AltaGas Ltd.

Management's Discussion & Analysis

For the year ended December 31, 2025

Dated: March 5, 2026

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AltaGas Business Overview and Organization

AltaGas Ltd. ("AltaGas", the "Company" or the "Corporation") is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business focused on delivering resilient and durable value for its stakeholders. AltaGas has three reporting segments - Utilities, Midstream, and Corporate/Other.

Utilities Segment

AltaGas' Utilities segment owns and operates franchised, cost-of-service, rate-regulated natural gas distribution and storage utilities that are focused on providing safe, reliable, and affordable energy to its customers. In 2025, AltaGas' Utilities provided energy to 1.6 million residential and commercial customers with an average rate base of US$5.5 billion.

The Utilities segment includes two utilities that deliver essential energy across four major United States ("U.S.") jurisdictions:

- Washington Gas Light Company ("Washington Gas") is the Company's largest operating utility and serves 1.2 million customers across Virginia, Maryland, and the District of Columbia ("D.C."); and
- SEMCO Energy, Inc. ("SEMCO Energy") serves 333,000 customers in Southern Michigan and Michigan's Upper Peninsula.

The Utilities segment also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, Inc. ("WGL Energy Services"), an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers across Maryland, Virginia, Delaware, Pennsylvania, Ohio, New Jersey, and D.C.

Midstream Segment

AltaGas' Midstream segment is a leading North American platform that connects customers and markets to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain that facilitates the best outcomes for their businesses. This includes global market access for North American Liquified Petroleum Gases ("LPGs"), which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers.

AltaGas' Midstream platform is heavily focused on the Montney and Deep Basin resource plays and centers around open access LPG exports, which is where the Company believes the market is headed for Canadian resource development over the long-term. AltaGas also operates a broader set of midstream infrastructure assets across the Western Canadian Sedimentary Basin ("WCSB") and select regions in the U.S., which are all focused on connecting customers and markets in the most efficient manner possible.

There are three core pillars to AltaGas' Midstream platform that are integral to each other and facilitate the Company's wellhead to tidewater and beyond value chain. These include:

- **Global Exports,** which includes AltaGas' two operational LPG export terminals that provide open market access to more than 70 counterparties, for nameplate export capacity of up to 155,000 Bbl/d of propane and butane to key demand markets in Asia, and a third terminal currently under construction;
- **Natural Gas Gathering, Processing and Extraction**, which includes 1.2 Bcf/d of extraction processing capacity and 1.3 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney and Deep Basin; and
- **Fractionation and Liquids Handling**, which includes 70 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and natural gas liquids ("NGLs") marketing businesses, domestic logistics, trucking and rail terminals, liquids storage with 3.2 million barrels of capacity through a network of underground salt caverns through the Company's Strathcona Storage JV with ATCO Energy Solutions Ltd., 15 Bcf of natural gas storage through the Dimsdale natural gas storage facility ("Dimsdale"), as well as AltaGas' 10 percent equity interest in the Mountain Valley Pipeline ("MVP"), which is a 2.0 Bcf/d transportation pipeline that transports natural gas from the Marcellus region across Virginia and West Virginia to key downstream demand markets with pipeline expansion and extension opportunities.

Corporate/Other Segment

AltaGas' Corporate/Other segment consists of the Company's corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power, primarily in California.

Highlights

Normalized EBITDA, normalized funds from operations, normalized net income and adjusted net debt are non-GAAP financial measures. Normalized funds from operations per share, normalized net income per share and adjusted net debt to normalized EBITDA are non-GAAP ratios. Please see Non-GAAP Financial Measures section of this Management's Discussion and Analysis ("MD&A").

Financial Results

- Normalized EBITDA was $564 million in the fourth quarter and $1,863 million for the full year of 2025, while income before income taxes was $310 million in the fourth quarter and $1,029 million for the full year of 2025. 2025 normalized EBITDA increased five percent year-over-year and was at the upper-end of AltaGas' guidance range. Midstream growth was driven by strong LPG export volumes and margins. Stronger Utilities performance came from higher rate base, asset optimization and favorable weather.
- Normalized earnings per share ("EPS") was $0.77 in the fourth quarter and $2.23 for the full year of 2025 while GAAP EPS was $0.67 in the fourth quarter and $2.48 for the full year of 2025. Full year normalized EPS was above the mid-point of AltaGas' guidance range, driven by strong performance across the enterprise, partially offset by higher depreciation and amortization and increased tax expense.

Operational and Business Highlights

- AltaGas exported 124,593 Bbl/d of LPG to Asia in the fourth quarter, with 21 Very Large Gas Carriers ("VLGCs") loaded across the Ridley Island Propane Export Terminal ("RIPET") and the Ferndale Terminal ("Ferndale"). Full-year exports were a record 126,572 Bbl/d, up four percent year-over-year, with 83 ships delivered to Asia.
- Midstream throughput increased in 2025, with fourth quarter fractionation and liquids handling volumes up seven percent year-over-year, led by the Montney. North Pine throughput reached record volumes and operated near its 25,000 Bbl/d capacity.
- Utilities delivered its best safety results on record, with total recordable injury frequency ("TRIF") down meaningfully from historical levels. This improvement reflects strong operational discipline and places SEMCO in the top quartile for safety performance amongst the peer group.

Growth Project Updates

- Pipestone II was placed in service in December 2025 and is operating at over 90 percent utilization under long-term take-or-pay contracts.
- The Ridley Island Energy Export Facility (“REEF”) remains on budget and on schedule for 2026 completion as over 85 percent of capital has been committed or incurred and more than 70 percent of equipment has been delivered and installed. REEF Optimization I construction is underway and will add an additional 30,000 Bbl/d of propane export capacity in the second half of 2027.
- Dimsdale Phase I and II expansions will add 6 Bcf of storage capacity by 2026 year-end and another 30 Bcf by mid-2027. The expansions are backed by long-term take-or-pay storage contracts. The facility will help balance LNG demand draws associated with Western Canada's growing production and natural gas exports.
- AltaGas’ decision to retain its ownership interest in MVP was further reinforced by strong operational performance and improving outlooks for the MVP Boost and MVP Southgate expansion projects. Recent milestones include unanimous approval of the revised route by the U.S. Federal Energy Regulatory Commission (“FERC”) and issuance of key North Carolina water permits for MVP Southgate.
- Construction of the 30-mile Keweenaw Connector Pipeline is advancing, with long lead-time materials procured and all land rights secured. Construction is expected to begin in the second quarter of 2026, with an anticipated in-service date of early 2027.
- AltaGas’ Utilities continue to advance data center development opportunities, with engineering and design studies completed in Virginia, Michigan, and Maryland. In late 2025, the Company executed an agreement for the first phase of a 24-MW data center in Maryland, with Phase I expected to be completed by year-end 2026.

Regulatory Highlights

- In November 2025, the Public Service Commission of the District of Columbia (“PSC of D.C.”) approved a US$33 million rate base increase, including a US$12 million roll-in from the PROJECTpipes 2 Accelerated Replacement Program (“ARP”). Rates became effective January 2026 with an allowed return on equity (“ROE”) of 9.65 percent.

- Washington Gas filed a US$82 million rate case in Maryland, requesting an ROE of 10.85 percent. Excluding the US$15 million STRIDE modernization program transfer, the net rate increase requested totals US$67 million.
- The Virginia State Corporation Commission ("SCC of VA") approved Washington Gas' full US$700 million amendment to the Virginia Steps to Advance Virginia Energy ("SAVE") ARP, extending the program through the end of 2028.
- Washington Gas received authorization from the PSC of D.C. to extend the PROJECT*pipes* 2 modernization program through June 30, 2026, with an additional US$25 million. On March 4, 2026, the PSC of D.C. approved the District Strategic Accelerated Facility Enhancement ("SAFE") modernization program with US$150 million of authorized spending from July 1, 2026 to June 30, 2029.
- On February 26, 2026, SEMCO filed a US$61 million rate case in Michigan requesting a 10.75 percent ROE. Proposed rates include capital investments since January 2020 and the pre-approved capital associated with construction of the Keweenaw Connector Pipeline. SEMCO proposed approval of a weather normalization adjustment mechanism and anticipates new rates to be in place by early 2027.

Board Chair Appointment

- As part of a planned transition, Derek Evans has been appointed as the incoming Board Chair, effective May 1, 2026. Pentti Karkkainen will continue to serve as Chair until the transition date and will remain on the Board as an active Director thereafter to support continuity and ongoing Board leadership.

2026 Guidance and Financial Updates

- AltaGas has had a strong start to 2026 and is reiterating the Company's 2026 full year guidance, including normalized EBITDA of $1.925 billion to $2.025 billion and normalized net income per share of $2.20 to $2.45.
- AltaGas' adjusted net debt to normalized EBITDA[1] exited 2025 at 4.7x on a trailing twelve-month basis, including 50 percent debt treatment for its subordinated hybrid notes and preferred shares. This is in line with the Company's targeted leverage range of 4.5 - 5.0x and compares to 5.1x at 2024 year-end.
- On December 1, 2025, AltaGas' Board of Directors approved a six percent increase to its 2026 common share dividends to $1.34 per common share annually ($0.334 per common share quarterly).
- On January 7, 2026, AltaGas redeemed its $350 million of senior unsecured MTNs with a 4.12 percent coupon rate, which were originally scheduled to mature on April 7, 2026. The redemption was at par plus any accrued and unpaid interest.
- On January 26, 2026, AltaGas entered into a five-year, $500 million term loan. The proceeds will be used for general corporate purposes.

2026 Outlook

In 2026, AltaGas expects to achieve normalized EBITDA of $1.925 to $2.025 billion, compared to actual normalized EBITDA of $1.863 billion in 2025, and normalized earnings per share of $2.20 to $2.45, compared to actual normalized earnings per share of $2.23 and GAAP net income per share of $2.48 in 2025. For the year ended December 31, 2025, income before income taxes was $1,029 million while net income applicable to common shares was $747 million.

The Utilities segment is expected to contribute approximately 55 percent of normalized EBITDA in 2026, with year-over-year expected growth primarily driven by continued rate base growth through new rates in Virginia, D.C., and Maryland, ongoing capital investments in asset modernization programs on behalf of AltaGas' customers, and positive contribution from new customer growth, partially offset by lower expected gains related to the partial settlements of Washington Gas' post-retirement benefit pension plan as well as lower expected performance from WGL's retail marketing business. The Midstream segment is expected to contribute approximately 45 percent of normalized EBITDA, with year-over-year expected growth driven primarily by a full year of contributions from the Pipestone II facility and stronger expected global export volumes and margins, partially offset by lower frac spreads.

The variance in expected normalized earnings per share from $2.23 in 2025 to $2.20 to $2.45 in 2026 is anticipated to be primarily due to the same above factors impacting normalized EBITDA, partially offset by higher normalized income tax expense, higher depreciation and amortization expense, and higher interest expense.

The forecasted normalized EBITDA and earnings per share include assumptions around the Canadian/U.S. dollar exchange rate, and the currency hedges that AltaGas currently has in place. Within each segment, the performance of the underlying businesses has the potential to vary. Any variance from AltaGas' current assumptions could impact the forecasted normalized EBITDA and normalized earnings per share. For further discussion of the risks impacting AltaGas please refer to the *Risk Factors* section of AltaGas' 2025 Annual Information Form, which is available on SEDAR+ at www.sedarplus.ca.

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company has exposure, it maintains an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows.

2026 Midstream Hedge Program	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Full Year 2026
Global Exports volumes hedged (%) (1)	100	91	76	65	80
Average propane/butane Far East Index ("FEI") to North America hedge (US$/Bbl) (2) (3)	17.07	17.00	22.34	27.32	19.13
Fractionation volumes hedged (%) (3)	92	79	81	40	68
Frac spread hedge rate (US$/Bbl) (3)	20.36	21.10	21.10	21.70	21.06

(1) Approximate expected volumes hedged based on AltaGas' internally assumed export volumes. Hedged amounts include contracted tolling volumes and financial hedges.
(2) Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.
(3) Approximate average for the period.

AltaGas continues to actively manage commodity exposure through contracting and hedging and will provide updates on its hedging activities on a quarterly basis.

Sensitivity Analysis

AltaGas’ financial performance is affected by factors such as changes in commodity prices, foreign exchange rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas’ expected normalized annual results for 2026:

Factor	Increase or decrease	Approximate impact on normalized annual results ($ millions)
Degree day variance from normal - Utilities (1) (2)	5 percent	8
Change in Canadian dollar per U.S. dollar exchange rate (3) (4)	0.05	6
Propane and butane FEI to North America spreads (1) (5)	US$1/Bbl	10

(1) Represents expected impact on annual normalized EBITDA.
(2) Degree days – Utilities relate to SEMCO Energy Gas Company ("SEMCO") and D.C. service areas. Degree days are a measure of coldness determined daily as the numbers of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas.
(3) Represents expected impact on annual normalized net income in the Utilities segment.
(4) The sensitivity is net of hedges on U.S. denominated earnings currently in place. Refer to the *Risk Management* section of this MD&A for more details.
(5) The sensitivity is calculated on merchant barrels net of hedges currently in place for the remainder of the year. The impact on normalized EBITDA due to changes in the spread will vary and is being managed through an active hedging program.

Capital Expenditures

AltaGas is maintaining a disciplined capital program and currently expects to deploy the following amount of invested capital in 2026:

	2026 Estimated	2025 Actuals
Invested Capital	**$1.6 billion**	$1.4 billion
Split by segment:		
Utilities	**69%**	52%
Midstream	**27%**	45%
Corporate	**4%**	3%

In 2026, AltaGas’ capital expenditures for the Utilities segment are expected to focus primarily on safety and reliability programs, including asset modernization and pipeline replacement programs, system betterment, and new customer additions. Higher expected Utilities spend is primarily related to the construction of Keweenaw Connector Pipeline in Michigan and ARP spend in Virginia related to the approved SAVE Plan. In the Midstream segment, capital expenditures are anticipated to primarily relate to new project development, including REEF Phase I, REEF Optimization I, Dimsdale Phase I and Phase II expansions, and the RIPET Methanol Removal project, as well as maintenance and administrative capital, and other optimization capital for existing assets. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2026 committed capital program is expected to be funded through internally generated cash flows driven by higher annual investment capacity from growing normalized EBITDA and enhanced financial flexibility as a result of AltaGas' stronger balance sheet.

Please refer to the *Net Invested Capital* and *Non-GAAP Financial Measures* sections of this MD&A for additional information on the components of AltaGas' invested capital.

Growth Capital Project Updates

The following table summarizes the status of AltaGas' significant growth projects:

Project	AltaGas' Ownership Interest	Estimated Cost [(1)]	Project Description and Status	Expected In-Service Date
Midstream Projects				
REEF	50%	$675 million	REEF is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is under construction on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak and is located adjacent to RIPET and will have export capacity of approximately 56,000 Bbl/d. On May 29, 2024, a positive FID for Phase I was announced on the project. Construction continues to progress in all areas and is forecasted to remain on budget and schedule to achieve a 2026 year-end in service date. Engineering deliverables are near complete and fabrication continues to make strong progress. Equipment and module deliveries have continued to support construction plans, with items shipped and placed on foundations as they arrive. One LPG accumulator and two LPG storage bullets were successfully received and set on foundations in November, while the remaining two LPG accumulators recently arrived on site and are being installed. Foundations are expected to be substantially complete in the first quarter of 2026 and rail construction for the 2025 season has been completed, with plans to return in 2026 to complete the remaining rail construction scope. Jetty construction remains a focus, with marine civil works supporting the trestle module setting sequence—marked by the successful installation of the first six trestle modules by late October. Site building infrastructure has also been significantly advanced while mitigation efforts continue to ensure alignment with the overall execution schedule.	2026 Year-end
REEF Optimization I	50%	$55 million	AltaGas and Vopak have reached a positive FID on the REEF Optimization I project. The project will increase REEF's Phase I throughput capacity by approximately 30,000 Bbl/d. Detailed engineering for Optimization I is in progress and long-lead equipment has been awarded. The partnership also continues to advance engineering, permitting, and stakeholder work for the REEF Optimization II project that will be able to accommodate up to another 25,000 - 65,000 Bbls/d of incremental throughput, with timing to be aligned with market fundamentals and customer demand.	Second half of 2027
RIPET Methanol Removal Project	70%	$37 million	AltaGas reached a positive FID on the RIPET Methanol Removal Project in April 2025. This project will allow RIPET cargos to increase access to all Asian markets, while ensuring fungible propane specifications between RIPET and REEF. Engineering, procurement, and fabrication contract has been awarded. In October 2025, AltaGas and Vopak finalized commercial terms for Vopak's participation in the RIPET Methanol Removal Project, with Vopak agreeing to fund 30 percent of the total project costs through its proportionate contributions to the RIPET partnership. Construction planning has commenced with the intent to initiate construction in the second quarter of 2026.	2026 Year-end

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Midstream Projects, continued				
Dimsdale Phase I Expansion	100%	$65 million	AltaGas has reached a positive FID on the Phase I expansion of the Company's Dimsdale Gas Storage Facility. The 6 Bcf expansion is backed by two 10-year firm storage contracts. Phase I expansion will focus on direct connection to the NGTL mainline with a new high-capacity pipeline, facility debottlenecking including new dehydration equipment, and will include a new meter station that will expand capacity, increase reliability, and reduce operating costs.	2026 Year-end
Dimsdale Phase II Expansion	100%	$165 million	AltaGas has reached a positive FID on the Phase II expansion of the Company's Dimsdale Gas Storage Facility. The 30 Bcf expansion is backed by multi-year, take-or-pay firm storage service contracts. The Phase II expansion will include construction of additional compression and dehydration capacity and the drilling of five new storage wells, increasing gas storage capacity in the Alberta Montney.	Mid 2027
MVP Mainline Expansion Project ("MVP Boost")	10%	US$46 million	The MVP Mainline Expansion is a compression-only upgrade that will add 600 MMcf/d of new firm capacity on the existing 303-mile mainline, increasing firm capacity to 2.6 Bcf/d (a 30 percent uplift). The FEED study is complete and following a highly oversubscribed open season, the partners have increased the size of the proposed MVP Boost expansion, targeting a mid-2028 in-service date. This is a year earlier than previously expected with the entire 600 MMcf/d of incremental capacity fully contracted by investment grade utilities under 20-year take-or-pay agreements. MVP Boost is a highly economic expansion project with an approximate three times capex to EBITDA build multiple, underpinned by robust power generation and data center demand in Northern Virginia and Southeast markets.	Mid 2028
MVP Southgate Project	5%	US$19 million	The MVP Southgate Project is an interstate natural gas pipeline in which AltaGas holds a 5.1 percent equity stake. Redesigned in 2023, it will extend MVP and run 31 miles from Pittsylvania County, Virginia to Rockingham County, North Carolina. On February 3, 2025, MVP filed with the FERC requesting amendment to the existing "Certificate of Public Convenience and Necessity" for the redesigned project. On October 2, 2025, FERC published its Environmental Assessment on the MVP Southgate Project, concluding no significant impacts from its development, if the project adhered to specific mitigation measures and environmental safeguards. In December 2025, FERC approved the new shortened pipeline route. The redesigned MVP Southgate Project is expected to cost US$370 million, of which US$19 million will be AltaGas' portion. AltaGas has a high degree of confidence in MVP Southgate becoming operational and remains committed to supporting the MVP Southgate project and connecting downstream customers to this critical transportation capacity.	Mid 2028 with majority of the spend expected in 2027.

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Utilities Projects [2]				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - D.C.***	100%	Estimated US$93 million for the period March 2024 to December 2025, as well as incremental expenditures of US$25 million for the period December 2025 to June 2026.	The second phase of Washington Gas' ARP in D.C. was scheduled to end in December 2023. The PSC of D.C. has issued various orders extending PROJECT*pipes* 2, with the latest order issued on November 26, 2025 extending the program through June 30, 2026 with an additional approved spending limit of US$25 million towards the completion of already approved projects. On December 22, 2022, Washington Gas filed an application with the PSC of D.C. for PROJECT*pipes* 3, seeking approval of US$672 million for the five-year period from January 1, 2024 to December 31, 2028. On June 12, 2024, the PSC of D.C. issued an order dismissing Washington Gas' PROJECT*pipes* 3 application and concurrently opened a new docket and directed Washington Gas to file a new and restructured application that comports with D.C.'s climate goals. On September 27, 2024, Washington Gas filed its restructured plan, District SAFE, requesting US$215 million for the period from March 1, 2025 through December 31, 2027. After review of all testimony, the PSC of D.C. determined that there were new material issues of fact in dispute, which informed the evidentiary hearing on November 18, 2025. On March 4, 2026, the PSC of DC approved District SAFE, with modifications, for the period from July 1, 2026 through June 30, 2029 with a total allowed spend of US$150 million.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - Maryland***	100%	Estimated US$330 million over the five year period from January 2024 to December 2028, plus additional expenditures for subsequent phases upon approval.	On December 13, 2023, the Public Service Commission of Maryland ("PSC of MD") affirmed a public law judge's proposed order for the third phase of Washington Gas' ARP ("STRIDE 3") in Maryland, with a total five-year spending cap of US$330 million. On June 1, 2025, the Maryland Next Generation Energy Act ("NGEA") was made effective, which includes amendments to the STRIDE law to include additional requirements for a company to recover costs under STRIDE. On October 21, 2025, the PSC of MD directed Washington Gas to, within sixty days, justify how its current STRIDE 3 Plan complies with the NGEA or submit proposed revisions to its plan that would bring it into compliance with the NGEA. Washington Gas made a responsive Compliance Filing on December 20, 2025. On December 29, 2025, the PSC of MD issued a Letter Order limiting further STRIDE work in 2026 to those projects that were active as of the issuance of the Order, pending the PSC of MD's consideration of the NGEA Compliance Filing.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - Virginia***	100%	Estimated US$700 million over the three year period from January 2026 to December 2028, plus additional expenditures for subsequent phases upon approval.	On May 26, 2022, the SCC of VA approved Washington Gas' proposed amendment for the 2023 to 2027 SAVE Plan with a total five-year spending cap of US$878 million, which may be exceeded by up to 5 percent. On November 25, 2025, the SCC of VA issued an order shortening the previous five-year authorization by two years, reducing the spending cap from approximately US$878 million to US$413 million through December 2025. This has been replaced with a new three-year authorization of US$700 million, which may be exceeded by up to 5 percent, for the period from 2026 to 2028.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Utilities Projects, continued [2]				
Accelerated Mains Replacement program ("MRP") and Infrastructure Reliability Improvement Program ("IRIP") – ***SEMCO ENERGY - Michigan***	100%	Estimated US$99 million from 2025 to 2027, plus additional expenditures for subsequent phases upon approval.	In September 2024, the Michigan Public Service Commission ("MPSC") approved the extension of SEMCO's MRP and IRIP programs for US$46 million and US$68 million, respectively, for the period from 2025 to 2027, which includes US$15 million of spend for 2025 approved through the previous program. In its base rate application filed in February 2026, SEMCO proposed to reset both programs and requested an estimated spend of US$284 million for the period from 2027 to 2031. This would replace the currently approved US$40 million planned for 2027 under the existing programs. A decision is expected in the fourth quarter of 2026.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Keweenaw Connector Pipeline – ***SEMCO ENERGY – Michigan***	100%	Estimated US$135 million	In May 2025, SEMCO obtained regulatory approval for the Keweenaw Connector Pipeline, a system reinforcement project in Michigan's Keweenaw Peninsula. This project is designed to improve system resiliency and ensure reliable natural gas service for 14,000 existing customers in the region. In addition to enhancing reliability, the project also increases system capacity, allowing for future growth in the area. Permitting, property acquisition and the procurement of contractors and pipeline materials are in process while the design is being finalized for the planned 2026 construction.	First quarter of 2027

(1) These amounts are estimates and are subject to change based on various factors. Where appropriate, the amounts reflect AltaGas' share of the various projects.
(2) The utility accelerated replacement programs are long-term projects with multiple phases for which expenditures are approved by the regulators and managed in multi-year increments.

Utility Assets

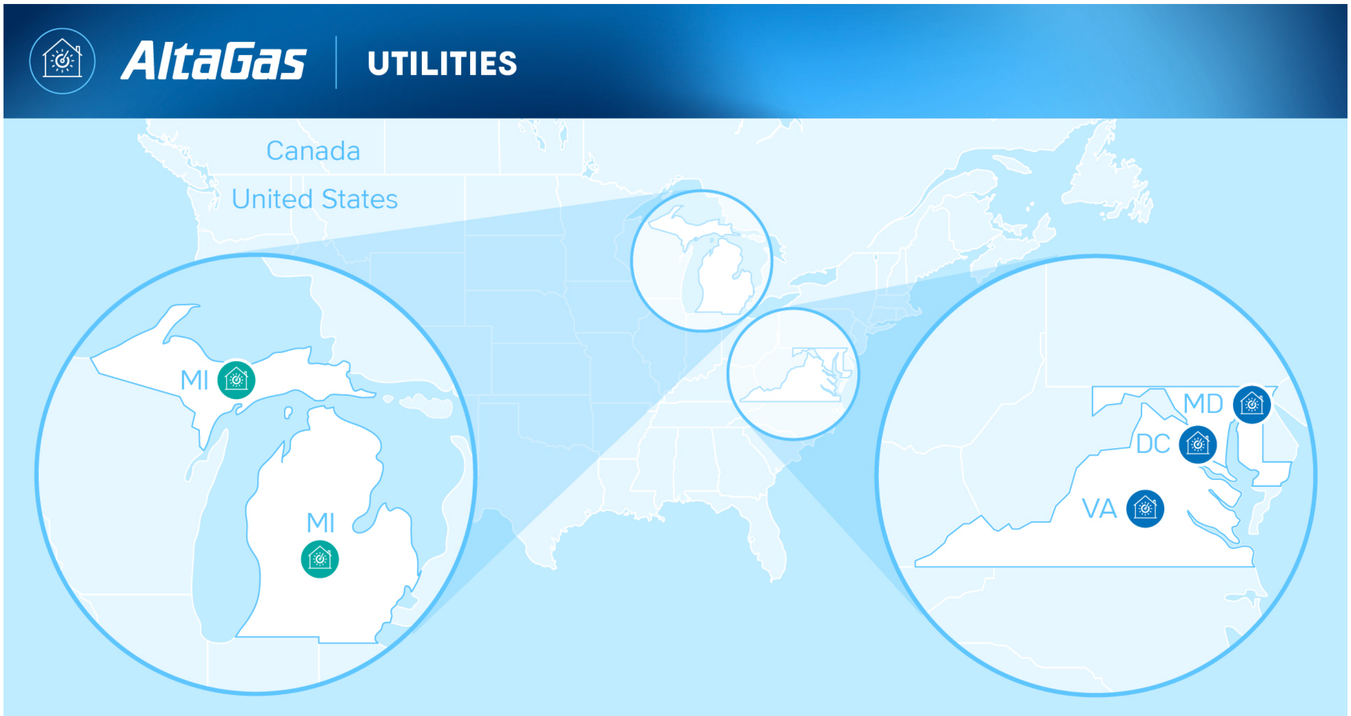
Description of Assets

AltaGas owns and operates utilities assets that store and deliver natural gas to residential, commercial, and industrial end-users in Virginia, Maryland, Michigan, and D.C. AltaGas' Utilities provide energy to 1.6 million customers with an average rate base of US$5.5 billion.

The Utilities are underpinned by regulated returns and regulatory regimes that generally provide AltaGas with stable earnings and cash flows. The Utilities segment enhances the diversification of AltaGas' portfolio of energy infrastructure assets and strengthens the Corporation's business profile, thus allowing the Corporation to meet its objective of operating a diversified lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders with long-life assets.

The Utilities segment includes:

- **Washington Gas**, which is a regulated gas utility that operates in Virginia, Maryland, and D.C.;
- **Hampshire Gas (Hampshire)**, which provides regulated interstate natural gas storage to Washington Gas;
- **SEMCO**, which is a regulated gas utility that operates in Michigan; and
- **WGL's Retail Marketing** business, which is an unregulated energy platform that sells power and natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, Ohio, New Jersey, and D.C.



All of AltaGas' regulated Utilities are allowed the opportunity to earn regulated returns. This return on rate base is composed of regulator-allowed financing costs and ROE. If actual costs are different from those recoverable through approved rates, the utility bears the risk of this difference other than for certain costs that are subject to deferral treatment.

Earnings in the Utilities segment are seasonal, as revenues are primarily based on the demand for space heating in the winter months, mainly from November to March. Costs, on the other hand, are generally incurred more uniformly over the year. This typically results in stronger first and fourth quarters and weaker second and third quarters. In Michigan and D.C., earnings can be impacted by variations from normal weather resulting in delivered gas volumes being different than anticipated. Increases in the number of customers or changes in customer usage are other factors that might typically affect delivered volumes, and hence actual earned returns for the Utilities segment. In Virginia and Maryland, Washington Gas has billing mechanisms in place which are designed to eliminate or mitigate the effects of variance in customer usage caused by weather and other factors such as conservation.

Washington Gas

Washington Gas is a regulated gas utility that distributes natural gas to end users in Virginia, Maryland, and D.C. At the end of 2025, Washington Gas had 1.2 million customers, of which 94 percent were residential and the balance were commercial and industrial. The average rate base for the year ended December 31, 2025 was US$4.6 billion. At the end of 2025, the approved regulated ROE for Washington Gas in its various jurisdictions ranged from 9.5 - 9.65 percent based on an equity ratio ranging from 52.0 - 52.5 percent.

Washington Gas is regulated by the PSC of DC, the PSC of MD, and the SCC of VA, which approve its terms of service and the billing rates that it charges to customers. The rates charged to Utilities customers are designed to recover Washington Gas' operating expenses and natural gas commodity costs and to provide a return on its investment in the net assets used in its firm gas sales and delivery service.

Washington Gas utilizes ARP modernization programs across all three of its operating jurisdictions. These programs are focused on reducing risk and further enhancing the safety and reliability of the networks. Each regulatory commission with jurisdiction over Washington Gas' customer rates has ARPs with an associated surcharge mechanism to recover the cost, including providing a return on those capital investments. In contrast to the traditional rate-making approach to capital investments, these ARP programs ensure that Washington Gas is receiving recovery for these investments as the programs are generally executed against over three to five-year approved increments.

Washington Gas' customers are eligible to purchase their natural gas from unregulated third-party marketers through natural gas unbundling. As at December 31, 2025, 7 percent of its customers have chosen to purchase gas from marketers. This does not negatively impact Washington Gas' earnings as the Corporation does not earn a margin on the sale of natural gas to firm customers, rather only from the delivery and distribution of the gas.

Washington Gas obtains natural gas supplies that originate from multiple regions throughout the U.S. At December 31, 2025, it had service agreements with four pipeline companies that provided firm transportation and storage services with contract expiration dates ranging from 2026 to 2045. Washington Gas has also contracted with various interstate pipeline and storage companies to add to its storage and transportation capacity. Washington Gas, under its asset optimization program, makes use of storage and transportation capacity resources available, when those assets are not required to serve utility customers. The objective of this program is to derive a profit from excess storage and transportation capacity that is shared with its utilities customers. These profits are earned by entering into commodity-related physical and financial contracts with third parties and the profits help reduce overall utility costs for Washington Gas' customers.

Hampshire Gas

Hampshire owns underground natural gas storage facilities, including pipeline delivery facilities located in and around Hampshire County, West Virginia, and operates these facilities to serve Washington Gas. Hampshire is regulated by the Federal Energy Regulatory Commission ("FERC"). Washington Gas purchases all of the storage services of Hampshire, and includes the cost of the services in the commodity cost of its regulated energy bills to customers. Hampshire operates under a “pass-through” cost-of-service based tariff approved by FERC.

SEMCO

SEMCO is a regulated gas utility that distributes natural gas to end users in Michigan's southern half of the Lower Peninsula and in the central, eastern, and western parts of the state's Upper Peninsula. At the end of 2025, SEMCO had 328,000 regulated customers, of which 92 percent were residential, and the balance were commercial and industrial. Additionally, SEMCO serves 5,000 customers through its non-regulated business. The average 2025 rate base was US$989 million. In 2025, the approved regulated ROE for SEMCO was 9.87 percent with an approved capital structure based on 45.86 percent equity, inclusive of the impact of deferred income tax.

SEMCO is regulated by the MPSC. It operates under cost-of-service regulation and utilizes actual results from the most recently completed fiscal year along with known and measurable changes in its application for new rates.

SEMCO has an Accelerated MRP surcharge to recover a stated amount of accelerated main replacement capital expenditures in excess of what is authorized in its current base rates. Any MRP revenue associated with unspent capital will be placed into a regulatory liability account to be addressed in the next general rate base case. Additionally, SEMCO has an IRIP to improve the reliability of infrastructure. Similar to the MRP, any unspent IRIP capital is placed into a regulatory liability account to be addressed in the next general rate base case.

Retail Energy Marketing

The U.S. retail gas marketing business sells natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, New Jersey, and D.C.

The U.S. retail power marketing business sells power to end users in Maryland, Delaware, Pennsylvania, Ohio, New Jersey, and D.C. This area is served by the PJM Interconnection ("PJM"), a regional transmission organization that regulates and coordinates generation supply and the wholesale delivery of electricity in these states and jurisdictions.

Natural gas and electricity are purchased with the objective of earning a profit through competitively priced sales contracts with end users. Requirements to serve retail customers is closely matched with commitments for deliveries, and thus, a secured supply arrangement expiring in March 2028 has been entered into with Shell Energy North America (US), L.P, which reduces credit requirements.

Capitalize on Opportunities

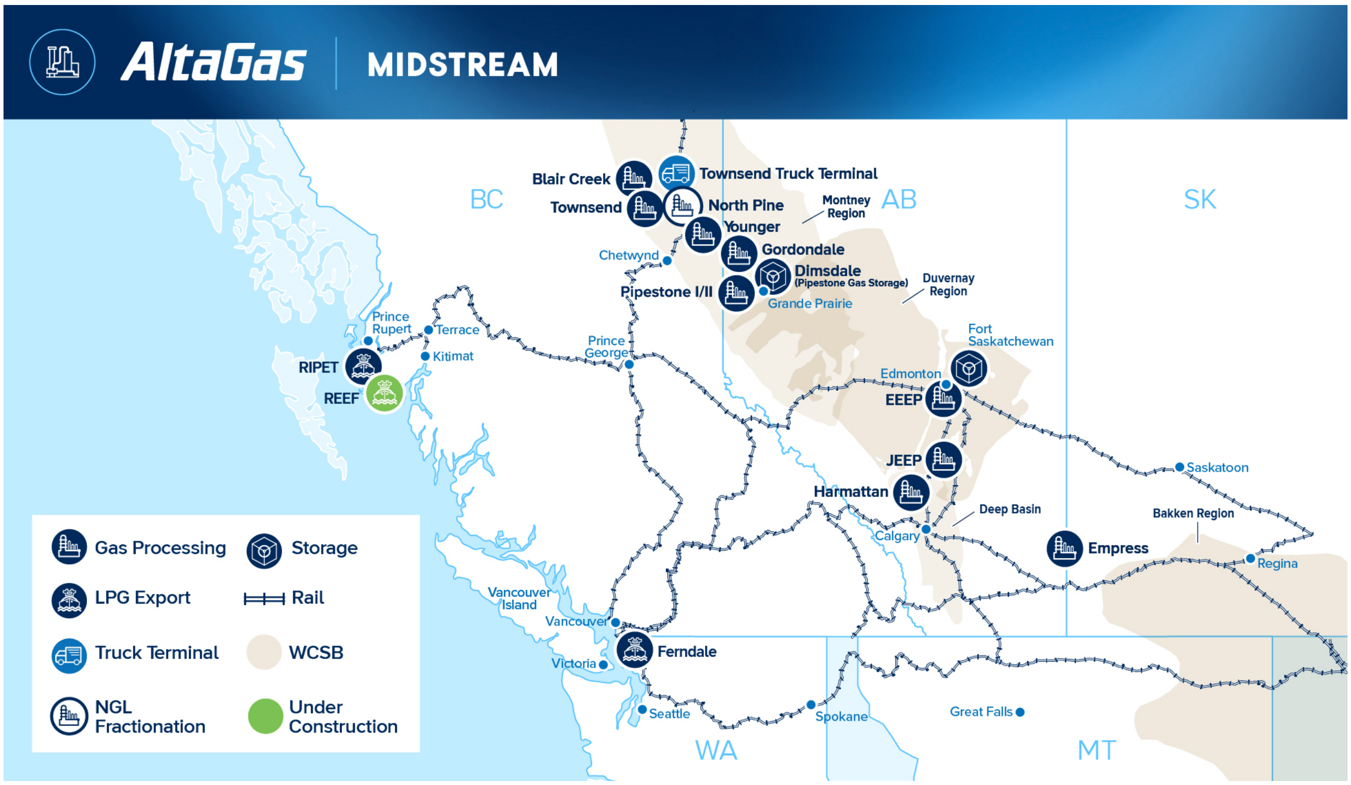
AltaGas expects to grow its existing utilities through adding new customers from ongoing household and business formation, extending its network to currently unserviced regions within its service territory, and through capital investments to replace aging infrastructure that are focused on long-term safety and reliability, which will collectively drive rate base growth. AltaGas' utilities have had annual rate base growth averaging 5 percent in U.S. dollars over the past three years, after excluding the impact of asset sales. The growth in rate base is a result of prudent investments in current areas of operations and the addition of new customers. Customer growth rates for AltaGas’ utilities are moderate, as is typical with mature utilities, with growth rates generally tied closely to the economic growth and new household and business formation within its respective franchise regions.

Midstream Assets

Description of Assets

AltaGas’ Midstream business is a fully integrated North American platform that connects customers and markets to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain that facilitates the best outcomes for their businesses. AltaGas is heavily focused on the Montney and Deep Basin resource plays and providing global market access for North American LPGs, which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers.

Please see below for a map of AltaGas' Midstream assets. The Midstream segment also includes expansion projects under development or construction, as discussed under the *Growth Capital* section of this MD&A.



Global Exports

AltaGas’ global export business provides market connectivity for North American LPGs to reach global downstream markets, where the strongest pricing is realized. The business owns and operates the following large-scale export terminals:

Facility	Location	Equity Interest (%)	Propane LPG Storage Capacity (Bbls)	Butane LPG Storage Capacity (Bbls)	LPG Export Capacity (Bbls/d) (1)	2025 LPG Export Throughput (Bbls/d)
RIPET	Ridley Island, BC	70 %	600,000	—	85,000	80,811
Ferndale	Ferndale, WA	100 %	400,000	400,000	70,000	45,761
REEF - *under construction* (2)	Ridley Island, BC	50 %	400,000	200,000	56,000	n/a
Total			**1,400,000**	**600,000**	**211,000**	**126,572**

(1) Nameplate capacity is calculated by taking into account contractual vessel limits.
(2) Listed storage and export capacity is proposed as REEF is under construction. Export capacity is expandable by an additional approximately 30,000 Bbls/d through the REEF Optimization I project.

RIPET exclusively exports propane while Ferndale exports propane and butane to key downstream markets. Both of these facilities are deepwater ports that are capable of loading VLGCs, which are the largest global vessels, provide the strongest economies of scale, and are the most efficient, safest, and lowest-carbon solution to transporting across the Pacific Ocean. VLGCs are also the most in demand vessels from a destination perspective in key import markets, like Japan, South Korea, and China.

AltaGas is developing REEF, which is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is being constructed on Ridley Island in Northwestern B.C., adjacent to the current RIPET terminal. The project is being developed by AltaGas and Vopak and is proposed to have the capability to export propane and butane in the first phase of development, with bulk liquids, ethane and other products as potential next phases of development. AltaGas and Vopak also reached a positive FID on the REEF Optimization I project in the third quarter of 2025. The project will increase REEF's Phase I throughput capacity by approximately 30,000 Bbl/d.

In 2025, AltaGas reached a positive FID on the RIPET Methanol Removal Project. This project will allow RIPET cargos to increase access to all Asian markets, while ensuring fungible propane specifications between RIPET and REEF. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of these growth capital projects.

Natural Gas Gathering, Processing and Extraction

Natural gas gathering and processing activities are comprised of gathering systems that move raw natural gas and NGLs from producing wells to processing facilities, where impurities and certain hydrocarbon components are removed, and the product moves down the energy value chain. The gas is then compressed to meet downstream pipelines' operating specifications for transportation to North American natural gas markets. All of AltaGas' processing facilities are capable of extracting NGLs, which are then converted into usable products. The facilities provide revenues based on take-or-pay contracts and fee-for-service arrangements with its customers, with the latter based on volumes processed. A significant portion of AltaGas' Midstream contracts flow the Company's operating costs through to its end customers and provide a steady rate of return on its infrastructure investments.

AltaGas' significant gas gathering, processing, and extraction facilities are as follows:

Facility	Location	Equity Interest (%)	Operated / Non-Operated	Licensed Gas Processing Capacity - Net (Mmcf/d)	2025 Gas Processing Throughput - Net (Mmcf/d)
Harmattan	Sundre, AB	100 %	Operated	490	374
Townsend	North of Fort St. John, BC	100 %	Operated	550	294
Younger	Taylor, BC	28 %	Non-Operated	213	157
EEEP	Edmonton, AB	100 %	Operated	390	151
JEEP	Joffre, AB	100 %	Operated	250	133
Empress Pembina ("PEEP")	Empress, AB	11 %	Non-Operated	135	130
Gordondale	Bonanza, AB	100 %	Non-Operated	150	108
Pipestone Phase I	Grand Prairie, AB	100 %	Operated	110	92
Blair Creek	North of Fort St. John, BC	100 %	Operated	120	54
Pipestone Phase II	Grand Prairie, AB	100 %	Operated	100	4
Total				**2,508**	**1,497**

In December 2025, Pipestone Phase II was placed in service, providing an additional 100 MMcf/d of sour deep-cut natural gas processing capacity and 20,000 Bbls/d of liquids handling capabilities.

AltaGas also operates the Harmattan Acid Gas Injection well, which is capable of capturing up to 60,000 tonnes per year of carbon emissions at the Company's Harmattan gas plant.

Fractionation and Liquids Handling

AltaGas' fractionation and liquids handling business is highly integrated with its upstream gas gathering, processing, and extraction business, with the business driven by gas processing volumes, liquids composition, and NGL extraction volumes from the gas streams. AltaGas' fractionation and liquids handling business is also physically linked to its global exports business, with LPGs that come from fractionators shipped through its NGL pipelines and rail network to the Company's global exports terminals.

AltaGas' liquids handling infrastructure consists of NGL pipelines, treating, storage, truck, and rail terminal infrastructure centered around AltaGas' key Midstream operating assets at RIPET, Ferndale, Harmattan, and in Northeast British Columbia ("NEBC"), Townsend and North Pine.

AltaGas’ significant fractionation and liquids handling facilities are as follows:

Facility	Location	Equity Interest (%)	Operated / Non-Operated	NGL Fractionation Capacity - Net (Bbls/d)	2025 NGL Fractionation Throughput - Net (Bbls/d)
Harmattan	Sundre, AB	100 %	Operated	35,000	17,283
Younger	Taylor, BC	50 %	Non-Operated	9,750	4,452
North Pine	Fort St. John, BC	100 %	Operated	25,000	21,918
Total				**69,750**	**43,653**

Other fractionation and liquids handling infrastructure includes:

- A network of NGL pipelines in the NEBC area that connects upstream gas plant producers to the AltaGas North Pine facility. The NEBC NGL pipelines consist of three liquids egress lines;
- NGL and spec propane lines that connect the Townsend complex in the North, to the Aitken Creek facilities through the 60 km Aitken Connector NGL pipeline, Canadian Natural Resources Limited's Nig plant through a lateral, and to the Tourmaline Gundy facility in the West through a 15 km spec propane line;
- Pipestone Phase I and Pipestone Phase II, which each have 20,000 Bbls/d of liquids handling capacity located in the heart of the Alberta Montney; and
- A rail logistics network consisting of 4,500 rail cars that AltaGas manages to support LPG and NGL handling.

Terminals and Storage

AltaGas' terminals and storage business provides support to the global exports business by providing the ability to source, transport, process, store, and deliver products through strategically located fixed assets throughout North America. In addition, the business provides various storage and handling services to third-party customers through take-or-pay and fee-for-service agreements, which provide earnings stability through volatile commodity price environments.

Significant infrastructure includes:

Facility	Location	Equity Interest (%)	Operated / Non-Operated	Operational Capacity LPG/ NGL/Crude - Gross (Bbls/d)	Storage Capacity - Gross (Bbls)
Griffith LPG Terminal (1)	Griffith, IN	100 %	Operated	12,000	700,000
Fort Sask. NGL Terminal (2)	Fort Saskatchewan, AB	100 %	Operated	25,000	180,000
Strathcona Storage JV	Fort Saskatchewan, AB	40 %	Non-Operated	—	3,215,500
Crude Blending Terminals	Various	100 %	Operated	25,700	20,000
Total				**62,700**	**4,115,500**

(1) Operational capacity can be expandable to 30,000 Bbls/d. Also includes rail siding capacity of up to 220 railcars.
(2) Includes rail siding capacity of up to 265 railcars.

Facility	Location	Equity Interest (%)	Operated / Non-Operated	Storage Capacity - Gross (Bcf)
Sarnia Gas Storage	Sarnia, ON	50 %	Non-Operated	5.9
Dimsdale Natural Gas Storage (1)	Grand Prairie, AB	100 %	Operated	15.0

(1) Storage capacity can be increased more than four-fold through potential expansion projects.

In the third quarter of 2025, AltaGas reached a positive FID on the Phase I expansion of the Dimsdale natural gas storage facility, backed by long-term storage service contracts. The Phase I expansion will focus on facility debottlenecking, pipeline interconnect, and dehydration equipment that will expand capacity, increase reliability, and reduce operating costs. In January 2026, AltaGas reached a positive FID on the Phase II expansion, also backed by long-term storage service contracts. The Phase II expansion will include construction of additional compression and dehydration capacity and the drilling of five new storage wells, increasing gas storage capacity in the Alberta Montney. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of the Dimsdale Phase I and Phase II expansion projects.

NGL and Crude Marketing

AltaGas' marketing business is focused on the purchase, sale, exchange, and distribution of NGLs and crude oil, primarily in proximity to its strategically owned and leased asset base. By leveraging AltaGas' fully integrated infrastructure base and extensive logistical capabilities, the marketing team is able to source competitively priced supply at the key hubs and across various hydrocarbon basins in order to capture arbitrage opportunities derived through regional pricing differentials. Marketing efforts are driven by two primary areas of focus: 1) domestic NGL and crude oil wholesale, and 2) LPG waterborne exports. AltaGas supports its distribution efforts by maintaining an extensive leased rail fleet consisting of 4,500 rail cars in 2025. Leases are on a full-service basis and are established on a staggered maturity schedule with multiple lessors to ensure railcar integrity and up-to-date DOT classification. AltaGas also provides energy procurement services for utility gas users and manages the third-party pipeline transportation requirements for many of its gas marketing customers.

Pipeline Investments

AltaGas has a 10 percent equity interest in MVP, which is a 2.0 Bcf/d interstate natural gas pipeline system that spans more than 300 miles from northwestern West Virginia to southern Virginia and is fully subscribed. MVP was completed and placed into service in June 2024 and saw its 20 year firm service contracts with investment grade counterparties come into effect July 1, 2024. In 2025, MVP's partners initiated the development of MVP Boost which is a compression-only upgrade to the mainline that will increase firm capacity by 600 MMcf/d to 2.6 Bcf/d. The entire 600 MMcf/d of incremental capacity is fully contracted by investment grade utilities under 20-year take-or-pay agreements. The targeted in-service date is mid-2028.

AltaGas also owns a 5 percent equity stake in the MVP Southgate Project, which is an interstate natural gas pipeline that will extend MVP from Southern Virginia into central North Carolina and add an additional 550 MMcf/d of capacity to MVP through low-cost compression. MVP Southgate is expected to come online in mid-2028, ahead of MVP Boost. Please refer to the *Capital Expenditures* section of the MD&A for further details on the status of MVP Boost and MVP Southgate.

Capitalize on Opportunities

To take advantage of opportunities, including the continued natural gas and NGL growth and the increasing Asian demand for LPGs, AltaGas plans to grow its Midstream business by expanding and optimizing strategically located assets throughout the Montney and Deep Basin and its global export platform. This includes brownfield and greenfield assets that will support enhanced market connectivity and the continued development of the vast reserves in North America.

Corporate/Other Assets

Description of Assets

AltaGas' Corporate/Other segment includes all non-operating activities that support AltaGas and are not specifically attributable to the Utilities and Midstream segments. It also includes a small portfolio of remaining power assets, including the Blythe Energy Center, which is a natural gas-fired plant in California with 507 MW of generating capacity (the "Blythe Energy Center" or "Blythe").

Blythe is a gas-fired power generation asset that serves the transmission grid operated by the California Independent System Operator ("CAISO") to cover periods of high demand primarily driven by the Los Angeles region. The facility is directly connected to an El Paso Gas Company natural gas pipeline for its primary gas supply and a Southern California Gas Company pipeline as a secondary supply source, and interconnects to Southern California Edison ("SCE") and CAISO via a 67-mile transmission line also owned by Blythe Energy Inc., an indirect wholly-owned subsidiary of AltaGas. In February 2023, AltaGas reached an agreement with SCE for the purchase of resource adequacy attributes from Blythe for the period from January 1, 2024 through December 31, 2027. AltaGas believes this facility is an important asset for California to meet its ongoing power needs and ensuring the reliability of the power grid during peak demand periods.

Consolidated Financial Review

($ millions, except effective income tax rates)	Three Months Ended December 31 2025	Three Months Ended December 31 2024	Year Ended December 31 2025	Year Ended December 31 2024
Revenue	**3,294**	3,259	**12,705**	12,448
Normalized EBITDA (1)	**564**	520	**1,863**	1,769
Income before income taxes	**310**	231	**1,029**	746
Net income applicable to common shares	**205**	203	**747**	578
Normalized net income (1)	**236**	227	**670**	648
Total assets	**26,770**	26,092	**26,770**	26,092
Total long-term liabilities	**13,663**	13,546	**13,663**	13,546
Invested capital (1)	**460**	392	**1,430**	1,328
Cash used in investing activities	**500**	402	**1,634**	1,375
Dividends declared (2)	**97**	88	**381**	353
Cash from operations	**209**	508	**1,235**	1,538
Normalized funds from operations (1)	**404**	397	**1,331**	1,192
Normalized effective income tax rate (%) (1)	**20.9**	12.4	**20.5**	19.1
Effective income tax rate (%) (3)	**31.9**	9.5	**24.3**	18.5

($ per share, except shares outstanding)	Three Months Ended December 31 2025	Three Months Ended December 31 2024	Year Ended December 31 2025	Year Ended December 31 2024
Net income per common share - basic	**0.67**	0.68	**2.48**	1.95
Net income per common share - diluted	**0.67**	0.68	**2.48**	1.94
Normalized net income - basic (1)	**0.77**	0.76	**2.23**	2.18
Normalized net income - diluted (1)	**0.77**	0.76	**2.22**	2.17
Dividends declared (2)	**0.32**	0.30	**1.26**	1.19
Cash from operations	**0.68**	1.70	**4.10**	5.18
Normalized funds from operations (1)	**1.32**	1.33	**4.42**	4.01
Shares outstanding - basic (millions)				
During the period (4)	**306**	298	**301**	297
End of period	**311**	298	**311**	298

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in the Non-GAAP Financial Measures section of this MD&A.
(2) Dividends declared per common share per quarter: $0.2975 per share beginning March 2024, increased to $0.315 per share effective March 2025, and increased to $0.334 per share effective March 2026.
(3) The increase in the effective tax rate for the three months and year ended December 31, 2025 is primarily due to the impact of tax expense related to legal entity restructuring.
(4) Weighted average.

Results of Operations by Reporting Segment

Normalized EBITDA [1]	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Utilities	**$ 383**	$ 336	**$ 1,086**	$ 1,012
Midstream	**202**	182	**818**	785
Sub-total: Operating Segments	**$ 585**	$ 518	**$ 1,904**	$ 1,797
Corporate/Other	**(21)**	2	**(41)**	(28)
	$ 564	$ 520	**$ 1,863**	$ 1,769

(1) Non-GAAP financial measure; See discussion in the Non-GAAP Financial Measures section of this MD&A.

Income (Loss) Before Income Taxes	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Utilities	**$ 301**	$ 186	**$ 822**	$ 627
Midstream	**162**	181	**757**	646
Sub-total: Operating Segments	**$ 463**	$ 367	**$ 1,579**	$ 1,273
Corporate/Other	**(153)**	(136)	**(550)**	(527)
	$ 310	$ 231	**$ 1,029**	$ 746

Revenue	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Utilities	**$ 1,448**	$ 1,203	**$ 5,171**	$ 4,444
Midstream	**1,829**	2,036	**7,460**	7,918
Sub-total: Operating Segments	**$ 3,277**	$ 3,239	**$ 12,631**	$ 12,362
Corporate/Other	**17**	20	**74**	86
	$ 3,294	$ 3,259	**$ 12,705**	$ 12,448

Three Months Ended December 31

Normalized EBITDA for the fourth quarter of 2025 was $564 million, compared to $520 million for the same quarter of 2024. The largest positive impact was from the Utilities segment, followed by the Midstream segment.

In the Utilities segment, higher normalized EBITDA was mainly driven by the gain on partial settlement of Washington Gas' post-retirement benefit pension plan in the fourth quarter of 2025, colder weather in Michigan and D.C. where AltaGas does not have weather normalization, and higher revenue from ARP spend, partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, the increase in normalized EBITDA was mainly driven by higher contributions from the global exports business supported by higher volumes and margins as well as stronger contributions from the fractionation and liquids handling business, partially offset by higher operating and administrative costs. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, the decrease in normalized EBITDA was mainly driven by higher operating and administrative expenses. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the fourth quarter of 2025 was $310 million, compared to $231 million for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower transition and restructuring costs, unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in the same quarter of 2024, lower provisions on assets, and lower interest expense, partially offset by higher depreciation and amortization expense, foreign exchange losses compared to foreign exchange gains in the same quarter of 2024, and higher transaction costs related to acquisitions and dispositions. Net income applicable to common shares for the fourth quarter of 2025 was $205 million ($0.67 per share), compared to $203 million ($0.68 per share) for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting income before income taxes, partially offset by higher income tax expense.

Normalized funds from operations for the fourth quarter of 2025 was $404 million ($1.32 per share), compared to $397 million ($1.33 per share) for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower normalized current income tax expense, and lower interest expense, partially offset by higher non-cash items included in normalized EBITDA and foreign exchange losses compared to foreign exchange gains in the same quarter of 2024.

Cash from operations for the fourth quarter of 2025 was $209 million ($0.68 per share), compared to $508 million ($1.70 per share) for the same quarter of 2024. The decrease was mainly due to unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, as well as lower net income after taxes (after adjusting for non-cash items). Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

Interest expense for the fourth quarter of 2025 was $120 million, compared to $128 million for the same quarter of 2024. The decrease was mainly due to a decrease in average debt balances, exclusive of hybrid debt, as well as higher capitalized interest, partially offset by interest on taxes and the issuance of additional subordinated hybrid notes in the third quarter of 2025. Interest expense recorded on subordinated hybrid notes for the fourth quarter of 2025 was $37 million, compared to $34 million for the same quarter of 2024.

AltaGas recorded income tax expense of $99 million for the fourth quarter of 2025, compared to $22 million for the same quarter of 2024. The increase was mainly due to higher income before income taxes and tax expense related to legal entity restructuring.

Normalized net income was $236 million ($0.77 per share) for the fourth quarter of 2025, compared to $227 million ($0.76 per share) for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower interest expense, and favourable variances in foreign exchange losses after foreign exchange related normalizations, partially offset by higher normalized income tax expense and higher depreciation and amortization expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

Year Ended December 31

Normalized EBITDA for the year ended December 31, 2025 was $1,863 million, compared to $1,769 million in 2024. The largest positive impact was from the Utilities segment, followed by the Midstream segment.

In the Utilities segment, the increase in normalized EBITDA was mainly driven by colder weather in Michigan and D.C. where AltaGas does not have weather normalization, higher revenue from ARP spend, and increased asset optimization activities at Washington Gas, partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, the increase in normalized EBITDA was mainly impacted by higher contributions from the global exports business due to higher export margins and volumes, stronger contributions from the fractionation and liquids handling business, and higher cost recoveries and processing volumes from AltaGas' Montney facilities, partially offset by higher operating and administrative costs and lower co-generation power revenue at certain Midstream facilities. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, the decrease in normalized EBITDA was mainly driven by higher operating and administrative expenses, partially offset by higher contributions from Blythe due to the absence of a planned turnaround in the first quarter of 2024. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the year ended December 31, 2025 was $1,029 million, compared to $746 million in 2024. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in 2024, the same previously referenced factors impacting normalized EBITDA, lower transition and restructuring costs, and lower provisions on assets, partially offset by higher depreciation and amortization expense, foreign exchange losses compared to foreign exchange gains in 2024, losses on sale of assets compared to gains on sale of assets in 2024, and higher interest expense. Net income applicable to common shares for the year ended December 31, 2025 was $747 million ($2.48 per share), compared to $578 million ($1.95 per share) in 2024. The increase was mainly due to the same previously referenced factors impacting income before income taxes, partially offset by higher income tax expense and the loss on redemption of Series A Preferred Shares ("Series A Shares") and Series B Preferred Shares ("Series B Shares") in the third quarter of 2025.

Normalized funds from operations for the year ended December 31, 2025 was $1,331 million ($4.42 per share), compared to $1,192 million ($4.01 per share) in 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, higher distributions from equity investments, lower normalized current income tax expense, and lower non-cash items included in normalized EBITDA, partially offset by foreign exchange losses compared to foreign exchange gains in 2024 and higher interest expense.

Cash from operations for the year ended December 31, 2025 was $1,235 million ($4.10 per share), compared to $1,538 million ($5.18 per share) in 2024. The decrease was mainly due to unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, partially offset by higher net income after taxes (after adjusting for non-cash items) and higher distributions from equity investments. Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

Interest expense for the year ended December 31, 2025 was $465 million, compared to $455 million in 2024. The increase was mainly due to a full twelve months of interest on the subordinated hybrid notes issued in the third quarter of 2024 and the issuance of additional subordinated hybrid notes in the third quarter of 2025, as well as higher average interest rates, interest on taxes, and a higher average Canadian/U.S. dollar exchange rate, partially offset by a decrease in average debt balances, exclusive of hybrid debt, as well as higher capitalized interest. For the year ended December 31, 2025, AltaGas recorded total interest expense of $140 million on the subordinated hybrid notes, compared to $75 million in 2024.

AltaGas recorded income tax expense of $250 million for the year ended December 31, 2025, compared to $138 million in 2024. The increase was mainly due to higher income before income taxes and tax expense related to legal entity restructuring.

Normalized net income was $670 million ($2.23 per share) for the year ended December 31, 2025, compared to $648 million ($2.18 per share) in 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by higher depreciation and amortization expense, higher normalized income tax expense, and higher interest expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

Utilities

Financial Results

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	**2025**	2024
Normalized EBITDA	**$ 383**	$ 336	**$ 1,086**	$ 1,012
Income before income taxes	**$ 301**	$ 186	**$ 822**	$ 627
Revenue	**$ 1,448**	$ 1,203	**$ 5,171**	$ 4,444

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	**2025**	2024
Natural gas deliveries - end-use (Bcf) (1)	**47.2**	38.3	**146.0**	115.4
Natural gas deliveries - transportation (Bcf) (1)	**30.8**	27.6	**119.4**	106.0
Service sites (thousands) (2)	**1,576**	1,568	**1,576**	1,568
Degree day variance from normal - SEMCO (Michigan) (%) (3)	**6.3**	(13.5)	**2.2**	(16.9)
Degree day variance from normal - Washington Gas (D.C.) (%) (3) (4)	**7.8**	(15.8)	**(3.6)**	(17.3)
Retail energy marketing - gas sales volumes (Mmcf)	**17,644**	17,191	**61,767**	58,843
Retail energy marketing - electricity sales volumes (GWh)	**3,381**	3,851	**14,486**	15,451

(1) Bcf is one billion cubic feet.

(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.

(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas. A positive number indicates that weather is colder than normal and a negative number indicates that weather is warmer than normal.

(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In D.C., there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

Regulatory Metrics

	Year Ended December 31	
	2025	2024
Approved ROE (%) (1)	**9.6**	9.6
Approved return on debt (%) (1)	**4.4**	4.4
Rate base *(US$ millions)* (2)	**5,544**	5,366

(1) Weighted average of all the regulated utilities.
(2) Rate base is indicative of the earning potential of each utility over time. Approved revenue requirement for each utility is typically based on the rate base as approved by the regulator for the respective rate application, but may differ from the rate base indicated above.

Three Months Ended December 31

Normalized EBITDA in the Utilities segment was $383 million for the fourth quarter of 2025, compared to $336 million for the same quarter of 2024. The increase in normalized EBITDA was mainly due to the gain on partial settlement of Washington Gas' post-retirement benefit pension plan in the fourth quarter of 2025, colder weather in D.C. and Michigan where AltaGas does not have weather normalization, higher revenue from ARP spend, and increased asset optimization activities at Washington Gas, partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business.

Income before income taxes in the Utilities segment was $301 million for the fourth quarter of 2025, compared to $186 million for the same quarter of 2024. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in the same quarter of 2024, the same previously referenced factors impacting normalized EBITDA, and lower transition and restructuring costs, partially offset by higher depreciation and amortization expense.

Year Ended December 31

Normalized EBITDA in the Utilities segment was $1,086 million for the year ended December 31, 2025, compared to $1,012 million in 2024. The increase in normalized EBITDA was mainly due to colder weather in Michigan and D.C. where AltaGas does not have weather normalization, higher revenue from ARP spend, increased asset optimization activities at Washington Gas, the impact of the higher average Canadian/U.S. dollar exchange rate, and customer growth. These factors were partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business.

Income before income taxes in the Utilities segment was $822 million for the year ended December 31, 2025, compared to $627 million in 2024. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in 2024, the same previously referenced factors impacting normalized EBITDA, lower transition and restructuring costs, and lower transaction costs related to acquisitions and dispositions, partially offset by higher depreciation and amortization expense.

Utilities Regulatory Updates

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - D.C.	August 2024	US$46 million increase in base rates, including US$12 million currently collected through the PROJECTpipes surcharge. Therefore, the incremental amount of the base rate increase requested was US$34 million.	On August 5, 2024, Washington Gas filed an application for authority to increase existing rates and charges for gas service in D.C. The requested rates are designed to collect US$257 million in total revenues, which represents an increase in Washington Gas' weather-normalized annual revenues of US$46 million. Of the requested revenue increase, US$12 million represents costs currently collected through the PROJECTpipes surcharge and US$34 million represents an incremental increase in new base rate revenues. Intervenor testimony was received on January 24, 2025 and Washington Gas rebuttal testimony was filed on March 25, 2025. The evidentiary hearing was held on August 14, 2025. On November 20, 2025, the PSC of D.C. approved a rate increase of US$33 million, of which US$12 million was formerly collected through the PROJECT*pipes* surcharge, resulting in an incremental increase of US$21 million. The new rates were effective January 1, 2026.	Final order received in November 2025.
Washington Gas - Virginia	July 2025	US$104 million increase in base rates, including US$39 million currently collected through the SAVE surcharge. Therefore, the incremental amount of the base rate increase requested was US$65 million.	On July 31, 2025, Washington Gas filed an application for authority to increase existing rates and charges for gas service in the Commonwealth of Virginia. The requested rates are designed to collect an additional US$104 million in annual revenues with a 10.9 percent return on equity. Of the requested revenue increase, US$39 million of the revenue requirement is related to transferring expenditures incurred under the SAVE Plan to base rates and resetting the surcharge, and US$65 million represents an incremental increase in base rate revenues. Under the Order for Notice and Hearing issued on September 5, 2025, Washington Gas implemented the proposed rates, on an interim basis, subject to refund for usage on December 30, 2025. Additionally, new depreciation rates were computed retroactive to January 1, 2025 and resulted in a US$4 million increase in depreciation expense for the year ended December 31, 2025.	Second half of 2026.

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - Maryland	December 2025	US$82 million increase in base rates, including US$15 million currently collected through the STRIDE surcharge. Therefore, the incremental amount of the base rate increase requested was US$67 million.	On December 29, 2025, Washington Gas filed an application for authority to increase existing rates and charges for gas service in Maryland. The requested rates are designed to collect US$82 million in total annual revenues with a 10.9 percent rate of return on equity. Of the requested revenue increase, US$15 million represents costs currently collected through the STRIDE Plan surcharge and US$67 million represents an incremental increase in base rate revenues. New rates are expected to be effective in late July 2026.	Timing of decision not yet known.
SEMCO	February 2026	US$61 million increase in base rates.	On February 26, 2026, SEMCO filed an application with the MPSC seeking authority to increase base rates by approximately US$61 million on a normalized annual basis established with a forecasted test year of 2027. The increase in rates requested captures the inflation of operations and maintenance costs from the historical test year of 2025, as well as the capital investment since the last rate order effective January 1, 2020, and includes the Keweenaw Connector Pipeline. SEMCO is also proposing to continue its MRP and IRIP through 2031 to efficiently modernize its system and mitigate safety and reliability risks from the failure of vintage infrastructure. Finally, SEMCO is proposing the approval of a weather normalization adjustment mechanism to stabilize the cost for customers, thereby allowing customers to have more predictable utility costs year-over-year and correspondingly stabilize revenue for SEMCO. The MPSC has a 10-month statutory requirement to rule in this case, so the case will be completed no later than December 26, 2026, with new rates effective January 1, 2027.	December 2026

Other Regulatory Updates

Climate Regulation

In D.C., DC Law 24-177 requires the Mayor to issue final regulations by December 31, 2026 that requires all new construction or substantial improvements of commercial buildings (buildings with more than three stories) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for D.C. challenging the legality of D.C. 24-177.

In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Maryland challenging the legality of this bill.

In the State of Maryland, the Maryland Department of Environment promulgated final Building Energy Performance Standards ("BEPS") regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings, effective December 23, 2024. On January 17, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

On February 25, 2025, Montgomery County adopted BEPS that restrict and penalize gas appliances in new and existing buildings through a series of declining site energy use intensity limits for covered buildings. On March 27, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

Midstream

Financial Results

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	**2025**	2024
Normalized EBITDA	**$ 202**	$ 182	**$ 818**	$ 785
Income before income taxes	**$ 162**	$ 181	**$ 757**	$ 646
Revenue	**$ 1,829**	$ 2,036	**$ 7,460**	$ 7,918

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	**2025**	2024
LPG export volumes (Bbls/d) (1)	**124,593**	122,233	**126,572**	122,247
Total inlet gas processed (Mmcf/d) (1)	**1,534**	1,477	**1,497**	1,397
Extracted ethane volumes (Bbls/d) (1)	**27,469**	25,454	**27,265**	21,629
Extracted NGL volumes (Bbls/d) (1) (2)	**49,674**	47,745	**48,416**	47,431
Fractionation volumes (Bbls/d) (1) (3)	**45,908**	45,398	**43,653**	43,352
Frac spread - realized ($/Bbl) (1) (4)	**19.85**	20.99	**23.70**	24.03
Frac spread - average spot price ($/Bbl) (1) (5)	**12.79**	26.07	**23.41**	27.71
Propane FEI to Mont Belvieu spread (US$/Bbl) (1) (6)	**13.53**	18.85	**12.19**	18.33
Butane FEI to Mont Belvieu spread (US$/Bbl) (1) (7)	**14.55**	10.81	**12.94**	15.62

(1) Average for the period.
(2) NGL volumes refer to propane, butane, and condensate.
(3) Fractionation volumes include NGL mix volumes processed.
(4) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.
(5) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.
(6) Average propane price spread between FEI and Mont Belvieu TET commercial index.
(7) Average butane price spread between FEI and Mont Belvieu TET commercial index.

Three Months Ended December 31

Normalized EBITDA in the Midstream segment was $202 million for the fourth quarter of 2025, compared to $182 million for the same quarter of 2024. The increase in normalized EBITDA was primarily due to higher contributions from the global exports business supported by higher export margins and volumes, stronger performance from the fractionation and liquids handling business supported by improved storage and marketing margins, as well as higher volumes from Pipestone Phase I and the impact of Pipestone Phase II coming online in December 2025. These factors were partially offset by higher operating and administrative expenses.

Income before income taxes in the Midstream segment was $162 million for the fourth quarter of 2025, compared to $181 million for the same quarter of 2024. The decrease was mainly due to lower unrealized gains on risk management contracts, higher depreciation and amortization expense, and higher transaction costs related to acquisitions and dispositions, partially offset by the same previously referenced factors impacting normalized EBITDA and lower provisions on assets.

In the fourth quarter of 2024, the Midstream segment recognized a pre-tax provision of $16 million related to EEEP due to a decrease in expected future cash flows.

Year Ended December 31

Normalized EBITDA in the Midstream segment was $818 million for the year ended December 31, 2025, compared to $785 million in 2024. The increase in normalized EBITDA was primarily due to higher contributions from the global exports business due to higher export margins and volumes, which were partially offset by lower terminalling fees, as well as stronger performance from the fractionation and liquids handling business supported by improved storage and marketing margins, higher cost recoveries and increased volumes from AltaGas' Montney facilities, and improved earnings at the extraction facilities supported by higher volumes. These factors were partially offset by higher operating and administrative costs, lower co-generation power revenue at certain Midstream facilities, primarily driven by lower power prices, and the absence of the gain on settlement of an asset retirement obligation recorded in the first quarter of 2024.

Income before income taxes in the Midstream segment was $757 million for the year ended December 31, 2025, compared to $646 million in 2024. The increase was mainly due to higher unrealized gains on risk management contracts, the same previously referenced factors impacting normalized EBITDA, and lower provisions on assets, partially offset by the absence of the gain on sale of assets in 2024, primarily related to the cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' investment in Meade Pipeline Co. LLC, which held WGL Midstream's indirect, non-operating interest in Central Penn pipeline ("the Meade escrow proceeds"), as well as higher depreciation and amortization expense, and higher transaction costs related to acquisitions and dispositions.

In 2024, the Midstream segment recognized the previously mentioned pre-tax provision of $16 million related to the EEEP facility as well as a pre-tax gain on sale of assets of $14 million, primarily due to the Meade escrow proceeds.

Midstream Hedges

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	**2025**	2024
Frac spread exposed volumes (Bbls/d)	**10,544**	10,960	**10,561**	10,150
NGL volumes hedged (Bbls/d)	**9,304**	7,789	**9,039**	8,172
Frac exposed volumes hedged (%)	**88 %**	71 %	**86 %**	81 %
Average price of NGL volumes hedged ($/Bbl) [(1)]	**37**	31	**38**	35
Average FEI to North American NGL price spread for volumes hedged (US$/Bbl)	**12**	16	**15**	17

(1) Excludes basis differential.

Corporate/Other

Financial Results

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	**2025**	2024
Normalized EBITDA (loss)	**$ (21)**	$ 2	**$ (41)**	$ (28)
Loss before income taxes	**$ 153**	$ 136	**$ 550**	$ 527
Revenue	**$ 17**	$ 20	**$ 74**	$ 86

Three Months Ended December 31

In the Corporate/Other segment, normalized EBITDA for the fourth quarter of 2025 was a loss of $21 million, compared to normalized EBITDA of $2 million for the same quarter of 2024. The decrease in normalized EBITDA was due to higher operating and administrative expenses, primarily as a result of increased expenses related to employee incentive plans.

Loss before income taxes in the Corporate/Other segment was $153 million for the fourth quarter of 2025, compared to $136 million for the same quarter of 2024. The higher loss was mainly due to the same previously referenced factors impacting normalized EBITDA and foreign exchange losses compared to foreign exchange gains in the same quarter of 2024, partially offset by lower interest expense, lower transition and restructuring costs, and the absence of provisions on assets.

In the fourth quarter of 2024, the Corporate/Other segment recognized a pre-tax provision of $4 million related to certain co-generation equipment that was no longer operational and was not expected to be recoverable in the future.

Year Ended December 31

In the Corporate/Other segment, normalized EBITDA for the year ended December 31, 2025 was a loss of $41 million, compared to a loss of $28 million in 2024. The higher loss was primarily due to higher operating and administrative expenses, primarily as a result of increased expenses related to employee incentive plans. This was partially offset by higher contributions from Blythe due to the absence of a planned turnaround in the first quarter of 2024.

Loss before income taxes in the Corporate/Other segment was $550 million for the year ended December 31, 2025, compared to $527 million in 2024. The higher loss was due to foreign exchange losses compared to foreign exchange gains in 2024, the same previously referenced factors impacting normalized EBITDA, and higher interest expense, partially offset by lower transition and restructuring costs, lower transaction costs related to acquisitions and dispositions, and the absence of provisions on assets.

In 2024, the Corporate/Other segment recognized a pre-tax provision of $4 million related to the previously mentioned non-operational equipment.

Net Invested Capital

Invested capital and net invested capital are non-GAAP financial measures. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further discussion.

				Three Months Ended December 31, 2025
($ millions)	**Utilities**	**Midstream**	**Corporate/ Other**	**Total**
Invested capital:				
Property, plant and equipment	**$ 251**	**$ 182**	**$ 3**	**$ 436**
Intangible assets	**4**	**2**	**8**	**14**
Long-term investments	**—**	**10**	**—**	**10**
Invested capital	**$ 255**	**$ 194**	**$ 11**	**$ 460**
Disposals:				
Asset dispositions	**—**	**(2)**	**—**	**(2)**
Net invested capital	**$ 255**	**$ 192**	**$ 11**	**$ 458**

				Three Months Ended December 31, 2024
($ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	$ 178	$ 185	$ 21	$ 384
Intangible assets	—	1	6	7
Long-term investments	—	1	—	1
Invested capital and net invested capital	$ 178	$ 187	$ 27	$ 392

During the fourth quarter of 2025, AltaGas' invested capital was $460 million, compared to $392 million in the same quarter of 2024. The increase in invested capital was primarily due to higher additions to property, plant, and equipment in the Utilities segment as a result of increased ARP spend at WGL, higher spend on system betterment programs and general plant, and higher IRIP and MRP spend at SEMCO. In the Midstream segment, the increase in invested capital was primarily due to higher additions to long-term investments as a result of capital cash calls related to growth capital projects as well as higher capitalized interest impacting property, plant, and equipment, partially offset by lower growth capital spend. Midstream growth capital spend in the fourth quarter of 2025 primarily related to REEF, the Dimsdale Phase I expansion, REEF Optimization I, and Ferndale, which was more than offset by lower spend at Pipestone II which was placed in-service in December 2025. In the Corporate/Other segment, lower capital spend was primarily due to the completion of the Calgary office relocation in the second quarter of 2025, partially offset by higher spend related to digital projects.

Invested capital in the fourth quarter of 2025 included maintenance capital of $26 million (2024 - $25 million) in the Midstream segment and $2 million (2024 - $nil) related to Blythe in the Corporate/Other segment. The increase in Midstream maintenance capital in the fourth quarter of 2025 was primarily due to higher maintenance spend at Ferndale, partially offset by lower maintenance spend at Harmattan.

During the fourth quarter of 2025, AltaGas' cash flow from investing activities was an outflow of $500 million, compared to $402 million for the same quarter of 2024. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

				Year Ended December 31, 2025
($ millions)	**Utilities**	**Midstream**	**Corporate/ Other**	**Total**
Invested capital:				
Property, plant and equipment	**$ 728**	**$ 628**	**$ 17**	**$ 1,373**
Intangible assets	**20**	**4**	**18**	**42**
Long-term investments	**—**	**15**	**—**	**15**
Invested capital	**$ 748**	**$ 647**	**$ 35**	**$ 1,430**
Disposals:				
Asset dispositions	**—**	**(2)**	**—**	**(2)**
Net invested capital	**$ 748**	**$ 645**	**$ 35**	**$ 1,428**

				Year Ended December 31, 2024
($ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	$ 722	$ 535	$ 58	$ 1,315
Intangible assets	—	5	6	11
Long-term investments	—	2	—	2
Invested capital	$ 722	$ 542	$ 64	$ 1,328
Acquisitions and disposals:				
Asset dispositions	—	(1)	(1)	(2)
Dispositions of equity method investments	—	(14)	—	(14)
Net invested capital	$ 722	$ 527	$ 63	$ 1,312

During the year ended December 31, 2025, AltaGas' invested capital was $1,430 million, compared to $1,328 million in 2024. The increase in invested capital was primarily due to higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, higher capitalized interest, and higher turnaround and maintenance capital. Higher growth capital spend in the Midstream segment primarily related to REEF, the Dimsdale Phase I expansion, several NEBC projects, the RIPET methanol removal project, and REEF Optimization I, partially offset by lower capital spend at Pipestone II which was placed in-service in December 2025. Additionally, the increase in long-term investments within the Midstream segment was due to the previously mentioned capital cash calls related to growth capital projects. In the Utilities segment, higher capital spend was primarily due to increased ARP, IRIP and general plant program spend, partially offset by lower spend related to system betterment and new customer additions. In the Corporate/Other segment, lower capital spend was primarily due to lower maintenance capital and lower spend related to the previously mentioned Calgary office relocation, partially offset by higher spend related to digital projects. For the year ended December 31, 2024, dispositions of equity method investments related to the Meade escrow proceeds.

Invested capital for the year ended December 31, 2025 included maintenance capital of $83 million (2024 - $66 million) in the Midstream segment and $6 million (2024 - $32 million) related to Blythe in the Corporate/Other segment. The increase in maintenance capital for the Midstream segment was primarily due to higher planned turnaround spend at Pipestone I as well as higher maintenance spend at Ferndale and several NEBC facilities, partially offset by lower maintenance capital at Harmattan. The decrease in maintenance capital for the Corporate/Other segment was due to the absence of a planned turnaround at Blythe that was completed in the first quarter of 2024.

During the year ended December 31, 2025, AltaGas' cash flow from investing activities was an outflow of $1,634 million, compared to $1,375 million in 2024. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

Risk Management

AltaGas is subject to a variety of risks which could have a material impact on the financial results and operations of the Company. Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. For discussion of the risks and trends that could materially affect the Company's performance please refer to AltaGas' 2025 Annual Information Form ("AIF"), which is available on SEDAR+ at www.sedarplus.ca.

Risk Management Contracts

AltaGas is exposed to various market risks in the normal course of operations that could impact earnings and cash flows. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices, foreign exchange rates, and interest rates, as well as to optimize certain owned and managed natural gas assets. These contracts do not eliminate AltaGas' exposure to risk associated with fluctuations in commodity prices, foreign exchange rates, or interest rates. The Board of Directors of AltaGas has established a risk management policy for the Corporation establishing AltaGas' risk management control framework. Derivative instruments are governed under, and subject to, this policy. As at December 31, 2025 and December 31, 2024, the fair values of the Corporation's derivatives were as follows:

($ millions)	**December 31, 2025**	December 31, 2024
Natural gas	**$ 3**	$ (30)
Energy exports	**52**	(27)
NGL frac spread	**2**	(4)
Power	**(63)**	(63)
Crude oil and NGLs	**1**	(5)
Foreign exchange	**(32)**	(93)
Net derivative liability	**$ (37)**	$ (222)

AltaGas strives to continuously and systematically de-risk the business in order to drive predictable and durable returns and maximize long-term value for stakeholders. For Midstream, this includes striving to match financial hedges with physical volumes, and for Utilities, this includes purchasing physical gas throughout the year to help shield customers from major cost spikes during peak winter demand. AltaGas may also enter into foreign exchange derivatives and cross-currency swaps to manage the risk associated with variations in foreign exchange rates as well as interest rate swaps to manage exposure to interest rate fluctuations.

Commodity Price Contracts

The Corporation executes natural gas, power, LPG, crude oil, ocean freight, and other physical and financial commodity contracts to serve its customers as well as manage and optimize its asset portfolio. A portion of these physical contracts are not recorded at fair value because they are either: 1) designated as "normal purchases and normal sales"; 2) do not qualify as derivative instruments due to the significance of their notional amount relative to the applicable liquid markets; or 3) are weather derivatives, which are not exchanged or traded and the underlying variables relate to a climactic, geological, or other physical variable. The fair value of commodity contracts that qualify as derivatives is calculated using estimated forward prices based on published sources for the relevant period. For AltaGas' Midstream segment, changes in the fair value of these derivative contracts are recorded in the Consolidated Statements of Income in the period in which the change occurs. For the Utilities segment, changes in the fair value of derivative instruments recoverable or refundable to customers are recorded to regulatory assets or regulatory liabilities on the Consolidated Balance Sheets, while changes in the fair value of derivative instruments not affected by rate regulation are recorded in the Consolidated Statements of Income in the period in which the change occurs.

The Midstream segment also executes fixed-for-floating NGL frac spread swaps to manage exposure to frac spreads as the financial results of several extraction plants are affected by fluctuations in NGL frac spreads. The average indicative spot NGL frac spread for the year ended December 31, 2025 was $23/Bbl (2024 – $28/Bbl), inclusive of basis differentials. The average NGL frac spread realized by AltaGas (based on average spot price and realized hedge price inclusive of basis differentials) for the year ended December 31, 2025 was $24/Bbl inclusive of basis differentials (2024 - $24/Bbl).

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company has exposure, it maintains an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For 2026, AltaGas has hedged approximately:

- 80 percent of its expected global export volumes through a combination of tolls and financial hedges, with the average FEI to North American financial hedge price of US$19/Bbl for non-tolled propane and butane volumes.
- 68 percent of its expected frac exposed volumes hedged at US$21/Bbl, prior to transportation costs.

- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in 2026.

AltaGas continues to actively manage commodity exposure through contracting and hedging and will provide updates on its hedging activities on a quarterly basis.

AltaGas also uses physical and financial derivatives for the purchase and sale of natural gas in order to optimize owned storage and transportation capacity as well as manage transportation and storage assets on behalf of third parties. Washington Gas executes commodity-related physical and financial contracts in the form of forwards, futures, and option contracts as part of an asset optimization program. Under this program, Washington Gas realizes value from its long-term natural gas transportation and storage capacity resources when they are not being fully used to serve utility customers. To serve retail customers, WGL Energy Services enters into both physical and financial contracts for the purchase and sale of electricity and natural gas. WGL Energy Services also purchases natural gas indexed to NYMEX Henry Hub which is sold to third party customers. WGL Energy Services' risk management objective and strategy is to protect earnings against the risk of price fluctuations associated with forecasted NYMEX Henry Hub purchases through the use of the NYMEX Henry Hub financial swaps.

Foreign Exchange Contracts

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation’s financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation’s earnings, cash flows, and other comprehensive income are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt outstanding. AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency transaction gain or loss as a net investment hedge of its U.S. subsidiaries. As at December 31, 2025, AltaGas has designated US$645 million of outstanding loans as a net investment hedge (December 31, 2024 - US$645 million). For the year ended December 31, 2025, unrealized after-tax gains of $44 million on the net investment hedge were recorded in OCI (2024 - unrealized after-tax losses of $84 million).

AltaGas may also enter into cross currency swaps or other foreign exchange derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favourable movements in the rates. All hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas’ risk management team to ensure they align with AltaGas’ overall financial strategy.

The following foreign exchange related contracts were outstanding as at December 31, 2025:

	Duration		Fair Value ($ millions)
Foreign exchange contracts			
Forward USD sales (non-deliverable)	**Less than 1 year**	**$**	**4**
Forward USD sales (non-deliverable)	**1 - 5 years**	**$**	**(8)**
Foreign exchange option	**Less than 1 year**	**$**	**(1)**
Foreign exchange option	**1 - 2 years**	**$**	**(2)**
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	**9 years**	**$**	**(25)**

The following foreign exchange related contracts were outstanding as at December 31, 2024:

	Duration		Fair Value ($ millions)
Foreign exchange contracts			
Forward USD sales (non-deliverable)	Less than 1 year	$	(50)
Forward USD sales (non-deliverable)	1 - 3 years	$	(27)
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	10 years	$	(16)

The following is a summary of gains (losses) on foreign exchange contracts recognized in net income:

		Three Months Ended December 31, 2025		Three Months Ended December 31, 2024		Year Ended December 31, 2025		Year Ended December 31, 2024
Objective of foreign exchange contract		**Gains**		Losses		**Gains**		Losses
Cash management [1]	**$**	**1**	$	(7)	**$**	**—**	$	(9)
Income statement risk management [2]	**$**	**21**	$	(101)	**$**	**48**	$	(104)

(1) Recorded in the Consolidated Statements of Income under the line item "foreign exchange gains (losses)".
(2) Recorded in the Consolidated Statements of Income under the line item "revenue".

Interest Rate Contracts

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. To manage its interest rate risk, AltaGas maintains a mix of fixed and floating interest rate debt and may also enter into interest rate swaps. Additionally, AltaGas may use bond forward contracts to hedge its interest rate exposure on anticipated debt issuances.

Weather Instruments

WGL Energy Services utilizes heating degree day ("HDD") instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day ("CDD") instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the year ended December 31, 2025, pre-tax losses of $2 million (2024 - $nil) were recorded related to HDD and CDD instruments.

The Effects of Derivative Instruments on the Consolidated Statements of Income

The following table presents the unrealized gains (losses) on derivative instruments as recorded in the Corporation's Consolidated Statements of Income:

	Three Months Ended December 31				Year Ended December 31			
($ millions)		**2025**		2024		**2025**		2024
Natural gas	**$**	**1**	$	13	**$**	**19**	$	32
Energy exports		**4**		86		**85**		48
Crude oil and NGLs		**—**		—		**6**		(3)
NGL frac spread		**(1)**		(2)		**6**		(5)
Power		**(10)**		(7)		**6**		12
Foreign exchange		**22**		(92)		**70**		(96)
	$	**16**	$	(2)	**$**	**192**	$	(12)

Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

Liquidity

As a result of certain commitments made to the PSC of D.C., the PSC of MD, and the SCC of VA in respect of the acquisition of WGL Holdings, Inc. (the "WGL Acquisition"), Washington Gas is subject to certain restrictions when paying dividends to AltaGas. However, AltaGas does not expect that this will have an impact on AltaGas' ability to meet its obligations.

In addition, Wrangler SPE LLC and Washington Gas made certain ring fencing commitments to the PSC of D.C., the PSC of MD, and the SCC of VA with the intention of removing Washington Gas from the bankruptcy estate of AltaGas and its affiliates, other than Washington Gas and Wrangler SPE LLC (together, the "Ring Fenced Entities"). Because of these ring fencing measures, none of the assets of the Ring Fenced Entities would be available to satisfy the debt or contractual obligations of AltaGas or any non-Ring Fenced Entity Affiliate, including any indebtedness or other contractual obligations of AltaGas, and the Ring Fenced Entities do not bear any liability for indebtedness or other contractual obligations of any non-Ring Fenced Entity, and vice versa.

AltaGas expects to fund its obligations through internally-generated cash flow and normal course borrowings on existing committed credit facilities.

($ millions)		Year Ended December 31 2025		2024
Cash from operations	**$**	**1,235**	$	1,538
Investing activities		**(1,634)**		(1,375)
Financing activities		**409**		(175)
Increase (decrease) in cash, cash equivalents, and restricted cash	**$**	**10**	$	(12)

Cash From Operations

Cash from operations decreased by $303 million for the year ended December 31, 2025 compared to 2024, primarily due to unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, partially offset by higher net income after taxes (after adjusting for non-cash items) and higher distributions from equity investments. The unfavourable variance in net change in operating assets and liabilities was primarily driven by lower cash inflows from accounts receivable and inventory as a result of fluctuations in commodity prices and sales volumes, as well as higher cash outflows from risk management liabilities as a result of hedge losses driven by fluctuations in foreign exchange forward rates. These factors were partially offset by lower cash outflows from accounts payable and regulatory assets and liabilities, largely attributable to fluctuations in commodity prices and weather impacts.

Working Capital

($ millions, except working capital ratio)		December 31, 2025		December 31, 2024
Current assets	**$**	**2,907**	$	2,819
Current liabilities		**3,559**		3,500
Working capital (deficiency)	**$**	**(652)**	$	(681)
Working capital ratio [(1)]		**0.82**		0.81

(1) Calculated as current assets divided by current liabilities.

The increase in the working capital ratio was primarily due to decreases in the current portion of long-term debt and risk management liabilities, as well as increases in accounts receivable, risk management assets, cash and cash equivalents, and prepaid expenses and other current assets. This was partially offset by increases in short-term debt, accounts payable and accrued liabilities, and regulatory liabilities, as well as decreases in inventory and regulatory assets. AltaGas' working capital will fluctuate in the normal course of business and the Company expects to continue to meet its payment obligations as they become due.

Investing Activities

Cash used in investing activities for the year ended December 31, 2025 was $1,634 million, compared to $1,375 million in 2024. Investing activities for the year ended December 31, 2025 primarily included expenditures of $1,621 million for property, plant, and equipment and intangible assets, as well as $15 million of contributions to equity investments, partially offset by proceeds of $2 million from the disposition of assets. Investing activities for the year ended December 31, 2024 primarily included expenditures of $1,389 million for property, plant, and equipment and intangible assets, as well as $2 million of contributions to equity investments, partially offset by proceeds of $14 million and $2 million from the disposition of equity investments and disposition of assets, respectively.

Financing Activities

Cash from financing activities for the year ended December 31, 2025 was $409 million, compared to cash used in financing activities of $175 million in 2024. Financing activities for the year ended December 31, 2025 were primarily comprised of long-term debt issuances (net of debt issuance costs) of $633 million, proceeds from the issuance of common shares in a bought deal offering (net of share issuance costs) of $441 million, contributions from non-controlling interests of $355 million, net issuances under credit facilities of $254 million, issuance of subordinated hybrid notes (net of debt issuance costs) of $198 million, and net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of $31 million, partially offset by repayments of long-term debt and finance lease liabilities of $888 million, dividends of $398 million, cash used for the redemption of preferred shares of $200 million, and distributions to non-controlling interests of $17 million. Financing activities for the year ended December 31, 2024 were primarily comprised of repayments of long-term debt and finance lease liabilities of $1.0 billion, the repurchase of MTNs of $797 million, net repayments under credit facilities of $702 million, dividends of $371 million, distributions to non-controlling interests of $18 million, and a payment of $9 million related to the settlement of derivative instruments, partially offset by long-term debt issuances (net of debt issuance costs) of $1.4 billion, issuance of subordinated hybrid notes (net of debt issuance costs) of $1.2 billion, contributions from non-controlling interests of $123 million, and net proceeds from common shares issued on the exercise of Share Options of $54 million.

Capital Resources

AltaGas' objective for managing capital is to maintain its investment grade credit ratings, ensure adequate liquidity, optimize the profitability of its existing assets, and grow its energy infrastructure to create long-term value and enhance returns for its investors. AltaGas' capital structure is comprised of shareholders' equity (including non-controlling interests), short-term and long-term debt (including the current portion), finance lease liabilities (including the current portion), and subordinated hybrid notes, less cash and cash equivalents.

The use of debt or equity funding is based on AltaGas' capital structure, which is determined by considering the norms and risks associated with operations and cash flow stability and sustainability.

As at December 31, 2025, AltaGas' total debt primarily consisted of outstanding MTNs of $3.4 billion (December 31, 2024 - $3.7 billion), WGL and Washington Gas MTNs and private placement notes of $3.3 billion (December 31, 2024 - $3.4 billion), reflecting fair value adjustments on acquisition, SEMCO First Mortgage Bonds of $406 million (December 31, 2024 - $427 million), $386 million drawn under the bank credit facilities (December 31, 2024 - $104 million), $2.2 billion of subordinated hybrid notes (December 31, 2024 - $2.0 billion), and commercial paper outstanding of $231 million at WGL and Washington Gas (December 31, 2024 - $263 million). In addition, AltaGas had $185 million of letters of credit outstanding (December 31, 2024 - $251 million).

As at December 31, 2025, AltaGas' total market capitalization was $13.0 billion based on 311 million common shares outstanding and a closing trading price of $41.85 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended December 31, 2025 was 2.9 times (twelve months ended December 31, 2024 – 2.4 times).

Credit Facilities ($ millions)	**Borrowing capacity**	**Drawn at December 31, 2025**	**Drawn at December 31, 2024**
AltaGas demand credit facilities (1) (2)	$ 70	**$ —**	$ —
AltaGas revolving credit facilities (1) (2)	2,300	**385**	—
SEMCO Energy US$150 million credit facilities (1) (2)	206	**1**	104
WGL US$300 million revolving credit facility (1) (2) (3)	411	**13**	109
Washington Gas US$450 million revolving credit facility (1) (2) (3)	617	**218**	154
	$ 3,604	**$ 617**	$ 367

(1) Amount drawn at December 31, 2025 converted at the month-end rate of 1 U.S. dollar = 1.3706 Canadian dollar (December 31, 2024 - 1 U.S. dollar = 1.4389 Canadian dollar).
(2) All US$ borrowing capacity was converted at the December 31, 2025 Canadian/U.S. dollar month-end exchange rate.
(3) Amounts drawn include commercial paper that is supported by the long term facilities. WGL and Washington Gas have the right to request additional borrowings of up to US$100 million and US$150 million respectively, with the bank's approval, for a total of US$400 million and US$600 million on their respective facilities.

In addition to the facilities listed above, AltaGas has demand letter of credit facilities of $441 million (December 31, 2024 - $463 million). At December 31, 2025, there were letters of credit for $184 million (December 31, 2024 - $251 million) issued on these facilities and an additional less than $1 million (December 31, 2024 - less than $1 million) issued on the Company's revolving credit facilities.

WGL and Washington Gas use short-term debt in the form of commercial paper or unsecured short-term bank loans to fund seasonal cash requirements. Revolving committed credit facilities are maintained in an amount equal to or greater than the expected maximum commercial paper position.

All of the borrowing facilities have covenants customary for these types of facilities, which must be met at each quarter end. AltaGas and its subsidiaries have been in compliance with all financial covenants each quarter since the establishment of the facilities. AltaGas and its subsidiaries are also in compliance with trust indenture requirements for its MTNs as at December 31, 2025 and December 31, 2024.

The following table summarizes the Corporation's primary financial covenants as defined by the credit facility agreements:

Ratios	Debt covenant requirements	As at December 31, 2025
Bank debt-to-capitalization [1] [2]	not greater than 65%	less than 41%
Bank EBITDA-to-interest expense [1] [2]	not less than 2.5x	greater than 5.0x
Bank debt-to-capitalization (SEMCO Energy) [2] [3]	not greater than 60%	less than 43%
Bank EBITDA-to-interest expense (SEMCO Energy) [2] [3]	not less than 2.25x	greater than 8.8x
Bank debt-to-capitalization (WGL) [2] [4]	not greater than 65%	less than 48%
Bank debt-to-capitalization (Washington Gas) [2] [4]	not greater than 65%	less than 47%

(1) Calculated in accordance with the Corporation's $2.3 billion credit facility agreement, which is available on SEDAR+ at www.sedarplus.ca. The covenants are equivalent and applicable to all the Corporation's committed credit facilities.
(2) Estimated, subject to final adjustments.
(3) Bank EBITDA-to-interest expense (SEMCO Energy) and Bank debt-to-capitalization (SEMCO Energy) are calculated based on SEMCO Energy's consolidated financial statements and are calculated similarly to bank debt-to-capitalization and bank EBITDA-to-interest expense.
(4) WGL's bank debt-to-capitalization ratio is calculated based on WGL's consolidated financial statements.

On March 12, 2025, a short form base shelf prospectus for the issuance of certain types of future public debt and/or equity issuances was filed to replace the short form base shelf prospectus dated March 31, 2023. This enables AltaGas to access the Canadian capital markets on a timely basis during the 25-month period that the short form base shelf prospectus remains effective.

Contractual Obligations

December 31, 2025					
($ millions)	**Total**	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Short-term debt	**$ 231**	$ 231	$ —	$ —	$ —
Long-term debt [1]	**7,438**	469	1,570	1,097	4,302
Subordinated hybrid notes [2]	**2,184**	—	—	—	2,184
Operating and finance leases [3]	**1,234**	181	339	259	455
Purchase obligations [4]	**26,088**	3,702	5,937	3,903	12,546
Capital project commitments	**320**	320	—	—	—
Pension plan and retiree benefits [5]	**1**	1	—	—	—
Environmental commitments	**21**	14	3	1	3
Other liabilities [6]	**67**	67	—	—	—
Total contractual obligations [7]	**$ 37,584**	$ 4,985	$ 7,849	$ 5,260	$ 19,490

(1) Excludes deferred financing costs, unamortized premiums and unamortized discounts, and the fair value adjustment on the WGL Acquisition.
(2) Excludes deferred financing costs.
(3) Payments are presented on an undiscounted cash basis.
(4) Includes commitments for gas purchases, transportation and storage services, LPG purchases, electricity purchases, and service agreements. Please refer to Note 27 of the 2025 Annual Consolidated Financial Statements for further details.
(5) Assumes only required payments will be made into the pension plans in 2026. Contributions are made in accordance with independent actuarial valuations.
(6) Excludes non-financial liabilities.
(7) U.S. dollar commitments have been converted to Canadian dollars using the December 31, 2025 exchange rate.

AltaGas expects to fund its obligations through internally-generated cash flow and normal course borrowings on existing committed credit facilities.

Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates and joint ventures. Refer to Note 28 of the 2025 Annual Consolidated Financial Statements for the amounts due to or from related parties on the Consolidated Balance Sheets and the classification of revenue, income, and expenses in the Consolidated Statements of Income.

Subsidiary Entities

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc., Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc., and SEMCO Holding Corporation;

in regard to the Utilities business, Washington Gas Light Company, Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, Ridley Island Energy Export Facility Limited Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Partnership, and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy, Inc. conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company.

Share Information

	As at February 27, 2026
Issued and outstanding	
Common shares	311,290,552
Preferred Shares	
Series G	8,000,000
Issued	
Share options	774,476
Share options exercisable	774,476

Dividends

AltaGas declares and pays a quarterly dividend to its common shareholders. Dividends on preferred shares are also paid quarterly. Dividends are at the discretion of the Board of Directors and dividend levels are reviewed periodically, giving consideration to the ongoing sustainable cash flow from operating activities, maintenance and growth capital expenditures, and debt repayment requirements of AltaGas.

The following tables summarize AltaGas' dividend declaration history as of December 31, 2025:

Common Share Dividends

Year Ended December 31		
($ per common share)	**2025**	2024
First quarter	**$ 0.315000**	$ 0.297500
Second quarter	**0.315000**	0.297500
Third quarter	**0.315000**	0.297500
Fourth quarter	**0.315000**	0.297500
Total	**$ 1.260000**	$ 1.190000

Series A Preferred Share Dividends [1]

Year Ended December 31		
($ per preferred share)	**2025**	2024
First quarter	**$ 0.191250**	$ 0.191250
Second quarter	**0.191250**	0.191250
Third quarter	**0.191250**	0.191250
Fourth quarter	**—**	0.191250
Total	**$ 0.573750**	$ 0.765000

(1) On September 30, 2025, AltaGas redeemed all of its outstanding Series A Shares.

Series B Preferred Share Dividends [1]

Year Ended December 31		
($ per preferred share)	**2025**	2024
First quarter	**$ 0.378550**	$ 0.478740
Second quarter	**0.342680**	0.474950
Third quarter	**0.334220**	0.473320
Fourth quarter	**—**	0.431410
Total	**$ 1.055450**	$ 1.858420

(1) On September 30, 2025, AltaGas redeemed all of its outstanding Series B Shares.

Series G Preferred Share Dividends

Year Ended December 31		
($ per preferred share)	**2025**	2024
First quarter	**$ 0.376063**	$ 0.265125
Second quarter	**0.376063**	0.265125
Third quarter	**0.376063**	0.265125
Fourth quarter	**0.376063**	0.376063
Total	**$ 1.504252**	$ 1.171438

Series H Preferred Share Dividends [1]

Year ended December 31		
($ per preferred share)	**2025**	2024
First quarter	**$ —**	$ 0.503610
Second quarter	**—**	0.499820
Third quarter	**—**	0.498460
Fourth quarter	**—**	—
Total	**$ —**	$ 1.501890

(1) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares ("Series H Shares") to Series G Preferred Shares ("Series G Shares").

Critical Accounting Estimates

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of AltaGas' Consolidated Financial Statements requires the use of estimates and assumptions that have been made using careful judgment. AltaGas' significant accounting policies are contained in the notes to the 2025 Annual Consolidated Financial Statements. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain, and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

Significant estimates and judgments made by management of AltaGas ("Management") in the preparation of the Consolidated Financial Statements are outlined below:

Regulatory Assets and Liabilities

SEMCO and Washington Gas engage in the delivery and sale of natural gas. SEMCO is regulated by the MPSC, and Washington Gas is regulated by the PSC of D.C. in the District of Columbia, the PSC of MD in Maryland, and the SCC of VA in Virginia.

The regulatory agencies exercise statutory authority over matters such as tariffs, rates, construction, operations, financing, returns and certain contracts with customers. In order to recognize the economic effects of the actions and decisions of the regulators, the timing of recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using United States generally accepted accounting principles ("U.S. GAAP") for entities not subject to rate regulation.

Regulatory assets represent future revenues associated with certain costs incurred in the current period or in prior periods that are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenue associated with amounts that are expected to be refunded to customers through the rate-setting process.

Asset Impairment

AltaGas reviews long-lived assets, regulatory assets, and intangible assets with indefinite and finite lives whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Recoverability is determined based on an estimate of undiscounted cash flows or other indicators of fair value, and measurement of an impairment loss is determined based on the fair value of the assets. The determination of fair value requires Management to make assumptions about future cash inflows and outflows over the life of an asset. Any changes to the assumptions used for the future cash flow could result in revisions to the evaluation of the recoverability of the long-lived assets or intangible assets and the recognition of an impairment loss in the Consolidated Financial Statements.

AltaGas also tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. The Corporation has the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the quantitative goodwill impairment test is performed, the fair value of the Corporation's reporting units is compared to the carrying values. If the carrying value of a reporting unit, including allocated goodwill exceeds its fair value, goodwill impairment is measured as the excess of the carrying value amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill. Based on the valuation approach, the fair value used in the quantitative impairment test of goodwill requires determining appropriate market multiples of earnings or estimating future cash flows as well as appropriate discount rates. AltaGas has assessed goodwill for impairment as at December 31, 2025 and determined that no write-down was required.

Asset Retirement Obligations

AltaGas records liabilities relating to asset retirement obligations when there is a legal obligation. In estimating the obligations, Management is required to make assumptions regarding inflation and discount rates, ultimate amounts and timing of settlements, and expected changes in environmental laws and regulation. A change in any of these estimates could have a material impact on AltaGas' Consolidated Financial Statements.

Income Taxes

The Corporation is subject to the provisions of the *Income Tax Act* (Canada) for purposes of determining the amount of income that will be subject to tax in Canada and the *Internal Revenue Code* (U.S.) for the purposes of determining the amount of income that will be subject to tax in the United States. The determination of AltaGas' and its subsidiaries' provision for income taxes requires the application of these complex rules.

The recognition of deferred tax assets depends on the assumption that future earnings will be sufficient to realize the deferred benefit. A valuation allowance is recorded against deferred tax assets where all or a portion of that asset is not expected to be realized. The amount of the deferred tax asset or liability recorded is based on Management's best estimate of the timing of the realization of the assets or liabilities.

If Management's interpretation of tax legislation differs from that of tax authorities, or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods. See Note 18 of the 2025 Annual Consolidated Financial Statements.

Pension Plans and Post-Retirement Benefits

The determination of pension plan obligations and expense is based on a number of actuarial assumptions. Critical assumptions include the expected long-term rate-of-return on plan assets, the discount rate applied to pension plan obligations, the expected rate of compensation increase, and mortality rates. For post-retirement benefit plans, which provide for certain health care premiums and life insurance benefits for qualifying retired employees and which are not funded, critical assumptions in determining post-retirement obligations and expense are the discount rate and the assumed health care cost trend rates.

Depreciation and Amortization

Depreciation and amortization of property, plant, and equipment and intangible assets are based on Management's judgment of the estimated useful life of the assets. When it is determined that assigned asset lives do not reflect the estimated remaining period of benefit, prospective changes are made to the depreciable lives of those assets. For regulated entities, amortization rates are generally prescribed by the applicable regulatory authority. There are a number of uncertainties inherent in estimating the remaining useful life of certain assets and changes in assumptions could result in material adjustments to the amount of amortization that AltaGas recognizes from period to period.

Loss Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. Liabilities for loss contingencies are determined on a case-by-case basis and are accrued for when it is probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine the probability of having incurred the liability and the estimated amount. Estimates are reviewed regularly and updated as new information is received. As at December 31, 2025, no material provisions on loss contingencies have been recorded by the Corporation. However, due to the inherent uncertainty of the litigation process, the resolution of any particular contingencies could have a material adverse effect on the Corporation's results of operations or financial position.

Fair Value of Financial Instruments

Fair value is defined as the amount of consideration that would be agreed upon in an arms-length transaction, other than a forced sale or liquidation, between knowledgeable, willing parties who are under no compulsion to act. The best evidence of fair value is a quoted bid or ask price, as appropriate, in an active market. Fair value based on unadjusted quoted prices in an active market requires minimal judgment by Management. Where bid or ask prices in an active market are not available, Management's judgment on valuation inputs is necessary to determine fair value. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices, foreign exchange rates, and interest rates, as well as to optimize certain owned and managed natural gas assets. AltaGas estimates forward prices for certain derivative contracts based on published sources adjusted for factors specific to the asset or liability, including basis and location differentials, discount rates, interest rates, and foreign currency exchange rates. The forward curves used to mark these derivative instruments to market are vetted against public sources. AltaGas may also determine the fair value of derivative contracts using valuation models, indicative broker quotes based on observable market data, or other appropriate valuation techniques. Where observable market data is not available, AltaGas uses valuation techniques which require significant judgment by Management. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Refer to Note 2 of the 2025 Annual Consolidated Financial Statements for discussion of the adoption of new accounting standards and future changes in accounting principles.

Off-Balance Sheet Arrangements

AltaGas is not party to any contractual arrangements with unconsolidated entities that have, or are reasonably likely to have, a current or future material effect on the Corporation's financial performance or financial condition including liquidity and capital resources.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining Disclosure Controls and Procedures ("DCP") and Internal Controls over Financial Reporting ("ICFR"), as those terms are defined in National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The objective of this instrument is to improve the quality, reliability, and transparency of information that is filed or submitted under securities legislation.

Management, including the Chief Executive Officer and the Chief Financial Officer, have designed, or caused to be designed under their supervision, DCP and ICFR to provide reasonable assurance that information required to be disclosed by AltaGas in its annual filings, interim filings or other reports to be filed or submitted by it under securities legislation is made known to them, is reported on a timely basis, financial reporting is reliable, and financial statements prepared for external purposes are in accordance with U.S. GAAP.

The ICFR have been designed based on the framework established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management has designed the existing framework to result in both a complete and accurate consolidation of related information. During the year ended December 31, 2025, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

The Chief Executive Officer and the Chief Financial Officer have evaluated, with the assistance of AltaGas' employees, the effectiveness of AltaGas' DCP and ICFR as at December 31, 2025 and concluded that as at December 31, 2025 AltaGas' DCP and ICFR were effective.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurances that any design will succeed in achieving its stated goals under all potential conditions.

Summary of Consolidated Results for the Eight Most Recent Quarters

($ millions) [1]	**Q4-25**	Q3-25	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24	Q1-24
Total revenue	**3,294**	2,598	2,844	3,969	3,259	2,759	2,775	3,655
Normalized EBITDA	**564**	268	342	689	520	294	295	660
Net income (loss) applicable to common shares	**205**	(25)	175	392	203	9	(42)	408
($ per share) [1]	**Q4-25**	Q3-25	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24	Q1-24
Net income (loss) per common share								
Basic	**0.67**	(0.08)	0.59	1.31	0.68	0.03	(0.14)	1.38
Diluted	**0.67**	(0.08)	0.58	1.31	0.68	0.03	(0.14)	1.37
Dividends declared	**0.32**	0.32	0.32	0.32	0.30	0.30	0.30	0.30

(1) Amounts may not add due to rounding.

AltaGas' quarter-over-quarter financial results are impacted by various factors including seasonality, fluctuations in commodity prices, weather, the Canadian/U.S. dollar exchange rate, planned and unplanned plant outages, timing of in-service dates of new projects, and acquisition and divestiture activities.

Revenue for the Utilities is generally the highest in the first and fourth quarters of any given year as the majority of natural gas demand occurs during the winter heating season, which typically extends from November to March.

Net income (loss) applicable to common shares is also affected by non-cash items such as deferred income tax expense, depreciation and amortization expense, accretion expense, provisions on assets, and gains or losses on the sale of assets. In addition, net income (loss) applicable to common shares is also impacted by preferred share dividends and gains or losses on the redemption of preferred shares. For these reasons, net income (loss) may not necessarily reflect the same trends as revenue. Net income (loss) applicable to common shares during the periods noted was impacted by:

- After-tax transaction costs related to acquisitions and dispositions of assets and/or equity investments of $8 million and $9 million incurred throughout 2025 and 2024, respectively;
- After-tax transition and restructuring costs of $46 million and $52 million incurred throughout 2025 and 2024, respectively;
- The gain on partial settlement of Washington Gas' post-retirement benefit pension plan in the third quarter of 2024 and an additional partial settlement in the fourth quarter of 2025;
- The gain on sale of assets related to the Meade escrow proceeds in the third quarter of 2024;
- Provisions on assets recorded in the fourth quarter of 2024 related to the Edmonton Ethane Extraction Plant ("EEEP") and certain non-operational equipment in the Corporate/Other segment;
- The loss on the redemption of Series A Shares and Series B Shares in the third quarter of 2025; and
- Current tax expense of $34 million recorded in the fourth quarter of 2025 related to legal entity restructuring.

Selected Annual Financial Information

($ millions, except where noted)	2025	2024	2023
Revenue	**12,705**	12,448	12,997
Net income applicable to common shares	**747**	578	641
Net income per common share - basic	**2.48**	1.95	2.27
Net income per common share - diluted	**2.48**	1.94	2.26
Total assets	**26,770**	26,092	23,471
Total long-term liabilities	**13,663**	13,546	12,195
Weighted average number of common shares outstanding *(millions)*	**301**	297	282
Dividends declared per common share *($ per share)*	**1.260000**	1.190000	1.120000
Dividends declared per preferred share *($ per share)*			
Series A (1)	**0.573750**	0.765000	0.765000
Series B (2)	**1.055450**	1.858420	1.816740
Series E (3)	**—**	—	1.348252
Series G	**1.504252**	1.171438	1.060500
Series H (4)	**—**	1.501890	1.916724

(1) On September 30, 2025, AltaGas redeemed all of its outstanding Series A Shares.
(2) On September 30, 2025, AltaGas redeemed all of its outstanding Series B Shares.
(3) On December 31, 2023, AltaGas redeemed all of its outstanding Series E Preferred Shares.
(4) On September 30, 2024, AltaGas converted all of its outstanding Series H Shares to Series G Shares.

Non-GAAP Financial Measures

This MD&A contains references to certain financial measures used by AltaGas that do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. The non-GAAP measures and their reconciliation to GAAP financial measures are shown below. These non-GAAP measures provide additional information that Management believes is meaningful in describing AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specific rationale for, and incremental information associated with, each non-GAAP measure is discussed below.

References to normalized EBITDA, normalized net income, normalized funds from operations, normalized income tax expense, normalized effective income tax rate, net debt, adjusted net debt, adjusted net debt to normalized EBITDA, invested capital, and net invested capital throughout this MD&A have the meanings as set out in this section.

Change in Composition of Adjusted Net Debt

In the second quarter of 2025, Management revised the composition of adjusted net debt to include 50 percent of subordinated hybrid notes and 50 percent of preferred shares. This change was made as a result of Management's assessment that the updated measure is more representative of the Company's capital structure as viewed by debt investors and ratings agencies. Prior period calculations of adjusted net debt have been restated to reflect this change. Refer to the *Net Debt, Adjusted Net Debt, and Adjusted Net Debt to Normalized EBITDA* section below.

Normalized EBITDA

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Income before income taxes (GAAP financial measure)	**$ 310**	$ 231	**$ 1,029**	$ 746
Add:				
Depreciation and amortization	**138**	123	**517**	475
Interest expense	**120**	128	**465**	455
EBITDA	**$ 568**	$ 482	**$ 2,011**	$ 1,676
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**5**	2	**11**	11
Unrealized losses (gains) on risk management contracts (2)	**(16)**	2	**(192)**	12
Losses (gains) on sale of assets (3)	**—**	—	**3**	(12)
Transition and restructuring costs (4)	**1**	21	**15**	70
Provisions on assets	**2**	20	**4**	20
Accretion expenses	**1**	1	**5**	5
Foreign exchange losses (gains) (5)	**3**	(8)	**6**	(13)
Normalized EBITDA	**$ 564**	$ 520	**$ 1,863**	$ 1,769

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
(2) Included in the "revenue", "cost of sales", and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.
(3) Included in the "other income" line item on the Consolidated Statements of Income.
(4) Comprised of transition and restructuring costs (including CEO and CFO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.
(5) Excludes unrealized losses (gains) on foreign exchange contracts that have been entered into for the purpose of cash management. These losses (gains) are included above in the line "unrealized losses (gains) on risk management contracts".

EBITDA is a measure of AltaGas' operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. EBITDA is calculated from the Consolidated Statements of Income using income before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

AltaGas presents normalized EBITDA as a supplemental measure. Normalized EBITDA is used by Management to enhance the understanding of AltaGas' earnings over periods, as well as for budgeting and compensation related purposes. The metric is frequently used by analysts and investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets, and the capital structure.

Normalized Net Income

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Net income applicable to common shares (GAAP financial measure)	**$ 205**	$ 203	**$ 747**	$ 578
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions (1)	**4**	2	**8**	9
Unrealized losses (gains) on risk management contracts (2)	**(13)**	3	**(146)**	10
Losses (gains) on sale of assets (3)	**—**	(3)	**2**	(9)
Transition and restructuring costs (4)	**35**	15	**46**	52
Loss on redemption of preferred shares (5)	**—**	—	**4**	—
Provisions on assets	**2**	15	**3**	15
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances (6)	**3**	(8)	**6**	(7)
Normalized net income	**$ 236**	$ 227	**$ 670**	$ 648

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
(2) The pre-tax amounts are included in the "revenue", "cost of sales", and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.
(3) The pre-tax amounts are included in the "other income" line item on the Consolidated Statements of Income.
(4) Comprised of transition and restructuring costs (including CEO and CFO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. After-tax restructuring cost normalizations also includes the normalization of tax expenses related to legal entity restructuring.
(5) Comprised of the loss on the redemption of Series A Shares and Series B Shares on September 30, 2025. The loss is recorded in the "loss on redemption of preferred shares" line item on the Consolidated Statements of Income.
(6) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a gain (loss) on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains (losses)" line item on the Consolidated Statements of Income.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas' earnings, as these metrics reflect the underlying performance of AltaGas' business activities. Normalized EPS is calculated as normalized net income divided by the average number of shares outstanding during the period.

Normalized Funds From Operations

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Cash from operations (GAAP financial measure)	**$ 209**	$ 508	**$ 1,235**	$ 1,538
Add (deduct):				
Net change in operating assets and liabilities	**152**	(129)	**29**	(430)
Asset retirement obligations settled	**3**	2	**7**	3
Funds from operations	**$ 364**	$ 381	**$ 1,271**	$ 1,111
Add (deduct):				
Transaction costs related to acquisitions and dispositions (1)	**5**	2	**11**	11
Current tax recovery on asset sales (2)	**—**	(7)	**—**	—
Current tax expense related to restructuring costs (2) (3)	**34**	—	**34**	—
Transition and restructuring costs (4)	**1**	21	**15**	70
Normalized funds from operations	**$ 404**	$ 397	**$ 1,331**	$ 1,192

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
(2) Included in the "current income tax expense" line item on the Consolidated Statements of Income.
(3) Includes current tax expense related to legal entity restructuring.
(4) Comprised of transition and restructuring costs (including CEO and CFO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.

Normalized funds from operations and funds from operations are used to assist Management and investors in analyzing the liquidity of the Corporation. Management uses these measures to understand the ability to generate funds for capital investments, debt repayment, dividend payments, and other investing activities.

Funds from operations and normalized funds from operations as presented should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with GAAP.

Normalized Income Tax Expense

($ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	**2025**	2024
Income tax expense (GAAP financial measure)	**$ 99**	$ 22	**$ 250**	$ 138
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	**1**	—	**3**	2
Unrealized losses (gains) on risk management contracts	**(3)**	(1)	**(46)**	2
Losses (gains) on sale of assets	**—**	3	**1**	(3)
Transition and restructuring costs	**(34)**	6	**(31)**	19
Provisions on assets	**—**	5	**1**	5
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances	**1**	(2)	**2**	(3)
Normalized income tax expense	**$ 64**	$ 33	**$ 180**	$ 160

The above table provides a reconciliation of normalized income tax expense from the GAAP financial measure, income tax expense. The reconciling items are comprised of the income tax impacts of normalizing items present in the calculation of normalized net income. For more information on the individual normalizing items, please refer to the normalized net income reconciliation above.

Normalized income tax expense is used by Management to enhance the comparability of the impact of income tax on AltaGas' earnings, as it reflects the underlying performance of AltaGas' business activities, and is presented to provide this perspective to analysts and investors.

Net Debt, Adjusted Net Debt, and Adjusted Net Debt to Normalized EBITDA

($ millions, except adjusted net debt to normalized EBITDA)	**December 31, 2025**	**December 31, 2024**
Short-term debt	**$ 231**	$ 10
Current portion of long-term debt (1)	**469**	858
Current portion of finance lease liabilities	**24**	23
Long-term debt (2)	**7,010**	6,992
Finance lease liabilities	**124**	126
Subordinated hybrid notes (3)	**2,159**	2,022
Total debt	**$ 10,017**	$ 10,031
Less: cash and cash equivalents	**(99)**	(85)
Net debt	**$ 9,918**	$ 9,946
Add (deduct):		
Current portion of finance lease liabilities	**(24)**	(23)
Finance lease liabilities	**(124)**	(126)
50 percent debt treatment of subordinated hybrid notes	**(1,080)**	(1,011)
50 percent debt treatment of preferred shares	**98**	196
Adjusted net debt (4)	**$ 8,788**	$ 8,982
Adjusted net debt to normalized EBITDA (4) (5)	**4.7**	5.1

(1) Net of debt issuance costs, unamortized premiums, and unamortized discounts of less than $1 million as at December 31, 2025 (December 31, 2024 - less than $1 million).
(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of $29 million as at December 31, 2025 (December 31, 2024 - $29 million).
(3) Net of debt issuance costs of $25 million as at December 31, 2025 (December 31, 2024 - $23 million).
(4) As noted previously in this MD&A, in the second quarter of 2025, AltaGas changed its non-GAAP policy regarding the calculation of adjusted net debt to include 50 percent of subordinated hybrid notes and 50 percent of preferred shares. The amounts presented in this table reflect the restated figures to align with the revised policy.
(5) Calculated as adjusted net debt at the balance sheet date, divided by normalized EBITDA for the preceding twelve-month period.

Net debt, adjusted net debt, and adjusted net debt to normalized EBITDA are used by the Corporation to monitor its capital structure and assess its capital structure relative to earnings. It is also used as a measure of the Corporation's overall financial strength and is presented to provide this perspective to analysts and investors. Net debt is defined as short-term debt, plus current and long-term portions of long-term debt, current and long-term portions of finance lease liabilities, and subordinated hybrid notes, less cash and cash equivalents. Adjusted net debt is defined as net debt adjusted for current and long-term portions of finance lease liabilities, 50 percent of subordinated hybrid notes, and 50 percent of preferred shares. Adjusted net debt to normalized EBITDA is calculated by dividing adjusted net debt as defined above by normalized EBITDA for the preceding twelve-month period.

Invested Capital and Net Invested Capital

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Cash used in investing activities (GAAP financial measure)	**$ 500**	$ 402	**$ 1,634**	$ 1,375
Add (deduct):				
Net change in non-cash capital expenditures (1)	**61**	40	**149**	60
Contributions from non-controlling interests (2)	**(103)**	(50)	**(355)**	(123)
Net invested capital	**$ 458**	$ 392	**$ 1,428**	$ 1,312
Asset dispositions	**2**	—	**2**	2
Disposals of equity investments (3)	**—**	—	**—**	14
Invested capital	**$ 460**	$ 392	**$ 1,430**	$ 1,328

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 29 of the 2025 Annual Consolidated Financial Statements for further details.
(2) Excludes cash received from advance cash calls related to forecasted capital spend.
(3) The 2024 disposal relates to the Meade escrow proceeds. Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

Invested capital is a measure of AltaGas' use of funds for capital expenditure activities. It includes expenditures relating to property, plant, and equipment and intangible assets, capital contributed to long term investments, and contributions from non-controlling interests. Net invested capital is invested capital presented net of cash paid for business acquisitions and proceeds from disposals of assets and equity investments in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items such as non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

Supplemental Calculations

Reconciliation of Normalized EBITDA to Normalized Net Income

The below table provides a supplemental reconciliation of normalized EBITDA to normalized net income. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP financial measures in the section above. This supplemental information is provided as additional information to assist analysts and investors in comparing normalized EBITDA to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental reconciliation.

	Three Months Ended December 31		Year Ended December 31	
($ millions)	**2025**	2024	**2025**	2024
Normalized EBITDA	**$ 564**	$ 520	**$ 1,863**	$ 1,769
Add (deduct):				
Depreciation and amortization	**(138)**	(123)	**(517)**	(475)
Interest expense	**(120)**	(128)	**(465)**	(455)
Income tax expense	**(99)**	(22)	**(250)**	(138)
Normalizing items impacting income taxes [(1)]	**35**	(10)	**70**	(21)
Accretion expenses	**(1)**	(1)	**(5)**	(5)
Foreign exchange gains (losses)	**(3)**	8	**(6)**	13
Unrealized foreign exchange gains (losses) on intercompany accounts payable and accounts receivable balances	**4**	(11)	**8**	(10)
Net income applicable to non-controlling interests	**(3)**	(1)	**(11)**	(12)
Preferred share dividends	**(3)**	(5)	**(17)**	(18)
Normalized net income	**$ 236**	$ 227	**$ 670**	$ 648

(1) Represents the income tax impact related to the normalizing items included in the calculation of normalized EBITDA.

Calculation of Normalized Effective Income Tax Rate

The below table provides a calculation of normalized effective income tax rate from normalized net income and normalized income tax expense. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP measures in the section above. This supplemental calculation is provided as additional information to assist analysts and investors in comparing normalized income tax expense to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental calculation.

	Three Months Ended December 31		Year Ended December 31	
($ millions, except normalized effective income tax rate)	**2025**	2024	**2025**	2024
Normalized net income	**$ 236**	$ 227	**$ 670**	$ 648
Add (deduct):				
Normalized income tax expense [(1)]	**64**	33	**180**	160
Net income applicable to non-controlling interests	**3**	1	**11**	12
Preferred share dividends	**3**	5	**17**	18
Normalized net income before taxes	**$ 306**	$ 266	**$ 878**	$ 838
Normalized effective income tax rate (%) [(2)]	**20.9**	12.4	**20.5**	19.1

(1) Calculated in the section above.
(2) Calculated as normalized income tax expense divided by normalized net income before taxes.

Forward-looking Information and Statements

This MD&A dated March 5, 2026 is provided to enable readers to assess the results of operations, liquidity, and capital resources of AltaGas as at and for the year ended December 31, 2025. This MD&A should be read in conjunction with the accompanying audited Consolidated Financial Statements and notes thereto of AltaGas as at and for the year ended December 31, 2025.

The Consolidated Financial Statements and comparative information have been prepared in accordance with U.S. GAAP and in Canadian dollars, unless otherwise indicated. Throughout this MD&A, references to GAAP refer to U.S. GAAP and dollars refer to Canadian dollars, unless otherwise indicated.

Abbreviations, acronyms and capitalized terms used in this MD&A without express definition shall have the same meanings given to those terms in the MD&A as at and for the year ended December 31, 2025 or the Annual Information Form for the year ended December 31, 2025.

This MD&A contains forward-looking information ("forward-looking statements"). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities, and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: AltaGas' belief in the role and importance of global resource exports; the potential District SAFE modernization program, the anticipated benefits therefrom, and the expected timing for receipt of a final order in respect thereof; the anticipated benefits of Pipestone II; the expectation that REEF will remain on budget and on schedule to achieve its 2026 year-end in-service date; REEF Optimization I and the anticipated timing and benefits thereof; the Dimsdale Phase I and Phase II expansions, including the anticipated timing, cost and benefits thereof; the Keweenaw Connector Pipeline, including the anticipated timing, cost, and benefits thereof; advancement of data center development opportunities and AltaGas' plans with respect to such projects; the anticipated timing for completion of Phase I of a 24 MW data center located in Maryland; the anticipated benefits of AltaGas' decision to retain its ownership stake in MVP and associated growth projects; AltaGas' targeted leverage range; AltaGas' commitment to advancing growth projects across the Utilities segment including new customer growth and execution of existing asset modernization programs; AltaGas' focus on capital efficient organic growth and disciplined capital allocation; AltaGas' 2026 guidance including normalized earnings per share of $2.20 to $2.45 and normalized EBITDA of $1.925 to $2.025 billion; the expectation that the Utilities and Midstream segments will contribute 55 percent and 45 percent of normalized EBITDA in 2026, respectively; expected growth drivers of normalized EBITDA in the Utilities segment; expected growth drivers of normalized EBITDA in the Midstream segment; factors expected to contribute to 2026 normalized earnings per share variance; AltaGas' focus on de-risking its business and managing direct commodity price exposure and the anticipated benefits therefrom; the Company's intention to maintain an active hedging program and the anticipated outcomes therefrom; AltaGas' 2026 Midstream Hedge Program quarterly estimates; estimated impact of changes in commodity prices, exchange rates, and weather on normalized annual results for 2026; expected invested capital expenditures of $1.6 billion in 2026; anticipated segment allocation and focus of capital expenditures in 2026; the expectation that AltaGas' 2026 committed capital program will be funded through internally generated cash flows driven by higher annual investment capacity from growing normalized EBITDA and enhanced financial flexibility as a result of AltaGas' stronger balance sheet; the estimated cost, status and expected in-service dates for growth capital projects in the Midstream and Utilities businesses; Washington Gas' ARP replacement programs and the expected benefits therefrom; SEMCO Energy's MRP and IRIP programs; expected filing, procedure and decision dates for rate cases in the Utilities business; timing of material regulatory filings, proceedings and decisions in the Utilities business; AltaGas' expectations regarding Utilities growth and related strategies and plans; AltaGas' expectations regarding Midstream growth and related strategies and plans; the percentage of AltaGas' expected 2026 frac exposed volumes that are hedged; the percentage of AltaGas' expected 2026 global export volumes that are tolled or financially hedged; AltaGas' expectation that it can fund its capital expenditure, liquidity and working capital needs through internally-generated cash flow and normal course borrowings on existing committed credit facilities; anticipated sources of funding for contractual obligations; the expectation that the restrictions on Washington Gas' ability to pay dividends to AltaGas as a result of certain commitments in respect of the WGL Acquisition will not have an impact on AltaGas' ability to meet its obligations; AltaGas' objective for managing capital and the anticipated benefits therefrom; AltaGas' dividend policy; future legal obligations on asset retirement; and the effect of future changes in accounting policies and adoption of new accounting standards.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: AltaGas' effective tax rate, U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal;

pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions including tariffs; internal credit risk; capital market and liquidity risks; interest rates; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; construction and development; cybersecurity, information, and control systems; regulatory risks; changes in law; climate-related risks; environmental regulation risks; Indigenous and treaty rights; litigation; dependence on certain partners; political uncertainty, activism, civil unrest, terrorist attacks and threats, escalation of military activity and acts of war; risks related to conflict; decommissioning, abandonment and reclamation costs; reputation risk; weather data; technical systems and processes incidents; growth strategy risk; failure to realize anticipated benefits of acquisitions and dispositions; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of the Common Shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2025 and set out in AltaGas' other continuous disclosure documents.

Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this MD&A, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this MD&A, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on Management's assessment of all information at the relevant time. Such statements speak only as of the date of this MD&A. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements.

Financial outlook information contained in this MD&A about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on AltaGas Management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements, Annual Information Form, and press releases are available through AltaGas' website at www.altagas.ca or through SEDAR+ at www.sedarplus.ca.

Other Information

Definitions

Bbls/d	barrels per day
Bcf	billion cubic feet
CBM	cubic meter
Dth	dekatherm
Dth/d	dekatherm per day
GJ	gigajoule
GWh	gigawatt-hour
MBbl	thousands of barrels
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
US$	United States dollar

About AltaGas

AltaGas is a leading North American energy infrastructure Company that connects NGLs and natural gas to domestic and global markets. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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