 2024, ATCO EnPower successfully produced hydrogen through two 1-MW electrolyzers that were constructed and commissioned in Edmonton and Calgary. This is a significant milestone for ATCO EnPower's partnership announced in the second quarter of 2022 with CPKC to provide engineering, construction, and operating services for two hydrogen production and refueling facilities in Calgary and Edmonton.

Solar Sheep Vegetation Management at Empress Solar

ATCO EnPower continues its history of innovation by introducing a sustainable solution for vegetation management in a sensitive wildlife area at a lower cost. 450 sheep were relocated to the Empress solar facility until mid-November to control vegetation throughout the site while they graze. Additionally, ATCO EnPower improved the vegetation available by seeding grass and legume species to improve the sheep's food sources for 2025. ATCO EnPower will continue to use sheep for vegetation management for the foreseeable future. The Empress solar project achieved commercial operations in the fourth quarter of 2023 and provides enough renewable electricity to power more than 11,000 homes.

Atlas Carbon Sequestration

On June 26, 2024, ATCO EnPower, in partnership with Shell Canada Limited, announced that a Final Investment Decision had been made to proceed with the first phase of the Atlas Carbon Storage Hub. The first phase of the project is expected to be operational in late 2028, anchored by CO₂ volumes from Shell's Polaris carbon capture project, and is expected to have an initial capacity to capture 800,000 tonnes of CO₂ per year. The multi-phase, open-access carbon storage hub is a major milestone in ATCO's commitment to advancing products and services which may contribute positively to society's goal of reducing emissions, and is the first step in ATCO EnPower's work to create a full value chain for hydrogen development – from production and carbon abatement to transport and export. The Atlas Carbon Storage Hub is integral to ATCO's long-term strategy and sustainability aspirations. The facility will be located east of Edmonton and able to store emissions from the Alberta Industrial Heartland region. Future development of the hub, which is subject to future investment decisions, will further increase ATCO EnPower's ability to deliver cost-effective products and services aligned with our customer's needs and society's goals.

ATCO AUSTRALIA

REVENUES

ATCO Australia revenues of \$61 million and \$241 million in the fourth quarter and full year of 2024 were \$3 million and \$16 million higher than the same periods in 2023 mainly due to revenues from Early Contract works under the South Australia Hydrogen Jobs Plan project in ATCO Power Australia, and increased rates in ATCO Gas Australia.

ADJUSTED EARNINGS

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
ATCO Gas Australia ⁽¹⁾	2	5	(3)	24	33	(9)
ATCO Power Australia ⁽¹⁾	—	1	(1)	1	(1)	2
Total ATCO Australia ⁽²⁾	2	6	(4)	25	32	(7)

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO Australia adjusted earnings of \$2 million and \$25 million in the fourth quarter and full year of 2024 were \$4 million and \$7 million lower than the same periods in 2023 mainly due to the impact of inflation indexing on rate base in ATCO Gas Australia. Lower earnings were partially offset by higher rates in ATCO Gas Australia and ATCO Power Australia's gain on sale in the second quarter of 2024 of shares in a strategic investment.

Detailed information about the activities and financial results of ATCO Australia's businesses is provided in the following sections.

ATCO Gas Australia

ATCO Gas Australia is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions.

ATCO Gas Australia adjusted earnings of \$2 million and \$24 million in the fourth quarter and full year of 2024 were \$3 million and \$9 million lower than the same periods in 2023 mainly due to the impact of inflation indexing on rate base, partially offset by higher rates.

In 2023, Australia inflation indexing reflected a full year inflation assumption of 4 per cent. Australia inflation indexing in 2024 reflects an inflation assumption of 2.6 per cent.

ATCO Power Australia

ATCO Power Australia develops, builds, owns and operates energy and infrastructure assets, including the two natural gas fired generation plants: Karratha in the Pilbara region of Western Australia, and Osborne in Adelaide, South Australia.

ATCO Power Australia adjusted earnings in the fourth quarter of 2024 were \$1 million lower than the same period in 2023 mainly due to increased project costs in the fourth quarter of 2024.

ATCO Power Australia adjusted earnings in the full year of 2024 were \$2 million higher than the same period in 2023 mainly due to lower project development costs, and the gain on sale in the second quarter of 2024 of shares in a strategic investment.

ATCO AUSTRALIA 2024 OVERVIEW

South Australian Hydrogen Jobs Plan

Subsequent to year end, on February 20, 2025, the government of Australia announced a joint state-federal support package for Whyalla, Australia and its steelworks. Concurrently, it was confirmed that the South Australian Hydrogen Jobs Plan project has been deferred as they reallocate resources. ATCO Australia continues to work with the Office of Hydrogen Power South Australia to assess the impacts and potential next steps. The South Australian Hydrogen Jobs Plan project was to include a

250-MW hydrogen production facility, a 200-MW hydrogen-fuelled electricity generation facility and a hydrogen storage facility. ATCO Australia remains committed to advancing the development of hydrogen.

ATCO AUSTRALIA REGULATORY FRAMEWORKS

Regulated Business Model

The business operations of ATCO Gas Australia are regulated by the Economic Regulation Authority (ERA) of Western Australia. ATCO Gas Australia operates under incentive based regulation under which the ERA establishes the prices for a five-year period to recover a return on forecasted rate base, including income taxes, depreciation on the forecasted rate base, and forecasted operating costs based on forecasted throughput. For this reason, growth in rate base can be a leading indicator of the business' earnings trend, depending on the ability of the business to maintain costs within approved forecasts. The mid-year rate base for ATCO Gas Australia was \$1.3 billion in 2022, \$1.4 billion in 2023, and \$1.4 billion in 2024. Mid-year rate base is a non-GAAP financial measure. For more information, please see the "Other Financial and Non-GAAP Measures" and "Reconciliation of Rate Base to Property, Plant and Equipment, and Intangible Assets" in this MD&A.

Access Arrangement

Under Access Arrangement 5 (AA5), which covers January 1, 2020 to December 31, 2024, ATCO Gas Australia used the ERA approved Post-Tax Revenue Model method to determine revenue requirement and customer rates. This approach incorporates an annual addition of the impact of inflation to the rate base, which is reflected in future customer rates through the recovery of depreciation. Customer rates are adjusted annually through a mechanism that aligns approved rates in real dollars with actual inflation.

The ERA is required to publish a Rate of Return Instrument (the Instrument) that details the methodology and parameters to determine the WACC and ROE relevant to the Access Arrangement period (an ROE of 5.02 per cent was determined for the AA5 period). The ERA reviews and updates the Instrument every four years, with the most recent Instrument published in December 2022. This updated Instrument applies to the Access Arrangement 6 (AA6) period, which covers January 1, 2025 to December 31, 2029. An ROE of 8.23 per cent was determined for the AA6 period. More information on AA6 is outlined below in the Regulatory Developments section.

ATCO AUSTRALIA REGULATORY DEVELOPMENTS

Access Arrangement 6 (AA6)

On November 8, 2024, ATCO Gas Australia received the final AA6 decision from the ERA. ATCO Gas Australia initially submitted AA6 on September 1, 2023, which included detailed expenditure plans for the period January 1, 2025 to December 31, 2029. ERA's draft decision was released in April 2024 and ATCO Gas Australia submitted a revised plan in June 2024.

This final decision is the result of a constructive and collaborative regulatory process. The decision from the ERA approves the prices for ATCO Gas Australia's gas distribution network for the next five years. The ERA's decision is underpinned by a five-year capital expenditure program, a five-year operating cost forecast, the demand forecast of throughput on the natural gas distribution network in Western Australia, and included an evaluation of the capital expenditure program completed during the AA5 period to confirm the capital expenditures met the regulatory criteria. The decision also determines the rate of return for the AA6 period, which adopts a ROE of 8.23 per cent, compared to 5.02 per cent in the previous Access Arrangement.

The tariffs included in the AA6 final decision are applicable for the period January 1, 2025 to December 31, 2029.

CANADIAN UTILITIES CORPORATE & OTHER

Canadian Utilities Corporate & Other includes the global corporate head office in Calgary, Canada, and CU Inc. and Canadian Utilities preferred share dividends and financing expenses.

REVENUES

Including intersegment eliminations, Canadian Utilities Corporate & Other revenues of \$5 million and \$117 million in the fourth quarter and full year of 2024 were \$26 million and \$140 million lower compared to the same periods in 2023 mainly due to the decreased revenue contribution from ATCOenergy which was sold to ATCO Ltd. in the third quarter of 2024.

ADJUSTED EARNINGS

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
Canadian Utilities Corporate & Other ⁽¹⁾	(6)	(6)	—	(41)	(43)	2

(1) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

Including intersegment eliminations, Canadian Utilities Corporate & Other adjusted earnings in the fourth quarter of 2024 were comparable to the same period in 2023.

Including intersegment eliminations, Canadian Utilities Corporate & Other adjusted earnings in the full year of 2024 were \$2 million higher compared to the same period in 2023 mainly due to higher interest income earned.

CANADIAN UTILITIES CORPORATE & OTHER 2024 OVERVIEW

Executive Appointments

Subsequent to year-end and effective January 31, 2025, following an impressive 35-year global career at ATCO, Wayne Stensby, Chief Operating Officer, ATCO Energy Systems retired. Effective February 1, 2025, Bob Myles was appointed to the role of President & Chief Operating Officer, Canadian Utilities Limited. Prior to this appointment, Bob Myles was the Chief Operating Officer of ATCO EnPower.

Effective March 1, 2024, Katie Patrick, Executive Vice President, Chief Financial & Investment Officer, ATCO, broadened her portfolio to include Executive Vice President, Chief Financial Officer for Canadian Utilities. Ms. Patrick's portfolio was further broadened to include Chief Financial & Investment Officer for Canadian Utilities effective February 1, 2025.

Transfer of ATCO Energy Ltd.

In the third quarter of 2024, Canadian Utilities sold its 100 per cent investment in ATCO Energy Ltd. (ATCOenergy and Rümi) to ATCO. Commencing August 1, 2024, the Company is no longer reporting these assets in CU Corporate & Other.

SUSTAINABILITY, CLIMATE CHANGE AND ENERGY TRANSITION

Within our group of companies, we balance the short- and long-term economic, environmental and social considerations of our businesses while creating value for our customers, employees, share owners, and Indigenous and community partners. As a provider of essential services in diverse communities around the world, we operate in an inclusive and responsible manner to meet the needs of society today and for generations to come while consistently delivering safe, reliable and affordable services.

SUSTAINABILITY REPORTING

Our 2024 Sustainability Report, which will be published in May 2025, focuses on the following material topics:

- Governance and Responsible Business – corporate governance, business ethics, responsible supply chain, and government relations and political advocacy;

- Resilience and Safety – emergency preparedness and response, system reliability and availability, cybersecurity, public health and safety, and employee safety and well-being;
- Energy Transition and Environment – energy transition and climate change, greenhouse gas (GHG) emissions, and land use and biodiversity; and
- People and Partners – Indigenous relations, economic opportunities and reconciliation, community engagement and investments, customer experience and satisfaction, human capital development, retention, and attraction, and diversity, equity and inclusion.

Our Sustainability Report is guided by the IFRS International Sustainability Standards Board (ISSB) recommendations, which incorporate the Sustainability Accounting Standards Board (SASB) standards and climate-related disclosure recommendations from the Task Force on Climate-related Financial Disclosures (TCFD). It is also based on the internationally recognized Global Reporting Initiative (GRI) Standards.

The 2023 Sustainability Report, ESG Datasheet, materiality assessment, and additional details and other disclosures are available on our website at www.atco.com.

CLIMATE CHANGE AND ENERGY TRANSITION

As we strive to support the energy transition and contribute to society's long-term sustainability goals, we continue to pursue initiatives to integrate cleaner fuels, renewable energy, and energy storage. This includes looking at ways to modernize our energy infrastructure to accommodate new and innovative sources of energy as well as ways to further use energy more efficiently. We are working to reduce the carbon footprint of our operations and enabling our customers to transition to lower emitting sources of energy, while maintaining safety, reliability and affordability.

POLICY AND REGULATORY UPDATES

We constructively work with all levels of government to advocate for enabling policy and regulation, and to identify barriers that impede cost-effective, economy-wide solutions. We participate in a wide number of discussions, and the following are examples of where we focus our efforts on policies or regulations most relevant to our existing or planned projects.

CANADA

Government of Canada Fall Economic Statement Act and Budget Implementation Act

On June 20, 2024, the *Fall Economic Statement Implementation Act* (Bill C-59) and the *Budget Implementation Act* (Bill C-69) received Royal Assent. These Acts implemented certain income and indirect tax measures from the federal budget and certain measures from the fall economic statement.

Below are some relevant highlights:

- **Clean Economy investment tax credits (ITC)** – apply to qualified expenditures related to Carbon Capture, Utilization, and Storage (CCUS), Clean Technology, and Clean Hydrogen.
- **Competition Act (Canada)** – a new prohibition against "greenwashing" (i.e., misleading claims about a company's environmental practices or the environmental benefits of a product) came into effect on June 20, 2024, and a new private right of action will come into effect on June 20, 2025. The amendments place a reverse onus on companies to prove the representations they make, including that they are in line with "internationally recognized methodology", which is not defined. The Competition Bureau intends to publish final guidelines with respect to claims and the private right of action, following a consultation period which ends on February 28, 2025. We continue to assess and seek guidance on how these amendments may impact our future disclosures.
- **Excessive Interest and Financing Expenses Limitation (EIFEL)** – rules regarding the introduction of an additional interest deduction limitation applicable to tax years beginning on or after October 1, 2023. Following the release, in the 2024 Fall Economic Statement (FES) released on December 16, 2024, intentions were restated to provide exceptions for purpose-built rental housing and regulated energy utilities.

- **Indigenous Loan Guarantees** – a \$5 billion loan guarantee program to help unlock access to capital for Indigenous communities and help remove historical barriers to Indigenous equity investment in natural resources and energy projects.

Clean Electricity Regulations (CER)

On December 17, 2024, the Canadian government finalized the CER, a key component of its climate strategy which aims to achieve a net-zero electricity grid and economy-wide net-zero emissions by 2050. Key regulatory changes and provisions include:

- **Emissions Limits:** The regulations adopt an absolute emissions approach with an annual limit of 65 t/GWh before 2050, replacing the previous 30 t/GWh limit. Units may emit up to 35 t/GWh above this limit by using eligible offset credits. After 2050, the limit reduces to zero, though facilities may use up to 42 t/GWh in offset credits.
- **Compliance Mechanisms:** A new compliance credit system rewards generating units operating below emissions limits. Credits can be banked for future use or traded among units, though no new credits will be issued after 2049. The system includes provisions for credit trading and pooling within provinces.
- **Implementation Timeline:** The regulations will apply to most units by January 1, 2035, with certain planned or "in-flight" units having until January 1, 2050. Units converted from coal to gas may have later compliance dates based on commissioning dates and other factors.
- **Emergency Operations:** The regulations simplify emergency protocols, allowing system operators to independently authorize high-emissions unit operation for up to 30 days during emergencies, replacing the previous requirement for ministerial approval.

Carbon Pricing/Output-Based Pricing Systems

On April 1, 2024, the carbon price in Canada increased from \$65 to \$80 per tonne. The Government of Canada's plan on climate change proposes to increase the carbon price by \$15 per tonne each year, rising to \$170 per tonne by 2030.

Government of Canada Green Buildings Strategy

On July 16, 2024, the Government of Canada released the Canada Green Buildings Strategy (CGBS). The document centers around three priorities to advance the decarbonization of buildings, focusing on energy efficiency and affordability: i) accelerating retrofits, ii) building green and affordable buildings from the start, and iii) shaping the buildings sector of the future. The document is limited to addressing heating oil and does not target natural gas and propane heating sources. The CGBS commits the government to introducing a regulatory framework that will allow the phase-out of the installation of oil heating systems in new construction, as early as 2028.

Prorogation of Parliament and Pending Resignation of the Prime Minister

On January 6, 2025, the Governor General prorogued Parliament until March 24, 2025 at the request of the Prime Minister. Prorogation suspends the work of Parliament by ending its current session, but differs from dissolution which would result in the termination of Parliament. Prorogation results in the termination of all bills that have not yet received Royal Assent. While legislative business ceases with prorogation, the Cabinet may continue to meet, and routine spending and policy decisions are allowed to proceed. Parliament is obliged to begin a new session before March 31, 2025.

Concurrently, the Prime Minister announced he would step down as Leader of the Liberal Party of Canada (Liberal Party) and Prime Minister after the Liberal Party selects a new leader.

AUSTRALIA

Carbon Pricing/Output-Based Pricing Systems

On November 20, 2024, the Australian government updated the Safeguard Mechanism threshold regarding National Greenhouse and Energy Reporting (NGER). Our regulated natural gas system emissions currently falls below the 100,000 tonnes CO₂e threshold. Our non-regulated power generation falls under a sectoral baseline and the Safeguard Mechanism, based on industry emissions, is currently below the baseline. Should either of these thresholds change, these facilities would need to keep net emissions at or below the baseline set by the Clean Energy Regulator or surrender Australian Carbon Credit Units to offset their emissions.

Approval of Australian Sustainability Reporting Standards

On September 20, 2024, the Australian Accounting Standards Board (AASB) approved the AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information and AASB S2 Climate-related Disclosures. While AASB S1 is voluntary, AASB S2 is a mandatory standard which will apply to entities under the Corporations Act 2001, requiring disclosure of information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short-, medium-, and long-term. AASB S2 will require reporting for annual periods beginning on or after January 1, 2025.

ALBERTA

Alberta Restructured Energy Market

On March 11, 2024, the Government of Alberta directed the AESO to develop a Restructured Energy Market (REM) for the Alberta electricity grid, prioritizing affordability, reliability, and sustainability. On July 3, 2024, the Government of Alberta directed the AESO to advance the technical design of the REM and provided its decision for future transmission policy.

On December 3, 2024, the Government of Alberta provided further directions for REM, including future changes to the transmission planning and design of the Independent System Operator (ISO) tariff. In 2025, the government will bring forward the legislative tools and amendments necessary to implement all market and transmission policies.

Below are some of the decisions and directions made in July and December of 2024:

Market Policy

- Introducing a mandatory day-ahead market and allowing energy prices to be determined by market participants' strategic offers, with market mitigation to prevent excessive market power.
- Maintaining a province-wide uniform electricity price.
- REM must consider components such as Security Constrained Economic Dispatch, shorter settlement intervals, price floor and ceiling review, and co-optimization of energy and ancillary services.
- The AESO will develop a market-based congestion management mechanism that recognizes incumbency and considers the participation of controllable load and energy storage.
- The AESO will collaborate in an Alberta Utilities Commission-led initiative to implement 5-minute settlement for transmission-connected loads, generators, and interties by 2032 and for all loads by 2040.

Transmission Policy

- Move away from the current zero-congestion transmission planning standard to an optimally planned transmission planning standard.
- Allocate new transmission infrastructure costs and all ancillary services costs based on cost causation principles.
- Require the AESO to increase the path rating (maximum amount of power that can be transmitted reliably) of the Alberta-Saskatchewan intertie as part of the McNeil Converter's end-of-life replacement.
- Require the AESO to restore the Alberta-British Columbia intertie by December 31, 2026, and procure and maintain high levels of ancillary services to support full import flows on the Alberta-British Columbia intertie and the Montana-Alberta Tie Line.
- Remove competitive procurement requirements for upgrades or enhancements to the path ratings of interties.
- Recover line losses through a system-wide average starting on January 1, 2027.

Alberta Utilities Affordability Statutes Amendment Act

On April 22, 2024, the Premier of Alberta announced changes to the Regulated Rate Option which came into effect on January 1, 2025, including renaming it to the Rate of Last Resort (RoLR). The RoLR is a fixed default rate for two years, with a 10 per cent rate adjustment cap at the end of each two-year period, along with risk margins added to the rate.

New Renewables Projects Approval Pause Ended with Updated Alberta Policy Guidance

On February 29, 2024, the pause for approvals on new renewable electricity generation projects (introduced in August 2023) ended. At the same time, the Government of Alberta updated policy guidance on developing renewable power projects. This policy guidance addresses issues related to the use of agricultural lands, buffer zones, reclamation security, viewscape impacts, Crown lands, and municipal engagement that were considered during the pause.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the fourth quarter and full year of 2024 and 2023 is given below. These amounts are presented in accordance with IFRS accounting standards. They have not been adjusted for the timing of revenues and expenses associated with rate-regulated activities and other items that are not in the normal course of business.

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
Operating costs	846	635	211	2,866	2,529	337
Depreciation, amortization and impairments	209	234	(25)	811	811	—
Earnings from investment in associate company	6	5	1	24	22	2
Earnings from investment in joint ventures	19	21	(2)	73	72	1
Net finance costs	121	113	8	462	434	28
Income tax expense	44	67	(23)	189	242	(53)

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation, amortization and impairments, increased by \$211 million and \$337 million in the fourth quarter and full year of 2024 compared to the same periods in 2023. Higher operating costs were mainly due to increased material costs due to higher project activity and the acquisition of NRB in ATCO Structures, lower unrealized and realized gains on derivative financial instruments in ATCOenergy, and restructuring costs. Increased costs were partially offset by compensation recognized relating to turbine availability guarantees at ATCO EnPower's Forty Mile wind facility, and lower prices for retail electricity in ATCOenergy.

DEPRECIATION, AMORTIZATION AND IMPAIRMENTS

Depreciation, amortization and impairments decreased by \$25 million in the fourth quarter of 2024 compared to the same period in 2023 mainly due to the recognition of an impairment of certain computer software assets in the fourth quarter of 2023, partially offset by ongoing capital investment in the Regulated Utilities, ATCO Structures' increase in global rental fleet assets, and the Barlow, Deerfoot and Empress Solar projects reaching commercial operations throughout 2023 in the ATCO EnPower business.

Depreciation, amortization and impairments in the full year of 2024 were comparable to the same period in 2023.

EARNINGS FROM INVESTMENT IN ASSOCIATE COMPANY

Earnings from investment in associate company relate to our 40 per cent ownership interest in Neltume Ports.

Earnings from investment in associate company in the fourth quarter and full year of 2024 were \$1 million and \$2 million higher than the same periods in 2023 mainly due to improved margins across operations within the portfolio of ports.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

Earnings from investment in joint ventures is mainly comprised of Canadian Utilities' ownership positions in electricity generation plants, electricity operations in the Northwest Territories; Northland Utilities (NWT) (operating as Naka Power Utilities (NWT)), Northland Utilities (Yellowknife) (operating as Naka Power Utilities (Yellowknife)), LUMA Energy electricity operations and maintenance in Puerto Rico, and the Strathcona Storage Limited Partnership, which operates hydrocarbon storage facilities at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta.

Earnings from investment in joint ventures in the fourth quarter of 2024 were \$2 million lower than the same period in 2023 mainly due to lower earnings from joint ventures within the ATCO Frontec business.

Earnings from investment in joint ventures in the full year of 2024 were \$1 million higher than the same period in 2023 mainly due to lower operating costs and higher management fees as a result of inflation adjustments at LUMA Energy, partially offset by lower earnings from joint ventures within the ATCO Frontec business.

NET FINANCE COSTS

Net finance costs increased by \$8 million and \$28 million in the fourth quarter and full year of 2024 compared to the same periods in 2023 mainly due to higher interest expense on additional debt issued to fund ongoing capital investment in Canadian Utilities, partially offset by higher interest income from cash investments.

INCOME TAX EXPENSE

Income taxes were lower by \$23 million and \$53 million in the fourth quarter and full year of 2024 compared to the same periods in 2023 due to the accrual of income taxes in the fourth quarter of 2023 relating to the 2009 to 2016 reassessment notices received from the Portuguese Tax Authority, and lower IFRS earnings before income taxes primarily driven by lower unrealized and realized gains on derivative financial instruments.

LIQUIDITY AND CAPITAL RESOURCES

Our financial position is supported by our diversified portfolio with a structured foundation of regulated and long-term contracted businesses. Our business strategies, funding of operations, and planned future growth are supported by maintaining strong investment grade credit ratings and access to capital markets at competitive rates. Primary sources of capital are cash flows from operations and capital markets. Liquidity is generated by cash flows from operations and is supported by appropriate levels of cash and available committed credit facilities.

CREDIT RATINGS

The following table shows the credit ratings assigned to ATCO, Canadian Utilities, CU Inc. and ATCO Gas Australia Pty Ltd (ATCO Gas Australia) at December 31, 2024.

	DBRS	Fitch
ATCO		
Issuer	A (low)	BBB+
Canadian Utilities		
Issuer	A	A-
Senior unsecured debt	A	A-
Commercial paper	R-1 (low)	F2
Preferred shares	PFD-2	BBB
CU Inc.		
Issuer	A (high)	A-
Senior unsecured debt	A (high)	A
Commercial paper	R-1 (low)	F2
Preferred shares	PFD-2 (high)	BBB+

S&P Global Ratings has assigned Canadian Utilities' subsidiary ATCO Gas Australia ⁽¹⁾ a BBB+ issuer and senior unsecured debt credit rating with a stable outlook.

(1) ATCO Gas Australia is a regulated provider of natural gas distribution services in Western Australia, serving metropolitan Perth and surrounding regions.

On February 20, 2025, Fitch Ratings affirmed its 'BBB+' issuer rating and stable outlook on ATCO and its 'A-' issuer rating with a stable outlook on both Canadian Utilities and CU Inc.

On March 21, 2024, S&P Global Ratings affirmed Canadian Utilities' subsidiary ATCO Gas Australia's 'BBB+' issuer credit rating and stable outlook.

On July 23, 2024, DBRS Limited affirmed its 'A (high)' long-term corporate credit rating and stable outlook on Canadian Utilities' subsidiary CU Inc.

On August 28, 2024, DBRS Limited affirmed its 'A (low)' long-term corporate credit rating and stable outlook on ATCO Ltd. and its 'A' long-term corporate credit rating and stable outlook on Canadian Utilities Limited.

LINES OF CREDIT

At December 31, 2024, ATCO and its subsidiaries had the following lines of credit.

(\$ millions)	Total	Used	Available
Long-term committed	3,568	1,525	2,043
Uncommitted	715	306	409
Total	4,283	1,831	2,452

Of the \$4,283 million in total lines of credit, \$715 million was in the form of uncommitted credit facilities with no set maturity date. The other \$3,568 million in credit lines was committed with maturities between 2026 and 2028, and may be extended at the option of the lenders.

Of the \$1,831 million in lines of credit used, \$644 million was related to ATCO Gas Australia. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia's term debt financing needs. The majority of the remaining usage is related to the funding of the renewable energy portfolio acquisition in ATCO EnPower, the issuance of Canadian Utilities' letters of credit, and ATCO Structures & Logistics' funding to expand its global rental fleet and working capital needs on workforce housing projects.

CONSOLIDATED CASH FLOWS

At December 31, 2024, the Company's cash position was \$94 million. This represents a decrease in the fourth quarter and full year of 2024 of \$194 million compared to the same periods in 2023. Major movements are outlined in the following table:

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
Cash position, beginning of period	272	579	(307)	288	1,033	(745)
Cash from (used in):						
Operating activities	617	529	88	2,197	1,965	232
Investing activities	(591)	(408)	(183)	(1,798)	(2,585)	787
Financing activities	(198)	(410)	212	(588)	(123)	(465)
Foreign currency translation	(6)	(2)	(4)	(5)	(2)	(3)
Cash position, end of the period	94	288	(194)	94	288	(194)

The opening cash position of \$272 million and \$288 million in the fourth quarter and full year of 2024 was \$307 million and \$745 million lower compared to the same periods in 2023 mainly due to the \$290 million investment in marketable securities in February 2023, and the funding of capital projects.

Operating Activities

Cash flows from operating activities were \$617 million and \$2,197 million in the fourth quarter and full year of 2024, \$88 million and \$232 million higher than the same periods in 2023 mainly due to growth in rate base, a higher return on rate base, and the timing of certain revenues and expenses in ATCO Energy Systems, and higher earnings in ATCO Structures. Higher cash flows from operating activities were partially offset by restructuring costs, and additional income taxes paid relating to the 2009-2016 reassessment notices received from the Portuguese Tax Authority.

Investing Activities

Cash flows used in investing activities were \$591 million in the fourth quarter of 2024, \$183 million higher than the same period in 2023 mainly due to increased spending related to ongoing system upgrades and growth projects for new customers in ATCO Energy Systems, and ongoing development projects in ATCO EnPower, partially offset by the timing of settlement of accounts payable related to the 2023 acquisition of the renewable energy portfolio.

Cash flows used in investing activities were \$1,798 million in the full year of 2024, \$787 million lower than the same period in 2023 mainly due to the 2023 acquisition of the renewable energy portfolio and the investments in marketable securities in 2023.

A reconciliation of capital investment to capital expenditures and information pertaining to marketable securities is summarized below.

Cash Used for Capital Investment ⁽¹⁾ and Capital Expenditures

Capital investment and capital expenditures for the fourth quarter and full year of 2024 and 2023 are shown in the following table.

(\$ millions)	Three Months Ended December 31			Year Ended December 31		
	2024	2023	Change	2024	2023	Change
Structures & Logistics	62	43	19	182	198	(16)
ATCO Corporate & Other	14	11	3	27	28	(1)
	76	54	22	209	226	(17)
Canadian Utilities						
ATCO Energy Systems						
Electricity	269	180	89	761	630	131
Natural Gas	202	155	47	638	500	138
	471	335	136	1,399	1,130	269
ATCO EnPower	51	34	17	104	139	(35)
ATCO Australia	26	23	3	89	83	6
CU Corporate & Other	11	2	9	19	8	11
Canadian Utilities Total Capital Expenditures ^{(1) (2)}	559	394	165	1,611	1,360	251
ATCO Total Capital Expenditures	635	448	187	1,820	1,586	234
Capital Expenditures in joint ventures						
ATCO Energy Systems						
Electricity	1	4	(3)	4	6	(2)
ATCO EnPower	1	3	(2)	3	7	(4)
Business Combination						
Structures & Logistics	—	5	(5)	40	5	35
ATCO Corporate & Other	—	—	—	—	6	(6)
ATCO EnPower	—	—	—	—	691	(691)
CU Corporate & Other	—	—	—	4	—	4
Canadian Utilities Total Capital Investment ⁽³⁾	561	401	160	1,622	2,064	(442)
ATCO Total Capital Investment ⁽³⁾	637	460	177	1,871	2,301	(430)

(1) Includes \$4 million and \$16 million (2023 - \$6 million and \$21 million) of capitalized interest during construction for the fourth quarter and full year of 2024 and additions to property, plant and equipment, and intangibles.

(2) Includes \$27 million and \$108 million for the fourth quarter and full year of 2024 (2023 - \$10 million and \$127 million) of capital expenditures, mainly in ATCO Energy Systems, that were funded with the assistance of customer contributions and government grants.

(3) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

Total capital investment of \$637 million in the fourth quarter of 2024 was \$177 million higher compared to the same period in 2023 mainly due to increased spending related to ongoing system upgrades and growth projects for new customers in the Regulated Utilities, including the Central East Transfer Out project in Electricity Transmission, and the Atlas Carbon Storage Hub in ATCO EnPower.

Total capital investment of \$1,871 million in the full year of 2024 was \$430 million lower compared to the same period in 2023 mainly due to the acquisition of the renewable energy portfolio in January 2023, partially offset by increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities and ATCO EnPower, as noted above, and ATCO Structures' acquisition of NRB.

⁽¹⁾ Non-GAAP financial measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

Total capital expenditures of \$635 million and \$1,820 million in the fourth quarter and full year of 2024 were \$187 million and \$234 million higher compared to the same periods in 2023 mainly due to the factors outlined above with the exception of the 2023 renewable energy portfolio acquisition within ATCO EnPower, and ATCO Structures' acquisition of NRB in the third quarter of 2024. Business combinations are excluded from capital expenditures.

Marketable Securities

In February 2023, the Company invested excess cash of \$290 million in a diversified portfolio of marketable securities, with the objective of delivering competitive returns and maintaining a high degree of liquidity. The Company's marketable securities are actively managed by an external investment manager with the majority of the investments being highly liquid and redeemable within seven business days.

The marketable securities investments are measured at fair value. Realized gains, primarily representing interest income received of \$3 million and \$15 million (2023 - \$4 million and \$10 million), were recorded in the fourth quarter and full year of 2024. Unrealized gains, representing periodic temporary fluctuations in fair value measurement of \$7 million and \$20 million (2023 - \$7 million and \$4 million), were recognized in other costs and expenses in the fourth quarter and full year of 2024.

Financing Activities

Cash flows used in financing activities were \$198 million in the fourth quarter of 2024, \$212 million lower than the same period in 2023 mainly due to lower repayment of long term debt.

Cash flows used in financing activities were \$588 million in the full year of 2024, \$465 million higher than the same period in 2023 mainly due to the 2023 financing related to the acquisition of the renewable energy portfolio in January 2023.

Information pertaining to financing activities is summarized below.

Debenture Issuance

On September 11, 2024, Canadian Utilities' subsidiary CU Inc. issued \$410 million of 4.664 per cent 30-year debentures. Proceeds from the issue are being used to finance capital expenditures, to repay existing indebtedness and for other general corporate purposes.

Other Debt Issuances

On June 27, 2024, Canadian Utilities, through its wholly owned subsidiary ATCO Gas Australia, refinanced its \$350 million Australian dollars (equivalent of \$318 million Canadian dollars) unsecured revolving credit facility (Tranche A) at Bank Bill Swap Benchmark Rate (BBSY) plus an applicable margin fee, extending the credit facility's maturity from August 4, 2024 to June 27, 2027. The available amount under the facility also increased by \$50 million Australian dollars (equivalent of \$45 million Canadian dollars) to \$400 million Australian dollars (equivalent of \$363 million Canadian dollars). The variable BBSY interest rate is hedged to December 31, 2029 with an interest rate swap agreement which fixes the interest rate at 4.61 per cent.

On July 3, 2024, Canadian Utilities, through its wholly owned subsidiary, Achernar Limited Partnership, entered into a non-revolving term facility of \$42 million with a bank lender. Proceeds from this issuance were used to repay existing indebtedness used to fund capital investment in our renewable portfolio. The loan amortizes over a period of 11.75 years to match the Empress Solar PPA term and is secured by the assets of the borrower. To mitigate the variable interest rate risk, Achernar Limited Partnership entered into an interest rate swap agreement to fix the interest rate at 5.8589 per cent, including the applicable margin.

Debenture Repayments

On March 6, 2024, Canadian Utilities' subsidiary, CU Inc., repaid \$120 million of 6.215 per cent debentures upon maturity.

Dividends and Common Shares

We have increased our common share dividend each year since 1993, a 32-year track record. Dividends paid to Class I and Class II Share owners totaled \$55 million in the fourth quarter of 2024.

On January 9, 2025, the Board of Directors declared a first quarter dividend of 50.45 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

Normal Course Issuer Bid (NCIB)

We believe that, from time to time, the market price of our Class I Shares may not fully reflect the value of our business, and that purchasing Class I Shares represents a desirable use of available funds. The purchase of Class I Shares, at appropriate prices, will also minimize any dilution resulting from the exercise of stock options.

On March 13, 2023, ATCO commenced an NCIB to purchase up to 1,014,881 outstanding Class I Shares, which was amended on September 26, 2023, to increase the maximum number of Class I Shares that may be repurchased under the bid to 2,214,881 outstanding Class I Shares. No other terms of the bid changed. This bid expired on March 12, 2024. During this period, 1,758,600 Class I Shares were purchased for \$67 million.

On March 13, 2024, ATCO commenced an NCIB to purchase up to 1,994,677 outstanding Class I Shares. To date no shares have been purchased. The bid will expire on March 12, 2025, following which, we intend to make an application to renew our NCIB program, subject to acceptance by the TSX.

Base Shelf Prospectus - Canadian Utilities

On September 14, 2023, Canadian Utilities filed a short-form base shelf prospectus that permits it to issue Class A non-voting shares, preferred shares and debt securities, over the 25-month life of the prospectus. As of February 25, 2025, no securities had been issued under the prospectus.

Cash Requirements

Contractual financial obligations and other commitments for the next five years and thereafter are shown below:

(\$ millions)	2025	2026	2027	2028	2029	2030 and thereafter
Financial Liabilities ⁽¹⁾						
Accounts payable and accrued liabilities	1,062	—	—	—	—	—
Long-term debt:						
Principal	77	921	638	225	29	9,722
Interest expense ⁽²⁾	518	499	451	427	423	7,624
Derivatives ⁽³⁾	21	15	8	1	1	1
	1,678	1,435	1,097	653	453	17,347
Commitments ⁽¹⁾						
Purchase obligations:						
Operating and maintenance agreements	597	508	491	490	410	214
Capital expenditures	718	33	3	—	—	—
Other	23	6	6	6	6	6
Other commitments	13	1	—	—	—	—
	1,351	548	500	496	416	220
Total	3,029	1,983	1,597	1,149	869	17,567

(1) Additional detail is discussed in Note 21 ("Risk Management") and Note 31 ("Commitments") of the 2024 Consolidated Financial Statements.

(2) Interest payments on floating rate debt have been estimated using rates in effect at December 31, 2024. Interest payments on debt that has been hedged have been estimated using hedged rates.

(3) Payments on outstanding derivatives have been estimated using exchange rates and commodity prices in effect at December 31, 2024.

SHARE CAPITAL

ATCO's equity securities consist of Class I Shares and Class II Shares.

At February 25, 2025, we had outstanding 99,810,591 Class I Shares, 12,424,987 Class II Shares, and options to purchase 2,836,400 Class I Shares.

CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES

Each Class II Share may be converted into one Class I Share at any time at the share owner's option. If an offer to purchase all Class II Shares is made, and such offer is accepted and taken up by the owners of a majority of the Class II Shares, and, if at the same time, an offer is not made to the Class I Share owners on the same terms and conditions, then the Class I Shares will

be entitled to the same voting rights as the Class II Shares. The two share classes rank equally in all other respects, except for voting rights.

Of the 10,200,000 Class I Shares authorized for grant of options under our stock option plan, 7,268,650 Class I Shares were available for issuance at December 31, 2024. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

The following table shows financial information for the eight quarters ended March 31, 2023 through December 31, 2024.

(\$ millions, except for per share data)	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Revenues	1,324	1,112	1,116	1,390
Earnings attributable to Class I and Class II Shares	147	52	93	138
Earnings per Class I and Class II Share (\$)	1.31	0.46	0.83	1.23
Diluted earnings per Class I and Class II Share (\$)	1.31	0.46	0.83	1.23
Adjusted earnings per Class I and Class II Share (\$) ⁽¹⁾	1.32	0.86	0.81	1.30
Adjusted earnings (loss) ⁽²⁾				
Structures & Logistics ⁽²⁾	25	29	26	24
Neltume Ports	5	6	7	6
ATCO Corporate & Other ⁽²⁾	—	(1)	5	9
Canadian Utilities ⁽²⁾				
ATCO Energy Systems ⁽²⁾	116	59	49	109
ATCO EnPower ⁽²⁾	4	10	7	2
ATCO Australia ⁽²⁾	6	9	8	2
Canadian Utilities Corporate & Other ⁽²⁾	(8)	(16)	(11)	(6)
Total adjusted earnings ⁽²⁾	148	96	91	146
(\$ millions, except for per share data)	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Revenues	1,358	1,104	1,058	1,221
Earnings attributable to Class I and Class II Shares	167	79	91	95
Earnings per Class I and Class II Share (\$)	1.47	0.70	0.80	0.85
Diluted earnings per Class I and Class II Share (\$)	1.47	0.70	0.80	0.85
Adjusted earnings per Class I and Class II Share (\$) ⁽¹⁾	1.21	0.77	0.71	1.13
Adjusted earnings (loss) ⁽²⁾				
Structures & Logistics ⁽²⁾	22	26	28	14
Neltume Ports	5	5	7	5
ATCO Corporate & Other ⁽²⁾	(5)	3	1	6
Canadian Utilities ⁽²⁾				
ATCO Energy Systems ⁽²⁾	110	51	47	94
ATCO EnPower ⁽²⁾	8	4	4	8
ATCO Australia ⁽²⁾	9	8	9	6
Canadian Utilities Corporate & Other ⁽²⁾	(12)	(10)	(15)	(6)
Total adjusted earnings ⁽²⁾	137	87	81	127

(1) Non-GAAP ratio. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

Our financial results for the previous eight quarters reflect the cyclical demand for workforce housing and seasonality with our space rental products and services in ATCO Structures and ATCO Frontec, cargo volumes and margins at Neltume Ports, and in Canadian Utilities, the timing of utility regulatory decisions, and the seasonal nature of demand for natural gas and electricity.

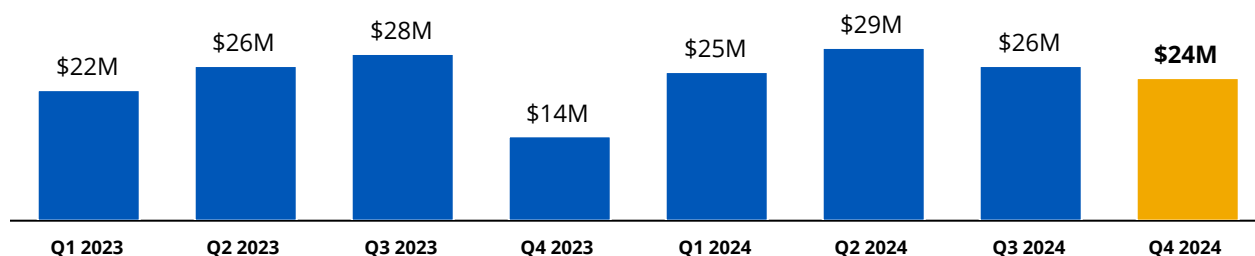
STRUCTURES & LOGISTICS ⁽¹⁾

In the first quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to ATCO Structures' strong base business performance driven by increased space rentals activity in most geographies, workforce housing trade sale activity in Canada, and improved earnings at ATCO Frontec's Pogo Mine project. Earnings were partially offset by ATCO Structures' lower workforce housing rental earnings in Canada, and the closure of ATCO Frontec-operated camps including the TMEP camps.

In the second quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to ATCO Structures' strong base business performance driven by increased space rentals activity in most geographies, and improved workforce housing trade sale performance in Canada, the US and Australia. Earnings were partially offset by ATCO Structures' lower workforce housing rental activity in Canada and the US, decreased client work requests and occupancy at the ATCO Frontec operated BC Hydro Site C camp, and lower earnings from the completion of ATCO Structures' Pluto project and ATCO Frontec's TMEP camps in 2023.

In the third quarter of 2024, adjusted earnings were lower compared to the same period in 2023 mainly due to ATCO Frontec's provision regarding the potential collectability of a customer's receivables, decreased client work requests and occupancy at the ATCO Frontec-operated BC Hydro Site C camp, and lower earnings from the completion ATCO Frontec's TMEP camps in 2023. Lower earnings were partially offset by an increase in ATCO Structures earnings.

In the fourth quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to ATCO Structures' strong base business performance driven by increased space rentals activity in most geographies, and improved workforce housing trade sale performance in Canada, the US and Australia. Earnings were partially offset by ATCO Frontec's provision regarding the potential collectability of a customer's receivables, decreased client work requests and occupancy at the ATCO Frontec-operated BC Hydro Site C camp, and lower earnings from the completion of ATCO Frontec's TMEP camps in 2023.



(1) Adjusted earnings for Structures & Logistics is a total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

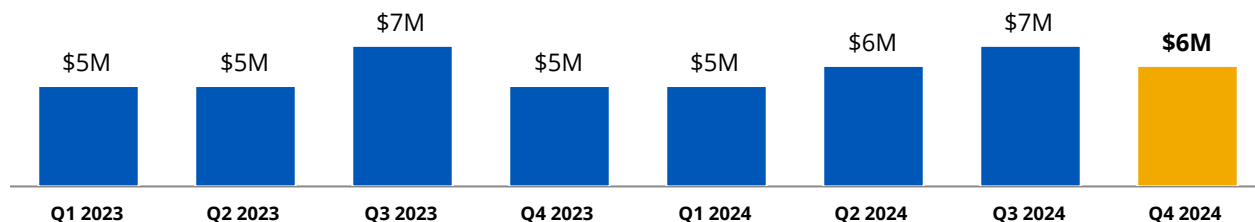
NELTUME PORTS

In the first quarter of 2024, adjusted earnings were comparable to the same period in 2023.

In the second quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to improved margins across operations within the portfolio of ports.

In the third quarter of 2024, adjusted earnings were comparable to the same period in 2023.

In the fourth quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to improved margins across operations within the portfolio of ports.



CANADIAN UTILITIES

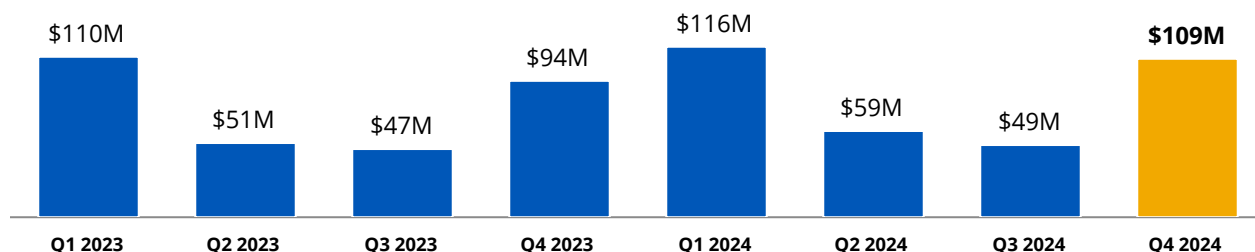
ATCO Energy Systems ⁽¹⁾

In the first quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to growth in rate base and an increase in ROE, and lower operating costs in International Electricity Operations. Higher earnings were partially offset by Natural Gas Transmission's 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers.

In the second quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to growth in rate base and an increase in ROE, the 2023 decision received from the AUC on the 2018-2021 Deferral Application decision which denied Electricity Transmission's recovery of forgone return on rate base related to certain cancelled projects, and lower operating costs in International Electricity Operations. Higher earnings were partially offset by Natural Gas Transmission's 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers.

In the third quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to growth in rate base and an increase in ROE, and lower operating costs in International Electricity Operations. Higher earnings were partially offset by tax adjustments recorded by Electricity Distribution over the final two quarters of 2023, and Natural Gas Transmission's 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers.

In the fourth quarter of 2024, adjusted earnings were higher compared to the same period in 2023 mainly due to growth in rate base and an increase in ROE, and lower operating costs in International Electricity Operations. Higher earnings were partially offset by tax adjustments recorded by Electricity Distribution over the final two quarters of 2023, and Natural Gas Transmission's 2024-2025 General Rate Application which included cost efficiencies implemented in prior periods that are being passed on to customers.



(1) Adjusted earnings for ATCO Energy Systems is a total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

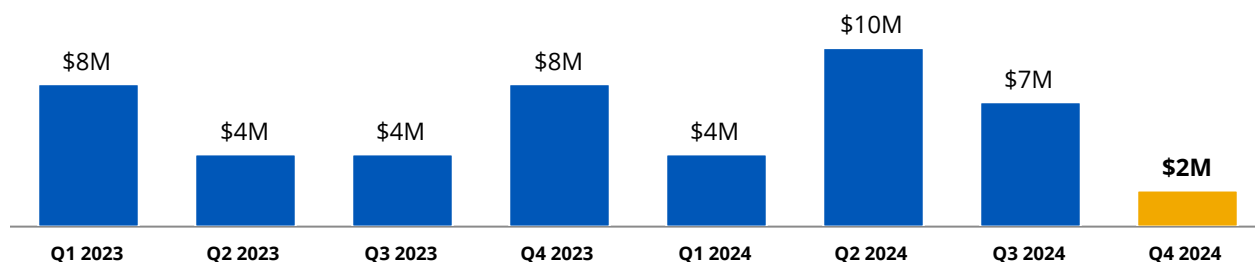
ATCO EnPower ⁽¹⁾

In the first quarter of 2024, adjusted earnings were lower than the same period in 2023 mainly due to lower capture pricing at the Forty Mile wind facility, partially offset by stronger seasonal spreads in natural gas storage services.

In the second quarter of 2024, adjusted earnings were higher than the same period in 2023 mainly due to recognizing compensation related to turbine availability guarantees at the Forty Mile wind facility, and stronger seasonal spreads in natural gas storage services, partially offset by lower realized pricing at the renewable facilities.

In the third quarter of 2024, adjusted earnings were higher than the same period in 2023 mainly due to recognizing compensation related to turbine availability guarantees at the Forty Mile wind facility, and stronger seasonal spreads in natural gas storage services, partially offset by lower realized pricing at the renewable facilities.

In the fourth quarter of 2024, adjusted earnings were lower than the same period in 2023 mainly due to lower realized pricing at the renewable facilities, and a non-recurring recovery received in the fourth quarter of 2023, partially offset by stronger seasonal spreads in natural gas storage services.



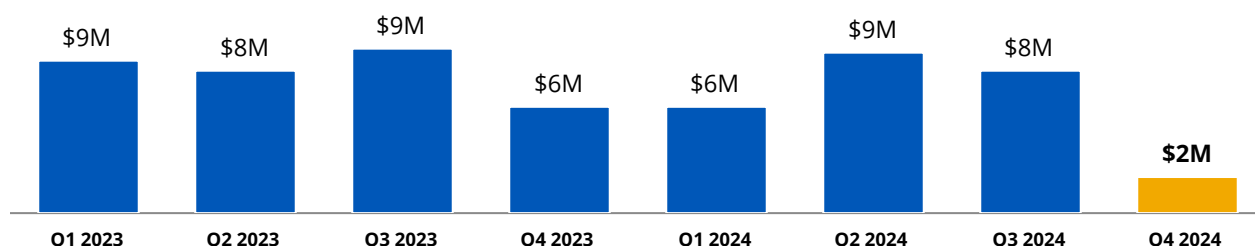
(1) Adjusted earnings for ATCO EnPower is a total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO Australia ⁽¹⁾

In the first quarter of 2024, adjusted earnings were lower than the same period in 2023 mainly due to the impact of inflation indexing on rate base and increased project costs in ATCO Gas Australia, partially offset by higher rates and increased system volumes in ATCO Gas Australia, and higher project development costs in ATCO Power Australia in 2023.

In the second quarter of 2024, adjusted earnings were comparable to the same period in 2023.

In the third and fourth quarters of 2024, adjusted earnings were lower than the same periods in 2023 mainly due to the impact of inflation indexing on rate base in ATCO Gas Australia, partially offset by higher rates in ATCO Gas Australia.



(1) Adjusted earnings for ATCO Australia is a total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Earnings attributable to Class I and Class II Shares include timing adjustments related to rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. They also include one-time gains and losses, impairments, and other items that are not in the normal course of business or a result of day-to-day operations recorded at various times over the past eight quarters. These items are excluded from adjusted earnings and are highlighted below:

- In the first quarter of 2023, the Company recognized legal and other costs of \$5 million (after-tax and non-controlling interests) related to the early termination of the Wipro Master Service Agreements (MSAs) for managed IT services. This matter was concluded on February 26, 2023.
- In the second quarter of 2023, the Company recognized an impairment of \$4 million (after-tax and non-controlling interests) relating to certain electricity generation assets in Electricity Transmission. These assets had been removed from service as it was determined that they no longer had any remaining value.
- In the fourth quarter of 2023, the Company recognized an impairment of \$19 million (after-tax and non-controlling interests) mainly related to certain computer software assets which are not expected to be used in the Company.
- In the fourth quarter of 2023, the Company accrued income taxes and interest of \$15 million relating to the 2009-2016 reassessment notices received from the Portuguese Tax Authority.
- In 2024, the Company recorded restructuring costs of \$23 million (after-tax and non-controlling interests) in the second quarter, \$6 million (after-tax and non-controlling interests) in the third quarter, and \$4 million (after-tax and non-controlling interests) in the fourth quarter, mainly related to staff reductions and associated severance costs.
- In the second quarter of 2024, the Company recorded a \$4 million (after-tax and non-controlling interests) reduction to earnings related to an AUC enforcement decision on two historical matters the Electric Transmission business had self-reported to AUC Enforcement staff.

- In the third quarter of 2024, the transfer of ownership of ATCO Energy Ltd. from Canadian Utilities Limited to ATCO Ltd. was completed. Canadian Utilities Limited recorded a loss of \$14 million (\$7 million after non-controlling interests) which is eliminated on consolidation with ATCO Ltd.

BUSINESS RISKS AND RISK MANAGEMENT

The Board is responsible for understanding the principal risks of the businesses in which the Company is engaged. The Board strives for a prudent balance between risks incurred and the potential return to share owners and confirms appropriate controls are in place that effectively monitor and manage those risks for the Company's long-term viability.

The Board has an Audit & Risk Committee, which reviews significant risks associated with future performance and growth. This committee is responsible for confirming that management has procedures in place to appropriately manage identified risks.

We have an established enterprise risk management process that allows us to identify and evaluate our risks by both severity of impact and probability of occurrence. Materiality thresholds are reviewed annually by the Audit & Risk Committee. Non-financial risks that may have an impact on the safety of our employees, customers or the general public and reputation risks are also evaluated. Details regarding business risks, both financial and operational, and our risk management approach are discussed below.

FINANCIAL RISKS

Project Execution / Capital Investment

DESCRIPTION AND CONTEXT

The Company's growth strategy includes multiple growth projects, which could strain the Company's ability to deliver projects on time and on budget. This could lead to financial impacts and missed opportunities. Poorly managed projects could result in project deliverables not being achieved or delivered as expected, which could lead to a loss of market confidence and future opportunities.

The Company is subject to normal risks associated with major capital projects, including cancellations, delays, and cost increases. As it relates to the Company's energy transition investments, the Company faces additional risks, including policy uncertainty, the pace of energy transition, commodity and environmental attribute price risk, and climate-related risks.

RISK MANAGEMENT APPROACH

The Company strives to reduce the risks of project delays and cost increases through careful project feasibility, development and management processes, reliable procurement practices and entering into fixed price contracts when possible.

ATCO Gas Australia's planned capital investment is approved by the regulator. Planned capital investments for the Alberta Utilities are based on a number of significant assumptions, including: projects identified by the AESO will proceed as currently scheduled; the remaining planned capital investments are required to maintain safe and reliable service and meet planned growth in the Alberta Utilities' service areas; regulatory approval for capital projects can be obtained in a timely manner; and access to capital market financings can be maintained.

The Company reduces risks associated with policy uncertainty, the pace of energy transition, commodity and environmental attribute price risk, and climate-related risks by leveraging our competitive advantages and assigning clear accountability and leadership for executing and realizing capital investment. Planned capital investments for ATCO EnPower are based on a number of significant assumptions, including: a diversified approach to business development focused on multiple pillars (energy storage, clean fuels, and renewables) and development in areas closest to economic feasibility; ensuring long-term assets are matched with appropriate customer offtake agreements with investment grade counterparties; pursuing projects in markets where fundamentals and competitive advantages enable us to be successful; and self-performing or working with Engineering, Procurement and Construction firms and partners to ensure construction activities are completed by parties with the competencies to ensure successful project delivery. The Company believes these assumptions are reasonable.

Commodity Price

DESCRIPTION AND CONTEXT

Retail Energy's earnings are affected by short-term price volatility.

ATCO EnPower's natural gas storage facility in Carbon, Alberta, and the Alberta Hub natural gas storage facility near Edson, Alberta, are exposed to storage price differentials. The growth of ATCO EnPower's renewable electricity business has increased exposure to merchant power markets and environmental credit markets.

RISK MANAGEMENT APPROACH

In conducting its business, the Company may use various instruments, including forward physical contracts, financial swaps, PPAs, and storage service contracts to manage the risks arising from fluctuations in commodity prices.

Financing

DESCRIPTION AND CONTEXT

The Company's financing risk relates to price volatility and availability of external financing to fund the Company's capital expenditure program and refinance existing debt maturities. Financing risk is directly influenced by market factors. As financial market conditions change, these risk factors can affect the availability of capital and the relevant financing costs.

RISK MANAGEMENT APPROACH

To address this risk, the Company manages its capital structure to maintain strong investment grade credit ratings that allow continued ease of access to the capital markets. The Company also considers it prudent to maintain sufficient liquidity to fund approximately one full year of cash requirements to preserve strong financial flexibility. This liquidity is generated by cash flows from operations and supported by appropriate levels of cash and available committed credit facilities and provides flexibility in the timing of and amount of external financing.

Liquidity

DESCRIPTION AND CONTEXT

Liquidity risk is the risk that the Company will not be able to meet its financial obligations.

RISK MANAGEMENT APPROACH

Cash flows from operations satisfy a substantial portion of the Company's cash requirements. Additional cash requirements are met with the use of existing cash balances and externally through credit facility borrowings and the issuance of long-term debt, and preferred shares, and may be satisfied through the issuance of common equity. Commercial paper borrowings and short-term bank loans under available credit lines are used to provide flexibility in the timing and amounts of long-term financing. At December 31, 2024, there were available committed and uncommitted lines of credit of approximately \$2.5 billion, which can be utilized for general corporate purposes.

Liquidity risk includes contractual financial obligations, which the Company plans to meet with cash flows from operations, existing cash balances and external financing, if necessary. See the "Liquidity and Capital Resources" section of this MD&A for the Company's contractual financial obligations for the next five years and thereafter.

Credit

DESCRIPTION AND CONTEXT

For cash and cash equivalents and accounts receivable and contract assets, credit risk represents the carrying amount on the consolidated balance sheet. Derivative and finance lease receivable credit risk arises from the possibility that a counterparty to a contract fails to perform according to the terms and conditions of that contract. The maximum exposure to credit risk is the carrying value of loans and receivables and derivative financial instruments.

RISK MANAGEMENT APPROACH

The Company reduces cash and cash equivalents credit risk by investing in instruments issued by credit-worthy financial institutions and in federal government-issued short-term instruments.

The Company minimizes other credit risks by dealing with credit-worthy counterparties, following established credit approval policies, and requiring credit security, such as letters of credit.

Geographically, a significant portion of accounts receivable and contract assets are from the Company's operations in Alberta, followed by operations in Australia. The largest credit risk concentration is from the Alberta Utilities, which are able to recover an estimate for doubtful accounts through approved customer rates and to request recovery through customer rates for any material losses from the retailers beyond the retailer security mandated by provincial regulations. The second largest concentration of credit risk is within the ATCO Structures business segment. The counterparties' financial quality is monitored regularly to ensure appropriate mitigation of credit risk.

Foreign Exchange

DESCRIPTION AND CONTEXT

The Company's earnings from, and carrying values of, its foreign operations are exposed to fluctuations in exchange rates. The Company is also exposed to transactional foreign exchange risk through transactions denominated in a foreign currency.

RISK MANAGEMENT APPROACH

In conducting its business, the Company may use forward contracts to manage the risks arising from unknown fluctuations in exchange rates. Such instruments are used only to manage risk and not for trading purposes. The foreign exchange impact is partially offset by foreign denominated financing and by hedging activities. The Company manages this risk through its policy of matching revenues and expenses in the same currency. When matching is not possible, the Company may utilize foreign currency forward contracts to manage the risk.

Interest Rate

DESCRIPTION AND CONTEXT

The interest rate risk faced by the Company is largely a result of its long-term debt at variable rates as well as cash and cash equivalents. The Company also has exposure to interest rate movements that occur beyond the term of maturity of the fixed-rate investments.

RISK MANAGEMENT APPROACH

In conducting its business, the Company may use swap agreements to manage the risks arising from fluctuations in interest rates. All such instruments are used only to manage risk and not for trading purposes. The Company has converted certain variable rate long-term debt to fixed rate debt through interest rate swap agreements. At December 31, 2024, the Company had fixed interest rates, either directly or through interest rate swap agreements, on 93 per cent (2023 - 94 per cent) of total long-term debt. Consequently, the Company's exposure to fluctuations in future cash flows, with respect to debt, from

changes in market interest rates is limited. The Company's cash and cash equivalents include fixed rate instruments with maturities of generally 90 days or less that are reinvested as they mature.

Inflation Risk

DESCRIPTION AND CONTEXT

Inflation has the potential to impact the economies and business environments in which the Company operates. Increased inflation and any economic conditions resulting from governmental monetary policy intended to reduce inflation may negatively impact demand for products and services and/or adversely affect profitability.

RISK MANAGEMENT APPROACH

The Company monitors the impacts of inflation on the procurement of goods and services and seeks to minimize its effects in future periods through pricing strategies, productivity improvements, and cost reductions. The majority of the impact on costs resulting from inflation is mitigated through the regulatory construct, long-term contractual terms, and pricing of short-term contractual sales. The Company maintains strong investment grade ratings, which helps mitigate the risk of higher interest costs, and the vast majority of the Company's outstanding debt carries fixed rate interest, which helps to alleviate the impact of increasing short-term interest rates.

OPERATIONAL RISKS

Health and Safety

DESCRIPTION AND CONTEXT

The operation of the Company's businesses inherently involves risk to the health and safety of both employees and the public. Such hazards include but are not limited to: the uncontrolled release of substances from our natural gas transmission and distribution systems resulting in blowouts, fires, explosions, or gaseous leaks; and exposure to an unintended release of electrical energy from our transmission and distribution wires system, including contact with an energized circuit, electrical component, or equipment.

The failure to identify or inadequately identify worksite and/or work environment hazards or implement adequate controls may cause loss of life or personal injury.

RISK MANAGEMENT APPROACH

Safety is one of the Company's core values and is the first consideration in everything we do. The Company has controls in place to mitigate these risks through pipeline and facility integrity programs, inspection programs, operator training, emergency response full mobilization and tabletop exercises, mutual aid agreements (with others in industry and municipalities), external awareness and education training through its damage prevention department.

The Company has a number of safety programs, specialized training, detailed work methods and processes to ensure the safety of our employees and contractors as they perform their work duties to help mitigate these risks. From a public safety perspective, the Company participates in a number of public communication campaigns and joint utility working groups and various other public safety activities and campaigns at the regional level.

Cybersecurity

DESCRIPTION AND CONTEXT

The Company's reliance on technology, which supports its information and industrial control systems, is subject to potential cyber-attacks, which may include but are not limited to: unauthorized access of confidential information, outage of critical infrastructure and/or ransomware attacks.

RISK MANAGEMENT APPROACH

The Company has an enterprise-wide cybersecurity program covering all technology assets. The cybersecurity program includes employee awareness, layered access controls, continuous monitoring, network threat detection, and coordinated incident response through a centralized security operations centre. The Company's cybersecurity management is consolidated under a common, centralized organization structure to increase effectiveness and compliance across the entire enterprise.

Regulatory

DESCRIPTION AND CONTEXT

The Regulated Utilities are subject to risks associated with the regulator's approval of customer rates that permit a reasonable opportunity to recover service costs on a timely basis, including a fair return on rate base. The Regulated Utilities are also subject to the potential risk of the regulator disallowing costs incurred. Electricity Distribution and Natural Gas Distribution operate under PBR. Under PBR, revenues are formula driven, which raises the uncertainty of cost recovery. In Australia, the ERA assesses appropriate returns, prudent levels of operating costs, capital expenditures and expected throughput on the network through an access arrangement proceeding.

RISK MANAGEMENT APPROACH

Electricity Transmission, Natural Gas Transmission, and ATCO Gas Australia file forecasts in the rate-setting process to recover the costs of providing services and earn a fair rate of return. The determination of a fair rate of return on the common equity component of rate base is determined in a GCOC proceeding in Alberta and a rate of return instrument review process, which is then adopted in subsequent access arrangement proceedings, in Australia. The Regulated Utilities continuously monitor various regulatory decisions and cases to assess how they might impact the Company's regulatory applications for the recovery of costs. The Regulated Utilities are proactive in demonstrating prudence and continuously look for ways to lower operating costs while maintaining service levels.

Climate Change - Transition Risk

Climate-related risks and opportunities are integrated into our risk management processes and are identified, assessed and managed in the same manner as other risks. In some cases, there could be an overlap between the climate-related risks noted below, and business risks noted elsewhere in this document. However, we understand that specifically disclosing climate-related information guided by the ISSB recommendations is useful for the investment community.

POLICY RISKS

Description and Context

The Company has operations in several jurisdictions that are subject to emissions regulations, including carbon pricing, output-based performance standards, and other emissions management policies.

The potential of aggressive shifts in government decarbonization policies with limited transitional periods could create risk as well as concerns over the energy transition being completed in an effective, reliable and affordable manner. Future reliability of energy systems has also become a concern for system regulators and operators.

Part of the Company's growth strategy is taking a leadership role in the energy transition and associated projects. A lack of clarity on proposed regulations and funding creates revenue uncertainty for these projects.

ATCO Structures' rental fleet has historically played an important role in servicing large industries such as the oil and gas industry. Provincial and federal climate policies that adversely impact the economic viability of these operations present an under-utilized asset risk to rental fleet assets in the short- to medium-term.

Risk Management Approach

The Company's exposure to climate-related policy risk is mitigated to some extent for the Regulated Utilities because GHG emission charges are generally recovered in rates. In addition, future requirements, such as upgrading equipment to further reduce methane emissions in the natural gas utilities, are expected to be included in rate base on a go-forward basis.

The Company is actively and constructively working with all levels of government to raise awareness of the impacts and costs of proposed policy changes and the pace of energy transition. Where appropriate, the Company is also working with its peers and industry associations to develop common positions and strategies.

The Company is investing in climate change resilient initiatives and is working with different levels of government, communities, and Indigenous partners to advance the opportunities, policy needs, market access, and funding requirements for projects that help support society's energy transition goals while maintaining essential infrastructure and services.

ATCO Structures' businesses are further mitigating risk through the diversification of customers, industry, geography, and end use of products, including the pursuit of four main business lines: space rentals, workforce housing, permanent modular construction and residential housing.

MARKET RISKS

Description and Context

The Company has operations which generate carbon offsets, emission performance credits, and renewable energy certificates through projects that have voluntarily reduced or avoided GHG emissions. Additionally, the Company participates in various compliance and voluntary carbon markets. Changes in carbon pricing and policies, fluctuations in commodity pricing, and uncertainties in carbon markets could negatively impact revenue streams and operational costs.

Risk Management Approach

The Company is mitigating exposure to market risk by actively participating in policy consultations with governments and engaging with peer market participants on an ongoing basis to raise awareness of the impacts and costs from policy changes.

The Company has taken steps to reduce exposure to this risk through commercial contracting efforts, such as entering into long-term virtual power purchase agreements (VPPAs), as well as developing strategies to manage and optimize our carbon credit portfolio.

TECHNOLOGY RISKS

Description and Context

The pace of the energy transition is dependent on innovation and technological advancements, which introduces both risk and opportunity for the Company and its customers. Replacement of current products or services with lower-emitting options could increase the risk of stranded assets. In addition, changing customer behaviours and an increase in the prosumer movement will change energy load profiles in the future.

A transition to lower emitting energy systems provides opportunities to utilize expertise in generation, integration and delivery of new energy sources such as hydrogen, supporting electric vehicle networks, and transmission and distribution infrastructure to ensure energy network reliability and security, however, there is a risk that the development of technology does not materialize as expected, negatively impacting the ability to achieve GHG reduction targets, or that political or public opinion regarding such technologies may continue to change.

Risk Management Approach

The Company continues to invest in innovation and technology, providing or enabling a suite of lower-emitting technology solutions so our customers can choose the right solutions for their unique situations.

REPUTATIONAL RISKS

Description and Context

Changing public and stakeholder perception of climate-related risk, as it relates to the energy industry in particular, could negatively impact the Company's businesses and its reputation.

Risk Management Approach

The Company undertakes authentic engagement and collaboration with municipalities and customers to better understand their needs for the future, and to guide the development of strategic partnerships and common advocacy efforts where possible. The Company also provides transparent reporting on sustainability activities, including with respect to emissions reduction efforts and initiatives.

Climate Change - Physical Risks

DESCRIPTION AND CONTEXT

Physical risks associated with climate change include those arising from an increase in extreme weather events such as floods, wildfires, extreme winds, and ice storms. While most assets within ATCO's and Canadian Utilities' businesses are exposed to extreme weather events, the potential impact to our above ground linear infrastructure has been identified as being the most material climate-related physical risk to the Company.

As seen recently in Alberta with the significant wildfire activity of the last two years, these events are becoming more common and place increased risk on our communities and assets.

In addition to these acute physical risks, reoccurring physical risks include those arising from longer-term shifts in weather patterns such as changes in seasonal temperatures or precipitation levels.

RISK MANAGEMENT APPROACH

The Company continues to carefully manage physical risks, including preparing for, and responding to, extreme weather events through activities such as proactive route and site selection, asset hardening, regular maintenance, and insurance. The Company follows regulated engineering codes, continues to evaluate ways to create greater system reliability and resiliency and, where appropriate, submits regulatory applications for capital expenditures aimed at creating greater system reliability and resiliency. The Company invests in wildfire mitigations for its linear infrastructure and obtains approval of its costs from the Alberta Utilities Commission. The Company also benefits from agreements to limit exposure to wildfire suppression costs as well as liability and damages protections contained within legislation in Alberta. Risk to linear infrastructure is typically not insured and, as such, any restoration costs are generally recovered through regulatory processes subject to prudence review.

Prevention activities include vegetation management for electricity transmission and distribution operations, as well as burying power lines in select areas. The majority of the Company's natural gas pipeline network is in the ground, making it less susceptible to extreme weather events.

The Company maintains in-depth emergency response measures for extreme weather events, including robust Wildfire Management Plans. When planning for capital investment or acquiring assets, site specific climate and weather factors, such as flood plain mapping and extreme weather history, are considered. The Company is also exposed to extreme weather events in Puerto Rico, but the risk is limited to operating activities as the Company does not own the transmission and distribution assets located there.

Pipeline Integrity

DESCRIPTION AND CONTEXT

Natural Gas Transmission, Natural Gas Distribution and ATCO Gas Australia have significant pipeline infrastructure. Although the probability of a pipeline failure is very low, the consequences of a failure could be severe.

RISK MANAGEMENT APPROACH

Programs are in place to monitor the integrity of the pipeline infrastructure and replace pipelines or pipeline infrastructure as required to address safety, reliability, and future growth. These programs include Natural Gas Transmission's integrity programs, and Natural Gas Distribution's and ATCO Gas Australia's Mains Replacement programs. The Company also carries property and liability insurance. The Company actively engages in damage prevention initiatives including proactive direct

engagement with the building and excavation communities. The Company also promotes ground disturbance and excavation safety to homeowners and the excavation community.

Political

DESCRIPTION AND CONTEXT

The Company's operations are exposed to a risk of change in the business environments in which we operate due to political and legislative changes. Legislative or policy changes may impact the financial performance of operations. This could negatively impact earnings, ROE and assets, and credit metrics.

RISK MANAGEMENT APPROACH

Participation in policy consultations with governments and engagement of stakeholder groups ensure ongoing communication and that the impacts and costs from changes and proposed policies are identified and understood. Where appropriate, the Company works with its peers and industry associations to develop common positions and strategies. Geographic diversification of assets by region and by country reduces the impact of political and legislative changes.

US Tariffs and Canadian Retaliatory Measures

DESCRIPTION AND CONTEXT

Recent changes in trade policies between Canada and the US, including the implementation of tariffs or other trade restrictions could have an adverse effect on our business, financial condition and results of operations. As new tariffs are introduced, our costs could increase, project timelines could be affected, and profitability could be negatively impacted. Additionally, the Canadian government may implement retaliatory tariffs or other countermeasures in response to US trade actions. Certain goods used by the Company in its operations are procured from the US. Any retaliatory measures imposed by the Canadian government could disrupt supply chains, increase procurement costs, or create regulatory uncertainty affecting cross-border projects and market access. Any escalation in trade disputes between Canada and the US may also affect investor confidence and capital markets, potentially influencing our cost of capital and ability to secure funding for future investments.

RISK MANAGEMENT APPROACH

We continue to monitor trade developments and may take appropriate measures to mitigate risks, however, the details and timing of the implementation of any US tariffs or Canadian retaliatory measures remain subject to significant uncertainty at this time, and as such, we cannot predict the scope, duration, or impact of potential tariffs and trade restrictions on our business.

Reputation

DESCRIPTION AND CONTEXT

The Company's operations and growth prospects require strong relationships with key stakeholders, including regulators, governments and agencies, Indigenous communities, landowners, and environmental organizations. Inadequately managing expectations and issues important to stakeholders, including those arising during construction of major capital projects and operation of critical energy infrastructure, could affect the Company's reputation as well as have a significant impact on its operations and infrastructure development.

There is risk of non-compliance with the Company's internal policies, including its Code of Ethics, or anti-bribery and anti-corruption laws by the Company's employees, affiliates, independent contractors and/or agents, which may potentially lead to reputational damage, in addition to fines, penalties, or litigation.

Any accusation of poor operational, leadership, or governance actions and/or practices that may be levelled against the Company could create reputational risk for the Company, even with respect to issues or events that are largely outside of our

control, including but not limited to: protests, activist activity, sabotage, terrorism, failure of supply, weather, catastrophic events and natural disasters, fires, floods, explosions, earthquakes and other similar events, government policy, economic and/or social circumstances, and/or actions of third parties, which may affect safety or quality of life of citizens.

Rising costs and uncertainty regarding the changing landscape of energy due to the ongoing energy transition, can contribute to customer dissatisfaction, frustration or confusion, leading to potential reputational and/or financial impacts on the Company.

RISK MANAGEMENT APPROACH

To address these risks, the Company has robust frameworks, practices, and training programs for employees in place with respect to operations and maintenance, safety, whistleblower complaints, governance, and community engagement. The Company will continue to ensure a rapid and effective operational response is in place when responding to fires, line strikes, extreme weather events or similar events that may affect our services. The Company prepares communication plans and key messages for customers and media as rate changes are approved by the regulator and ready to be applied to the customers' bills. These plans address the specific reasons and drivers for changes in rates.

The Company's Marketing & Communications team is engaged at the outset on all customer-facing initiatives and issues ensuring information is accurate, clear and concise to minimize negative perception by customers. The Company also allocates resources and personnel to support public consultation around capital work, educational safety campaigns and business development efforts.

The Company has a strong focus on community investment and communications efforts ensuring the Company's commitment to being a positive contributor to our community is demonstrable to the public and our customers.

Other Operational Risks

DESCRIPTION AND CONTEXT

The Company's operations are subject to the risks normally associated with the operating and development of power systems and facilities, the storage and transportation of natural gas, and manufacturing. These can include, without limitation; mechanical failure, transportation problems, physical degradation, operator error, manufacturer defects, constraints on natural resource development, delay of or restrictions on projects due to climate change policies and initiatives, protests, activist activity, sabotage, terrorism, failure of supply, weather, catastrophic events and natural disasters, fires, floods, explosions, earthquakes, and other similar events. These types of events could result in injuries to personnel, third parties, including the public, damage to property and the environment, as well as unplanned outages or prolonged downtime for maintenance and repair. Among other things, these events can increase operational and maintenance expenses and reduce revenues. The occurrence or continuation of any of these events could result in significant losses for which insurance may not be sufficient or available. Environmental damage could also result in increased costs to operate and insure the Company's assets and have a negative impact on the Company's reputation and its ability to work collaboratively with stakeholders.

RISK MANAGEMENT APPROACH

To mitigate these risks, the Company has policies and an associated system of standards, processes and procedures to identify, assess and mitigate safety, operational and environmental risks across our operations. In addition, the Company maintains a comprehensive insurance program with respect to our assets and operations. The occurrence of an event that is not fully covered by our insurance program could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Third Party Risk

DESCRIPTION AND CONTEXT

Certain of the Company's assets are jointly owned and are governed by partnership, joint venture, or shareholder agreements entered into with third parties. As a result, certain decisions relating to these assets require the approval of a simple or special majority of the partners or owners, while others require unanimous approval of the owners. In addition, certain of these assets are constructed, maintained, and operated by unrelated third-party entities. The success of these assets is, to some extent,

dependent on the effectiveness of the business relationship and decision-making among the Company and the other partner(s) or owner(s) and the expertise and ability of any third-party constructors, material suppliers, consultants and operators to operate and maintain the assets. There can be no assurance that the Company will not encounter disputes with partners or owners or that assets operated by third parties may not perform as expected. Such events could impact operations or cash flows of these assets or cause them to not operate as the Company expects, which could, in turn, have a negative impact on the Company's business operations and financial performance.

RISK MANAGEMENT APPROACH

The Company believes that it has prudent governance and other contractual rights in place, along with robust third-party selection due diligence to help mitigate third party risk, reduce the likelihood of disputes and ensure assets operated by third parties perform as expected.

Technological Transformation and Disruption

DESCRIPTION AND CONTEXT

The introduction and rapid, widespread adoption of transformative technology could lead to disruption of the Company's existing business models and introduce new competitive market dynamics. Failure to effectively identify and manage disruptive technology and/or changing consumer attitudes and preferences may result in disruptions to the business and an inability to achieve strategic and financial objectives.

RISK MANAGEMENT APPROACH

The strategic plans of each business unit incorporate transformative technology into the evolution of their business and ensure that the best available technology is deployed to support current state operational efficiency and reliability. The business seeks opportunities to minimize costs by monitoring trends occurring in other jurisdictions that may be ahead of the technological curve.

Indigenous Land Claims and Consultation

DESCRIPTION AND CONTEXT

Indigenous peoples assert and claim, or have established, Aboriginal and/or Treaty rights and/or Aboriginal title in relation to a substantial portion of the lands and waters in Canada, the United States, Australia and other jurisdictions where the Company operates.

There is a risk of project delays and relationship challenges caused by changes to consultation and engagement policies and expectations and formal challenges at the community, provincial and federal levels. In addition, the United Nations *Declaration on the Rights of Indigenous Peoples Act* is in place and being implemented within Canada. The UNDRIP Act provides a roadmap for the Government of Canada and Indigenous peoples to work together to implement the United Nations Declaration on the Right of Indigenous Peoples based on lasting reconciliation, healing, and cooperative relations.

The ongoing implementation of the UNDRIP Act and the associated Action Plan, released on June 21, 2023, is intended to provide direction to the Government of Canada's continued efforts to break down barriers, combat systemic racism and discrimination, close socio-economic gaps, and promote greater equality and prosperity for Indigenous peoples. The impact of the UNDRIP Act and the Action Plan and how they will be implemented and interpreted as part of Canadian law is still in the process of being defined, often via the court, and therefore the Company is currently not fully able to assess the effect that any land claims, cumulative impact claims, consultation requirements with Indigenous peoples, or the UNDRIP Act and the Action Plan may have on the Company's business. However, the potential impact could have a material adverse effect on the Company's operations.

The Company has a long history of successful partnerships with Indigenous communities with over 40 current partnerships, however, ongoing efforts need to be undertaken to truly engage and include Indigenous communities into the economy. Indigenous communities throughout the areas of Canada and internationally where the Company operates have indicated their desire for this inclusion and participation in the economy with a focus being shown towards energy infrastructure ownership.

RISK MANAGEMENT APPROACH

It is evident to the Company that the desire for Indigenous energy autonomy and ownership is increasing, so it is imperative that the Company continues to evaluate options, educates key parties on the regulatory, financial and operational risks, and determines our stance and goals for these engagements. The Company views a proactive approach as our best strategy to continue to be leaders in the Indigenous equity space.

Workforce Retention

DESCRIPTION AND CONTEXT

Should the Company face a low level of retention in its workforce, especially within critical roles, this could result in a shortage of personnel that may hamper Company operations and negatively impact the ability of the Company to meet its business objectives.

RISK MANAGEMENT APPROACH

The Company's investment in our people provides an attractive environment that fosters retention. The Company continuously reviews and enhances its people resourcing and management strategy. This includes enhancing ATCO branding and highlighting our Company values, building strong partnerships with educational institutions to attract new graduates and co-operative education students, aligning total rewards, including compensation, benefits, pension and employee share purchase programs, with market practice, and delivering orientation and onboarding for cultural and strategy awareness. We promote and support the development of our people, complete succession and development planning annually with a significant focus on critical roles and skills, and provide leadership training for leaders and individual development programs for all employees. The annual performance management program facilitates discussions on annual goals, development plans and career planning.

To promote a culture of inclusiveness we have an established and active Diversity, Equity and Inclusion (DE&I) Council and a Well-being@ATCO program, and we continue to build an environment where people feel safe (physically and psychologically), have equal opportunity, and feel included. To understand more deeply the risks to retention, exit interviews are conducted and employee engagement surveys are conducted. Results are reviewed to inform areas of risk and engagement action plans are developed by leaders to address risks. As a result, the Company's retention rates continue to be at or higher than global benchmarks in a majority of the industries in which we operate.

Labour Relations

DESCRIPTION AND CONTEXT

Most of the Company's business units employ members of associations or labour unions under collective bargaining agreements. Should any developments result in a strained relationship with any of our associations and/or labour unions and/or work interruptions involving the Company's workforce, this could create risk for our businesses, which may result in increased grievances, arbitrations, and/or collective bargaining, which may impede our ability to make progress on our business agenda.

RISK MANAGEMENT APPROACH

The Company has dedicated labour relations resources which focus on resolving issues, grievances and arbitrations. The Company ensures all Human Resources Business Partners and business leaders who manage large in-scope employee populations attend labour relations training to provide practical day-to-day knowledge of our collective agreements and to develop capability in the areas of performance management and investigations. The Company is committed to early and open dialogue with our associations and labour unions regarding business changes and employee impacts in order to maintain a mutually beneficial relationship. Two of our larger associations, Canadian Energy Workers Association (CEWA) and Natural Gas Employees' Association (NGEA), have collective bargaining agreements that do not provide bargaining unit employees with the right to strike and that prohibit lock-outs by management.

Litigation and Claims

DESCRIPTION AND CONTEXT

In the ordinary course of business, the Company or entities in which it has an interest may be subject to demands, disputes, proceedings, arbitrations and/or litigation (Claims) arising out of or related to our operations and other contractual relationships, and any such Claims may be material. Due to the nature of our operations, various types of Claims may be raised, including, but not limited to, failure to comply with applicable laws and regulations including health and safety, environmental damage, climate change and the impacts thereof, breach of contract, negligence, product liability, antitrust, bribery and other forms of corruption, tax, disclosure, securities class actions, derivative actions, patent infringement, privacy, employment matters or labour relations, personal injury, and in relation to a cyber attack, breach or unauthorized access to the Company's information technology and infrastructure. Litigation is subject to uncertainty, and it is possible that Claims could result in unfavourable judgments, decisions, fines, sanctions, monetary damages, temporary or permanent suspensions of operations, or the inability to engage in certain transactions. In addition, unfavourable outcomes or settlements of Claims could encourage further Claims. The Company may also be subject to adverse publicity and reputational impacts associated with such matters, regardless of whether the Company is ultimately found liable. There is a risk that the outcome of any such Claims may be materially adverse to the Company and/or that the Company may be required to incur significant expenses or devote significant resources in defence of such Claims, the success of which cannot be guaranteed.

RISK MANAGEMENT APPROACH

The Company reviews all Claims it receives, including the nature of each Claim, the amount in dispute or claimed and the availability of insurance coverage, and allocates internal or external resources in defence of such Claims, as it deems appropriate.

Pandemic Risk

DESCRIPTION AND CONTEXT

An outbreak of infectious disease, a pandemic or a similar public health threat, such as the COVID-19 pandemic, or a fear of any of the foregoing, could adversely impact the Company by causing operating, supply chain and project development delays and/or disruptions, inflation risk, labour shortages and/or shutdowns as a result of government regulation and prevention measures. These impacts could increase strain on employees and compromise levels of customer service, either of which could have a negative impact on the Company's operations.

Any deterioration in general economic and market conditions resulting from a public health threat could negatively affect demand for electricity and natural gas, revenue, operating costs, timing and extent of capital expenditures, results of financing efforts, or credit risk and counterparty risk, any of which could have a negative impact on the Company's business.

RISK MANAGEMENT APPROACH

The Company's investments in essential services are largely focused on our Regulated Utilities and long-term contracted businesses with strong counterparties, creating a resilient investment portfolio. ATCO has a comprehensive pandemic plan that is activated when a pandemic is declared. The plan includes travel restrictions, limited access to facilities, a direction to work from home whenever possible, physical distancing measures and other protocols (including the use of personal protective equipment while at a work premise). Additionally, the Company follows recommendations by local, provincial and national public health authorities in Canada and in other jurisdictions around the world in which we operate to adjust operational requirements as needed to ensure a coordinated approach across the Company.

OTHER FINANCIAL AND NON-GAAP MEASURES

This MD&A should be read with the Company's 2024 Consolidated Financial Statements. The 2024 Consolidated Financial Statements are prepared according to IFRS as issued by the International Accounting Standards Board (IFRS Accounting Standards).

This MD&A contains various "total of segments measures" (as such term is defined in NI 52-112), "non-GAAP financial measures" (as such term is defined in NI 52-112), and "non-GAAP ratios" (as such term is defined in NI 52-112), which are described in further detail below.

Total of Segments Measures

NI 52-112 defines a "total of segments measure" as a financial measure disclosed by an issuer that is a subtotal or total of two or more reportable segments of an entity, is not a component of a line item disclosed in the primary financial statements of the entity, is disclosed in the notes to the financial statements of the entity, and is not disclosed in the primary financial statements of the entity.

Consolidated adjusted earnings (loss) and adjusted earnings (loss) for each of Structures & Logistics, ATCO Corporate & Other, Canadian Utilities Limited, ATCO Energy Systems, ATCO EnPower, ATCO Australia, and Canadian Utilities Corporate & Other are total of segments measures, as defined in NI 52-112.

Total of segments measures are most directly comparable to total earnings (loss) attributable to Class I and Class II Shares. Comparable total of segments measures for the same periods in 2024 have been calculated using the same composition and are disclosed alongside the current total of segments measures in this MD&A. A reconciliation of the total of segments measures with total earnings (loss) attributable to Class I and Class II Shares is presented in this MD&A.

Non-GAAP Financial Measures

NI 52-112 defines a "non-GAAP financial measure" as a financial measure disclosed by an issuer that (a) depicts the historical or expected future financial performance, financial position or cash flows of an entity, (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 directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ratio, fraction, percentage or similar representation.

All references to capital investment, references to adjusted earnings (loss) for each of ATCO Structures, ATCO Frontec, Electricity Distribution, Electricity Transmission, International Electricity Operations, Total Electricity, Natural Gas Distribution, Natural Gas Transmission, Total Natural Gas, ATCO Gas Australia, ATCO Power Australia, Electricity Generation, and Storage & Industrial Water, adjusted EBITDA for ATCO Structures and ATCO EnPower, and mid-year rate base are non-GAAP financial measures, as defined in NI 52-112.

Adjusted earnings (loss) are defined as earnings (loss) attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings (loss) present earnings (loss) from rate-regulated activities on the same basis as was used prior to adopting IFRS Accounting Standards – that basis being the US accounting principles for rate-regulated activities. Adjusted earnings (loss) are presented in Note 3 of the 2024 Consolidated Financial Statements. Adjusted earnings (loss) per Class I and Class II Share are calculated by dividing adjusted earnings (loss) by the weighted average number of shares outstanding for the period.

Adjusted earnings (loss) are most directly comparable to earnings (loss) attributable to Class I and Class II Shares but is not a standardized financial measure under the reporting framework used to prepare our financial statements. Adjusted earnings (loss) may not be comparable to similar financial measures disclosed by other issuers. Management's view is that adjusted earnings (loss) are a key measure of segment earnings (loss) that are used to assess segment performance and allocate resources and allow for a more effective analysis of operating performance and trends. For investors, adjusted earnings (loss) may provide value as they exclude items that are not in the normal course of business and, as such, provide insight as to

earnings (loss) resulting from the issuer's usual course of business. A reconciliation of adjusted earnings (loss) to earnings (loss) attributable to Class I and Class II Shares is presented in this MD&A.

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Capital expenditures include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Capital investment is most directly comparable to capital expenditures. Capital investment is not a standardized financial measure under the reporting framework used to prepare our financial statements. Capital investment may not be comparable to similar financial measures disclosed by other issuers. Management views capital investment as the Company's total cash investment in assets. For investors, capital investment is useful because it identifies how much cash is being used to acquire and invest in assets. A reconciliation of capital investments to capital expenditures is presented in this MD&A.

Further information regarding adjusted EBITDA, including a reconciliation of adjusted EBITDA to adjusted earnings for ATCO Structures and ATCO EnPower, is presented in Appendix 2: Supplemental Non-Audited Financial Information to this MD&A.

Mid-year rate base is a non-GAAP financial measure. Mid-year rate base for a given year is calculated as the average of the opening rate base and the closing rate base. Growth in mid-year rate base is a leading indicator of a utility's earnings trend, depending on changes in the equity ratio of the mid-year rate base and the rate of return on common equity. Mid-year rate base is not a standardized financial measure under the reporting framework used to prepare our financial statements and may not be comparable to similar financial measures disclosed by other issuers. Management views mid-year rate base as a key metric for determining the Company's profitability. The most directly comparable measures to mid-year rate base reported in accordance with IFRS are property, plant and equipment and intangible assets. A reconciliation of mid-year rate base to property, plant and equipment and intangible assets is presented in this MD&A.

Non-GAAP Ratio

NI 52-112 defines a "non-GAAP ratio" as a financial measure disclosed by an issuer that (a) is in the form of a ratio, fraction, percentage or similar representation, (b) has a non-GAAP financial measure as one or more of its components, and (c) is not disclosed in the financial statements of the entity.

Adjusted earnings (\$ per share) and mid-year rate base CAGR are non-GAAP ratios, as defined in NI 52-112.

RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Adjusted earnings (loss) are earnings (loss) attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings (loss) are a key measure of segment earnings (loss) that management uses to assess segment performance and allocate resources. It is management's view that adjusted earnings (loss) allow a better assessment of the economics of rate regulation in Canada and Australia than IFRS earnings (loss). Additional information regarding this measure is provided in the Other Financial and Non-GAAP Measures section of this MD&A.

(\$ millions)

Three Months Ended
December 31

2024 2023	ATCO Ltd.								ATCO Consolidated
	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Corporate & Other	Consolidated	
Revenues	367	—	42	828	87	61	5	981	1,390
	239	—	8	800	85	58	31	974	1,221
Adjusted earnings (loss)	24	6	9	109	2	2	(6)	107	146
	14	5	6	94	8	6	(6)	102	127
Restructuring	—	—	—	(2)	(1)	—	(1)	(4)	(4)
	—	—	—	—	—	—	—	—	—
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts	—	—	63	—	—	—	(39)	(39)	24
	—	—	—	—	1	—	23	24	24
Rate-regulated activities	—	—	—	(21)	—	(3)	—	(24)	(24)
	—	—	—	(14)	—	(4)	(1)	(19)	(19)
IT Common Matters decision	—	—	—	(4)	—	—	—	(4)	(4)
	—	—	—	(3)	—	—	—	(3)	(3)
Impairments	—	—	—	—	—	—	—	—	—
	—	—	—	(18)	—	—	(1)	(19)	(19)
Madeira additional income taxes	—	—	—	—	—	—	—	—	—
	(15)	—	—	—	—	—	—	—	(15)
Earnings (loss) attributable to Class I and Class II Shares	24	6	72	82	1	(1)	(46)	36	138
	(1)	5	6	59	9	2	15	85	95

2024	ATCO Ltd.								ATCO Consolidated
2023	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Corporate & Other	Consolidated	
Revenues	1,114	—	86	3,071	313	241	117	3,742	4,942
	926	—	19	2,968	346	225	257	3,796	4,741
Adjusted earnings (loss)	104	24	13	333	23	25	(41)	340	481
	90	22	5	302	24	32	(43)	315	432
Restructuring	(10)	—	—	(19)	(2)	(1)	(1)	(23)	(33)
	—	—	—	—	—	—	—	—	—
ATCO Electric settlement decision	—	—	—	(4)	—	—	—	(4)	(4)
	—	—	—	—	—	—	—	—	—
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts	—	—	75	—	2	—	(47)	(45)	30
	—	—	—	—	1	—	96	97	97
Rate-regulated activities	—	—	—	(26)	—	(13)	—	(39)	(39)
	—	—	—	(20)	—	(23)	—	(43)	(43)
IT Common Matters decision	—	—	—	(12)	—	—	—	(12)	(12)
	—	—	—	(11)	—	—	—	(11)	(11)
Impairments	—	—	—	—	—	—	—	—	—
	—	—	—	(22)	—	—	(1)	(23)	(23)
Madeira additional income taxes	—	—	—	—	—	—	—	—	—
	(15)	—	—	—	—	—	—	—	(15)
Transition of managed IT services	—	—	—	—	—	—	—	—	—
	—	—	—	(1)	—	(4)	—	(5)	(5)
Other ⁽¹⁾	—	—	14	—	—	—	(7)	(7)	7
	—	—	—	—	—	—	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	94	24	102	272	23	11	(96)	210	430
	75	22	5	248	25	5	52	330	432

(1) Transfer of ownership of ATCO Energy Ltd. from Canadian Utilities Limited to ATCO Ltd. Canadian Utilities Limited recorded a loss of \$14 million (\$7 million after non-controlling interests) which is eliminated on consolidation with ATCO Ltd.

RESTRUCTURING

The Company recorded restructuring costs of \$4 million and \$33 million (after-tax and non-controlling interests) in the fourth quarter and year ended December 31, 2024 mainly related to staff reductions and associated severance costs. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

ATCO ELECTRIC SETTLEMENT DECISION

On June 24, 2024, AUC Enforcement and ATCO Electric filed a joint submission seeking the AUC's approval of a settlement agreement involving two matters ATCO Electric had previously self-reported to AUC Enforcement staff. These historical items related to disclosure requirements for two independent matters included in applications filed in 2015 and 2019, for projects constructed between 2012 and 2015. They were identified following an extensive internal investigation supported by independent third parties.

The settlement agreement includes an administrative penalty of \$3 million, and a refund to customers through a billing adjustment to the AESO of \$4 million. On September 25, 2024, the AUC approved the settlement agreement as filed.

For the year ended December 31, 2024, the Company recognized costs of \$4 million (after-tax and non-controlling interests) related to ATCO Electric's settlement agreement. These costs were comprised of the administrative penalty, refund to customers and legal and other costs related to the settlement agreement. As these costs are not in the normal course of business, they were excluded from adjusted earnings

UNREALIZED GAINS AND LOSSES ON MARK-TO-MARKET FORWARD AND SWAP COMMODITY CONTRACTS

The Company's electricity generation and electricity and natural gas retail businesses enter into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of fixed-price swap commodity contracts, together with reclassifications of unrealized gains or losses from other comprehensive income or loss, in the electricity generation business are recognized in the ATCO EnPower segment and electricity and natural gas retail business in Corporate & Other.

The Chief Operating Decision Maker (CODM) believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts provides a better representation of operating results for the Company's operations.

Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.

RATE-REGULATED ACTIVITIES

ATCO Electric Transmission, ATCO Electric Distribution, ATCO Electric Yukon, Northland Utilities (NWT) (operating as Naka Power Utilities (NWT)), Northland Utilities (Yellowknife) (operating as Naka Power Utilities (Yellowknife)), ATCO Gas, ATCO Pipelines and ATCO Gas Australia are collectively referred to as the Regulated Utilities.

There is currently no specific guidance under IFRS Accounting Standards for rate-regulated entities that the Company is eligible to adopt. In the absence of this guidance, the Regulated Utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the Regulated Utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design. Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the US as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

Rate-regulated accounting differs from IFRS Accounting Standards in the following ways:

Timing Adjustment	Items	RRA Treatment	IFRS Treatment
Additional revenues billed in current period	Future removal and site restoration costs, and impact of colder temperatures.	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
Revenues to be billed in future periods	Deferred income taxes, impact of warmer temperatures, and impact of inflation on rate base.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
Regulatory decisions received	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize earnings from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS Accounting Standards.
Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes earnings when customer rates are changed and amounts are recovered or refunded to customers through future billings.

For the fourth quarter and full year of 2024 and 2023, the significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards are as follows:

	Three Months Ended December 31			Year Ended December 31		
(\$ millions)	2024	2023	Change	2024	2023	Change
Additional revenues billed in current period						
Future removal and site restoration costs ⁽¹⁾	16	15	1	65	62	3
Revenues to be billed in future periods						
Deferred income taxes ⁽²⁾	(26)	(21)	(5)	(76)	(80)	4
Impact of warmer temperatures ⁽³⁾	(5)	(12)	7	(5)	(17)	12
Impact of inflation on rate base ⁽⁴⁾	(1)	(4)	3	(9)	(21)	12
Settlement of regulatory decisions and other items						
Distribution rate relief ⁽⁵⁾	—	2	(2)	—	9	(9)
Other ⁽⁶⁾	(8)	1	(9)	(14)	4	(18)
	(24)	(19)	(5)	(39)	(43)	4

(1) Removal and site restoration costs are billed to customers over the estimated useful life of the related assets based on forecast costs to be incurred in future periods.

(2) Income taxes are billed to customers when paid by the Company.

(3) Natural Gas Distribution's customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Revenues above or below normal temperatures in the current period are refunded to or recovered from customers in future periods.

(4) The inflation-indexed portion of ATCO Gas Australia's rate base is billed to customers through the recovery of depreciation in subsequent years based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current year for the inflation component of rate base when it is earned. Differences between the amounts earned and the amounts billed to customers are deferred and recognized in revenues over the service life of the related asset.

(5) In 2021, in response to the then ongoing COVID-19 Pandemic, Electricity Distribution and Natural Gas Distribution applied for and received approval from the AUC for interim rate relief for customers to hold current distribution base rates in place. Based on direction from the AUC, collection of 2021 deferred rate amounts commenced in 2022 and for the year ended December 31, 2023, \$9 million (after-tax and non-controlling interests) was billed to customers.

(6) In 2024, Natural Gas Distribution recorded a decrease in earnings of \$3 million (after-tax and non-controlling interests) related to payments of gas pipeline system load balancing costs, Electricity Distribution recorded a decrease in earnings of \$2 million (after-tax and non-controlling interests) related to deferral of generation expenses and \$2 million (after-tax and non-controlling interests) related to final rate decisions, and ATCO Gas Australia recorded a decrease in

earnings of \$2 million (after-tax and non-controlling interests) related to certain software projects associated with the final Access Arrangement period (AA6) decision.

IT COMMON MATTERS DECISION

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings for the fourth quarter and year ended December 31, 2024 was \$4 million and \$12 million (after-tax and non-controlling interests) (2023 - \$3 million and \$11 million (after-tax and non-controlling interests)).

IMPAIRMENTS

For the year ended December 31, 2023, impairments of \$23 million (after-tax and non-controlling interests) were recognized, relating to assets that no longer represent value to the Company.

Of these impairments, \$17 million (after-tax and non-controlling interests) related to impairments of certain computer software assets which are no longer expected to be used in the business and \$4 million (after-tax and non-controlling interests) related to certain electricity generation assets in Electricity Transmission which had been removed from service.

MADEIRA ADDITIONAL INCOME TAXES

For the years 2009 to 2016, ATCO Frontec Europa Kft, a wholly owned subsidiary of ATCO Structures & Logistics Ltd., had income that was attributable to Madeira, Portugal and qualified for a special tax program promoted and administered by the Portuguese Tax Authority (PTA). In December 2023, the PTA issued income tax reassessment notices following the European Commission's determination that the Madeira Free Trade Zone Regime III constituted state aid that does not comply with European Union guidelines and mandated the PTA to collect taxes at normal Portuguese tax rates for the aforementioned years. In the fourth quarter of 2023, the Company accrued income taxes and interest of \$15 million relating to the 2009-2016 reassessment notices received from the PTA.

TRANSITION OF MANAGED IT SERVICES

In 2023, the Company recognized additional legal and other costs of \$5 million (after-tax and non-controlling interests) related to the Wipro MSAs matter that was concluded on February 26, 2023.

SEGMENTED RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Structures & Logistics

The following tables reconcile adjusted earnings (loss) for the Structures & Logistics business unit to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II shares.

(\$ millions)		Three Months Ended December 31	
2024	ATCO Ltd.		
2023	Structures	Frontec	Structures & Logistics
Adjusted earnings (loss)	25	(1)	24
	16	(2)	14
Madeira additional income taxes	—	—	—
	—	(15)	(15)
Earnings (loss) attributable to Class I and Class II Shares	25	(1)	24
	16	(17)	(1)

(\$ millions)

2024	ATCO Ltd.		
2023			
	Structures	Frontec	Structures & Logistics
Adjusted earnings (loss)	108	(4)	104
	89	1	90
Restructuring	(6)	(4)	(10)
	—	—	—
Madeira additional income taxes	—	—	—
	—	(15)	(15)
Earnings (loss) attributable to Class I and Class II Shares	102	(8)	94
	89	(14)	75

ATCO Energy Systems

The following tables reconcile adjusted earnings for the ATCO Energy Systems business unit to the directly comparable financial measure, earnings attributable to Class I and Class II Shares.

Three Months Ended
December 31

(\$ millions)

2024	Canadian Utilities Limited							
2023	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
Adjusted earnings	24	25	8	57	37	15	52	109
	23	19	7	49	32	13	45	94
Restructuring	(1)	—	—	(1)	(1)	—	(1)	(2)
	—	—	—	—	—	—	—	—
Rate-regulated activities	(10)	(11)	—	(21)	3	(3)	—	(21)
	(4)	(3)	—	(7)	(3)	(4)	(7)	(14)
IT Common Matters decision	(2)	—	—	(2)	(2)	—	(2)	(4)
	—	(1)	—	(1)	(1)	(1)	(2)	(3)
Impairments	—	—	—	—	—	—	—	—
	(6)	—	—	(6)	(12)	—	(12)	(18)
Earnings attributable to Class I and Class II Shares	11	14	8	33	37	12	49	82
	13	15	7	35	16	8	24	59

Year Ended
December 31

(\$ millions)

2024	Canadian Utilities Limited							
2023	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
Adjusted earnings	79	100	29	208	75	50	125	333
	79	86	25	190	63	49	112	302
Restructuring	(5)	(3)	—	(8)	(9)	(2)	(11)	(19)
	—	—	—	—	—	—	—	—
ATCO Electric settlement decision	—	(4)	—	(4)	—	—	—	(4)
	—	—	—	—	—	—	—	—
Rate-regulated activities	(22)	(18)	—	(40)	21	(7)	14	(26)
	(2)	(22)	—	(24)	11	(7)	4	(20)
IT Common Matters decision	(5)	(2)	—	(7)	(5)	—	(5)	(12)
	(3)	(3)	—	(6)	(4)	(1)	(5)	(11)
Impairments	—	—	—	—	—	—	—	—
	(6)	(4)	—	(10)	(12)	—	(12)	(22)
Transition of managed IT services	—	—	—	—	—	—	—	—
	(1)	—	—	(1)	—	—	—	(1)
Earnings attributable to Class I and Class II Shares	47	73	29	149	82	41	123	272
	67	57	25	149	58	41	99	248

ATCO EnPower

The following tables reconcile adjusted earnings for the ATCO EnPower business unit to the directly comparable financial measure, earnings attributable to Class I and Class II shares.

Three Months Ended
December 31

(\$ millions)

2024	Canadian Utilities Limited		
2023	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)	(1)	3	2
	2	6	8
Restructuring	—	(1)	(1)
	—	—	—
Unrealized gains on mark-to-market forward and swap commodity contracts	—	—	—
	1	—	1
Earnings attributable to Class I and Class II Shares	(1)	2	1
	3	6	9

(\$ millions)

Year Ended
December 31

2024	Canadian Utilities Limited		
2023			
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings	3	20	23
	8	16	24
Restructuring	—	(2)	(2)
	—	—	—
Unrealized gains on mark-to-market forward and swap commodity contracts	2	—	2
	1	—	1
Earnings attributable to Class I and Class II Shares	5	18	23
	9	16	25

ATCO Australia

The following tables reconcile adjusted earnings for the ATCO Australia business unit to the directly comparable financial measure, earnings attributable to Class I and Class II shares.

(\$ millions)

Three Months Ended
December 31

2024	Canadian Utilities Limited		
2023			
	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings	2	—	2
	5	1	6
Rate-regulated activities	(3)	—	(3)
	(4)	—	(4)
Earnings (loss) attributable to Class I and Class II Shares	(1)	—	(1)
	1	1	2

(\$ millions)

Year Ended
December 31

2024	Canadian Utilities Limited		
2023			
	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings (loss)	24	1	25
	33	(1)	32
Restructuring	(1)	—	(1)
	—	—	—
Rate-regulated activities	(13)	—	(13)
	(23)	—	(23)
Transition of managed IT services	—	—	—
	(3)	(1)	(4)
Earnings (loss) attributable to Class I and Class II Shares	10	1	11
	7	(2)	5

RECONCILIATION OF CAPITAL INVESTMENT TO CAPITAL EXPENDITURES

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. In management's opinion, capital investment reflects the Company's total cash investment in assets. Capital expenditures include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Additional information regarding this non-GAAP measure is provided in the "Other Financial and Non-GAAP Measures" section of this MD&A.

Three Months Ended December 31								
(\$ millions)								
2024	ATCO Ltd.							
2023	Canadian Utilities Limited							
	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Corporate & Other	ATCO Consolidated
Capital Investment	62	—	14	472	52	26	11	637
	48	—	11	339	37	23	2	460
Capital Expenditures in joint ventures	—	—	—	(1)	(1)	—	—	(2)
	—	—	—	(4)	(3)	—	—	(7)
Business combinations ⁽¹⁾	—	—	—	—	—	—	—	—
	(5)	—	—	—	—	—	—	(5)
Capital Expenditures	62	—	14	471	51	26	11	635
	43	—	11	335	34	23	2	448

(1) Business combinations refer to the Structures & Logistics acquisition of Fire Prevention Services 2016 Ltd. in 2023.

Year Ended December 31								
(\$ millions)								
2024	ATCO Ltd.							
2023	Canadian Utilities Limited							
	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Corporate & Other	ATCO Consolidated
Capital Investment	222	—	27	1,403	107	89	23	1,871
	203	—	34	1,136	837	83	8	2,301
Capital Expenditures in joint ventures	—	—	—	(4)	(3)	—	—	(7)
	—	—	—	(6)	(7)	—	—	(13)
Business combinations ⁽¹⁾	(40)	—	—	—	—	—	(4)	(44)
	(5)	—	(6)	—	(691)	—	—	(702)
Capital Expenditures	182	—	27	1,399	104	89	19	1,820
	198	—	28	1,130	139	83	8	1,586

(1) The Structures & Logistics business combination refers to the acquisition of NRB in ATCO Structures in August 2024, the Fire Prevention Services 2016 Ltd. acquisition in 2023 and the ATCO EnPower business combination refers to the acquisition of the renewable energy portfolio in January 2023.

RECONCILIATION OF RATE BASE TO PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

The Company refers to rate base and mid-year rate base throughout the MD&A. Growth in mid-year rate base is a leading indicator of a utility's earnings trend. Rate base is a measure specific to rate-regulated utilities and is used by the regulatory authorities in the jurisdictions⁽¹⁾ in which a company operates.

The Regulated Utilities finance infrastructure investments, referred to as rate base, through a combination of equity and debt. Regulatory proceedings establish the approved rate of ROE and the equity ratio – the proportion of utility investments financed with equity, with the remainder financed by debt.

Both the ROE and the equity ratio are determined based on the concept of "fair return," which includes three main components: (i) comparability, (ii) financial integrity, and (iii) financial attractiveness. The costs of equity and debt are included in the amounts collected as revenues.

Mid-year rate base for a given year is calculated as the average of the opening rate base and the closing rate base. The Company determines its customer rates by multiplying its rate base by the approved equity ratio and the approved rate of ROE, as well as recovering forecast costs and return of capital. As such, the Company's earnings will trend based on changes in the approved ROE, the approved equity ratio, and the mid-year rate base.

SEGMENTED RECONCILIATION OF RATE BASE TO PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

The most comparable financial measures under IFRS with respect to rate base are property, plant and equipment and intangible assets. Additional information regarding this non-GAAP measure is provided in the "Other Financial and Non-GAAP Measures" section of this MD&A.

ATCO Energy Systems

The following table reconciles rate base and mid-year rate base to property, plant and equipment and intangible assets for 2024, 2023 and 2022.

	Year Ended December 31		
(\$ billions)	2024	2023	2022
Property, plant and equipment ⁽¹⁾	19.8	19.0	17.8
Intangible assets ⁽¹⁾	1.1	1.0	0.8
	20.9	20.0	18.6
Adjustments:			
Property, plant and equipment, and intangible assets of non-regulated businesses	(2.2)	(2.2)	(1.3)
Customer contributions ⁽²⁾	(2.0)	(2.0)	(1.9)
Removal costs collected from customer rates	(1.6)	(1.5)	(1.3)
Other	(0.3)	(0.2)	(0.2)
Rate Base ⁽³⁾	14.8	14.1	13.9
Mid-Year Rate Base ⁽³⁾	14.5	14.0	13.6

(1) Please refer to Note 3 - Geographic Information section (Canada) of the Company's 2024 and 2023 Consolidated Financial Statements.

(2) Please refer to Note 16 - Customer Contributions section of the Company's 2024 and 2023 Consolidated Financial statements.

(3) Non-GAAP financial measure.

⁽¹⁾ Our ATCO Energy Systems businesses in Alberta are governed by the AUC, and ATCO Gas Australia is governed by ERA of Western Australia.

ATCO Australia

ATCO Gas Australia

The following table reconciles rate base and mid-year rate base to property, plant and equipment and intangible assets for 2024, 2023 and 2022.

	Year Ended December 31		
(\$ billions)	2024	2023	2022
Property, plant and equipment, and intangible assets ⁽¹⁾	1.5	1.5	1.4
	1.5	1.5	1.4
Adjustments:			
Property, plant and equipment, and intangible assets of non-regulated businesses	(0.2)	(0.2)	(0.1)
Other	0.1	0.1	—
Rate Base⁽²⁾	1.4	1.4	1.3
Mid-Year Rate Base⁽²⁾	1.4	1.4	1.3

(1) Please refer to Note 3 - Geographic Information section (Australia) of the Company's 2024 and 2023 Consolidated Financial Statements.

(2) Non-GAAP financial measure.

OTHER FINANCIAL INFORMATION

OFF BALANCE SHEET ARRANGEMENTS

ATCO does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, without limitation, the Company's liquidity and capital resources.

CONTINGENCIES

The Company is party to a number of claims, disputes, lawsuits and other legal matters. The Company believes the ultimate liability arising from these matters will have no material impact on its 2024 Consolidated Financial Statements.

MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's material accounting estimates are described in Note 23 of the 2024 Consolidated Financial Statements, which are prepared in accordance with IFRS. Management makes judgments and estimates that could materially affect how policies are applied, amounts in the consolidated financial statements are reported, and contingent assets and liabilities are disclosed. Most often these judgments and estimates concern matters that are inherently complex and uncertain. Judgments and estimates are reviewed on an ongoing basis; changes to accounting estimates are recognized prospectively.

FINANCIAL INSTRUMENTS

Financial instruments are measured at amortized cost or fair value. The valuation methods used to measure financial instruments are described in Note 20 of the 2024 Consolidated Financial Statements, which are prepared in accordance with IFRS.

RELATED PARTY TRANSACTIONS

On August 1, 2024, Canadian Utilities Limited completed the transfer of ATCO Energy Ltd. to ATCO Ltd. This transfer was considered a common control transaction between a subsidiary and its parent company. In accordance with the accounting treatment for a common control transaction, ATCO Ltd. recorded the transferred assets and liabilities at their historical carrying amounts. Since Canadian Utilities Limited was consolidated with ATCO Ltd. prior to and after the transaction, the transfer did not have a material impact to the Company's 2024 Consolidated Financial Statements.

Transactions with related parties in the normal course of business are measured at the exchange amount. Transfers of assets or business combinations between entities under common control are measured at the carrying amount. For further information, please refer to Note 32 of the 2024 Consolidated Financial Statements.

NEW OR AMENDED IFRS ACCOUNTING STANDARDS ADOPTED

The following outlines the IFRS Accounting Standards adopted by the Company for the year ended December 31, 2024, and their impact on the Company's consolidated financial statements.

Presentation of Non-Current Liabilities with Covenants

The Company has adopted amendments to IAS 1, *Presentation of Financial Statements* that are effective January 1, 2024. The amendments clarified the requirements for classifying current or non-current liabilities and introduced additional disclosures to assist users of financial statements in understanding the risk that non-current liabilities with covenants may become payable within the next twelve months after the balance sheet date. The adoption of the amendments did not have an impact to the Company's 2024 Consolidated Financial Statements.

IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

Certain new or amended IFRS Accounting Standards were recently issued by the International Accounting Standards Board (IASB). The following outlines the IFRS Accounting Standards that are applicable to, or may have a future material effect on, the Company's consolidated financial statements or note disclosures.

Agreements referencing nature-dependent electricity

In December 2024, the IASB issued amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures* to improve the reporting of the financial effects of nature-dependent electricity agreements, often structured as power purchase agreements. The amendments clarify the application of the own-use requirements, permit hedge accounting when these agreements are used as hedging instruments, and introduce new disclosure requirements to assist users of financial statements in understanding the effects of these agreements. The amendments are effective for annual periods beginning on or after January 1, 2026. The Company is assessing the impact of the amendments to its consolidated financial statements.

Settlement by electronic payments

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments*, to clarify the date of recognition and derecognition of financial assets and liabilities, with a new exception for financial liabilities settled using electronic forms of payment. The amendments are effective for annual periods beginning on or after January 1, 2026, with earlier application permitted. The Company is assessing the impact of the amendments to its consolidated financial statements.

Presentation and disclosure in financial statements

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of Financial Statements*. IFRS 18 sets out the requirements for presentation and disclosures in financial statements with focus on the income statement and reporting of management-defined performance measures (often referred to as non-GAAP measures). The new standard is effective for annual periods beginning on or after January 1, 2027, with earlier application permitted. The Company is assessing the impact of the standard to its consolidated financial statements, with a focus on specific developments in its industry.

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2024, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by the Canadian Securities Administrators. This evaluation was performed under the supervision of, and with the participation of, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO).

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company in documents filed by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. The disclosure controls and procedures also seek to assure that information required to be disclosed by the Company is accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow timely decisions on required disclosure.

Management, including the CEO and the CFO, does not expect the Company's disclosure controls and procedures will prevent or detect all errors. The inherent limitations in all control systems are that they can provide only reasonable, not absolute, assurance that all control issues and instances of error, if any, within the Company have been detected.

Based on this evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures were effective at December 31, 2024.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The certification of annual filings for the year ended December 31, 2024, requires that the Company disclose in the annual MD&A any changes in the Company's internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company confirms that no such changes were identified in the Company's ICFR during the period beginning on January 1, 2024 and ending on December 31, 2024.

The Company's ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, ICFR can provide only reasonable assurance regarding the reliability of financial statement preparation and may not prevent or detect all misstatements.

As of December 31, 2024, management evaluated the effectiveness of the Company's ICFR as required by the Canadian Securities Administrators. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

Based on this evaluation, the CEO and the CFO have concluded that the Company's ICFR was effective at December 31, 2024.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this MD&A includes, but is not limited to, references to: strategic plans and targets; emissions reduction efforts and initiatives; expected growth and expansion and diversification opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; expected inflation; the payment of dividends and expected dividend growth; expectations regarding ATCO Structures' various projects, including timing expectations for manufacturing commencement and completion; sustainable earnings growth; planned efficiency improvements; Neltume Ports' anticipated growth being achieved by improving operational efficiency, increasing volumes and ownership at existing ports, and investing in brownfield, greenfield and acquisition opportunities; the construction of a soda ash bulk facility at Terminal 2 within the Port of Vancouver, Washington, and the export capacity expected when construction is complete; ATCO Land and Development's housing strategy helping to meet the national need for attainable housing; ATCO Energy System's three-year capital expenditure plan, including a minimum expected expenditure of planned capital spending in capital growth projects; ATCO EnPower's commitment to actively participating in the energy transition; the expected timing for construction of Ashcor's first RAM™ facility in the US, commencement of operations, and the operational life of the project; the continuation of LUMA's operations under the Supplemental Agreement until PREPA's bankruptcy is resolved; LUMA's expected transition to year one under the Operation and Maintenance Agreement after PREPA's bankruptcy is resolved; the anticipated size, specifications and incremental natural gas delivery capacity of the Yellowhead Mainline project, and the number of regulatory applications and expected timing for commencement of construction and bringing the Yellowhead Mainline project on-stream; expectations regarding the PBR2 reopener appeal; the Company's AH3 project, including the project's potential, the Company's continuing commitment to the project, and continuing engagement with Federal and Provincial governments and First Nations groups in relation to the project; the anticipated timing of commercial operation of the Atlas Carbon Storage Hub, the storage of industrial emissions, including from Shell's Polaris carbon capture project, and expected future development of, initial capacity of and anticipated benefits from the Atlas Carbon Storage Hub project, including it being the first step in ATCO EnPower's work to create a full value chain for hydrogen development and being integral to ATCO's long-term strategy and sustainability aspirations; the expected impact of new legislation; the expected timing and impact of policy and regulatory decisions and new policy and regulatory announcements; and the Company's liquidity, capital resources and contractual financial obligations and other commitments; and the Company's intention to apply for a renewed NCIB subsequent to the expiration of its current NCIB.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such

statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects the Company's beliefs and assumptions with respect to, among other things, certain regulatory applications being made and approved in 2025; the growth of energy demand; inflation; the development and performance of technology and technological innovations and the ability to otherwise access and implement all technology necessary to achieve business objectives; continuing collaboration with certain business partners and engagement with new business partners, and regulatory and environmental groups; the performance of assets and equipment; demand levels for oil, natural gas, gasoline, diesel and other energy sources; certain levels of future energy use; future production rates; future revenue and earnings; the ability to meet current project schedules, and complete proposed development projects at currently estimated project budgets; the availability of financing sources on acceptable terms; and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things, risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws, regulations and government policies, including uncertainty with respect to recent amendments to the *Competition Act* (Canada); regulatory decisions; competitive factors in the industries in which the Company operates; prevailing market and economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, infrastructure, and future demand for resources; the development and execution of projects, including development projects, not proceeding on schedule or at all, or at currently estimated budgets; the availability of financing sources for development projects on acceptable terms; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; potential termination or breach of contract by contract counterparties; the occurrence of unexpected events such as fires, extreme weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; global pandemics; the imposition of customs duties, tariffs or other trade restrictions; geopolitical tensions and wars; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the "Business Risks and Risk Management" section in this MD&A.

This MD&A may contain information that constitutes future-oriented financial information or financial outlook information, all of which are subject to the same assumptions, risk factors, limitations and qualifications set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on such future-oriented financial information or financial outlook information. The Company's actual results, performance and achievements could differ materially from those expressed in, or implied by, such future-oriented financial information or financial outlook information. The Company has included such information in order to provide readers with a more complete perspective on its future operations and its current expectations relating to its future performance. Such information may not be appropriate for other purposes and readers are cautioned that such information should not be used for purposes other than those for which it has been disclosed herein. Future-oriented financial information or financial outlook information contained herein was made as of the date of this MD&A.

Any forward-looking information contained in this MD&A represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's 2024 Consolidated Financial Statements and most recent Annual Information Form dated February 26, 2025, can be found on SEDAR+ at www.sedarplus.ca.

Copies of these documents may also be obtained upon request from Investor Relations at 3rd Floor, West Building, 5302 Forand Street S.W., Calgary, Alberta, T3E 8B4, telephone 403-292-7500, or email investorrelations@atco.com. Corporate information is also available on the Company's website at www.atco.com.

GLOSSARY

AESO means Alberta Electric System Operator.

Alberta Utilities means Electricity Distribution, Electricity Transmission, Natural Gas Distribution and Natural Gas Transmission, and their related subsidiaries.

AUC means the Alberta Utilities Commission.

CAGR means compound annual growth rate.

Class I Shares means Class I Non-Voting Shares of the Company.

Class II Shares means Class II Voting Shares of the Company.

CODM means Chief Operating Decision Maker, and is comprised of the Chief Executive Officer and the other members of the Executive Committee.

Company means ATCO Ltd. and, unless the context otherwise requires, includes its subsidiaries and joint arrangements.

Consumer price index (CPI) measures the average change in prices over time that consumers pay for a basket of goods and services.

COS means Cost of Service.

Customer contributions are non-refundable cash contributions made by customers for certain additions to property, plant and equipment, mainly in ATCO Energy Systems. These contributions are made when the estimated revenue is less than the cost of providing service.

EBITDA means earnings before interest, taxes, depreciation and amortization.

ECM means efficiency carry-over mechanism.

ESG means Environmental, Social and Governance.

FWI means Fixed Weighted Index of average hourly earnings for all employees, by industry, monthly.

GAAP means Canadian generally accepted accounting principles.

GHG means greenhouse gas.

Gigawatt hour (GWh) is a measure of electricity consumption equal to the use of 1 billion watts of power over a one-hour period.

GRA means general rate application.

IFRS means International Financial Reporting Standards.

I-X means the Inflation Adjuster (I Factor) minus Productivity Adjuster (X Factor).

K Bar means the AUC allowance for capital additions under PBR.

LNG means liquefied natural gas.

Megawatt (MW) is a measure of electric power equal to 1,000,000 watts.

Megawatt Hour (MWh) is a measure of electricity consumption equal to the use of 1,000,000 watts of electricity over a one-hour period.

O&M means operating and maintenance.

PBR means Performance Based Regulation.

Petajoule (PJ) is a unit of energy equal to approximately 948.2 billion British thermal units.

PPA means Power Purchase Agreement.

Regulated Utilities means Electricity Distribution, Electricity Transmission, Natural Gas Distribution, Natural Gas Transmission, ATCO Gas Australia and their related subsidiaries.

ROE means return on equity.

APPENDIX 1:

FOURTH QUARTER FINANCIAL INFORMATION

Financial information for the three months ended December 31, 2024 and 2023 is shown below.

CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended December 31	
(millions of Canadian Dollars except per share data)	2024	2023
Revenues	1,390	1,221
Costs and expenses		
Salaries, wages and benefits	(191)	(170)
Energy transmission and transportation	(79)	(74)
Plant and equipment maintenance	(77)	(73)
Fuel costs	(30)	(31)
Purchased power	(59)	(56)
Materials and consumables	(237)	(128)
Depreciation, amortization and impairment	(209)	(234)
Franchise fees	(79)	(70)
Property and other taxes	(19)	(20)
Derivative financial instruments gains	7	74
Other	(82)	(87)
	(1,055)	(869)
Earnings from investment in associate company	6	5
Earnings from investment in joint ventures	19	21
Operating profit	360	378
Interest income	21	17
Interest expense	(142)	(130)
Net finance costs	(121)	(113)
Earnings before income taxes	239	265
Income taxes	(44)	(67)
Earnings for the period	195	198
Earnings attributable to:		
Class I and Class II Shares	138	95
Non-controlling interests	57	103
	195	198
Earnings per Class I and Class II Share	\$1.23	\$0.85
Diluted earnings per Class I and Class II Share	\$1.23	\$0.85

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended December 31	
(millions of Canadian Dollars)	2024	2023
Operating activities		
Earnings for the period	195	198
Adjustments to reconcile earnings to cash flows from operating activities	431	402
Changes in non-cash working capital	(9)	(71)
Cash flows from operating activities	617	529
Investing activities		
Additions to property, plant and equipment	(600)	(399)
Proceeds on disposal of property, plant and equipment	—	2
Additions to intangibles	(31)	(43)
Investment in joint ventures	(1)	—
Investment in marketable securities	(3)	(4)
Changes in non-cash working capital	46	(4)
Other	(2)	40
Cash Flows used in investing activities	(591)	(408)
Financing activities		
Issue of long-term debt	147	376
Repayment of long-term debt	(63)	(435)
Repayment of lease liabilities	(8)	(8)
Net issue (purchase) of Class I Shares	1	(44)
Dividends paid to Class I and Class II Share owners	(55)	(53)
Dividends paid to non-controlling interests	(83)	(74)
Interest paid	(138)	(134)
Other	1	(38)
Cash flows used in financing activities	(198)	(410)
Decrease in cash position	(172)	(289)
Foreign currency translation	(6)	(2)
Beginning of period	272	579
End of period	94	288

APPENDIX 2:

SUPPLEMENTAL NON-AUDITED FINANCIAL INFORMATION

Management uses numerous metrics and financial measures to evaluate our success and better identify possible challenges while capitalizing on emerging opportunities and continuing to deliver high-performing results. These measures support our ability to assess segment performance and allocate resources and allow for a more effective analysis of operating performance and trends.

From time to time, management may choose to provide supplemental non-audited financial information to help readers further understand key operational and financial events that may influence the results during a quarter.

SUPPLEMENTAL INFORMATION

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure ⁽²⁾. It is an additional important metric for ATCO Structures and ATCO EnPower and is representative of core operational results.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA after adjustments, excluding one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. Adjusted EBITDA is most directly comparable to earnings (loss) attributable to Class I and Class II Shares but is not a standardized financial measure under the reporting framework used to prepare our financial statements. Adjusted EBITDA may not be comparable to similar financial measures disclosed by other issuers.

ATCO Structures

The following table reconciles adjusted EBITDA for ATCO Structures to adjusted earnings ⁽³⁾ for the fourth quarter and full year of 2024 and 2023. A reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Class I And Class II Shares" in the ATCO MD&A.

	Three Months Ended December 31		Year Ended December 31	
(\$ millions)	2024	2023	2024	2023
Adjusted Earnings ⁽¹⁾	25	16	108	89
Add:				
Interest expense	4	4	13	14
Income tax	7	6	38	31
Depreciation and amortization	23	19	82	73
Total Adjusted EBITDA ⁽¹⁾	59	45	241	207

(1) Non-GAAP financial measure.

(2) Non-GAAP financial measure as defined in NI 52-112.

(3) Adjusted earnings (loss) are defined as earnings (loss) attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.

ATCO EnPower

The following tables reconcile adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings ⁽¹⁾ for the fourth quarter and full year of 2024 and 2023. A reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Class I And Class II Shares" in the ATCO MD&A.

(\$ millions)		Three Months Ended December 31	
2024	Canadian Utilities Limited		
2023	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss) ⁽¹⁾	(1)	3	2
	2	6	8
Add:			
Interest expense	4	1	5
	2	—	2
Income tax expense (recovery)	(1)	1	—
	(1)	1	—
Depreciation and amortization	6	3	9
	4	3	7
Total Adjusted EBITDA ⁽¹⁾	8	8	16
	7	10	17

(1) Non-GAAP financial measure.

(\$ millions)	Year Ended December 31		
2024	Canadian Utilities Limited		
2023	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings ⁽¹⁾	3	20	23
	8	16	24
Add:			
Interest expense	14	2	16
	12	—	12
Income tax expense	2	5	7
	2	4	6
Depreciation and amortization	20	11	31
	16	11	27
Total Adjusted EBITDA ⁽¹⁾	39	38	77
	38	31	69

(1) Non-GAAP financial measure.

⁽¹⁾ Adjusted earnings (loss) are defined as earnings (loss) attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.