ATCO LTD.

FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED MARCH 31, 2026

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2026 FIRST QUARTER FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2026

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ATCO LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2026

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 three months ended March 31, 2026.

This MD&A was prepared as of May 5, 2026, and should be read with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2026. Additional information, including the Company's previous MD&A (2025 MD&A), Annual Information Form (2025 AIF), and audited consolidated financial statements for the year ended December 31, 2025 is available on SEDAR+ at www.sedarplus.ca. Information contained in the 2025 MD&A is not discussed in this MD&A if it remains substantially unchanged.

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) (52.4 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), and ATCO Energy Ltd. (ATCO Energy) (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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PERFORMANCE OVERVIEW

FINANCIAL METRICS

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

($ millions, except per share data and outstanding shares)	Three Months Ended March 31 2026	2025	Change
Key Financial Metrics			
Revenues	**1,426**	1,411	15
Adjusted earnings (loss) (1)	**165**	160	5
ATCO Structures & Logistics (1)	**28**	27	1
ATCO Investments (1)	**10**	11	(1)
Canadian Utilities Limited (1)			
ATCO Energy Systems (1)	**129**	122	7
ATCO EnPower (1)	**6**	6	—
ATCO Australia (1)	**11**	7	4
Canadian Utilities Financing & Other (1)	**(19)**	(13)	(6)
Adjusted earnings ($ per share) (2)	**1.47**	1.43	0.04
Earnings attributable to Class I and Class II Shares	**152**	144	8
Earnings attributable to Class I and Class II Shares ($ per share)	**1.35**	1.28	0.07
Diluted earnings attributable to Class I and Class II Shares ($ per share)	**1.34**	1.28	0.06
Total assets	**27,732**	27,102	630
Long-term debt	**12,787**	11,554	1,233
Class I and Class II Share owners' equity	**4,642**	4,729	(87)
Cash dividends declared per Class I and Class II Share (cents per share)	**51.96**	50.45	1.51
Cash flows from operating activities	**729**	757	(28)
Capital investment (3)	**419**	463	(44)
Capital expenditures	**418**	459	(41)
Other Financial Metrics			
Weighted average Class I and Class II Shares outstanding *(thousands):*			
Basic	**112,429**	112,254	175
Diluted	**113,243**	112,505	738

(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. Capital investment is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

REVENUES

Revenues in the first quarter of 2026 were $1,426 million, $15 million higher than the same period in 2025 mainly due to ATCO Structures additional revenues from the Stibnite Gold project and increased space rental activity, and increased rates in ATCO Gas Australia. Revenues were partially offset by the refunds of $35 million and $36 million to the customers of Electricity Distribution and Natural Gas Distribution, respectively, over the September 1, 2025 to February 28, 2026 period, resulting from the Alberta Utilities Commission's (AUC) Second Generation Performance Based Regulation (PBR2) re-opener Phase II decision. The Company was granted leave to appeal this decision, which was heard by the Alberta Court of Appeal on April 16, 2026.

ADJUSTED EARNINGS [1]

Adjusted earnings in the first quarter of 2026 were $165 million or $1.47 per share, compared to $160 million or $1.43 per share for the same period in 2025.

Higher adjusted earnings in 2026 were mainly due to increased adjusted earnings in ATCO Energy Systems driven by growth in rate base and lower income tax expense resulting from the March 2026 enactment of Bill C-15 (Budget 2025 Implementation Act, No. 1) (Bill C-15), which reinstated the Accelerated Investment Incentive and increased deductibility of eligible property acquired after 2024 and available for use before 2030. Higher adjusted earnings were also due to the impact of inflation indexing on rate base and increased rates in ATCO Gas Australia, and ATCO Structures' earnings from the Stibnite Gold project and increased space rentals activity. Partially offsetting these increases in adjusted earnings were higher net interest expense and higher share-based compensation expense in both ATCO Corporate & Other and Canadian Utilities Financing & Other.

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 $152 million in the first quarter of 2026, $8 million higher compared to the same period in 2025. 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.

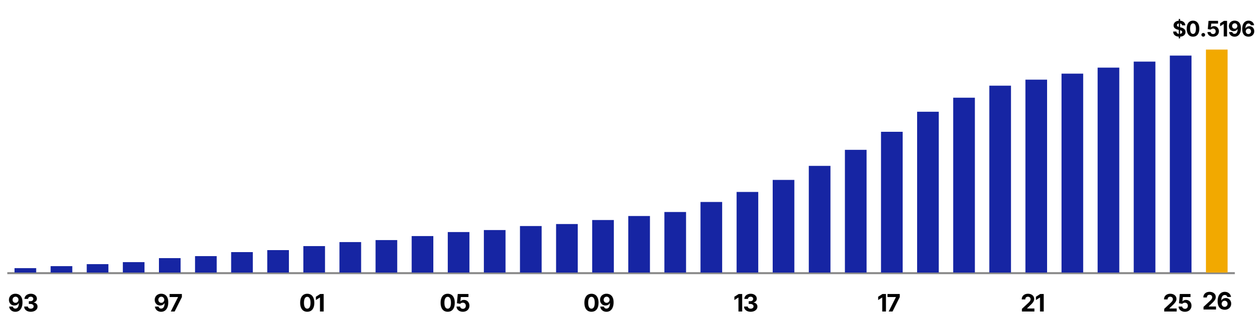
CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities were $729 million in the first quarter of 2026, $28 million lower than the same period in 2025, mainly due to the elimination of the carbon levy by the Government of Canada in 2025, and the timing of collection of accounts receivable in Natural Gas Distribution and Natural Gas Transmission, partially offset by increased customer contributions in Electricity Transmission.

COMMON SHARE DIVIDENDS

Dividends paid to Class I and Class II Share owners totaled $59 million in the first quarter of 2026. On April 9, 2026, the Board of Directors declared a second quarter dividend of 51.96 cents per share or $2.08 on an annualized basis. ATCO expects to continue to grow its dividends consistent with the sustainable growth of its investments.

Quarterly Dividend Rate 1993 - 2026
(dollars per share)



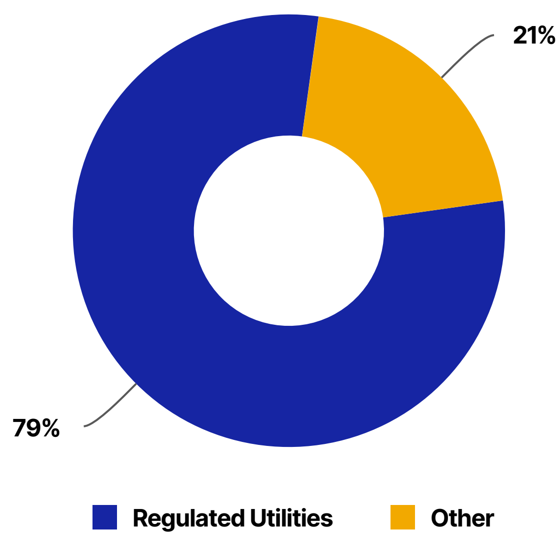
[1] *Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.*

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 $419 million in the first quarter of 2026 was $44 million lower compared to the same period in 2025 mainly due to the timing of capital maintenance projects and infrastructure upgrades in Electricity Transmission and Natural Gas Transmission, and decreased capital spend in ATCO EnPower. Lower capital investment was partially offset by increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead Pipeline Project (Yellowhead) in Natural Gas Transmission, increased capital spending in ATCO Structures on space rental fleet additions, and ATCO Investments' project development in Ashcor, including the J.H. Campbell Generating Complex.

Capital expenditures, a GAAP measure reported in accordance with IFRS, includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of $418 million in the first quarter of 2026 were $41 million lower compared to the same period in 2025 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

Capital Expenditures for the Three Months Ended March 31, 2026



Capital expenditures in Canadian Utilities' Regulated Utilities accounted for 79 per cent of the total in the first quarter of 2026. The remaining 21 per cent was primarily related to ATCO Structures' continued expansion of its space rentals fleet, and capital spending within ATCO Investments and ATCO EnPower.

[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

ATCO Structures & Logistics revenues of $307 million in the first quarter of 2026 were $16 million higher than the same period in 2025 mainly due to ATCO Structures' additional revenues from the Stibnite Gold project, which commenced in the fourth quarter of 2025, increased space rentals activity, and permanent modular construction sales. These increases were partially offset by lower workforce housing sales.

ADJUSTED EARNINGS

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
ATCO Structures [(1)]	**27**	26	1
ATCO Frontec [(1)]	**1**	1	—
Total ATCO Structures & Logistics [(2)]	**28**	27	1

(1) Non-GAAP financial measures. The most directly comparable measure reported in accordance with IFRS is Earnings Attributable to Class I non-voting and Class II voting shares. Adjusted earnings is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. 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 Structures & Logistics adjusted earnings of $28 million in the first quarter of 2026 were $1 million higher than the same period in 2025 mainly due to ATCO Structures' earnings from the Stibnite Gold project, increased space rentals activity, and permanent modular construction sales. Higher adjusted earnings were partially offset by ATCO Structures' lower workforce housing sales.

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

ATCO STRUCTURES

ATCO Structures operates three business lines: Space Rentals, Workforce Housing, and Permanent Modular Construction. Space Rentals provides prefabricated, transportable spaces such as modular complexes, mobile offices, kiosks, storage, and sanitary solutions that support construction, manufacturing, industrial operations, education, and healthcare. Workforce Housing provides modular accommodation solutions designed for industrial and remote worksites supporting natural resources, large-scale infrastructure development, and defence. Permanent Modular Construction serves both commercial and residential markets, providing modular buildings for education, healthcare, hospitality, sports and recreation, and residential solutions across the housing continuum, including single- and multi-family homes. ATCO Structures operates through two commercial streams: Sales, which encompasses sales of product and service offerings to customers across all three business lines; and Leasing, which includes leasing both Space Rentals and Workforce Housing products to customers.

ATCO Structures' adjusted earnings of $27 million in the first quarter of 2026 were $1 million higher than the same period in 2025 mainly due to ATCO Structures' earnings from the Stibnite Gold project, increased space rentals activity, and permanent modular construction sales. Higher adjusted earnings were partially offset by lower workforce housing sales.

The following table compares ATCO Structures' rental fleet for the first quarter of 2026 and 2025.

	Three Months Ended March 31		
	2026	**2025**	**Change**
Global Space Rentals			
Number of units	**26,778**	25,453	5%
Average utilization *(%)*	**76**	74	2%
Average rental rate *($ per month)*	**863**	803	7%
Global Workforce Housing			
Number of units	**1,911**	2,407	(21%)
Average utilization *(%)*	**58**	59	(1%)
Average rental rate *($ per month)*	**1,312**	1,392	(6%)

Rental Fleet

Space Rentals

ATCO Structures has increased its global space rentals fleet through increased capital investment in Canada, the US and Australia to capture market share and execute its expansion strategy for 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 leasing assets in these regions. The elevated demand is underpinned by strong general construction activity, projects supporting mining, energy, natural resource, technology and public infrastructure development in Canada, the US, and Australia. Consistent utilization rates have been maintained while growing the number of units in the rental fleet through targeted investment to strengthen market position in regions with ongoing activity.

Workforce Housing

ATCO Structures reduced its global workforce housing fleet through the strategic disposition of under-utilized assets in certain regions. ATCO Structures is focused on maintaining the optimized level and mix of workforce housing fleet in Canada, the US and Australia, which includes targeted investment to tailor fleet mix and expand fleet offerings in strategic locations to meet the current and anticipated market demand. The workforce housing market responds to both the capital spending cycle and development activity in various industries, primarily in remote locations where workforce accommodation is not readily available. As a result, workforce housing products tend to move in large tranches and ATCO Structures aims to strategically position its fleet in response to the short-term cycle ebbs and flows. Average rental rates decreased due to the conclusion of large, long-term rental contracts in Canada, the US and Australia.

ATCO Structures Recent Developments

In the first quarter of 2026, ATCO Structures continued growing its market presence through organic strategic initiatives and investment, particularly in space rentals. This included expansion and optimization of the global rental fleet. Additionally, a national advertising campaign was conducted in Canada, showcasing projects that illustrate ATCO Structure's expertise in modular housing and commercial construction, while demonstrating the potential of permanent modular construction.

Awarded contracts, such as those summarized below, illustrate the diversity of geographies and industries that ATCO Structures services and contribute to the resilience of its growth. These highlighted projects represent awards during the period and do not comprise all activity or newly awarded contracts during the quarter.

Beyond the projects detailed below, ATCO Structures also received limited notices to proceed for early-stage work, including infrastructure planning and camp design services, for mining developments in Western Canada and Western Australia. The contracts are anticipated to commence in 2026 and have a combined contract value of $100 million. These notices further underscore ATCO Structures' ongoing momentum in key sectors.

Canada

ATCO Structures was awarded contracts to provide space rental, workforce housing, and permanent modular construction solutions supporting emergency response projects in Western and Central Canada, public infrastructure and defence in Central Canada, and affordable housing and mining operations in Western Canada. These awards comprise 341 modular units and total $73 million in sale and lease contracts. This includes an award for the previously disclosed project with Attainable Homes Calgary for a 6-storey, 198-suite complex in Calgary's Sunnyside community.

United States

ATCO Structures was previously awarded a $179 million contract by Perpetua Resources Corp. to supply and install a 1,052-person dormitory lodge and office facilities in support of the Stibnite Gold project located near Yellow Pine, Idaho. Design and manufacturing commenced in 2025 with the initial units completed in the first quarter of 2026. Site work is scheduled to commence in the second quarter of 2026 with the first handover milestone anticipated in the fourth quarter of 2026 and final completion in 2027.

ATCO Structures was awarded contracts to provide space rental and workforce housing solutions supporting data centre construction in Texas and Utah, and nuclear power generation in Idaho and Wyoming. These awards comprise 172 modular units and total $23 million in sale and lease contracts.

Australia

ATCO Structures was awarded contracts to provide workforce housing solutions supporting public infrastructure development in Western Australia and modular brokering operations in Queensland. These awards comprise 140 modular units and total $17 million in sale contracts.

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's adjusted earnings of $1 million in the first quarter of 2026 were comparable to the same period in 2025.

ATCO Frontec Recent Developments

Pond Inlet Water Treatment Plant

Subsequent to quarter-end, the Government of Nunavut has awarded ATCO Frontec a $41 million contract to construct a new water treatment plant in Pond Inlet, Nunavut. This water treatment plant will service approximately 1,500 residents in the remote hamlet located on Baffin Island. This 2-year contract includes decommissioning of the aging existing plant, upgrading reservoir systems, and construction of the full water treatment facility. Construction is expected to commence in 2027.

BC Hydro Site C Camp

At the end of March 2026, the BC Hydro Site C camp on the Peace River in British Columbia was closed. ATCO Frontec provided camp services for this 2,300-bed camp since 2016 and served more than 3 million occupant nights for workers constructing the Site C Clean Energy project.

ATCO Investments

ATCO Investments incorporates our 40 per cent equity investment in Neltume Ports, and our wholly-owned subsidiaries ATCO Land and Development, Ashcor, and ATCO Energy. ATCO Investments also includes ATCO Corporate & Other which contains the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses.

REVENUES

Including intersegment eliminations, ATCO Investments' revenues of $35 million in the first quarter of 2026 were comparable to the same period in 2025.

ADJUSTED EARNINGS

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
Investments			
Neltume Ports	**7**	8	(1)
Other Investments (1)	**7**	5	2
Total Investments (1)	**14**	13	1
ATCO Corporate & Other (1)	**(4)**	(2)	(2)
Total ATCO Investments (2)	**10**	11	(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.

Including intersegment eliminations, ATCO Investments' adjusted earnings of $10 million in the first quarter of 2026 were $1 million lower than the same period in 2025 mainly due to lower foreign exchange rates related to Neltume Ports, and higher share-based compensation expense related to an increase in ATCO's share price and higher net interest expense in ATCO Corporate & Other, partially offset by lower plant operating costs in Ashcor.

Neltume Ports

Neltume Ports is a port operator and developer with a diversified portfolio of 17 multi-purpose, bulk cargo and container port facilities and 6 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil, Guatemala, and the US.

Neltume Ports' adjusted earnings of $7 million in the first quarter of 2026 were $1 million lower than the same period in 2025 mainly due to the impact of foreign exchange rates.

Other Investments

Other Investments includes ATCO Land and Development, Ashcor, and ATCO Energy. ATCO Land and Development is a commercial real estate business that holds investments for sale, lease or development. Ashcor is a company engaged in the recycling and marketing of ash, a waste byproduct of electricity generation. ATCO Energy provides retail electricity and natural gas services, home products, home maintenance services and professional home advice in Alberta, and includes our retail food services brand Blue Flame Kitchen.

Other Investments' adjusted earnings of $7 million in the first quarter of 2026 were $2 million higher than the same period in 2025 mainly due to lower plant operating costs at Ashcor's Battle River site.

ATCO Corporate & Other

ATCO Corporate & Other contains the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses.

ATCO Corporate & Other's adjusted earnings in the first quarter of 2026 were $2 million lower than the same period in 2025 mainly due to higher share-based compensation expense related to an increase in ATCO's share price and lower interest income on cash investments.

RECENT DEVELOPMENTS

Other Investments

West Kitikmeot Resources Corp. Investment

In the first quarter of 2026, it was announced that ATCO will provide approximately $10 million of staged investment for 40 per cent ownership in West Kitikmeot Resources Corp. (WKR). Backed by significant Inuit ownership, WKR is the sole proponent developing the Grays Bay Road and Port Project (GBRP), a critical infrastructure project consisting of a greenfield deepwater port with access to the Northwest Passage shipping corridor, a 230-kilometre all-season road leading inland, and a 6,000-foot airstrip. GBRP is a multi-use, strategic asset that has recently been referred to the Canadian Federal Government's Major Projects Office. GBRP development is planned in multiple phases, with an expected in-service date of 2035 for the full project.

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

REVENUES

ATCO Energy Systems revenues of $920 million in the first quarter of 2026 were $6 million lower than the same period in 2025. Lower revenues were mainly due to the refunds of $35 million and $36 million to the customers of Electricity Distribution and Natural Gas Distribution, respectively, over the September 1, 2025 to February 28, 2026 period, resulting from the AUC's PBR2 re-opener Phase II decision rendered in the second quarter of 2025. The Company was granted leave to appeal this decision, which was heard by the Alberta Court of Appeal on April 16, 2026. Lower revenues were partially offset by growth in rate base in Electricity Distribution, and higher flow-through revenues (revenues that have an equal and offsetting expense with no net impact on adjusted earnings) in Natural Gas Distribution.

ADJUSTED EARNINGS

($ millions)	Three Months Ended March 31 2026	2025	Change
Electricity			
Electricity Distribution (1)	**24**	22	2
Electricity Transmission (1)	**24**	24	—
International Electricity Operations (1)	**7**	8	(1)
Total Electricity (1)	**55**	54	1
Natural Gas			
Natural Gas Distribution (1)	**59**	54	5
Natural Gas Transmission (1)	**15**	14	1
Total Natural Gas (1)	**74**	68	6
Total ATCO Energy Systems (2)	**129**	122	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 Energy Systems' adjusted earnings of $129 million in the first quarter of 2026 were $7 million higher than the same period in 2025 mainly due to growth in rate base and lower income tax expense due to the March 2026 enactment of Bill C-15. Higher adjusted earnings were partially offset by Natural Gas Transmission's 2026-2028 General Rate Application (GRA) which was approved by the AUC on an interim basis and included cost efficiencies 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 in the first quarter of 2026 were $2 million higher than the same period in 2025 mainly due to growth in rate base and lower income tax expense due to the March 2026 enactment of Bill C-15. Higher adjusted earnings were partially offset by timing of cost efficiencies.

Electricity Transmission

Electricity Transmission provides electricity transmission mainly in northern and central east Alberta, and in the Lloydminster area of Saskatchewan. Additionally, 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 $24 million in the first quarter of 2026 were comparable to the same period in 2025.

International Electricity Operations

International Electricity Operations includes a 50 per cent ownership in LUMA Energy, LLC (LUMA Energy), held by a subsidiary of Canadian Utilities. LUMA Energy is a company formed and awarded an Operations and Maintenance Agreement (OMA) 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.

International Electricity Operations adjusted earnings of $7 million in the first quarter of 2026 were $1 million lower than the same period in 2025 mainly due to lower foreign exchange rates, partially offset by 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 $59 million in the first quarter of 2026 were $5 million higher than the same period in 2025 mainly due to growth in rate base and lower income tax expense due to the March 2026 enactment of Bill C-15.

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 in the first quarter of 2026 were $1 million higher than the same period in 2025 mainly due to growth in rate base and lower income tax expense due to the March 2026 enactment of Bill C-15. Higher adjusted earnings were partially offset by the 2026-2028 GRA which was approved by the AUC on an interim basis and included cost efficiencies in prior periods that are being passed on to customers.

ATCO ENERGY SYSTEMS RECENT DEVELOPMENTS

Utility Infrastructure Projects

ATCO Energy Systems continues work on its two large utility infrastructure projects: Yellowhead in Natural Gas Transmission and Central East Transfer-Out Project (CETO) in Electricity Transmission.

- Yellowhead consists of approximately 235 kilometres of high-pressure natural gas pipeline with the projected spend estimated at $2.9 billion based on a Class III estimate with an expected accuracy of +/-20 per cent. The pipeline is 100 per cent contracted with customers, and is on track for construction to commence in 2026, subject to both AUC and corporate approvals. In the third quarter of 2025, the AUC approved the Need Assessment Application for the project. As one of two key regulatory filings that require approval from the AUC to advance, this approval marks a major milestone in the development of Alberta's energy infrastructure. ATCO Energy Systems filed a separate facility application on November 4, 2025, to seek AUC approval for construction. An AUC hearing is scheduled for May 2026 with a decision expected by third quarter 2026. Construction and execution schedules will be finalized following the approval of the facility application and mainline contractor selections.

  The Company expects to fund Yellowhead's development within CU Inc., according to its regulated capital structure, which is 63 per cent regulated debt and 37 per cent regulated equity. The regulated debt is expected to be funded with CU Inc. debenture issuances throughout 2026 and 2027. The regulated equity is expected to be funded with internally generated cash flows, equity contributions from Canadian Utilities and Indigenous partnerships are expected to contribute up to 30 per cent of the equity. In 2025, Canadian Utilities raised $500 million fixed-to-fixed rate subordinate notes and $200 million preferred shares to substantially pre-fund its equity contribution.

- CETO consists of a 135-km 240kV transmission line, of which Electricity Transmission is building 85-km of the transmission line and AltaLink LP is constructing the remaining 50-km. In the first quarter of 2026, Electricity Transmission completed line construction ahead of schedule. Electricity Transmission's 85-km of the transmission line is on track to be energized by June 2026 with an approximate $255 million project spend. CETO will support renewable energy integration in Alberta and transport electricity in the counties of Red Deer, Lacombe and Stettler, supplying more than 1,500 megawatts of electricity to Alberta's grid.

Funding Strategy

To fund ATCO Energy Systems' regulated debt requirements, the Company expects to issue debentures each year during the five-year (2026-2030) capital expenditure plan. For regulated equity requirements, in addition to cash flow from operations and the $0.7 billion financed in 2025, the Company expects to raise an additional $0.8 billion of capital securities [1] over the five-year (2026-2030) capital expenditure plan to fund the equity portion of investment. The current five-year (2026-2030) capital expenditure plan does not require common equity to fund the regulated utility growth.

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[1] *Capital securities could include preferred shares, hybrid bonds, and/or debentures.*

ATCO EnPower

REVENUES

ATCO EnPower revenues of $99 million in the first quarter of 2026 were comparable to the same period in 2025.

ADJUSTED EARNINGS

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
Electricity Generation [(1)]	**(2)**	(1)	(1)
Storage & Industrial Water [(1)]	**8**	7	1
Total ATCO EnPower [(2)]	**6**	6	—

(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 $6 million in the first quarter of 2026 were comparable to the same period in 2025.

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, gas and distributed generation facilities in Canada, Mexico, and Chile.

Electricity Generation adjusted earnings in the first quarter of 2026 were $1 million lower compared to the same period in 2025 mainly due to lower generation at the Forty Mile and Adelaide wind facilities, lower carbon pricing recognized for emissions credits generated, partially offset by higher generation at the Veracruz hydro facility in Mexico.

The following table compares ATCO EnPower's generation portfolio performance in Canada for the first quarter of 2026 and 2025.

	Three Months Ended March 31		
	2026	**2025**	**Change**
Capacity Share [(1)] [(2)] ***(MW)***	**409**	390	19
Average Availability *(%)*	**94**	98	(4)
Generation *(MWh)*	**211,204**	233,454	(22,250)
Wind	**170,867**	201,274	(30,407)
Solar	**30,672**	28,563	2,109
Hydroelectric	**5,623**	3,617	2,006
Natural Gas	**4,042**	—	4,042
% Merchant	**29**	26	3
% PPA [(3)]	**71**	74	(3)
Average Realized Price *($/MWh)*	**77**	77	—

(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 19-MW as a result of completing the acquisition of the Elmworth generating station in the fourth quarter of 2025.

(3) PPA means Power Purchase Agreement.

The average realized price related to the generation portfolio of $77 per MWh in the first quarter of 2026 was comparable to the same period in 2025.

Wind generation for the first quarter of 2026 was lower than the same period in 2025, primarily at the Forty Mile wind facility. The Forty Mile wind facility continues to be affected by grid curtailments of approximately 40 per cent lost generation per month caused by inadequate transmission infrastructure and grid deficiencies causing unprecedented levels of curtailment in the southeast portion of Alberta. The AESO's unequal curtailment practices also continue to benefit Renewable Energy Program (REP) facilities at the expense of non-REP generators in the area. Proposed incumbent protection mechanisms have not yet been finalized. ATCO EnPower continues to pursue all remedies associated with this situation through engagement and continues to evaluate its legal recourse to secure a resolution.

Solar generation in the first quarter of 2026 was higher than the same period in 2025, due to improved availability at the Barlow, Deerfoot and Empress solar facilities. Both Deerfoot and Barlow facilities experienced less snow days and improved solar conditions. We also saw improved generation in the first quarter of 2026 at our hydroelectric facility compared to the same period in 2025 as hydro levels remain elevated, supported by strong basin-wide snowpack, healthy reservoir conditions and mild weather.

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 $8 million in the first quarter of 2026 were $1 million higher than the same period in 2025 mainly due to stronger spreads and higher value contracts in natural gas storage services.

ATCO Australia

REVENUES

ATCO Australia revenues of $62 million in the first quarter of 2026 were $5 million higher than the same period in 2025 mainly due to increased rates in ATCO Gas Australia, partially offset by the revenues received in the first quarter of 2025 from the South Australia Hydrogen Jobs Plan project in ATCO Power Australia.

ADJUSTED EARNINGS

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
ATCO Gas Australia (1)	**10**	6	4
ATCO Power Australia (1)	**1**	1	—
Total ATCO Australia (2)	**11**	7	4

(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 $11 million in the first quarter of 2026 were $4 million higher than the same period in 2025 mainly due to the impact of inflation indexing on rate base, and higher rates in ATCO Gas Australia.

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 $10 million in the first quarter of 2026 were $4 million higher than the same period in 2025 mainly due to the impact of inflation indexing on rate base, and higher rates.

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 of $1 million in the first quarter of 2026 were comparable to the same period in 2025.

Canadian Utilities Financing & Other

Canadian Utilities Financing & Other includes CU Inc. and Canadian Utilities preferred share dividends and financing expenses.

REVENUES

Including intersegment eliminations, Canadian Utilities Financing & Other revenues of $3 million in the first quarter of 2026 were comparable to the same period in 2025.

ADJUSTED EARNINGS (LOSS)

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
Canadian Utilities Financing & Other [(1)]	**(19)**	(13)	(6)

(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 Financing & Other adjusted loss in the first quarter of 2026 was $6 million higher compared to the same period in 2025 mainly due to increased interest expense on the debt issuance in the third quarter of 2025 related to the pre-funding of the Yellowhead investment, and higher share-based compensation expense related to an increase in Canadian Utilities' share price.

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

AFFORDABLE HOUSING

In 2026, the federal government operationalized several complementary housing-related measures. In March 2026, Bill C-26 was introduced, proposing $1.7 billion in immediate transfers to provinces and territories to reduce development charges and other cost barriers affecting housing supply. In parallel, the Build Communities Strong Fund, a $51 billion multi-year infrastructure program announced in Budget 2025 and launched in 2026, began deploying funding to support housing-enabling infrastructure. Funding allocations under the program vary by jurisdiction and are subject to cost-sharing and eligibility conditions. Build Canada Homes, launched in September 2025 with $13 billion in capitalization, continues to focus on the delivery of non-market housing units.

DEFENCE AND NORTHERN INFRASTRUCTURE

In 2026, the federal government advanced the implementation of several defence-related initiatives. In March 2026, the Government of Canada announced a long-term investment program totaling approximately $35 billion to expand and modernize defence and security-related infrastructure, with a focus on Northern and remote regions. Announced initiatives include upgrades to airfields, logistics and transportation corridors, operational facilities, and related supporting infrastructure, with expenditures expected to be deployed over a multi-year horizon. In parallel, the federal government continued to advance previously announced defence modernization and readiness programs, including investments associated with NORAD modernization and Arctic sovereignty, with project timing and scope subject to regulatory, procurement and operational requirements.

ACCELERATING MAJOR PROJECT ASSESSMENTS

During the first quarter of 2026, Canada and seven provinces entered into a Co-operation Agreement on Environmental and Impact Assessment, establishing a "one project, one review" framework intended to reduce duplication and improve the efficiency of major project approvals. The agreement supports enhanced federal-provincial coordination on the timely delivery of large-scale infrastructure, including ports, transportation corridors and energy-related projects, while maintaining environmental standards and Indigenous consultation requirements.

CANADA-ALBERTA METHANE EQUIVALENCY FRAMEWORK

During the first quarter of 2026, Canada and Alberta announced an agreement-in-principle to establish a methane equivalency framework for the oil and gas sector. The proposed framework targets a 75 per cent reduction in methane emissions from 2014 levels by 2035 and would allow Alberta to implement a performance-based regulatory regime that combines provincial regulations, offset credits and targeted investments. Subject to finalization, the framework would provide for the suspension of federal methane regulations in Alberta, provided equivalent emissions reductions are achieved. The approach includes independent third-party verification, public reporting, and corrective measures if targets are not met. The proposed agreement builds on the Canada–Alberta memorandum of understanding announced in November 2025 and would be subject to a 60-day public consultation period, with implementation targeted no later than January 1, 2027, for an anticipated ten-year term.

BILL C-15 AND CLIMATE INVESTMENT FRAMEWORK

During the first quarter of 2026, federal budget implementation measures introduced in late 2025 through Bill C-15 came into force, establishing the legislative framework for several tax and investment incentives applicable to capital-intensive businesses. While Bill C-15 does not constitute a stand-alone climate competitiveness strategy, it implements measures intended to influence the timing, structure, and economics of capital investments, particularly in infrastructure, energy, and clean technology-related assets. These measures include accelerated capital cost allowance, and clean technology and clean energy investment tax credits, which may impact how qualifying capital expenditures are assessed for tax purposes and how investment incentives are recognized over time. As a result, the application and interpretation of these measures can influence capital allocation decisions, investment sequencing, and the timing of tax deductions and credits, and require updated judgments in tax planning and financial reporting.

SUSPENDING FEDERAL FUEL EXERCISE TAX ON GASOLINE AND DIESEL

In response to global uncertainty and rising fuel costs, Prime Minister Mark Carney's government is taking steps to strengthen Canada's economy and reduce the cost of living for Canadians. As part of this effort, the government announced a temporary suspension of the federal Fuel Excise Tax on gasoline, diesel, and aviation fuels from April 20, 2026 to September 7, 2026, saving Canadians 10 cents per litre on gasoline and 4 cents per litre on diesel. This measure aims to lower costs for consumers and reduce operating expenses for businesses in sectors such as trucking, food, agriculture, and construction.

ALBERTA

ACCELERATING MAJOR PROJECT APPROVALS

During the first quarter of 2026, Alberta introduced Bill 30, the *Expedited 120-Day Approvals Act*, which proposes a streamlined provincial process to accelerate regulatory approvals for qualifying major projects. If passed, the legislation would establish a 120-day approval timeframe for projects designated by Cabinet following a centralized government review and Order in Council. To qualify, projects must align with provincial priorities, demonstrate strategic economic importance, meet a minimum capital investment threshold of $250 million, and show meaningful progress on environmental assessment and Indigenous consultation.

The proposed framework is intended to improve coordination across provincial regulators while maintaining existing environmental requirements, the Crown’s duty to consult, and constitutionally protected Indigenous rights, which may continue to be addressed during the expedited process.

ELECTRICITY MARKET AND SYSTEM DEVELOPMENTS

During the first quarter of 2026, the Alberta Electric System Operator continued preparatory work related to Alberta’s electricity market transition, including ministerial approval of initial Restructured Energy Market ISO Rules, which provided regulatory clarity on elements of the proposed market framework and marked an early step in a multi-year transition process. Further rule development, system readiness activities and stakeholder engagement are expected to continue through 2027, with full market implementation currently targeted for approximately 2028.

SUSTAINABILITY

Within our group of companies, our guiding principle is to deliver long-term value to our customers, share owners, and other stakeholders through sustainable growth. This requires more than strong financial performance – it requires integrating financial and environmental, social and governance (ESG) considerations into our strategy and anticipating the evolving needs and expectations of society and our customers.

Our 2025 Sustainability Report, which will be published in May 2026, will focus on the following topics and provide an update on sustainability targets and ambitions:

- Governance and Responsible Business - corporate governance, business ethics, responsible supply chain, and government relations and political advocacy.
- Resilience and Safety - system reliability and availability, cybersecurity, emergency preparedness and response, public health and safety, and employee and contractor safety and well-being.
- Energy Transition and Environment - energy transition, greenhouse gas emissions, and land use and biodiversity.
- People and Partners - Indigenous relations, community engagement and investment, customer experience and satisfaction, employee attraction, retention and development, and diversity, equity and inclusion.

The Sustainability Report, sustainability framework reference documents, additional governance details, materiality assessment information and other disclosures are available on our website at www.atco.com.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the first quarter of 2026 and 2025 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 March 31		
($ millions)	**2026**	**2025**	**Change**
Operating costs	**754**	765	(11)
Depreciation and amortization	**219**	209	10
Earnings from investment in associate company	**7**	8	(1)
Earnings from investment in joint ventures	**22**	21	1
Net finance costs	**129**	119	10
Income tax expense	**81**	77	4

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation and amortization, decreased by $11 million in the first quarter of 2026 compared to the same period in 2025. Decreased operating costs were mainly due to higher unrealized and realized gains on derivative financial instruments in ATCO Energy, realized cost efficiencies, and first quarter 2025 costs associated with restructuring and the recognition of transition costs related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. Decreased operating costs were partially offset by increased material costs due to higher project activity in ATCO Structures, increased fuel costs, and higher flow-through expenses (expenses that have an equal and offsetting revenue with no net impact on IFRS earnings).

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by $10 million in the first quarter of 2026 compared to the same period in 2025 mainly due to ongoing capital investments in the Regulated Utilities, and ATCO Structures' increase in global space rental fleet assets.

EARNINGS FROM INVESTMENT IN ASSOCIATE COMPANY

Earnings from investment in associate company relate to our 40 per cent ownership interest in Neltume Ports, a port operator and developer with a diversified portfolio of 17 multi-purpose, bulk cargo and container port facilities and 6 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil, Guatemala, and the US.

Earnings from investment in associate company in the first quarter of 2026 were $1 million lower than the same period in 2025 mainly due to the impact of foreign exchange rates.

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 including Naka Power Utilities (NWT) Ltd. (Naka); LUMA Energy electricity operations and maintenance in Puerto Rico; and the Strathcona Storage Limited Partnership (Strathcona Storage), which operates hydrocarbon storage facilities at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta. It also includes certain ATCO Frontec ownership interests in joint ventures holding facilities operations and maintenance contracts.

Earnings from investment in joint ventures in the first quarter of 2026 were $1 million higher than the same period in 2025 mainly due to additional earnings from joint ventures within the ATCO Frontec business.

NET FINANCE COSTS

Net finance costs increased by $10 million in the first quarter of 2026 compared to the same period in 2025 mainly due to additional debt issued to fund ongoing capital investment.

INCOME TAX EXPENSE

Income taxes increased by $4 million in the first quarter of 2026 compared to the same period in 2025 mainly due to higher IFRS earnings before income taxes. Lower current income taxes related to the enactment of Bill C-15 are offset by a corresponding increase in deferred income taxes for IFRS purposes.

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 March 31, 2026.

	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) an A- 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 25, 2026, S&P Global Ratings revised Canadian Utilities' subsidiary ATCO Gas Australia's 'BBB+' issuer credit rating with a positive outlook to an 'A-' issuer credit rating with a stable outlook.

LINES OF CREDIT

At March 31, 2026, ATCO and its subsidiaries had the following lines of credit.

($ millions)	Total	Used	Available
Long-term committed	**3,413**	749	2,664
Short-term committed	**360**	360	—
Uncommitted	**743**	271	472
Total	**4,516**	1,380	3,136

Of the $4,516 million in total lines of credit, $743 million was in the form of uncommitted credit facilities with no set maturity date. The other $3,773 million in credit lines was committed with maturities between 2026 and 2029, and may be extended at the option of the lenders.

Of the $1,380 million in lines of credit used, $716 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 needs in ATCO EnPower and CU Inc., the issuance of Canadian Utilities' letters of credit, and ATCO Structures & Logistics' expansion of its global rental fleet and working capital needs on workforce housing projects.

CONSOLIDATED CASH FLOWS

At March 31, 2026, the Company's cash position was $699 million. This represents an increase of $559 million compared to the same period in 2025 and a $278 million decrease from December 31, 2025. Cash movements for the first quarter of 2026 and 2025 are outlined in the following table:

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
Cash position, beginning of period	**977**	94	883
Cash from (used in):			
Operating activities	**729**	757	(28)
Investing activities	**(448)**	(430)	(18)
Financing activities	**(561)**	(283)	(278)
Foreign currency translation	**2**	2	—
Cash position, end of the period	**699**	140	559

The opening cash position of $977 million in the first quarter of 2026 was $883 million higher compared to the opening cash position for the first quarter of 2025 mainly due to increased issuance of long-term debt and Canadian Utilities’ equity preferred shares related to growth projects for new customers in the Regulated Utilities.

Operating Activities

Cash flows from operating activities were $729 million in the first quarter of 2026, $28 million lower than the same period in 2025. This decrease was mainly due to the elimination of the carbon levy by the Government of Canada in 2025, and the timing of collection of accounts receivable in Natural Gas Distribution and Natural Gas Transmission, partially offset by increased customer contributions in Electricity Transmission.

Investing Activities

Cash flows used in investing activities were $448 million in the first quarter of 2026, $18 million higher than the same period in 2025 mainly due to the timing of settlement related to accounts payable for capital projects, partially offset by the timing of capital projects spend in the Regulated Utilities.

A reconciliation of capital investment to capital expenditures is summarized below.

Cash Used for Capital Investment and Capital Expenditures

Capital investment and capital expenditures for the first quarter of 2026 and 2025 are shown in the following table.

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
ATCO Structures & Logistics	**55**	51	4
ATCO Investments	**10**	7	3
	65	58	7
Canadian Utilities			
ATCO Energy Systems			
Electricity	**151**	191	(40)
Natural Gas	**157**	154	3
	308	345	(37)
ATCO EnPower	**20**	30	(10)
ATCO Australia	**24**	21	3
CU Financing & Other	**1**	5	(4)
Canadian Utilities Total Capital Expenditures (1) (2)	**353**	401	(48)
ATCO Total Capital Expenditures	**418**	459	(41)
Capital Expenditures in joint ventures			
ATCO EnPower	**1**	1	—
Business Combinations			
ATCO Structures & Logistics	**—**	3	(3)
Canadian Utilities Total Capital Investment (3)	**354**	402	(48)
ATCO Total Capital Investment (3)	**419**	463	(44)

(1) Includes additions to property, plant and equipment, and intangibles as well as $9 million (2025 - $5 million) of capitalized interest during construction for the first quarter of 2026.

(2) Includes $43 million for the first quarter of 2026 (2025 - $25 million) of capital expenditures, mainly in ATCO Energy Systems, that were funded with the assistance of customer contributions.

(3) 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 investment of $419 million in the first quarter of 2026 was $44 million lower compared to the same period in 2025 mainly due to the timing of capital maintenance projects and infrastructure upgrades in Electricity Transmission and Natural Gas Transmission, and decreased capital spend in ATCO EnPower. Lower capital investment was partially offset by increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead in Natural Gas Transmission, increased capital spending in ATCO Structures on space rental fleet additions, and ATCO Investments' project development in Ashcor, including the J.H. Campbell Generating Complex.

Total capital expenditures of $418 million in the first quarter of 2026 were $41 million lower compared to the same period in 2025 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

Financing Activities

Cash flows used in financing activities were $561 million in the first quarter of 2026, $278 million higher compared to the same period in 2025 mainly due to higher repayments of debt.

Information pertaining to financing activities is summarized below.

Debt Repayment

In the first quarter of 2026, Canadian Utilities repaid $150 million under an unsecured revolving credit facility.

In the first quarter of 2026, CU Inc. repaid $125 million under an unsecured revolving credit facility.

Dividends and Common Shares

We have increased our common share dividend each year since 1993, a 33-year track record. Dividends paid to Class I Share and Class II Share owners totalled $59 million in the first quarter of 2026.

On April 9, 2026, the Board of Directors declared a second quarter dividend of 51.96 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, 2025, ATCO commenced an NCIB to purchase up to 1,996,301 outstanding Class I Shares. The bid expired on March 12, 2026. During this period, 513,500 Class I Shares were purchased for approximately $26 million.

On March 13, 2026, ATCO commenced an NCIB to purchase up to 2,017,264 outstanding Class I Shares. The bid will expire on March 12, 2027. To date, no shares have been purchased.

SHARE CAPITAL

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

At May 4, 2026, we had outstanding 100,966,917 Class I Shares, 11,542,320 Class II Shares, and options to purchase 2,880,591 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 6,570,950 Class I Shares were available for issuance at March 31, 2026. 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 TSX 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 June 30, 2024 through March 31, 2026.

($ millions, except for per share data)	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Revenues	1,158	1,184	1,390	**1,426**
Earnings (loss) attributable to Class I and Class II Shares	64	85	(143)	**152**
Earnings (loss) per Class I and Class II Share *($)*	0.57	0.76	(1.27)	**1.35**
Diluted earnings (loss) per Class I and Class II Share *($)*	0.57	0.75	(1.27)	**1.34**
Adjusted earnings per Class I and Class II Share *($)* (1)	0.90	0.91	1.37	**1.47**
Adjusted earnings (loss) (2)				
ATCO Structures & Logistics (2)	32	32	30	**28**
ATCO Investments (2)	6	13	22	**10**
Canadian Utilities (2)				
ATCO Energy Systems (2)	60	53	102	**129**
ATCO EnPower (2)	6	9	2	**6**
ATCO Australia (2)	11	14	4	**11**
Canadian Utilities Financing & Other (2)	(14)	(18)	(6)	**(19)**
Total adjusted earnings (2)	101	103	154	**165**

($ millions, except for per share data)	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Revenues	1,112	1,116	1,390	1,411
Earnings attributable to Class I and Class II Shares	52	93	138	144
Earnings per Class I and Class II Share *($)*	0.46	0.83	1.23	1.28
Diluted earnings per Class I and Class II Share *($)*	0.46	0.83	1.23	1.28
Adjusted earnings per Class I and Class II Share *($)* (1)	0.86	0.81	1.30	1.43
Adjusted earnings (loss) (2)				
ATCO Structures & Logistics (2)	29	26	24	27
ATCO Investments (2)	5	12	15	11
Canadian Utilities (2)				
ATCO Energy Systems (2)	59	49	109	122
ATCO EnPower (2)	10	7	2	6
ATCO Australia (2)	9	8	2	7
Canadian Utilities Financing & Other (2)	(16)	(11)	(6)	(13)
Total adjusted earnings (2)	96	91	146	160

(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.

ADJUSTED EARNINGS

Adjusted earnings in the second quarter of 2025 were higher compared to the same period in 2024 mainly due to ATCO Structures' increased permanent modular construction activity in Canada and strong base business performance driven by increased workforce housing sale activity in Australia and Chile, growth in rate base in ATCO Energy Systems' businesses, higher rates in ATCO Gas Australia as a result of moving into Access Arrangement 6 (AA6), and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher adjusted earnings were partially offset by a decrease in 2025 return on equity (ROE) in ATCO Energy Systems, completion of efficiency carryforward mechanism (ECM) funding in 2024 for Electricity Distribution and Natural Gas Distribution, and lower compensation related to turbine availability guarantees at ATCO EnPower's Forty Mile wind facility.

Adjusted earnings in the third quarter of 2025 were higher compared to the same period in 2024 mainly due to ATCO Frontec's realized operating efficiencies, ATCO Structures’ increased space rental sale and leasing activity in Canada and the US and permanent modular construction activity in Canada, growth in rate base in ATCO Energy Systems' businesses, and higher rates in ATCO Gas Australia as a result of moving into AA6. Higher adjusted earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, and completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution. Additionally, higher adjusted earnings were partially offset by lower interest income earned, the timing of certain expenses, and decreased earnings contribution from ATCO Energy, which was transferred to ATCO on August 1, 2024.

Adjusted earnings in the fourth quarter of 2025 were higher compared to the same period in 2024 mainly due to ATCO Structures’ increased sale and leasing activity in Canada and the US, permanent modular construction activity in the US, and favourable cargo mix and improved margins across operations within Neltume Ports' portfolio. Higher adjusted earnings were also due to growth in rate base in ATCO Energy Systems' businesses, and higher rates in ATCO Gas Australia as a result of moving into AA6. Higher earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, and completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution. Additionally, higher earnings were partially offset by higher net finance costs.

Adjusted earnings in the first quarter of 2026 were higher compared to the same period in 2025 mainly due to increased adjusted earnings in ATCO Energy Systems driven by growth in rate base and lower income tax expense resulting from the March 2026 enactment of Bill C-15. Higher adjusted earnings were also due to the impact of inflation indexing on rate base and increased rates in ATCO Gas Australia, and ATCO Structures' earnings from the Stibnite Gold project and increased space rentals activity. Partially offsetting these increases in adjusted earnings were higher net interest expense and higher share-based compensation expense in both ATCO Corporate & Other and Canadian Utilities Financing & Other.

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 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 from Canadian Utilities to ATCO was completed. Canadian Utilities recorded a loss of $14 million ($7 million after non-controlling interests) which is eliminated on consolidation with ATCO.
- In the first quarter of 2025, the Company recorded restructuring costs of $8 million (after-tax and non-controlling interests) mainly related to staff reductions and associated severance costs. Restructuring costs incurred in 2025 were a continuation of restructuring activities commenced in 2024.
- In each of the four quarters of 2025, the Company recognized IT transition costs of $5 million (after-tax and non-controlling interests), $3 million (after-tax and non-controlling interests), $1 million (after-tax and non-controlling interests) and $2 million (after-tax and non-controlling interests), respectively. The transition activities commenced on January 1, 2025 and concluded in the fourth quarter of 2025. The transition costs were primarily related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.
- In the fourth quarter of 2025, the Company recognized asset impairments and write-offs of $253 million (after-tax and non-controlling interests) mainly related to the Alberta Renewables Portfolio in ATCO EnPower that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies, and certain hydrogen assets in Natural Gas Distribution which were impaired due to the uncertainty of utility hydrogen regulations. In addition, ATCO Gas Australia recognized an impairment related to the phasing out of an aging liquefied

petroleum gas distribution network in Albany, Western Australia due to large sections of the system nearing the end of their service life.

OTHER FINANCIAL AND NON-GAAP MEASURES

This MD&A should be read with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2026. The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 Interim Financial Reporting using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IFRS Accounting Standards).

This MD&A contains various “total of segments measures”, “non-GAAP financial measures”, and "non-GAAP ratios" (as such terms are 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 (a) is a subtotal or total of two or more reportable segments of an entity, (b) is not a component of a line item disclosed in the primary financial statements of the entity, (c) is disclosed in the notes to the financial statements of the entity, and (d) is not disclosed in the primary financial statements of the entity.

Consolidated adjusted earnings (loss) and adjusted earnings (loss) for each of ATCO Structures & Logistics, ATCO Investments, Canadian Utilities Limited, ATCO Energy Systems, ATCO EnPower, ATCO Australia, and Canadian Utilities Financing & 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 period in 2025 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.

Capital investment; adjusted earnings (loss) for each of ATCO Structures, ATCO Frontec, Other Investments, Total Investments, ATCO Corporate & Other, Electricity Distribution, Electricity Transmission, International Electricity Operations, Total Electricity, Natural Gas Distribution, Natural Gas Transmission, Total Natural Gas, Electricity Generation, Storage & Industrial Water, ATCO Gas Australia, and ATCO Power Australia; and adjusted EBITDA for ATCO Structures and ATCO EnPower (inclusive of Electricity Generation and Storage & Industrial Water) are non-GAAP financial measures, as defined in NI 52-112.

Adjusted Earnings

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 considered prior to adopting IFRS Accounting Standards – that basis being the US accounting principles taking into account a more likely than not recognition threshold for rate regulated activities. Adjusted earnings (loss) are presented in Note 3 of the unaudited interim consolidated financial statements.

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. For further information, a "Reconciliation of Adjusted Earnings to Earnings attributable to Class I and Class II Shares" is presented in this MD&A.

Capital Investment

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. For further information, a "Reconciliation of Capital Investment to Capital Expenditures" is presented in this MD&A.

Adjusted EBITDA

Further information regarding adjusted EBITDA, including a reconciliation of adjusted EBITDA to adjusted earnings for ATCO Structures and ATCO EnPower (inclusive of Electricity Generation and Storage & Industrial Water) is presented in Appendix 1: Supplemental Non-Audited Financial Information to 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) is a non-GAAP ratio, as defined in NI 52-112. Adjusted earnings (loss) per Class I and Class II Share is calculated by dividing adjusted earnings (loss) by the weighted average number of shares outstanding for the period.

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.

The following table reconciles adjusted earnings (loss) to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II shares.

($ millions)								Three Months Ended March 31
2026 / 2025	ATCO Ltd.							ATCO Total
			Canadian Utilities Limited					
	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Total	
Revenues	**307**	**35**	**920**	**99**	**62**	**3**	**1,084**	**1,426**
	291	35	926	98	57	4	1,085	1,411
Adjusted earnings (loss)	**28**	**10**	**129**	**6**	**11**	**(19)**	**127**	**165**
	27	11	122	6	7	(13)	122	160
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts	**—**	**7**	**—**	**—**	**—**	**—**	**—**	**7**
	—	(5)	—	1	—	—	1	(4)
Rate-regulated activities	**—**	**—**	**(12)**	**—**	**(7)**	**—**	**(19)**	**(19)**
	—	—	6	—	(4)	—	2	2
IT Common Matters decision	**—**	**—**	**(1)**	**—**	**—**	**—**	**(1)**	**(1)**
	—	—	(1)	—	—	—	(1)	(1)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	(1)	(4)	—	—	—	(4)	(5)
Restructuring	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	(1)	(5)	(1)	(1)	—	(7)	(8)
Earnings (loss) attributable to Class I and Class II Shares	**28**	**17**	**116**	**6**	**4**	**(19)**	**107**	**152**
	27	4	118	6	2	(13)	113	144

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 where hedge accounting is not applied, or due to hedge ineffectiveness where hedge accounting is applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss related to both the electricity generation business and retail business, are recognized in the ATCO EnPower and ATCO Investments segments, respectively.

The Senior Management Team, consisting of the Chief Executive Officer (CEO) and other members of the Executive Committee, believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts from the determination of adjusted earnings 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, Naka, 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 considers standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles taking into account a more likely than not recognition threshold in accounting for rate-regulated activities in its internal reporting provided to the Senior Management Team, which believes that earnings presented in this manner 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 impact from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize the earnings impact 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 the earnings impact when customer rates are changed and amounts are recovered or refunded to customers through future billings.

For the first quarter of 2026 and 2025, the significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards are as follows:

	Three Months Ended March 31		
($ millions)	**2026**	**2025**	**Change**
Additional revenues billed in current period			
Future removal and site restoration costs (1)	**20**	17	3
Revenues to be billed in future periods			
Deferred income taxes (2)	**(28)**	(19)	(9)
Impact of warmer temperatures (3)	**(5)**	—	(5)
Impact of inflation on rate base (4)	**(4)**	(3)	(1)
Settlement of regulatory decisions and other items			
PBR2 re-opener proceeding refund to customers (5)	**(11)**	—	(11)
Other (6)	**9**	7	2
	(19)	2	(21)

(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 periods based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current period 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 connection with the PBR2 re-opener decision rendered by the AUC on May 28, 2025, Electricity Distribution and Natural Gas Distribution refunded $5 million (after-tax and non-controlling interests) and $6 million (after-tax and non-controlling interests), respectively, to customers for the three months ended March 31, 2026 (2025 - nil). Combined with the amounts refunded to customers for the year ended December 31, 2025, Electricity Distribution and Natural Gas Distribution have now refunded the total amount that was directed by the AUC in the PBR2 re-opener decision, which was $15 million (after-tax and non-controlling interests) ($35 million before tax and non-controlling interests) for Electricity Distribution and $15 million (after-tax and non-controlling interests) ($36 million before tax and non-controlling interests) for Natural Gas Distribution.

(6) In the three months ended March 31, 2026, Natural Gas Distribution recorded an increase in earnings of $9 million (after-tax and non-controlling interests) (2025 - $8 million (after-tax and non-controlling interests) related to recoveries from customers related to the settlement of load balancing and weather deferral account balances.

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 first quarter of 2026 was $1 million (after-tax and non-controlling interests) (2025 - $1 million (after-tax and non-controlling interests)).

TRANSITION OF MANAGED IT SERVICES

In the first quarter of 2025, the Company recognized IT transition costs of $5 million (after-tax and non-controlling interests). The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and were substantially completed in the fourth quarter of 2025. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

RESTRUCTURING

The Company recorded restructuring costs of $8 million (after-tax and non-controlling interests) in the first quarter of 2025 that were mainly related to staff reductions and associated severance costs. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

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

ATCO Structures & Logistics

In the case of the ATCO Structures & Logistics business unit, each non-GAAP financial measure (specifically, adjusted earnings for each of ATCO Structures and ATCO Frontec) is the same as earnings attributable to Class I and Class II Shares, with no reconciling items applicable.

ATCO Investments

The following table reconciles adjusted earnings (loss) for ATCO Investments to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II Shares.

($ millions)					**Three Months Ended March 31**
2026	**ATCO Ltd.**				
2025	**Investments**				**ATCO Investments**
	Neltume Ports	**Other Investments**	**Total Investments**	**ATCO Corporate & Other**	
Adjusted earnings (loss)	**7**	**7**	**14**	**(4)**	**10**
	8	5	13	(2)	11
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts	**—**	**7**	**7**	**—**	**7**
	—	(5)	(5)	—	(5)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**
	—	(1)	(1)	—	(1)
Restructuring	**—**	**—**	**—**	**—**	**—**
	—	—	—	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	**7**	**14**	**21**	**(4)**	**17**
	8	(1)	7	(3)	4

ATCO Energy Systems

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

($ millions)								**Three Months Ended March 31**
2026	**Canadian Utilities Limited**							
2025	**Electricity**				**Natural Gas**			**ATCO Energy Systems**
	Electricity Distribution	**Electricity Transmission**	**International Electricity Operations**	**Total Electricity**	**Natural Gas Distribution**	**Natural Gas Transmission**	**Total Natural Gas**	
Adjusted earnings	**24**	**24**	**7**	**55**	**59**	**15**	**74**	**129**
	22	24	8	54	54	14	68	122
Rate-regulated activities	**(7)**	**(3)**	**—**	**(10)**	**—**	**(2)**	**(2)**	**(12)**
	—	(4)	—	(4)	12	(2)	10	6
IT Common Matters decision	**(1)**	**—**	**—**	**(1)**	**—**	**—**	**—**	**(1)**
	(1)	—	—	(1)	—	—	—	(1)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	(2)	—	—	(2)	(2)	—	(2)	(4)
Restructuring	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	(2)	(1)	—	(3)	(1)	(1)	(2)	(5)
Earnings attributable to Class I and Class II Shares	**16**	**21**	**7**	**44**	**59**	**13**	**72**	**116**
	17	19	8	44	63	11	74	118

ATCO EnPower

The following table reconciles adjusted earnings (loss) for the ATCO EnPower business unit to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II shares.

($ millions)			Three Months Ended March 31
2026 2025	Canadian Utilities Limited		
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)	**(2)**	**8**	**6**
	(1)	7	6
Unrealized gains on mark-to-market forward and swap commodity contracts	**—**	**—**	**—**
	1	—	1
Restructuring	**—**	**—**	**—**
	—	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	**(2)**	**8**	**6**
	—	6	6

ATCO Australia

The following table reconciles 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 March 31
2026 2025	Canadian Utilities Limited		
	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings	**10**	**1**	**11**
	6	1	7
Rate-regulated activities	**(7)**	**—**	**(7)**
	(4)	—	(4)
Restructuring	**—**	**—**	**—**
	(1)	—	(1)
Earnings attributable to Class I and Class II Shares	**3**	**1**	**4**
	1	1	2

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.

($ millions) **Three Months Ended March 31**

2026 / 2025	ATCO Ltd.							
			Canadian Utilities Limited					ATCO Total
	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Total	
Capital Investment	**55**	**10**	**308**	**21**	**24**	**1**	**354**	**419**
	54	7	345	31	21	5	402	463
Capital expenditures in joint ventures	**—**	**—**	**—**	**(1)**	**—**	**—**	**(1)**	**(1)**
	—	—	—	(1)	—	—	(1)	(1)
Business combination (1)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	(3)	—	—	—	—	—	—	(3)
Capital Expenditures	**55**	**10**	**308**	**20**	**24**	**1**	**353**	**418**
	51	7	345	30	21	5	401	459

(1) The Structures & Logistics business combination refers to the final adjustment completed in the first quarter of 2025 for the acquisition of NRB Limited in August 2024.

OTHER FINANCIAL INFORMATION

INTERNAL CONTROL OVER FINANCIAL REPORTING

The certification of interim filings for the interim period ended March 31, 2026, requires that the Company disclose in the interim 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 three months beginning on January 1, 2026 and ending on March 31, 2026.

ADOPTION OF AMENDED ACCOUNTING STANDARDS

Agreements referencing nature-dependent electricity

The Company has adopted the amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures that are effective January 1, 2026. The amendments 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 adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

Settlement by electronic payments

The Company has adopted the amendments to IFRS 9, Financial Instruments that are effective January 1, 2026. The amendments 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 adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

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: the Company's strategic plans and investment strategy; the payment of dividends and dividend growth; the upcoming publication of our Sustainability Report, which will provide an update on sustainability targets and ambitions; expected growth, expansion and diversification opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term or expiry of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; the size, storage, building, generation or transmission capacity expected from business units, assets and projects; expectations regarding ATCO Structures' various projects, including the Stibnite Gold project; expectations regarding ATCO Frontec's various projects, including the Pond Inlet water treatment plant; expectations regarding ATCO's staged investment in WKR and the development of the GBRP project; the anticipated size, specifications and incremental natural gas delivery capacity of Yellowhead, the anticipated capital spend on Yellowhead and expected accuracy of the estimate, and the number of regulatory applications and expected timing for commencement of construction and bringing Yellowhead on-stream; expectations regarding Yellowhead's funding structure, including sources of equity and debt funding for the project and potential Indigenous equity participation on the project; expectations regarding CETO, including the anticipated size, capacity and benefits of the project, the anticipated timing for energization of the project, and the anticipated total investment in the project; expectations regarding the Company's funding strategy for ATCO Energy Systems' regulated debt and equity requirements, including anticipated debenture issuances over the five year (2026-2030) capital expenditure plan, cash flow from operations, $0.7 billion financed in 2025, and an additional $0.8 billion in capital securities to be raised, and common equity not being required to fund the regulated utility growth; the expected impact of new legislation; the expected timing and impact of policy and regulatory decisions and announcements; and the Company’s liquidity, capital resources, contractual financial obligations and other commitments.

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: the approval of capital expenditures; regulatory approvals to allow for the recovery of prudently incurred capital expenditures and to earn a fair return on investment; certain other regulatory applications being made and approved; the applicability and stability of legal and regulatory requirements in the jurisdictions in which we invest and/or operate; the payment of fees owing pursuant to applicable contracts; 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 budgets; the availability of financing sources on acceptable terms; expected future borrowing costs and interest rates; 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 and regulations and the interpretation and manner of enforcement of such laws and regulations; changes to government policies; regulatory decisions; competitive factors in the industries in which the Company operates; evolving market or 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 cancellation, termination, default, non-compliance, or breach of contract by contract counterparties; the risk that payments owed may not be collected or received in a timely manner, or at all; risks associated with potential litigation proceedings; potential damage to our brand and/or reputation that may result from a failure to perform, or from factors outside of our control, or negative publicity related to significant projects, investments, operations or activities; the risk of operational disruptions, outages, or force majeure events; 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 or changes to existing customs duties, tariffs or other trade restrictions; geopolitical tensions and wars; risks associated with operating in international jurisdictions; 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 the 2025 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 audited consolidated financial statements for the year ended December 31, 2025, unaudited interim consolidated financial statements for the three months ended March 31, 2026, and most recent Annual Information Form dated February 25, 2026, 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

Access Arrangement (AA) means the agreement between ATCO Gas Australia and the Economic Regulatory Authority that outlines the terms and conditions of accessing the gas network of Western Australia. It outlines the services provided, revenue and policies under which the network operator, ATCO Gas Australia, functions. Access Arrangement 6 (AA6) refers to the AA covering the period January 1, 2025 to December 31, 2029.

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.

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

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

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

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.

GAAP means Canadian generally accepted accounting principles.

GRA means general rate application.

IFRS means International Financial Reporting Standards.

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

PBR means Performance Based Regulation.

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: 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 [(1)] is a non-GAAP financial measure. 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 [(1)] [(2)] for the first quarter of 2026 and 2025. 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 this MD&A.

	Three Months Ended March 31	
($ millions)	**2026**	**2025**
Adjusted Earnings [(1)] [(2)]	**27**	26
Add:		
Interest expense	**4**	4
Income tax	**9**	9
Depreciation and amortization	**25**	23
Total Adjusted EBITDA [(1)]	**65**	62

[(1)] *Non-GAAP financial measure, as defined in NI 52-112.*

[(2)] *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 table reconciles adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings (loss) [1] [2] for the first quarter of 2026 and 2025. 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 this MD&A.

($ millions)			Three Months Ended March 31
2026 / 2025	**Canadian Utilities Limited**		
	Electricity Generation	**Storage & Industrial Water**	**ATCO EnPower**
Adjusted earnings (loss) [1] [2]	**(2)**	**8**	**6**
	(1)	7	6
Add:			
Interest expense	**3**	**1**	**4**
	3	—	3
Income tax expense	**—**	**2**	**2**
	—	2	2
Depreciation and amortization	**5**	**2**	**7**
	5	3	8
Total Adjusted EBITDA [1]	**6**	**13**	**19**
	7	12	19

[1] *Non-GAAP financial measure, as defined in NI 52-112.*

[2] *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 LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2026

TABLE OF CONTENTS

CONSOLIDATED STATEMENTS OF EARNINGS

		Three Months Ended March 31	
(millions of Canadian Dollars except per share data)	Note	2026	2025
Revenues	4	**1,426**	1,411
Costs and expenses			
Salaries, wages and benefits	3	**(180)**	(185)
Energy transmission and transportation		**(87)**	(87)
Plant and equipment maintenance		**(55)**	(59)
Fuel costs		**(52)**	(46)
Purchased power		**(66)**	(56)
Materials and consumables		**(175)**	(166)
Depreciation and amortization		**(219)**	(209)
Franchise fees		**(106)**	(106)
Property and other taxes		**(22)**	(22)
Derivative financial instruments gains	10	**48**	33
Other		**(59)**	(71)
		(973)	(974)
Earnings from investment in associate company		**7**	8
Earnings from investment in joint ventures		**22**	21
Operating profit		**482**	466
Interest income		**19**	17
Interest expense		**(148)**	(136)
Net finance costs		**(129)**	(119)
Earnings before income taxes		**353**	347
Income tax expense		**(81)**	(77)
Earnings for the period		**272**	270
Earnings attributable to:			
Class I and Class II Shares		**152**	144
Non-controlling interests		**120**	126
		272	270
Earnings per Class I and Class II Share	5	**$1.35**	$1.28
Diluted earnings per Class I and Class II Share	5	**$1.34**	$1.28

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31	
(millions of Canadian Dollars)	**2026**	**2025**
Earnings for the period	**272**	270
Other comprehensive income, net of income taxes		
Items that will not be reclassified to earnings:		
Re-measurement of retirement benefits (1)	**3**	(6)
Items that are or may be reclassified subsequently to earnings:		
Cash flow hedges (2)	**3**	(2)
Foreign currency translation adjustment (3)	**46**	12
Share of other comprehensive income in associate company (3)	**1**	1
	50	11
Other comprehensive income	**53**	5
Comprehensive income for the period	**325**	275
Comprehensive income attributable to:		
Class I and Class II Shares	**177**	147
Non-controlling interests	**148**	128
	325	275

(1) Net of income taxes of $(1) million for the three months ended March 31, 2026 (2025 - $2 million).

(2) Net of income taxes of $(1) million for the three months ended March 31, 2026 (2025 - nil).

(3) Net of income taxes of nil (2025 - nil).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(millions of Canadian Dollars)	Note	March 31 2026	December 31 2025
ASSETS			
Current assets			
Cash and cash equivalents		**722**	1,004
Marketable securities		**355**	353
Accounts receivable and contract assets		**800**	835
Finance lease receivables		**15**	14
Inventories		**162**	146
Prepaid expenses and other current assets		**328**	274
		2,382	2,626
Non-current assets			
Property, plant and equipment	6	**22,668**	22,420
Intangibles		**1,121**	1,094
Right-of-use assets		**182**	162
Goodwill		**124**	124
Retirement benefit asset		**51**	51
Investment in joint ventures		**272**	268
Investment in associate company		**495**	501
Finance lease receivables		**98**	99
Deferred income tax assets		**126**	119
Other assets		**213**	204
Total assets		**27,732**	27,668
LIABILITIES			
Current liabilities			
Bank indebtedness		**23**	27
Accounts payable and accrued liabilities		**890**	936
Lease liabilities		**27**	28
Provisions and other current liabilities		**102**	87
Long-term debt	7	**395**	377
		1,437	1,455
Non-current liabilities			
Deferred income tax liabilities		**2,453**	2,381
Retirement benefit obligations		**234**	235
Customer contributions		**2,196**	2,165
Lease liabilities		**168**	147
Other liabilities		**307**	284
Long-term debt	7	**12,392**	12,652
Total liabilities		**19,187**	19,319
EQUITY			
Class I and Class II Share owners' equity			
Class I and Class II shares	8	**220**	215
Contributed surplus		**17**	16
Retained earnings		**4,403**	4,313
Accumulated other comprehensive income (loss)		**2**	(22)
		4,642	4,522
Non-controlling interests		**3,903**	3,827
Total equity		**8,545**	8,349
Total liabilities and equity		**27,732**	27,668

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(millions of Canadian Dollars)	Note	Class I and Class II Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Non-Controlling Interests	Total Equity
December 31, 2024		191	17	4,423	1	4,632	4,078	8,710
Earnings for the period		–	–	144	–	144	126	270
Other comprehensive income		–	–	–	3	3	2	5
Losses on retirement benefits transferred to retained earnings		–	–	(4)	4	–	–	–
Shares issued	8	8	–	–	–	8	3	11
Dividends	8	–	–	(57)	–	(57)	(82)	(139)
Share-based compensation		1	–	–	–	1	–	1
Other		–	–	(1)	(1)	(2)	(4)	(6)
March 31, 2025		200	17	4,505	7	4,729	4,123	8,852
December 31, 2025		215	16	4,313	(22)	4,522	3,827	8,349
Earnings for the period		**–**	**–**	**152**	**–**	**152**	**120**	**272**
Other comprehensive income		**–**	**–**	**–**	**25**	**25**	**28**	**53**
Gains on retirement benefits transferred to retained earnings		**–**	**–**	**2**	**(2)**	**–**	**–**	**–**
Shares issued	8	**4**	**–**	**–**	**–**	**4**	**6**	**10**
Dividends	8	**–**	**–**	**(59)**	**–**	**(59)**	**(82)**	**(141)**
Share-based compensation		**1**	**1**	**–**	**–**	**2**	**1**	**3**
Changes in ownership interest in subsidiary company		**–**	**–**	**(3)**	**–**	**(3)**	**3**	**–**
Other		**–**	**–**	**(2)**	**1**	**(1)**	**–**	**(1)**
March 31, 2026		**220**	**17**	**4,403**	**2**	**4,642**	**3,903**	**8,545**

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Canadian Dollars)	Note	Three Months Ended March 31 2026	2025
Operating activities			
Earnings for the period		**272**	270
Adjustments to reconcile earnings to cash flows from operating activities	9	**490**	433
Changes in non-cash working capital		**(33)**	54
Cash flows from operating activities		**729**	757
Investing activities			
Additions to property, plant and equipment		**(367)**	(433)
Proceeds on disposal of property, plant and equipment		**4**	–
Additions to intangibles		**(42)**	(21)
Acquisition, net of cash acquired		**–**	(3)
Investment in joint ventures		**(2)**	–
Investment in marketable securities		**(5)**	(4)
Changes in non-cash working capital		**(33)**	19
Other		**(3)**	12
Cash flows used in investing activities		**(448)**	(430)
Financing activities			
Issue of long-term debt	7	**12**	46
Repayment of long-term debt	7	**(294)**	(54)
Repayment of lease liabilities		**(9)**	(8)
Issue of Class A Shares by subsidiary company		**6**	3
Net issue of Class I Shares	8	**4**	8
Dividends paid to Class I and Class II Share owners	8	**(59)**	(57)
Dividends paid to non-controlling interests		**(82)**	(82)
Interest paid		**(139)**	(138)
Other		**–**	(1)
Cash flows used in financing activities		**(561)**	(283)
(Decrease) increase in cash position		**(280)**	44
Foreign currency translation		**2**	2
Beginning of period		**977**	94
End of period (1)	9	**699**	140

(1) Cash position includes $20 million which is not available for general use by the Company (2025 - $14 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

MARCH 31, 2026

(Tabular amounts in millions of Canadian Dollars, except as otherwise noted)

1. THE COMPANY AND ITS OPERATIONS

ATCO Ltd. was incorporated under the laws of the province of Alberta and is listed on the Toronto Stock Exchange. Its head office and registered office is at 4th Floor, West Building, 5302 Forand Street SW, Calgary, Alberta T3E 8B4. ATCO Ltd. is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

ATCO Ltd. is engaged in the following business activities:

- Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services);
- Neltume Ports (ports and transportation logistics) (included in ATCO Investments);
- Retail Energy (electricity and natural gas retail sales, and home maintenance solutions) (included in ATCO Investments); and
- Canadian Utilities Limited, including:
    - ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations);
    - ATCO EnPower (energy storage, electricity generation, industrial water solutions, and cleaner fuels);
    - ATCO Australia (natural gas distribution and electricity generation operations); and
    - Financing & Other (corporate financing, headquarters and support functions).

The unaudited interim consolidated financial statements include the accounts of ATCO Ltd., its subsidiaries, and the accounts of its investments in joint arrangements and an associate company. In these financial statements, "the Company" means ATCO Ltd., its subsidiaries, joint arrangements and the associate company.

Principal operating subsidiaries are:

- Canadian Utilities Limited (52.4 per cent owned) and its subsidiaries; and
- ATCO Structures & Logistics Ltd. and its subsidiaries.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025, prepared according to IFRS Accounting Standards.

The unaudited interim consolidated financial statements are prepared following the same accounting policies used in the Company's most recent annual consolidated financial statements, except for the adoption of amended accounting standards as set out below and income taxes. In interim periods, income taxes are accrued using an estimate of the annualized effective tax rate applied to year-to-date earnings.

The unaudited interim consolidated financial statements were authorized for issue by the Audit & Risk Committee, on behalf of the Board of Directors, on May 5, 2026.

BASIS OF MEASUREMENT

The unaudited interim consolidated financial statements are prepared on a historic cost basis, except for marketable securities, derivative financial instruments, retirement benefit obligations and cash-settled share-based compensation liabilities which are carried at remeasured amounts or fair value.

Revenues, earnings and adjusted earnings for any quarter are not necessarily indicative of operations on an annual basis. Quarterly financial results may be affected by the seasonal nature of the Company’s operations, the timing of utility rate decisions, the timing and demand of natural gas storage capacity sold and changes in natural gas storage fees, the amount of sunlight, wind and water available to produce renewable energy and changes in market conditions for workforce housing and space rentals operations.

USE OF JUDGMENTS AND ESTIMATES

Management makes judgments and estimates that could materially affect how policies are applied, how amounts in the unaudited interim consolidated financial statements are reported, and how contingent assets and liabilities are disclosed. Judgments and estimates are reviewed on an ongoing basis; changes to accounting estimates are recognized prospectively. The judgments in applying the Company's accounting policies and the key sources of estimation uncertainty in the unaudited interim consolidated financial statements were the same as those described in the most recent annual consolidated financial statements.

ADOPTION OF AMENDED ACCOUNTING STANDARDS

Agreements referencing nature-dependent electricity

The Company has adopted the amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures that are effective January 1, 2026. The amendments 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 adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

Settlement by electronic payments

The Company has adopted the amendments to IFRS 9, Financial Instruments that are effective January 1, 2026. The amendments 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 adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

3. SEGMENTED INFORMATION

Results by operating segment for the three months ended March 31 are shown below:

2026 / 2025	Structures & Logistics	ATCO Investments	Canadian Utilities Limited: ATCO Energy Systems [1]	ATCO EnPower	ATCO Australia	Financing & Other	CU Elims	Total	ATCO Elims	ATCO Total
Revenues - external	**304**	**69**	**920**	**71**	**62**	**–**	**–**	**1,053**	**–**	**1,426**
	291	71	926	65	57	1	–	1,049	–	1,411
Revenues - intersegment	**3**	**7**	**–**	**28**	**–**	**7**	**(4)**	**31**	**(41)**	**–**
	–	5	–	33	–	7	(4)	36	(41)	–
Revenues	**307**	**76**	**920**	**99**	**62**	**7**	**(4)**	**1,084**	**(41)**	**1,426**
	291	76	926	98	57	8	(4)	1,085	(41)	1,411
Operating expenses [2]	**(240)**	**(55)**	**(399)**	**(64)**	**(29)**	**(12)**	**4**	**(500)**	**41**	**(754)**
	(226)	(73)	(407)	(64)	(32)	(8)	4	(507)	41	(765)
Depreciation and amortization	**(25)**	**(5)**	**(158)**	**(13)**	**(14)**	**(4)**	**–**	**(189)**	**–**	**(219)**
	(24)	(4)	(151)	(13)	(14)	(3)	–	(181)	–	(209)
Earnings from investment in associate company	**–**	**7**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7**
	–	8	–	–	–	–	–	–	–	8
Earnings from investment in joint ventures	**1**	**–**	**17**	**2**	**2**	**–**	**–**	**21**	**–**	**22**
	–	–	16	3	2	–	–	21	–	21
Net finance costs	**(5)**	**(3)**	**(94)**	**(8)**	**(9)**	**(10)**	**–**	**(121)**	**–**	**(129)**
	(4)	(4)	(92)	(8)	(8)	(3)	–	(111)	–	(119)
Earnings (loss) before income taxes	**38**	**20**	**286**	**16**	**12**	**(19)**	**–**	**295**	**–**	**353**
	37	3	292	16	5	(6)	–	307	–	347
Income tax (expense) recovery	**(10)**	**(3)**	**(63)**	**(4)**	**(3)**	**2**	**–**	**(68)**	**–**	**(81)**
	(10)	1	(63)	(4)	(1)	–	–	(68)	–	(77)
Earnings (loss) for the period	**28**	**17**	**223**	**12**	**9**	**(17)**	**–**	**227**	**–**	**272**
	27	4	229	12	4	(6)	–	239	–	270
Adjusted earnings (loss)	**28**	**10**	**129**	**6**	**11**	**(19)**	**–**	**127**	**–**	**165**
	27	11	122	6	7	(13)	–	122	–	160
Total assets [3]	**1,675**	**1,888**	**20,362**	**1,850**	**1,702**	**858**	**(261)**	**24,511**	**(342)**	**27,732**
	1,628	1,874	20,179	1,841	1,601	1,172	(257)	24,536	(370)	27,668
Capital expenditures [4]	**55**	**10**	**308**	**20**	**24**	**1**	**–**	**353**	**–**	**418**
	51	7	345	30	21	5	–	401	–	459

Elims - Intersegment Eliminations

(1) Includes the collective results of the Electricity and the Natural Gas operating segments. Details of the results by operating segment included in ATCO Energy Systems are disclosed below.

(2) Includes total costs and expenses, excluding depreciation and amortization expense.

(3) 2025 comparatives are at December 31, 2025.

(4) Includes additions to property, plant and equipment, intangibles and $9 million of interest capitalized during construction for the three months ended March 31, 2026 (2025 - $5 million).

Results of the operating segments included in ATCO Energy Systems (AES) for the three months ended March 31 are shown below:

2026	ATCO Energy Systems			
2025	Electricity	Natural Gas	AES Elims	Total
Revenues - external	**374**	**546**	**–**	**920**
	371	555	–	926
Revenues - intersegment	**3**	**1**	**(4)**	**–**
	2	–	(2)	–
Revenues	**377**	**547**	**(4)**	**920**
	373	555	(2)	926
Operating expenses (1)	**(143)**	**(260)**	**4**	**(399)**
	(139)	(270)	2	(407)
Depreciation and amortization	**(88)**	**(70)**	**–**	**(158)**
	(86)	(65)	–	(151)
Earnings from investment in joint ventures	**17**	**–**	**–**	**17**
	16	–	–	16
Net finance costs	**(57)**	**(37)**	**–**	**(94)**
	(58)	(34)	–	(92)
Earnings before income taxes	**106**	**180**	**–**	**286**
	106	186	–	292
Income tax expense	**(21)**	**(42)**	**–**	**(63)**
	(20)	(43)	–	(63)
Earnings for the period	**85**	**138**	**–**	**223**
	86	143	–	229
Adjusted earnings	**55**	**74**	**–**	**129**
	54	68	–	122
Total assets	**11,838**	**8,527**	**(3)**	**20,362**
	11,753	8,428	(2)	20,179
Capital expenditures (2)	**151**	**157**	**–**	**308**
	191	154	–	345

Elims - Intersegment Eliminations

(1) *Includes total costs and expenses, excluding depreciation and amortization expense.*

(2) *Includes additions to property, plant and equipment, intangibles and $9 million of interest capitalized during construction for the three months ended March 31, 2026 (2025 - $5 million).*

ADJUSTED EARNINGS

Adjusted earnings are earnings attributable to Class I and II Shares after adjusting for:

- the timing of revenues and expenses for rate-regulated activities;
- one-time gains and losses;
- unrealized gains and losses on mark-to-market forward and swap commodity contracts;
- impairments; and
- items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings are a key measure of segment earnings used by the Chief Executive Officer and other members of the Executive Committee (the "Senior Management Team") to assess segment performance and allocate resources. Other accounts in the unaudited interim consolidated financial statements have not been adjusted as they are not used by the Senior Management Team for those purposes.

The reconciliation of adjusted earnings and earnings for the three months ended March 31 is shown below:

2026			Canadian Utilities Limited					
2025	**Structures & Logistics**	**ATCO Investments**	**ATCO Energy Systems**	**ATCO EnPower**	**ATCO Australia**	**Financing & Other**	**Total**	**ATCO Total**
Adjusted earnings (loss)	**28**	**10**	**129**	**6**	**11**	**(19)**	**127**	**165**
	27	11	122	6	7	(13)	122	160
Unrealized gains (losses) on mark-to-market forward and swap commodity	**–**	**7**	**–**	**–**	**–**	**–**	**–**	**7**
	–	(5)	–	1	–	–	1	(4)
Rate-regulated activities	**–**	**–**	**(12)**	**–**	**(7)**	**–**	**(19)**	**(19)**
	–	–	6	–	(4)	–	2	2
IT Common Matters decision	**–**	**–**	**(1)**	**–**	**–**	**–**	**(1)**	**(1)**
	–	–	(1)	–	–	–	(1)	(1)
Transition of managed IT services	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	(1)	(4)	–	–	–	(4)	(5)
Restructuring	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	(1)	(5)	(1)	(1)	–	(7)	(8)
Earnings (loss) attributable to Class I and Class II Shares	**28**	**17**	**116**	**6**	**4**	**(19)**	**107**	**152**
	27	4	118	6	2	(13)	113	144
Earnings attributable to non-controlling interests								**120**
								126
Earnings for the period								**272**
								270

The reconciliation of adjusted earnings and earnings for the operating segments included in ATCO Energy Systems for the three months ended March 31 are shown below:

2026	ATCO Energy Systems		
2025	**Electricity**	**Natural Gas**	**Total**
Adjusted earnings	**55**	**74**	**129**
	54	68	122
Rate-regulated activities	**(10)**	**(2)**	**(12)**
	(4)	10	6
IT Common Matters decision	**(1)**	**–**	**(1)**
	(1)	–	(1)
Transition of IT managed services	**–**	**–**	**–**
	(2)	(2)	(4)
Restructuring	**–**	**–**	**–**
	(3)	(2)	(5)
Earnings attributable to Class I and Class II Shares	**44**	**72**	**116**
	44	74	118

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 where hedge accounting is not applied, or due to hedge ineffectiveness where hedge accounting is applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss related to both the electricity generation business and retail business, are recognized in the ATCO EnPower and ATCO Investments segments, respectively.

The Senior Management Team believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts from the determination of adjusted earnings 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, Naka Power Utilities (NWT), 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 considers standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles taking into account a more likely than not recognition threshold in accounting for rate-regulated activities in its internal reporting provided to the Senior Management Team, which believes that earnings presented in this manner 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 Accounting Standards Treatment
1.	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.
2.	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.
3.	Regulatory decisions received	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings impact from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize the earnings impact from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS Accounting Standards.
4.	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 the earnings impact when customer rates are changed and amounts are recovered or refunded to customers through future billings.

For the three months ended March 31, the significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards are as follows:

	2026	2025
Additional revenues billed in current period		
Future removal and site restoration costs (1)	**20**	17
Revenues to be billed in future periods		
Deferred income taxes (2)	**(28)**	(19)
Impact of warmer temperatures (3)	**(5)**	–
Impact of inflation on rate base (4)	**(4)**	(3)
Settlement of regulatory decisions and other items		
PBR2 re-opener proceeding refund to customers (5)	**(11)**	–
Other (6)	**9**	7
	(19)	2

(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) ATCO 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 the 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 (part of ATCO Australia) rate base is billed to customers through the recovery of depreciation in subsequent periods based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current period 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 connection with the Second Generation Performance Based Regulation (PBR2) re-opener decision rendered by the Alberta Utilities Commission (AUC) on May 28, 2025, ATCO Electric Distribution and ATCO Gas Distribution refunded $5 million (after-tax and non-controlling interests (NCI)) and $6 million (after-tax and NCI), respectively, to customers for the three months ended March 31, 2026 (2025 - nil). Combined with the amounts refunded to customers for the year ended December 31, 2025, ATCO Electric Distribution and ATCO Gas Distribution have now refunded the total amount that was directed by the AUC in the PBR2 re-opener decision, which was $15 million (after-tax and NCI) ($35 million before tax and NCI) for ATCO Electric Distribution and $15 million (after-tax and NCI) ($36 million before tax and NCI) for ATCO Gas Distribution.

(6) In the three months ended March 31, 2026, ATCO Gas Distribution recorded an increase in earnings of $9 million (after-tax and NCI) (2025 - $8 million (after-tax and NCI) related to recoveries from customers related to the settlement of load balancing and weather deferral account balances.

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 three months ended March 31, 2026 was $1 million (after-tax and NCI) (2025 - $1 million (after-tax and NCI)).

Transition of managed IT services

For the three months ended March 31, 2025, the Company recognized IT transition costs of $5 million (after-tax and NCI). The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and were substantially complete at December 31, 2025. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

Restructuring

For the three months ended March 31, 2025, the Company recorded restructuring costs of $8 million (after-tax and NCI) that were mainly related to staff reductions and associated severance costs. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

4. REVENUES

The Company disaggregates revenues based on the nature of revenue streams. The disaggregation of revenues by each operating segment for the three months ended March 31 is shown below:

2026			ATCO Energy Systems						
2025	Structures & Logistics	ATCO Investments (1)	Electricity (2)	Natural Gas (2)	Total	ATCO EnPower	ATCO Australia (3)	CU Financing & Other	Total
Revenue Streams									
Rendering of Services									
Distribution services	**–**	**–**	**167**	**347**	**514**	**–**	**54**	**–**	**568**
	–	–	164	361	525	–	45	–	570
Transmission services	**–**	**–**	**167**	**94**	**261**	**–**	**–**	**–**	**261**
	–	–	167	92	259	–	–	–	259
Modular structures - services	**75**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**75**
	74	–	–	–	–	–	–	–	74
Logistics and facility operations and maintenance services	**28**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**28**
	25	–	–	–	–	–	–	–	25
Lodging and support	**20**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20**
	30	–	–	–	–	–	–	–	30
Customer contributions	**–**	**–**	**10**	**6**	**16**	**–**	**–**	**–**	**16**
	–	–	9	6	15	–	1	–	16
Franchise fees	**–**	**–**	**10**	**96**	**106**	**–**	**–**	**–**	**106**
	–	–	10	96	106	–	–	–	106
Retail electricity and natural gas services	**–**	**56**	**–**	**–**	**–**	**–**	**–**	**–**	**56**
	–	56	–	–	–	–	–	–	56
Storage and industrial water	**–**	**–**	**–**	**–**	**–**	**28**	**–**	**–**	**28**
	–	–	–	–	–	29	–	–	29
Total rendering of services	**123**	**56**	**354**	**543**	**897**	**28**	**54**	**–**	**1,158**
	129	56	350	555	905	29	46	–	1,165
Sale of Goods									
Electricity generation and delivery	**–**	**–**	**–**	**–**	**–**	**20**	**–**	**–**	**20**
	–	–	–	–	–	21	2	–	23
Commodity sales	**–**	**7**	**–**	**–**	**–**	**14**	**–**	**–**	**21**
	–	7	–	–	–	8	–	–	15
Modular structures - goods	**121**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**121**
	109	–	–	–	–	–	–	–	109
Total sale of goods	**121**	**7**	**–**	**–**	**–**	**34**	**–**	**–**	**162**
	109	7	–	–	–	29	2	–	147
Lease income									
Finance lease	**–**	**–**	**1**	**–**	**1**	**–**	**2**	**–**	**3**
	–	–	1	–	1	–	2	–	3
Operating lease	**57**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**57**
	51	–	–	–	–	–	–	–	51
Total lease income	**57**	**–**	**1**	**–**	**1**	**–**	**2**	**–**	**60**
	51	–	1	–	1	–	2	–	54
Other (4)	**3**	**6**	**19**	**3**	**22**	**9**	**6**	**–**	**46**
	2	8	20	–	20	7	7	1	45
Total	**304**	**69**	**374**	**546**	**920**	**71**	**62**	**–**	**1,426**
	291	71	371	555	926	65	57	1	1,411

(1) *For the three months ended March 31, 2026, ATCO Investments segment includes $20 million of unbilled revenue from retail electricity and natural gas energy services (2025 - $16 million). At March 31, 2026, $20 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - $16 million).*

(2) *For the three months ended March 31, 2026, Electricity and Natural Gas segments include $140 million of unbilled revenue (2025 - $122 million). At March 31, 2026, $140 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - $122 million).*

(3) *For the three months ended March 31, 2026, ATCO Australia segment includes $25 million of unbilled revenue (2025 - $23 million). At March 31, 2026, $25 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - $23 million).*

(4) *Other revenues of $46 million (2025 - $45 million) include third party revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.*

5. EARNINGS PER SHARE

Earnings per Class I Non-Voting (Class I) and Class II Voting (Class II) Share are calculated by dividing the earnings attributable to Class I and Class II Shares by the weighted average shares outstanding. Diluted earnings per share are calculated using the treasury stock method, which reflects the potential exercise of stock options on the weighted average Class I and Class II Shares outstanding.

The earnings and average number of shares used to calculate earnings per share for the three months ended March 31 are as follows:

	2026	2025
Average shares		
Weighted average shares outstanding	**112,429,287**	112,254,473
Effect of dilutive stock options	**813,812**	250,834
Weighted average dilutive shares outstanding	**113,243,099**	112,505,307
Earnings for earnings per share calculation		
Earnings for the period	**272**	270
Non-controlling interests	**(120)**	(126)
Earnings attributable to Class I and Class II Shares	**152**	144
Earnings and diluted earnings per Class I and Class II Share		
Earnings per Class I and Class II Share	**$1.35**	$1.28
Diluted earnings per Class I and Class II Share	**$1.34**	$1.28

6. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment for the three months ended March 31, 2026 is as follows:

	Utility Transmission & Distribution	Energy Generation & Storage	Land and Buildings	Construction Work-in-Progress	Rental Assets	Other	Total
Cost							
December 31, 2025	25,351	1,622	1,149	1,059	1,138	1,033	31,352
Additions	**–**	**1**	**–**	**323**	**50**	**4**	**378**
Transfers	**176**	**3**	**30**	**(225)**	**6**	**10**	**–**
Retirements and disposals	**(18)**	**–**	**(3)**	**–**	**(27)**	**(5)**	**(53)**
Foreign exchange rate adjustment	**92**	**2**	**4**	**3**	**14**	**6**	**121**
Changes to asset retirement costs	**–**	**1**	**–**	**–**	**–**	**–**	**1**
March 31, 2026	**25,601**	**1,629**	**1,180**	**1,160**	**1,181**	**1,048**	**31,799**
Accumulated depreciation							
December 31, 2025	7,198	557	301	–	327	549	8,932
Depreciation	**146**	**11**	**6**	**–**	**16**	**18**	**197**
Retirements and disposals	**(18)**	**–**	**(1)**	**–**	**(12)**	**(4)**	**(35)**
Foreign exchange rate adjustment	**28**	**1**	**1**	**–**	**4**	**3**	**37**
March 31, 2026	**7,354**	**569**	**307**	**–**	**335**	**566**	**9,131**
Net book value							
December 31, 2025	18,153	1,065	848	1,059	811	484	22,420
March 31, 2026	**18,247**	**1,060**	**873**	**1,160**	**846**	**482**	**22,668**

The additions to property, plant and equipment included $6 million of interest capitalized during construction for the three months ended March 31, 2026 (2025 - $5 million).

7. LONG-TERM DEBT

Canadian Utilities Limited

In January 2026, Canadian Utilities Limited repaid $150 million of long-term debt under an unsecured revolving credit facility.

CU Inc.

In January 2026, CU Inc., a wholly owned subsidiary of Canadian Utilities Limited, repaid $125 million of long-term debt under an unsecured revolving credit facility.

Project finance

At March 31, 2026 and December 31, 2025, Deerfoot Barlow Solar Limited Partnership, an indirect subsidiary of Canadian Utilities Limited, was not in compliance with the long-term debt covenant requiring a minimum projected debt service coverage ratio of 1.00 for its amortizing non-revolving credit facility (Deerfoot Barlow Solar Project Finance Debt) and obtained a waiver from the lender. The total outstanding balance of the loan subjected to this waiver is $53 million at March 31, 2026 and December 31, 2025.

Except for the Deerfoot Barlow Solar Project Finance Debt, the Company complied with externally imposed requirements on its capital, including financial covenants related to long term debt, credit facilities and project financings for the three months ended March 31, 2026, and year ended December 31, 2025 and expects to remain in compliance over the next year.

8. CLASS I AND CLASS II SHARES

ISSUED AND OUTSTANDING

At March 31, 2026, there were 100,956,917 (December 31, 2025 - 100,854,833) Class I shares and 11,542,320 (December 31, 2025 - 11,542,320) Class II shares outstanding. In addition, there were 2,890,591 options to purchase Class I shares outstanding at March 31, 2026, under the Company's stock option plan (December 31, 2025 - 2,992,675).

For the three months ended March 31, 2026, 102,084 stock options (2025 - 176,026) were exercised, resulting in the issuance of an additional 102,084 Class I shares (2025 - 176,026 Class I shares) for proceeds of $4 million (2025 - $8 million).

DIVIDENDS

The Company declared and paid cash dividends of $0.5196 per Class I and Class II share for the three months ended March 31, 2026 (2025 - $0.5045). The Company’s policy is to pay dividends quarterly on its Class I and Class II shares. The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On April 9, 2026, the Company declared a second quarter dividend of $0.5196 per Class I and Class II share, payable on June 30, 2026 to share owners of record as of May 28, 2026.

NORMAL COURSE ISSUER BID

On March 13, 2026, the Company began a normal course issuer bid (NCIB) to purchase up to 2,017,264 outstanding Class I shares. The bid will expire on March 12, 2027. The prior year NCIB to purchase up to 1,996,301 outstanding Class I shares began on March 13, 2025 and expired on March 12, 2026.

For the three months ended March 31, 2026, no Class I shares were purchased (2025 - no Class I shares were purchased).

9. CASH FLOW INFORMATION

ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

Adjustments to reconcile earnings to cash flows from operating activities for the three months ended March 31 are summarized below.

	2026	2025
Depreciation and amortization	**219**	209
Earnings from investment in associate company	**(7)**	(8)
Dividends received from associate company	**17**	17
Earnings from investment in joint ventures	**(22)**	(21)
Dividends and distributions received from joint ventures	**21**	19
Income tax expense	**81**	77
Unrealized (gains) losses on derivative financial instruments	**(9)**	3
Contributions by customers for extensions to plant	**43**	25
Amortization of customer contributions	**(16)**	(16)
Net finance costs	**129**	119
Income taxes paid	**(11)**	(30)
Interest received	**17**	14
Other	**28**	25
	490	433

CASH POSITION

Cash position at March 31 is comprised of:

	2026	2025
Cash	**654**	575
Short-term investments	**48**	22
Restricted cash (1)	**20**	14
Cash and cash equivalents	**722**	611
Bank indebtedness (2)	**(23)**	(471)
	699	140

(1) Cash balances which are restricted under the terms of joint arrangement agreements are considered not available for general use by the Company.

(2) The Company has cash pooling arrangements with certain banks that are used to manage working capital requirements. This allows individual bank accounts participating in these arrangements to be overdrawn from time to time.

10. FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below.

Financial Instruments	Fair Value Method
Measured at Amortized Cost	
Cash and cash equivalents, accounts receivable and contract assets, bank indebtedness and accounts payable and accrued liabilities	Assumed to approximate carrying value due to their short-term nature.
Finance lease receivables	Determined using a risk-adjusted interest rate to discount future cash receipts (Level 2).
Long-term debt and long-term advances due from joint venture	Determined using quoted market prices for the same or similar issues. Where the market prices are not available, fair values are estimated using discounted cash flow analysis based on the Company's current borrowing rate for similar borrowing arrangements (Level 2).
Measured at Fair Value	
Marketable securities	Determined using quoted market prices for the same or similar securities or alternative pricing sources and models with inputs validated by publicly available market providers (Level 2).
Interest rate swaps	Determined using interest rate forward rate yield curves at period-end (Level 2).
Foreign currency contracts	Determined using quoted forward exchange rates at period-end (Level 2).
Commodity contracts	Determined using observable period-end forward curves and quoted spot market prices with inputs validated by publicly available market providers (Level 2).
	Determined based on period-end forward curves using unobservable inputs or extrapolation from spot or forward prices in certain commodity contracts (Level 3).

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

The fair values of the Company's financial instruments measured at amortized cost are as follows:

Recurring Measurements	March 31, 2026 Carrying Value	March 31, 2026 Fair Value	December 31, 2025 Carrying Value	December 31, 2025 Fair Value
Financial Assets				
Finance lease receivables	**113**	**128**	113	128
Long-term advances due from joint venture (1)	**33**	**30**	33	31
Financial Liabilities				
Long-term debt	**12,787**	**12,054**	13,029	12,469

(1) *Long-term advances due from joint venture of $33 million (December 31, 2025 - $33 million) are recorded in other assets in the consolidated balance sheets.*

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Marketable securities

At March 31, 2026 and December 31, 2025, the Company's marketable securities measured at fair value include investment grade corporate bonds and debentures, private fixed income funds, bank loans and commercial mortgage funds, and government bonds.

Derivative financial instruments

At March 31, 2026 and December 31, 2025, the Company's derivative financial instruments measured at fair value include the following:

- interest rate swaps for the purpose of limiting interest rate risk on the variable future cash flows of long-term debt;
- foreign currency forward contracts for the purpose of limiting exposure to exchange rate fluctuations; and
- natural gas and power forward sale and purchase contracts for the purpose of limiting exposure to electricity and natural gas market price movements.

The balance sheet classification and fair values of the Company's derivative financial instruments are as follows:

	Level 2				Level 3		
	Subject to Hedge Accounting			Not Subject to Hedge Accounting	Subject to Hedge Accounting (1)	Not Subject to Hedge Accounting (2)	
Recurring Measurements	Interest Rate Swaps	Foreign Currency Forward Contracts	Commodities (1)		Commodities (1)		Total Fair Value of Derivatives
March 31, 2026							
Financial Assets							
Prepaid expenses and other current assets	**7**	**2**	**4**	**–**	**–**	**65**	**78**
Other assets	**19**	**–**	**2**	**–**	**62**	**31**	**114**
Financial Liabilities							
Provisions and other current liabilities	**1**	**–**	**51**	**1**	**–**	**–**	**53**
Other liabilities	**3**	**–**	**32**	**–**	**–**	**–**	**35**
December 31, 2025							
Financial Assets							
Prepaid expenses and other current assets	2	1	3	1	–	57	64
Other assets	14	–	2	–	45	30	91
Financial Liabilities							
Provisions and other current liabilities	1	1	39	1	–	–	42
Other liabilities	4	–	18	–	–	–	22

(1) *Derivative financial instruments that are subject to hedge accounting are related to Canadian Utilities Limited's renewable virtual power purchase agreements (PPAs) in its electricity generation business (Level 3) (reported in ATCO EnPower operating segment) and the Company's supply contracts in its retail electricity and natural gas business (Level 2) (reported in the ATCO Investments operating segment). Under the PPAs, Canadian Utilities Limited will receive a fixed price per megawatt hour (MWh) and pay the settled price per MWh from the Alberta Electric System Operator as well as deliver the related renewable energy credits to the PPA counterparty customers. The energy components of the PPAs were designated as cash flow hedges for accounting purposes.*

(2) *Derivative financial instruments that are not subject to hedge accounting are related to customer contracts in the Company's retail electricity and natural gas business (Level 3) (reported in the ATCO Investments operating segment).*

A reconciliation of the changes in the Company's derivative financial instruments classified as Level 3 for the three months ended March 31, 2026 is as follows:

	Subject to Hedge Accounting	Not Subject to Hedge Accounting	Total
December 31, 2025	45	87	132
Settlement of derivative contracts	**(5)**	**(37)**	**(42)**
Gains recognized in earnings	**–**	**46**	**46**
Gains recognized in other comprehensive income	**22**	**–**	**22**
March 31, 2026	**62**	**96**	**158**

For the three months ended March 31, the following realized and unrealized gains and losses on derivative financial instruments were recognized in the unaudited interim consolidated statements of earnings:

	2026			2025		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	**–**	**3**	**3**	–	3	3
Fuel costs	**(11)**	**–**	**(11)**	(11)	–	(11)
Purchased power	**(14)**	**–**	**(14)**	(10)	–	(10)
Derivative financial instruments (1)	**–**	**39**	**39**	(1)	37	36
Interest expense	**1**	**–**	**1**	2	–	2
	(24)	**42**	**18**	(20)	40	20
Unrealized gains (losses)						
Derivative financial instruments (1)	**–**	**9**	**9**	–	(3)	(3)
Total	**(24)**	**51**	**27**	(20)	37	17

(1) *Realized and unrealized derivative financial instrument gains (losses) are included in the derivative financial instruments gains financial statement line item in the unaudited interim consolidated statements of earnings.*

Notional value and maturity summary

The notional value and maturity dates of the Company's derivative financial instruments outstanding are as follows:

	Subject to Hedge Accounting				Not Subject to Hedge Accounting	
Notional value and maturity	**Interest Rate Swaps**	**Natural Gas (1)**	**Power (2)**	**Foreign Currency Forward Contracts**	**Natural Gas (1)**	**Power (2)**
March 31, 2026						
Purchases (3)	**–**	**17,621,100**	**3,178,038**	**–**	**–**	**132,020**
Sales (3)	**–**	**821,448**	**6,591,781**	**–**	**17,387,820**	**2,300,611**
Currency						
Canadian dollars	**188**	**–**	**–**	**–**	**–**	**–**
Australian dollars	**771**	**–**	**–**	**–**	**–**	**–**
U.S. dollars	**–**	**–**	**–**	**176**	**–**	**–**
Maturity	**2026-2036**	**2026-2031**	**2026-2038**	**2026-2027**	**2026-2031**	**2026-2031**
December 31, 2025						
Purchases (3)	–	22,535,100	2,778,354	–	–	175,200
Sales (3)	–	741,093	6,813,553	–	21,639,991	2,499,840
Currency						
Canadian dollars	192	–	–	–	–	–
Australian dollars	771	–	–	–	–	–
U.S. dollars	–	–	–	174	–	–
Maturity	2026-2036	2026-2030	2026-2038	2026-2027	2026-2030	2026-2030

(1) Notional amounts for the natural gas purchase contracts are the maximum volumes that can be purchased over the terms of the contracts.
(2) Notional amounts for the forward power sale and purchase contracts are the commodity volumes in the contracts.
(3) Volumes for natural gas and power derivatives are in GJ and MWh, respectively.