CANADIAN UTILITIES LIMITED
An ATCO Company

# CANADIAN UTILITIES LIMITED

# FINANCIAL INFORMATION

**FOR THE THREE MONTHS ENDED MARCH 31, 2026**

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# 2026 FIRST QUARTER FINANCIAL INFORMATION

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**FOR THE THREE MONTHS ENDED MARCH 31, 2026**

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# CANADIAN UTILITIES LIMITED

# 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 Canadian Utilities Limited (Canadian Utilities, 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 ATCO Ltd. (ATCO) and its controlling share owner, Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

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<br>2026 | <br>2025 | <br>Change |
|---|---|---|---|
| **Key Financial Metrics** | | | |
| Revenues | **1,084** | 1,085 | (1) |
| Adjusted earnings (loss) (1) | **242** | 232 | 10 |
| ATCO Energy Systems (1) | **246** | 232 | 14 |
| ATCO EnPower (1) | **11** | 11 | — |
| ATCO Australia (1) | **21** | 13 | 8 |
| Financing & Other (1) | **(36)** | (24) | (12) |
| Adjusted earnings ($ per share) (2) | **0.89** | 0.85 | 0.04 |
| Earnings attributable to equity owners of the Company | **224** | 236 | (12) |
| Earnings attributable to Class A and Class B shares | **205** | 217 | (12) |
| Earnings attributable to Class A and Class B shares ($ per share) | **0.75** | 0.80 | (0.05) |
| Diluted earnings attributable to Class A and Class B shares ($ per share) | **0.75** | 0.80 | (0.05) |
| Total assets | **24,511** | 24,118 | 393 |
| Long-term debt | **12,063** | 10,828 | 1,235 |
| Equity attributable to equity owners of the Company | **6,526** | 7,003 | (477) |
| Cash dividends declared per Class A and Class B share (cents per share) | **46.23** | 45.77 | 0.46 |
| Cash flows from operating activities | **604** | 637 | (33) |
| Capital investment (3) | **354** | 402 | (48) |
| Capital expenditures | **353** | 401 | (48) |
| **Other Financial Metrics** | | | |
| Weighted average Class A and Class B shares outstanding *(thousands)*: | | | |
| Basic | **272,155** | 271,579 | 576 |
| Diluted | **272,782** | 271,662 | 1,120 |

*(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 Equity Owners of the Company. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" 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 A and Class B shares ($ per share). See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" 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 $1,084 million, $1 million lower than the same period in 2025 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 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. Revenues were partially offset by increased rates in ATCO Gas Australia.

**ADJUSTED EARNINGS (1)**

Our adjusted earnings in the first quarter of 2026 were $242 million or $0.89 per share, compared to $232 million or $0.85 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. Partially offsetting these increases in adjusted earnings were higher net interest expense and higher share-based compensation expense in 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 EQUITY OWNERS OF THE COMPANY**

Earnings attributable to equity owners of the Company were $224 million in the first quarter of 2026, $12 million lower compared to the same period in 2025. Earnings attributable to equity owners of the Company include timing adjustments related to rate-regulated activities, dividends on equity preferred shares of the Company, 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 Equity Owners of the Company" section of this MD&A.

Earnings attributable to equity owners of the Company are earnings attributable to Class A shares and Class B shares plus dividends on equity preferred shares of the Company. Additional information regarding earnings attributable to Class A shares and Class B shares is presented in Note 5 of the unaudited interim consolidated financial statements.

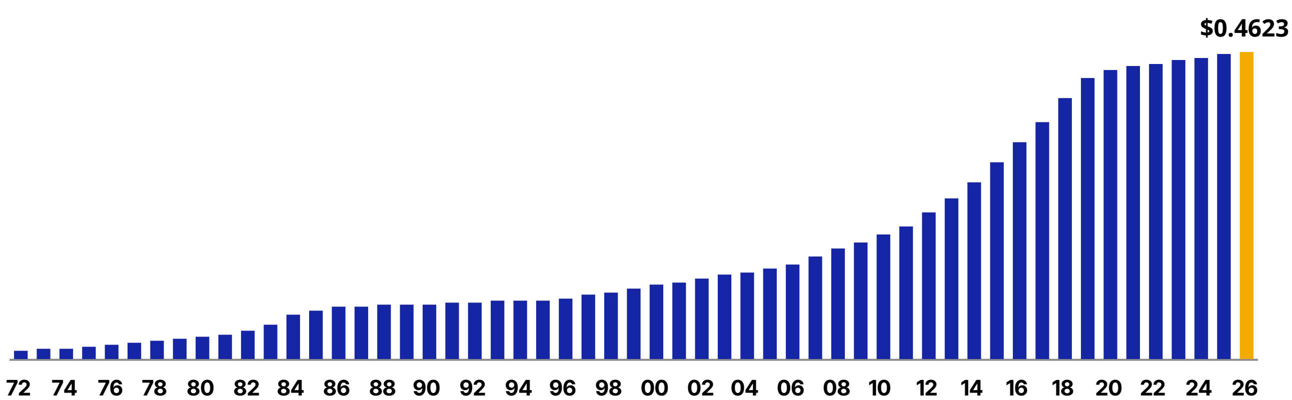
**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash flows from operating activities were $604 million in the first quarter of 2026, $33 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 A and Class B share owners in the first quarter of 2026 totalled $126 million. On April 9, 2026, the Board of Directors declared a second quarter dividend of 46.23 cents per share or $1.85 on an annualized basis. We aim to grow dividends in-line with our sustainable earnings growth, which is linked to growth from our regulated and long-term contracted investments.

**Quarterly Dividend Rate 1972 - 2026**
**(dollars per share)**



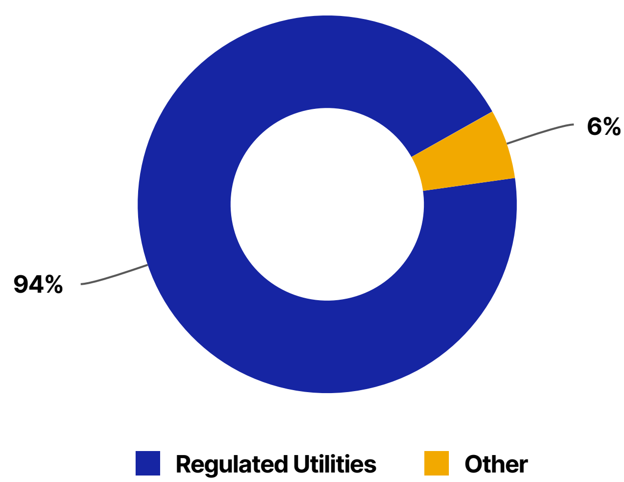

(1) *Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.*

**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 $354 million in the first quarter of 2026 was $48 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.

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 $353 million in the first quarter of 2026 were $48 million lower compared to the same period in 2025 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 the Regulated Utilities accounted for 94 per cent of the total in the first quarter of 2026. The remaining 6 per cent was primarily related to capital spending within 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


**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**

| | Three Months Ended March 31 | | |
|---|---|---|---|
| *($ millions)* | **2026** | **2025** | **Change** |
| **Electricity** | | | |
| Electricity Distribution [1] | **46** | 42 | 4 |
| Electricity Transmission [1] | **45** | 45 | — |
| International Electricity Operations [1] | **14** | 15 | (1) |
| **Total Electricity** [1] | **105** | 102 | 3 |
| **Natural Gas** | | | |
| Natural Gas Distribution [1] | **113** | 103 | 10 |
| Natural Gas Transmission [1] | **28** | 27 | 1 |
| **Total Natural Gas** [1] | **141** | 130 | 11 |
| **Total ATCO Energy Systems** [2] | **246** | 232 | 14 |

*(1) Non-GAAP financial measures. The most directly comparable measure reported in accordance with IFRS is Earnings Attributable to Equity Owners of the Company. 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 Equity Owners of the Company" 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 Equity Owners of the Company" in this MD&A.*

ATCO Energy Systems' adjusted earnings of $246 million in the first quarter of 2026 were $14 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 $46 million in the first quarter of 2026 were $4 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 $45 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 $14 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 $113 million in the first quarter of 2026 were $10 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 $28 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.

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


**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)] | **(4)** | (3) | (1) |
| **Storage & Industrial Water** [(1)] | **15** | 14 | 1 |
| **Total ATCO EnPower** [(2)] | **11** | 11 | — |

(1) *Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" 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 Equity Owners of the Company" in this MD&A.*

ATCO EnPower adjusted earnings of $11 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 $15 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.


## 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) | **20** | 12 | 8 |
| **ATCO Power Australia** (1) | **1** | 1 | — |
| **Total ATCO Australia** (2) | **21** | 13 | 8 |

*(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" 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 Equity Owners of the Company" in this MD&A.*

ATCO Australia adjusted earnings of $21 million in the first quarter of 2026 were $8 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 $20 million in the first quarter of 2026 were $8 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.


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 |
| **Financing & Other** [1] | **(36)** | (24) | (12) |

(1) *Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.*

Including intersegment eliminations, Financing & Other adjusted loss in the first quarter of 2026 was $12 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

### 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 the ATCO 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.

The ATCO group of companies' 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.canadianutilities.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 | **500** | 507 | (7) |
| Depreciation and amortization | **189** | 181 | 8 |
| Earnings from investment in joint ventures | **21** | 21 | — |
| Net finance costs | **121** | 111 | 10 |
| Income tax expense | **68** | 68 | — |

### OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation and amortization, decreased by $7 million in the first quarter of 2026 compared to the same period in 2025. Decreased operating costs were mainly due to 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 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 $8 million in the first quarter of 2026 compared to the same period in 2025 mainly due to ongoing capital investments in the Regulated Utilities.

### 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.

Earnings from investment in joint ventures in the first quarter of 2026 were comparable to the same period in 2025.

### 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 in the first quarter of 2026 were comparable to the same period in 2025. 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 Canadian Utilities, CU Inc. and ATCO Gas Australia Pty Ltd (ATCO Gas Australia) at March 31, 2026.

| | DBRS | Fitch |
|---|---|---|
| **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, Canadian Utilities and its subsidiaries had the following lines of credit.

| *($ millions)* | Total | Used | Available |
|---|---|---|---|
| Long-term committed | **2,531** | 536 | 1,995 |
| Short-term committed | **360** | 360 | — |
| Uncommitted | **450** | 113 | 337 |
| Total | **3,341** | 1,009 | 2,332 |

Of the $3,341 million in total lines of credit, $450 million was in the form of uncommitted credit facilities with no set maturity date. The other $2,891 million in credit lines was committed with maturities between 2026 and 2029, and may be extended at the option of the lenders.

Of the $1,009 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, CU Inc., and the issuance of letters of credit.

## CONSOLIDATED CASH FLOWS

At March 31, 2026, the Company's cash position was $355 million. This represents an increase of $437 million compared to the same period in 2025 and a $316 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 | **671** | (80) | 751 |
| Cash from (used in): | | | |
| Operating activities | **604** | 637 | (33) |
| Investing activities | **(373)** | (375) | 2 |
| Financing activities | **(550)** | (266) | (284) |
| Foreign currency translation | **3** | 2 | 1 |
| Cash position, end of the period | **355** | (82) | 437 |

The opening cash position of $671 million in the first quarter of 2026 was $751 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, partially offset by higher redemption of equity preferred shares and repayments of debt.

### Operating Activities

Cash flows from operating activities were $604 million in the first quarter of 2026, $33 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 $373 million in the first quarter of 2026, $2 million lower than the same period in 2025 mainly due to the timing of capital projects, partially offset by the timing of settlement of accounts payable related to capital projects.

***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 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) |
| **Capital Expenditures in joint ventures** | | | |
| **ATCO EnPower** | **1** | 1 | — |
| **Canadian Utilities Total Capital Investment** (3) | **354** | 402 | (48) |

*(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 $354 million in the first quarter of 2026 was $48 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.

Total capital expenditures of $353 million in the first quarter of 2026 were $48 million lower compared to the same period in 2025 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 $550 million in the first quarter of 2026, $284 million higher than 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 1972, a 54-year track record. Dividends paid to Class A and Class B share owners totalled $126 million in the first quarter of 2026.

On April 9, 2026, the Board of Directors declared a second quarter dividend of 46.23 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.

# SHARE CAPITAL

Canadian Utilities' equity securities consist of Class A shares and Class B shares.

At May 4, 2026, we had outstanding 205,716,737 Class A shares, 66,598,854 Class B shares, and options to purchase 2,849,250 Class A shares.

### CLASS A NON-VOTING SHARES AND CLASS B COMMON SHARES

Class A and Class B share owners are entitled to share equally, on a share for share basis, in all dividends the Company declares on either of such classes of shares as well as in the Company's remaining property on dissolution. Class B share owners are entitled to vote and to exchange at any time each share held for one Class A share.

If a take-over bid is made for the Class B shares and if it would result in the offeror owning more than 50 per cent of the outstanding Class B shares (excluding any Class B shares acquired upon conversion of Class A shares), the Class A share owners are entitled, for the duration of the take-over bid, to exchange their Class A shares for Class B shares and to tender the newly exchanged Class B shares to the take-over bid. Such right of exchange and tender is conditional on completion of the applicable take-over bid.

In addition, Class A share owners are entitled to exchange their shares for Class B shares if ATCO Ltd., the Company's controlling share owner, ceases to own or control, directly or indirectly, more than 10,000,000 of the issued and outstanding Class B shares. In either case, each Class A share is exchangeable for one Class B share, subject to changes in the exchange ratio for certain events such as a stock split or rights offering.

Of the 12,800,000 Class A shares authorized for grant of options under our stock option plan 9,149,600 Class A 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 | 842 | 792 | 971 | **1,084** |
| Earnings (loss) attributable to equity owners of the Company | 111 | 100 | (328) | **224** |
| Earnings (loss) attributable to Class A and B shares | 92 | 80 | (347) | **205** |
| Earnings (loss) per Class A and Class B share *($)* | 0.34 | 0.29 | (1.28) | **0.75** |
| Diluted earnings (loss) per Class A and Class B share *($)* | 0.34 | 0.29 | (1.28) | **0.75** |
| Adjusted earnings per Class A and Class B share *($)* (1) | 0.45 | 0.40 | 0.72 | **0.89** |
| Adjusted earnings (loss) (2) | | | | |
| ATCO Energy Systems (2) | 116 | 98 | 196 | **246** |
| ATCO EnPower (2) | 12 | 16 | 4 | **11** |
| ATCO Australia (2) | 21 | 27 | 8 | **21** |
| Financing & Other (2) and Intersegment Eliminations | (28) | (33) | (11) | **(36)** |
| Total adjusted earnings (2) | 121 | 108 | 197 | **242** |

| *($ millions, except for per share data)* | Q2 2024 | Q3 2024 | Q4 2024 | Q1 2025 |
|---|---|---|---|---|
| Revenues | 860 | 810 | 981 | 1,085 |
| Earnings attributable to equity owners of the Company | 62 | 12 | 164 | 236 |
| Earnings (loss) attributable to Class A and Class B shares | 43 | (8) | 145 | 217 |
| Earnings (loss) per Class A and Class B share *($)* | 0.16 | (0.03) | 0.53 | 0.80 |
| Diluted earnings (loss) per Class A and Class B share *($)* | 0.16 | (0.03) | 0.53 | 0.80 |
| Adjusted earnings per Class A and Class B share *($)* (1) | 0.43 | 0.38 | 0.74 | 0.85 |
| Adjusted earnings (loss) (2) | | | | |
| ATCO Energy Systems (2) | 112 | 94 | 205 | 232 |
| ATCO EnPower (2) | 18 | 14 | 4 | 11 |
| ATCO Australia (2) | 17 | 15 | 5 | 13 |
| Financing & Other (2) and Intersegment Eliminations | (30) | (21) | (11) | (24) |
| Total adjusted earnings (2) | 117 | 102 | 203 | 232 |

*(1) Non-GAAP ratio. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" 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 Equity Owners of the Company" in this MD&A.*

Our financial results for the previous eight quarters reflect 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 than the same period in 2024 mainly due to 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 than the same period in 2024 mainly 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 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 fourth quarter of 2025 were higher than the same period in 2024 mainly 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, and decreased earnings contribution from ATCO Energy, which was sold to ATCO on August 1, 2024.

Adjusted earnings in the first quarter of 2026 were higher than 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. Partially offsetting these increases in adjusted earnings were higher net interest expense and higher share-based compensation expense in Financing & Other.

### EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

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

- In the second and fourth quarters of 2024, the Company recorded restructuring costs of $36 million (after-tax) and $7 million (after-tax), respectively, mainly related to staff reductions and associated severance costs.
- In the second quarter of 2024, the Company recorded an $8 million (after-tax) 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 Company sold its 100 per cent investment in ATCO Energy to ATCO. As a result of the transaction, a loss on sale of $14 million (after-tax) was recorded.
- In the first quarter of 2025, the Company recorded restructuring costs of $14 million (after-tax) 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 $7 million (after-tax), $5 million (after-tax), $2 million (after-tax), and $4 million (after-tax), 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 $471 million (after-tax) 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 Energy Systems, ATCO EnPower, ATCO Australia, and 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 equity owners of the Company. 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 equity owners of the Company 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 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 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 equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, 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 equity owners of the Company 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 Equity Owners of the Company" 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 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 A and Class B share are 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 EQUITY OWNERS OF THE COMPANY

Adjusted earnings (loss) are earnings (loss) attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities, dividends on equity preferred shares of the Company, 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 equity owners of the Company.

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

| **2026** / 2025 | ATCO Energy Systems | ATCO EnPower | ATCO Australia | Financing & Other | Intersegment Eliminations | Total |
|---|---|---|---|---|---|---|
| Revenues | **920** | **99** | **62** | **7** | **(4)** | **1,084** |
| | 926 | 98 | 57 | 8 | (4) | 1,085 |
| Adjusted earnings (loss) | **246** | **11** | **21** | **(36)** | **—** | **242** |
| | 232 | 11 | 13 | (24) | — | 232 |
| Unrealized gains on mark-to-market forward and swap commodity contracts | **—** | **—** | **—** | **—** | **—** | **—** |
| | — | 2 | — | — | — | 2 |
| Rate-regulated activities | **(24)** | **—** | **(12)** | **—** | **—** | **(36)** |
| | 13 | — | (8) | — | — | 5 |
| IT Common Matters decision | **(1)** | **—** | **—** | **—** | **—** | **(1)** |
| | (1) | — | — | — | — | (1) |
| Transition of managed IT services | **—** | **—** | **—** | **—** | **—** | **—** |
| | (7) | — | — | — | — | (7) |
| Restructuring | **—** | **—** | **—** | **—** | **—** | **—** |
| | (10) | (2) | (1) | (1) | — | (14) |
| Dividends on equity preferred shares of Canadian Utilities Limited | **—** | **—** | **—** | **19** | **—** | **19** |
| | — | — | — | 19 | — | 19 |
| Earnings (loss) attributable to equity owners of the Company | **221** | **11** | **9** | **(17)** | **—** | **224** |
| | 227 | 11 | 4 | (6) | — | 236 |

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

The Company's electricity generation business enters into fixed-price swap electricity contracts in order to manage exposure to electricity prices for its renewable facilities. These contracts, comprising virtual power purchase agreements, are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price electricity 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, are recognized in the ATCO EnPower operating segment.

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 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 US 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)] | **39** | 33 | 6 |
| **Revenues to be billed in future periods** | | | |
| Deferred income taxes [(2)] | **(54)** | (36) | (18) |
| Impact of warmer temperatures [(3)] | **(10)** | (1) | (9) |
| Impact of inflation on rate base [(4)] | **(8)** | (5) | (3) |
| **Settlement of regulatory decisions and other items** | | | |
| PBR2 re-opener proceeding refund to customers [(5)] | **(20)** | — | (20) |
| Other [(6)] | **17** | 14 | 3 |
| | **(36)** | 5 | (41) |

*(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 $10 million (after-tax) and $10 million (after-tax), 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 $28 million (after-tax) ($35 million before tax) for Electricity Distribution and $28 million (after-tax) ($36 million before tax) for Natural Gas Distribution.*

(6) *In the three months ended March 31, 2026, Natural Gas Distribution recorded an increase in earnings of $18 million (after-tax) (2025 - $17 million (after-tax)) 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) (2025 - $1 million (after-tax)).

## TRANSITION OF MANAGED IT SERVICES

In the first quarter of 2025, the Company recognized IT transition costs of $7 million (after-tax). 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 $14 million (after-tax) 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 EQUITY OWNERS OF THE COMPANY

### 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 equity owners of the Company.

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

| **2026** / 2025 | **Canadian Utilities Limited** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **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 | **46** | **45** | **14** | **105** | **113** | **28** | **141** | **246** |
| | 42 | 45 | 15 | 102 | 103 | 27 | 130 | 232 |
| Rate-regulated activities | **(15)** | **(5)** | **—** | **(20)** | **—** | **(4)** | **(4)** | **(24)** |
| | — | (7) | — | (7) | 23 | (3) | 20 | 13 |
| IT Common Matters decision | **(1)** | **—** | **—** | **(1)** | **—** | **—** | **—** | **(1)** |
| | (1) | — | — | (1) | — | — | — | (1) |
| Transition of managed IT services | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| | (3) | — | — | (3) | (4) | — | (4) | (7) |
| Restructuring | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** |
| | (4) | (2) | — | (6) | (2) | (2) | (4) | (10) |
| Earnings attributable to equity owners of the Company | **30** | **40** | **14** | **84** | **113** | **24** | **137** | **221** |
| | 34 | 36 | 15 | 85 | 120 | 22 | 142 | 227 |

### 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 equity owners of the Company.

| *($ millions)* **2026** 2025 | Canadian Utilities Limited Electricity Generation | Canadian Utilities Limited Storage & Industrial Water | Three Months Ended March 31 ATCO EnPower |
|---|---|---|---|
| Adjusted earnings (loss) | **(4)** | **15** | **11** |
| | (3) | 14 | 11 |
| Unrealized gains on mark-to-market forward and swap commodity contracts | **—** | **—** | **—** |
| | 2 | — | 2 |
| Restructuring | **—** | **—** | **—** |
| | — | (2) | (2) |
| Earnings (loss) attributable to equity owners of the Company | **(4)** | **15** | **11** |
| | (1) | 12 | 11 |

### ATCO Australia

The following table reconciles adjusted earnings for the ATCO Australia business unit to the directly comparable financial measure, earnings attributable to equity owners of the Company.

| *($ millions)* **2026** 2025 | Canadian Utilities Limited ATCO Gas Australia | Canadian Utilities Limited ATCO Power Australia | Three Months Ended March 31 ATCO Australia |
|---|---|---|---|
| Adjusted earnings | **20** | **1** | **21** |
| | 12 | 1 | 13 |
| Rate-regulated activities | **(12)** | **—** | **(12)** |
| | (8) | — | (8) |
| Restructuring | **—** | **—** | **—** |
| | (1) | — | (1) |
| Earnings attributable to equity owners of the Company | **8** | **1** | **9** |
| | 3 | 1 | 4 |

# 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**<br>2025 | **ATCO Energy Systems** | **ATCO EnPower** | **ATCO Australia** | **Financing & Other** | **Total** |
| Capital Investment | **308** | **21** | **24** | **1** | **354** |
| | 345 | 31 | 21 | 5 | 402 |
| Capital Expenditures in joint ventures | **—** | **(1)** | **—** | **—** | **(1)** |
| | — | (1) | — | — | (1) |
| Capital Expenditures | **308** | **20** | **24** | **1** | **353** |
| | 345 | 30 | 21 | 5 | 401 |

# 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 ATCO's 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; 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.canadianutilities.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 A shares** means Class A non-voting common shares of the Company.

**Class B shares** means Class B common shares of the Company.

**Company** means Canadian Utilities Limited 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[1]

Adjusted EBITDA is a non-GAAP financial measure. It is an additional important metric for 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 equity owners 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 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 equity owners of the Company is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Equity Owners of the Company" 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] | **(4)** | **15** | **11** |
| | (3) | 14 | 11 |
| *Add:* | | | |
| Interest expense | **7** | **1** | **8** |
| | 7 | 1 | 8 |
| Income tax expense | **—** | **4** | **4** |
| | — | 4 | 4 |
| Depreciation and amortization | **9** | **5** | **14** |
| | 9 | 5 | 14 |
| **Total Adjusted EBITDA [1]** | **12** | **25** | **37** |
| | 13 | 24 | 37 |

[1] *Non-GAAP financial measure as defined in NI 52-112.*
[2] *Adjusted earnings (loss) are defined as earnings (loss) attributable to equity owners of the Company 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.*

# CANADIAN UTILITIES LIMITED

# INTERIM CONSOLIDATED

# FINANCIAL STATEMENTS

**(UNAUDITED)**

**FOR THE THREE MONTHS ENDED MARCH 31, 2026**

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# CONSOLIDATED STATEMENTS OF EARNINGS

| | | Three Months Ended March 31 | |
|---|---|---|---|
| *(millions of Canadian Dollars except per share data)* | **Note** | **2026** | **2025** |
| **Revenues** | 4 | **1,084** | 1,085 |
| **Costs and expenses** | | | |
| Salaries, wages and benefits | 3 | **(98)** | (109) |
| Energy transmission and transportation | | **(87)** | (87) |
| Plant and equipment maintenance | | **(52)** | (52) |
| Fuel costs | | **(47)** | (45) |
| Purchased power | | **(31)** | (22) |
| Depreciation and amortization | | **(189)** | (181) |
| Franchise fees | | **(106)** | (106) |
| Property and other taxes | | **(20)** | (21) |
| Derivative financial instruments gains | 11 | **2** | 4 |
| Other | | **(61)** | (69) |
| | | **(689)** | (688) |
| **Earnings from investment in joint ventures** | | **21** | 21 |
| **Operating profit** | | **416** | 418 |
| Interest income | | **15** | 14 |
| Interest expense | | **(136)** | (125) |
| **Net finance costs** | | **(121)** | (111) |
| **Earnings before income taxes** | | **295** | 307 |
| **Income tax expense** | | **(68)** | (68) |
| **Earnings for the period** | | **227** | 239 |
| **Earnings attributable to:** | | | |
| Equity owners of the Company | | **224** | 236 |
| Non-controlling interests | | **3** | 3 |
| | | **227** | 239 |
| **Earnings per Class A and Class B share** | 5 | **$0.75** | $0.80 |
| **Diluted earnings per Class A and Class B share** | 5 | **$0.75** | $0.80 |

*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** | **227** | 239 |
| **Other comprehensive income, net of income taxes** | | |
| *Items that will not be reclassified to earnings:* | | |
| Re-measurement of retirement benefits (1) | **3** | (5) |
| *Items that are or may be reclassified subsequently to earnings:* | | |
| Cash flow hedges (2) | **23** | – |
| Foreign currency translation adjustment (3) | **33** | 9 |
| | **56** | 9 |
| **Other comprehensive income** | **59** | 4 |
| **Comprehensive income for the period** | **286** | 243 |
| **Comprehensive income attributable to:** | | |
| Equity owners of the Company | **283** | 240 |
| Non-controlling interests | **3** | 3 |
| | **286** | 243 |

*(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 $(7) 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 | | **369** | 690 |
| Marketable securities | | **233** | 231 |
| Accounts receivable and contract assets | | **518** | 515 |
| Finance lease receivables | | **15** | 14 |
| Inventories | | **46** | 44 |
| Prepaid expenses and other current assets | | **209** | 171 |
| | | **1,390** | 1,665 |
| **Non-current assets** | | | |
| Property, plant and equipment | 6 | **21,386** | 21,175 |
| Intangibles | | **1,040** | 1,014 |
| Right-of-use assets | | **60** | 62 |
| Goodwill | | **20** | 20 |
| Retirement benefit asset | | **46** | 46 |
| Investment in joint ventures | | **243** | 240 |
| Finance lease receivables | | **98** | 99 |
| Deferred income tax assets | | **62** | 58 |
| Other assets | | **166** | 157 |
| **Total assets** | | **24,511** | 24,536 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Bank indebtedness | | **14** | 19 |
| Accounts payable and accrued liabilities | | **605** | 637 |
| Lease liabilities | | **8** | 9 |
| Provisions and other current liabilities | | **31** | 30 |
| Long-term debt | 7 | **392** | 374 |
| | | **1,050** | 1,069 |
| **Non-current liabilities** | | | |
| Deferred income tax liabilities | | **2,355** | 2,285 |
| Retirement benefit obligations | | **214** | 215 |
| Customer contributions | | **2,196** | 2,165 |
| Lease liabilities | | **55** | 57 |
| Other liabilities | | **229** | 225 |
| Long-term debt | 7 | **11,671** | 11,922 |
| **Total liabilities** | | **17,770** | 17,938 |
| **EQUITY** | | | |
| Equity preferred shares | | **1,522** | 1,522 |
| **Class A and Class B share owners' equity** | | | |
| Class A and Class B shares | 9 | **1,323** | 1,316 |
| Contributed surplus | | **16** | 15 |
| Retained earnings | | **3,625** | 3,545 |
| Accumulated other comprehensive income (loss) | | **40** | (15) |
| **Total equity attributable to equity owners of the Company** | | **6,526** | 6,383 |
| **Non-controlling interests** | | **215** | 215 |
| **Total equity** | | **6,741** | 6,598 |
| **Total liabilities and equity** | | **24,511** | 24,536 |

*See accompanying Notes to Unaudited Interim Consolidated Financial Statements.*

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| *(millions of Canadian Dollars)* | Note | Class A and Class B Shares | Equity Preferred Shares | Contributed Surplus | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total | Non-Controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| December 31, 2024 | | 1,295 | 1,571 | 16 | 3,999 | 28 | 6,909 | 212 | 7,121 |
| Earnings for the period | | – | – | – | 236 | – | 236 | 3 | 239 |
| Other comprehensive income | | – | – | – | – | 4 | 4 | – | 4 |
| Losses on retirement benefits transferred to retained earnings | | – | – | – | (5) | 5 | – | – | – |
| Class A shares issued | 9 | 3 | – | – | – | – | 3 | – | 3 |
| Dividends | 8, 9 | – | – | – | (144) | – | (144) | (4) | (148) |
| Share-based compensation | | 1 | – | (1) | – | – | – | – | – |
| Other | | – | – | – | (3) | (2) | (5) | (1) | (6) |
| March 31, 2025 | | 1,299 | 1,571 | 15 | 4,083 | 35 | 7,003 | 210 | 7,213 |
| December 31, 2025 | | 1,316 | 1,522 | 15 | 3,545 | (15) | 6,383 | 215 | 6,598 |
| Earnings for the period | | **–** | **–** | **–** | **224** | **–** | **224** | **3** | **227** |
| Other comprehensive income | | **–** | **–** | **–** | **–** | **59** | **59** | **–** | **59** |
| Gains on retirement benefits transferred to retained earnings | | **–** | **–** | **–** | **3** | **(3)** | **–** | **–** | **–** |
| Class A shares issued | 9 | **6** | **–** | **–** | **–** | **–** | **6** | **–** | **6** |
| Dividends | 8, 9 | **–** | **–** | **–** | **(145)** | **–** | **(145)** | **(3)** | **(148)** |
| Share-based compensation | | **1** | **–** | **1** | **–** | **–** | **2** | **–** | **2** |
| Other | | **–** | **–** | **–** | **(2)** | **(1)** | **(3)** | **–** | **(3)** |
| March 31, 2026 | | **1,323** | **1,522** | **16** | **3,625** | **40** | **6,526** | **215** | **6,741** |

*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 | | **227** | 239 |
| Adjustments to reconcile earnings to cash flows from operating activities | 10 | **420** | 345 |
| Changes in non-cash working capital | | **(43)** | 53 |
| **Cash flows from operating activities** | | **604** | 637 |
| **Investing activities** | | | |
| Additions to property, plant and equipment | | **(306)** | (376) |
| Proceeds on disposal of property, plant and equipment | | **4** | – |
| Additions to intangibles | | **(38)** | (20) |
| Investment in joint ventures | | **(2)** | – |
| Investment in marketable securities | | **(3)** | (3) |
| Changes in non-cash working capital | | **(32)** | 22 |
| Other | | **4** | 2 |
| **Cash flows used in investing activities** | | **(373)** | (375) |
| **Financing activities** | | | |
| Issue of long-term debt | | **12** | 19 |
| Repayment of long-term debt | 7 | **(281)** | (6) |
| Repayment of lease liabilities | | **(3)** | (3) |
| Issue of Class A shares | 9 | **6** | 3 |
| Dividends paid on equity preferred shares | 8 | **(19)** | (19) |
| Dividends paid to non-controlling interests | | **(3)** | (4) |
| Dividends paid to Class A and Class B share owners | 9 | **(126)** | (125) |
| Interest paid | | **(136)** | (131) |
| **Cash flows used in financing activities** | | **(550)** | (266) |
| **Decrease in cash position** | | **(319)** | (4) |
| Foreign currency translation | | **3** | 2 |
| Beginning of period | | **671** | (80) |
| **End of period** (1) | 10 | **355** | (82) |

*(1) Cash position includes $8 million which is not available for general use by the Company (2025 - $5 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

Canadian Utilities Limited was incorporated under the laws of Canada and is listed on the Toronto Stock Exchange. Its head office is at 4th Floor, West Building, 5302 Forand Street SW, Calgary, Alberta T3E 8B4 and its registered office is 20th Floor, 10035 - 105 Street, Edmonton, Alberta T5J 2V6. Canadian Utilities Limited is controlled by ATCO Ltd. and its controlling share owner, the Southern family.

Canadian Utilities Limited is engaged in the following business activities:

- 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 Canadian Utilities Limited, its subsidiaries, and the accounts of its investments in joint arrangements. In these financial statements, "the Company" means Canadian Utilities Limited, its subsidiaries and joint arrangements.

## 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 and the amount of sunlight, wind and water available to produce renewable energy.

## 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<br>2025 | ATCO Energy Systems Electricity | ATCO Energy Systems Natural Gas | ATCO Energy Systems Elims | ATCO Energy Systems Total | ATCO EnPower | ATCO Australia | Financing & Other | Elims | Total |
|---|---|---|---|---|---|---|---|---|---|
| Revenues - external | **374** | **546** | **–** | **920** | **99** | **62** | **3** | **–** | **1,084** |
| | 371 | 555 | – | 926 | 98 | 57 | 4 | – | 1,085 |
| Revenues - intersegment | **3** | **1** | **(4)** | **–** | **–** | **–** | **4** | **(4)** | **–** |
| | 2 | – | (2) | – | – | – | 4 | (4) | – |
| Revenues | **377** | **547** | **(4)** | **920** | **99** | **62** | **7** | **(4)** | **1,084** |
| | 373 | 555 | (2) | 926 | 98 | 57 | 8 | (4) | 1,085 |
| Operating expenses [(1)] | **(143)** | **(260)** | **4** | **(399)** | **(64)** | **(29)** | **(12)** | **4** | **(500)** |
| | (139) | (270) | 2 | (407) | (64) | (32) | (8) | 4 | (507) |
| Depreciation and amortization | **(88)** | **(70)** | **–** | **(158)** | **(13)** | **(14)** | **(4)** | **–** | **(189)** |
| | (86) | (65) | – | (151) | (13) | (14) | (3) | – | (181) |
| Earnings from investment in joint ventures | **17** | **–** | **–** | **17** | **2** | **2** | **–** | **–** | **21** |
| | 16 | – | – | 16 | 3 | 2 | – | – | 21 |
| Net finance costs | **(57)** | **(37)** | **–** | **(94)** | **(8)** | **(9)** | **(10)** | **–** | **(121)** |
| | (58) | (34) | – | (92) | (8) | (8) | (3) | – | (111) |
| Earnings (loss) before income taxes | **106** | **180** | **–** | **286** | **16** | **12** | **(19)** | **–** | **295** |
| | 106 | 186 | – | 292 | 16 | 5 | (6) | – | 307 |
| Income tax (expense) recovery | **(21)** | **(42)** | **–** | **(63)** | **(4)** | **(3)** | **2** | **–** | **(68)** |
| | (20) | (43) | – | (63) | (4) | (1) | – | – | (68) |
| Earnings (loss) for the period | **85** | **138** | **–** | **223** | **12** | **9** | **(17)** | **–** | **227** |
| | 86 | 143 | – | 229 | 12 | 4 | (6) | – | 239 |
| Adjusted earnings (loss) | **105** | **141** | **–** | **246** | **11** | **21** | **(36)** | **–** | **242** |
| | 102 | 130 | – | 232 | 11 | 13 | (24) | – | 232 |
| Total assets [(2)] | **11,838** | **8,527** | **(3)** | **20,362** | **1,850** | **1,702** | **858** | **(261)** | **24,511** |
| | 11,753 | 8,428 | (2) | 20,179 | 1,841 | 1,601 | 1,172 | (257) | 24,536 |
| Capital expenditures [(3)] | **151** | **157** | **–** | **308** | **20** | **24** | **1** | **–** | **353** |
| | 191 | 154 | – | 345 | 30 | 21 | 5 | – | 401 |

*Elims - Intersegment Eliminations*

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

(2) *2025 comparatives are at December 31, 2025.*

(3) *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 equity owners of the Company after adjusting for:

- the timing of revenues and expenses for rate-regulated activities;
- dividends on equity preferred shares of the Company;
- 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<br>2025 | ATCO Energy Systems Electricity | ATCO Energy Systems Natural Gas | ATCO Energy Systems Total | ATCO EnPower | ATCO Australia | Financing & Other | Total |
|---|---|---|---|---|---|---|---|
| Adjusted earnings (loss) | **105** | **141** | **246** | **11** | **21** | **(36)** | **242** |
| | 102 | 130 | 232 | 11 | 13 | (24) | 232 |
| Unrealized gains on mark-to-market forward and swap commodity contracts | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | – | – | – | 2 | – | – | 2 |
| Rate-regulated activities | **(20)** | **(4)** | **(24)** | **–** | **(12)** | **–** | **(36)** |
| | (7) | 20 | 13 | – | (8) | – | 5 |
| IT Common Matters decision | **(1)** | **–** | **(1)** | **–** | **–** | **–** | **(1)** |
| | (1) | – | (1) | – | – | – | (1) |
| Transition of managed IT services | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | (3) | (4) | (7) | – | – | – | (7) |
| Restructuring | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | (6) | (4) | (10) | (2) | (1) | (1) | (14) |
| Dividends on equity preferred shares of Canadian Utilities Limited | **–** | **–** | **–** | **–** | **–** | **19** | **19** |
| | – | – | – | – | – | 19 | 19 |
| Earnings (loss) attributable to equity owners of the Company | **84** | **137** | **221** | **11** | **9** | **(17)** | **224** |
| | 85 | 142 | 227 | 11 | 4 | (6) | 236 |
| Earnings attributable to non-controlling interests | | | | | | | **3** |
| | | | | | | | 3 |
| Earnings for the period | | | | | | | **227** |
| | | | | | | | 239 |

***Unrealized gains and losses on mark-to-market forward and swap commodity contracts***

The Company's electricity generation business enters into fixed-price swap electricity contracts in order to manage exposure to electricity prices for its renewable facilities. These contracts, comprising virtual power purchase agreements, are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price electricity 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, are recognized in the ATCO EnPower operating segment.

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] | **39** | 33 |
| *Revenues to be billed in future periods* | | |
| Deferred income taxes [2] | **(54)** | (36) |
| Impact of warmer temperatures [3] | **(10)** | (1) |
| Impact of inflation on rate base [4] | **(8)** | (5) |
| *Settlement of regulatory decisions and other items* | | |
| PBR2 re-opener proceeding refund to customers [5] | **(20)** | – |
| Other [6] | **17** | 14 |
| | **(36)** | 5 |

*(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 $10 million (after-tax) and $10 million (after-tax), 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 $28 million (after-tax) ($35 million before tax) for ATCO Electric Distribution and $28 million (after-tax) ($36 million before tax) for ATCO Gas Distribution.*

*(6) In the three months ended March 31, 2026, ATCO Gas Distribution recorded an increase in earnings of $18 million (after-tax) (2025 - $17 million (after-tax)) 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) (2025 - $1 million (after-tax)).

***Transition of managed IT services***

For the three months ended March 31, 2025, the Company recognized IT transition costs of $7 million (after-tax). 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 $14 million (after-tax) 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<br>2025 | ATCO Energy Systems Electricity [1] | ATCO Energy Systems Natural Gas [1] | ATCO Energy Systems Total | ATCO EnPower | ATCO Australia [2] | 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 |
| Customer contributions | **10** | **6** | **16** | **–** | **–** | **–** | **16** |
| | 9 | 6 | 15 | – | 1 | – | 16 |
| Franchise fees | **10** | **96** | **106** | **–** | **–** | **–** | **106** |
| | 10 | 96 | 106 | – | – | – | 106 |
| Storage and industrial water | **–** | **–** | **–** | **28** | **–** | **–** | **28** |
| | – | – | – | 29 | – | – | 29 |
| Total rendering of services | **354** | **543** | **897** | **28** | **54** | **–** | **979** |
| | 350 | 555 | 905 | 29 | 46 | – | 980 |
| ***Sale of Goods*** | | | | | | | |
| Electricity generation and delivery | **–** | **–** | **–** | **20** | **–** | **–** | **20** |
| | – | – | – | 21 | 2 | – | 23 |
| Commodity sales | **–** | **–** | **–** | **42** | **–** | **–** | **42** |
| | – | – | – | 41 | – | – | 41 |
| Total sale of goods | **–** | **–** | **–** | **62** | **–** | **–** | **62** |
| | – | – | – | 62 | 2 | – | 64 |
| ***Lease income*** | | | | | | | |
| Finance lease | **1** | **–** | **1** | **–** | **2** | **–** | **3** |
| | 1 | – | 1 | – | 2 | – | 3 |
| ***Other*** [3] | **19** | **3** | **22** | **9** | **6** | **3** | **40** |
| | 20 | – | 20 | 7 | 7 | 4 | 38 |
| **Total** | **374** | **546** | **920** | **99** | **62** | **3** | **1,084** |
| | 371 | 555 | 926 | 98 | 57 | 4 | 1,085 |

*(1) 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).*

*(2) 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).*

*(3) Other revenues of $40 million (2025 - $38 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 A non-voting common (Class A) and Class B voting common (Class B) share are calculated by dividing the earnings attributable to Class A and Class B 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 A and Class B 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 | **272,154,737** | 271,578,742 |
| Effect of dilutive stock options | **627,225** | 83,699 |
| Weighted average dilutive shares outstanding | **272,781,962** | 271,662,441 |
| **Earnings for earnings per share calculation** | | |
| Earnings for the period | **227** | 239 |
| Dividends on equity preferred shares of the Company | **(19)** | (19) |
| Non-controlling interests | **(3)** | (3) |
| Earnings attributable to Class A and B shares | **205** | 217 |
| **Earnings and diluted earnings per Class A and Class B share** | | |
| Earnings per Class A and Class B share | **$0.75** | $0.80 |
| Diluted earnings per Class A and Class B share | **$0.75** | $0.80 |

## 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 | Other | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| December 31, 2025 | 25,351 | 1,622 | 794 | 994 | 856 | 29,617 |
| Additions | **–** | **1** | **–** | **316** | **–** | **317** |
| Transfers | **176** | **3** | **30** | **(218)** | **9** | **–** |
| Retirements and disposals | **(18)** | **–** | **(3)** | **–** | **(4)** | **(25)** |
| Foreign exchange rate adjustment | **92** | **2** | **2** | **3** | **4** | **103** |
| Changes to asset retirement costs | **–** | **1** | **–** | **–** | **–** | **1** |
| March 31, 2026 | **25,601** | **1,629** | **823** | **1,095** | **865** | **30,013** |
| **Accumulated depreciation** | | | | | | |
| December 31, 2025 | 7,198 | 557 | 215 | – | 472 | 8,442 |
| Depreciation | **146** | **11** | **4** | **–** | **15** | **176** |
| Retirements and disposals | **(18)** | **–** | **(1)** | **–** | **(4)** | **(23)** |
| Foreign exchange rate adjustment | **28** | **1** | **–** | **–** | **3** | **32** |
| March 31, 2026 | **7,354** | **569** | **218** | **–** | **486** | **8,627** |
| **Net book value** | | | | | | |
| December 31, 2025 | 18,153 | 1,065 | 579 | 994 | 384 | 21,175 |
| March 31, 2026 | **18,247** | **1,060** | **605** | **1,095** | **379** | **21,386** |

The additions to property, plant and equipment included $6 million of interest capitalized during construction for the three months ended March 31, 2026 (2025 - $4 million).

## 7. LONG-TERM DEBT

***Canadian Utilities Limited***

In January 2026, the Company 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 the Company, 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. EQUITY PREFERRED SHARES

**DIVIDENDS**

Cash dividends declared and paid per share during the three months ended March 31 are as follows:

| *(dollars per share)* | **2026** | **2025** |
|---|---|---|
| **Cumulative Redeemable Second Preferred Shares** | | |
| 5.196% Series Y | **0.3248** | 0.3248 |
| 4.90% Series AA | **0.3062** | 0.3062 |
| 4.90% Series BB | **0.3062** | 0.3062 |
| 4.50% Series CC | **0.2812** | 0.2812 |
| 4.50% Series DD | **0.2812** | 0.2812 |
| 5.25% Series EE | **0.3281** | 0.3281 |
| 4.50% Series FF (1) | **–** | 0.2812 |
| 4.75% Series HH | **0.2969** | 0.2969 |
| 5.60% Series JJ (2) | **0.3606** | – |

*(1) On December 1, 2025, the Company redeemed all 10,000,000 Series FF Preferred Shares.*

*(2) On November 27, 2025, the Company issued 8,050,000 Series JJ Preferred Shares. The first quarterly dividend, which was paid on March 1, 2026, was $0.36055 per Series JJ Preferred Share, $0.0155 higher than the regular quarterly dividend of $0.35 per Series JJ Preferred Share. This reflects a longer than normal dividend payment period as the Series JJ Preferred Shares were issued on November 27, 2025.*

The payment of dividends 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 second quarter dividends of $0.32475 per Series Y Preferred Share, $0.30625 per Series AA and Series BB Preferred Share, $0.28125 per Series CC and Series DD Preferred Share, $0.328125 per Series EE Preferred Share, $0.296875 per Series HH Preferred Share, and $0.35 per Series JJ Preferred Share, payable on June 1, 2026 to share owners of record as of May 7, 2026.

## 9. CLASS A AND CLASS B SHARES

**ISSUED AND OUTSTANDING**

At March 31, 2026, there were 205,666,737 (December 31, 2025 - 205,486,687) Class A shares and 66,598,854 (December 31, 2025 - 66,598,854) Class B shares outstanding. In addition, there were 2,899,250 options to purchase Class A shares outstanding at March 31, 2026, under the Company's stock option plan (December 31, 2025 - 3,076,300).

For the three months ended March 31, 2026, 180,050 stock options (2025 - 84,550) were exercised, resulting in the issuance of an additional 180,050 Class A shares (2025 - 84,550) for proceeds of $6 million (2025 - $3 million).

#### DIVIDENDS

The Company declared and paid cash dividends of $0.4623 per Class A and Class B share for the three months ended March 31, 2026 (2025 - $0.4577). The Company's policy is to pay dividends quarterly on its Class A and Class B shares. The payment and amount of any quarterly 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 $0.4623 per Class A and Class B share, payable on June 1, 2026 to share owners of record as of May 7, 2026.

## 10. 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 | **189** | 181 |
| Dividends and distributions received from joint ventures | **21** | 19 |
| Earnings from investment in joint ventures | **(21)** | (21) |
| Income tax expense | **68** | 68 |
| Unrealized gains on derivative financial instruments | **–** | (2) |
| Contributions by customers for extensions to plant | **43** | 25 |
| Amortization of customer contributions | **(16)** | (16) |
| Net finance costs | **121** | 111 |
| Income taxes paid | **(4)** | (18) |
| Interest received | **14** | 12 |
| Other | **5** | (14) |
| | **420** | 345 |

#### CASH POSITION

Cash position at March 31 is comprised of:

| | 2026 | 2025 |
|---|---|---|
| Cash | **331** | 338 |
| Short-term investments | **30** | 4 |
| Restricted cash (1) | **8** | 5 |
| Cash and cash equivalents | **369** | 347 |
| Bank indebtedness (2) | **(14)** | (429) |
| | **355** | (82) |

*(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.*

## 11. 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 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:

| | March 31, 2026 | | December 31, 2025 | |
|---|---|---|---|---|
| Recurring Measurements | Carrying Value | Fair Value | Carrying Value | 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 | **12,063** | **11,323** | 12,296 | 11,724 |

*(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 subject to hedge accounting and 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
- power forward sale contracts, comprising renewable virtual power purchase agreements (PPAs), for the purpose of limiting exposure to electricity market price movements.

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

| | Level 2 | | Level 3 | |
|---|---|---|---|---|
| Recurring Measurements | Interest Rate Swaps | Foreign Currency Forward Contracts | Power Purchase Agreements (1) | Total Fair Value of Derivatives |
| **March 31, 2026** | | | | |
| **Financial Assets** | | | | |
| Prepaid expenses and other current assets | **7** | **2** | **–** | **9** |
| Other assets | **19** | **–** | **62** | **81** |
| **Financial Liabilities** | | | | |
| Provisions and other current liabilities | **1** | **–** | **–** | **1** |
| Other liabilities | **3** | **–** | **–** | **3** |
| **December 31, 2025** | | | | |
| **Financial Assets** | | | | |
| Prepaid expenses and other current assets | 2 | – | – | 2 |
| Other assets | 14 | – | 45 | 59 |
| **Financial Liabilities** | | | | |
| Provisions and other current liabilities | 1 | 1 | – | 2 |
| Other liabilities | 3 | – | – | 3 |

*(1) The Company is a party to certain renewable virtual power purchase agreements in its electricity generation business (reported in ATCO EnPower operating segment). Under the PPAs, the Company 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.*

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:

| | |
|---|---|
| December 31, 2025 | 45 |
| Settlement of derivative contracts | **(5)** |
| Gains recognized in other comprehensive income | **22** |
| March 31, 2026 | **62** |

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 3 | Total | Level 2 | Level 3 | Total |
| **Realized gains** | | | | | |
| Revenues | **3** | **3** | – | 3 | 3 |
| Derivative financial instruments (1) | **2** | **2** | – | 2 | 2 |
| Interest expense | **–** | **–** | 1 | – | 1 |
| | **5** | **5** | 1 | 5 | 6 |
| **Unrealized gains** | | | | | |
| Derivative financial instruments (1) | **–** | **–** | – | 2 | 2 |
| Total | **5** | **5** | 1 | 7 | 8 |

*(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 | | |
|---|---|---|---|
| **Notional value and maturity** | **Interest Rate Swaps** | **Foreign Currency Forward Contracts** | **Power Purchase Agreements** |
| **March 31, 2026** | | | |
| Sales (1) | **–** | **–** | **6,519,808** |
| Currency | | | |
| Canadian dollars | **110** | **–** | **–** |
| Australian dollars | **771** | **–** | **–** |
| U.S. dollars | **–** | **138** | **–** |
| Maturity | **2026-2036** | **2026-2027** | **2026-2038** |
| **December 31, 2025** | | | |
| Sales (1) | – | – | 6,780,362 |
| Currency | | | |
| Canadian dollars | 113 | – | – |
| Australian dollars | 771 | – | – |
| U.S. dollars | – | 126 | – |
| Maturity | 2026-2036 | 2026-2027 | 2026-2038 |

*(1) Notional amounts under the power purchase agreements are the MWh volumes committed over the terms of the agreements.*