



CANADIAN UTILITIES LIMITED
An **ATCO** Company

CANADIAN UTILITIES LIMITED
FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2025

2025 SECOND QUARTER FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

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CANADIAN UTILITIES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of Canadian Utilities Limited (Canadian Utilities, our, we, us, or the Company) during the six months ended June 30, 2025.

This MD&A was prepared as of July 30, 2025, and should be read with the Company's unaudited interim consolidated financial statements for the six months ended June 30, 2025. Additional information, including the Company's previous MD&As, Annual Information Form, and audited consolidated financial statements for the year ended December 31, 2024, is available on SEDAR+ at www.sedarplus.ca. Information contained in the 2024 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by ATCO Ltd. (ATCO) and its controlling share owner, Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

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

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PERFORMANCE OVERVIEW

FINANCIAL METRICS

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

(\$ millions, except per share data and outstanding shares)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Key Financial Metrics						
Revenues	842	860	(18)	1,927	1,951	(24)
Adjusted earnings (loss) ⁽¹⁾	121	117	4	353	342	11
ATCO Energy Systems ⁽¹⁾	116	112	4	348	333	15
ATCO EnPower ⁽¹⁾	12	18	(6)	23	26	(3)
ATCO Australia ⁽¹⁾	21	17	4	34	28	6
Financing & Other ⁽¹⁾	(28)	(30)	2	(52)	(45)	(7)
Adjusted earnings (\$ per share) ⁽²⁾	0.45	0.43	0.02	1.30	1.26	0.04
Earnings attributable to equity owners of the Company	111	62	49	347	304	43
Earnings attributable to Class A and Class B shares	92	43	49	309	266	43
Earnings attributable to Class A and Class B shares (\$ per share)	0.34	0.16	0.18	1.14	0.98	0.16
Diluted earnings attributable to Class A and Class B shares (\$ per share)	0.34	0.16	0.18	1.14	0.98	0.16
Total assets	23,878	23,201	677	23,878	23,201	677
Long-term debt	11,074	10,435	639	11,074	10,435	639
Equity attributable to equity owners of the Company	6,976	6,941	35	6,976	6,941	35
Cash dividends declared per Class A and Class B share (cents per share)	45.77	45.31	0.46	91.54	90.62	0.92
Cash flows from operating activities	441	471	(30)	1,078	973	105
Capital investment ⁽³⁾	384	323	61	786	641	145
Capital expenditures	382	322	60	783	638	145
Other Financial Metrics						
Weighted average Class A and Class B shares outstanding (thousands):						
Basic	271,808	271,358	450	271,694	271,198	496
Diluted	272,009	271,358	651	271,823	271,198	625

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

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

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

REVENUES

Revenues in the second quarter of 2025 were \$842 million, \$18 million lower than the same period in 2024. Lower revenues were mainly due to the decreased revenue contribution from ATCO Energy Ltd. (ATCO Energy) with its sale to ATCO in the third quarter of 2024, and a decrease in 2025 return on equity (ROE) in ATCO Energy Systems, and the completion of efficiency carryforward mechanism (ECM) funding in 2024 for Electricity Distribution and Natural Gas Distribution. Lower

revenues were partially offset by growth in the regulated rate base in ATCO Energy Systems, and stronger seasonal spreads in natural gas storage services in ATCO EnPower.

ADJUSTED EARNINGS ⁽¹⁾

Our adjusted earnings in the second quarter of 2025 were \$121 million or \$0.45 per share, compared to \$117 million or \$0.43 per share for the same period in 2024.

Higher adjusted earnings in the second quarter of 2025 were mainly due to growth in rate base in ATCO Energy Systems' businesses, higher rates in ATCO Gas Australia as a result of moving into the new five-year Access Arrangement (AA6), and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution, and lower compensation related to turbine availability guarantees at ATCO EnPower's Forty Mile wind facility.

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

EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

Earnings attributable to equity owners of the Company were \$111 million in the second quarter of 2025, \$49 million higher compared to the same period in 2024. Earnings attributable to equity owners of the Company include timing adjustments related to rate-regulated activities, dividends on equity preferred shares of the Company, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings.

More information on these and other items is included in the "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" section of this MD&A.

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

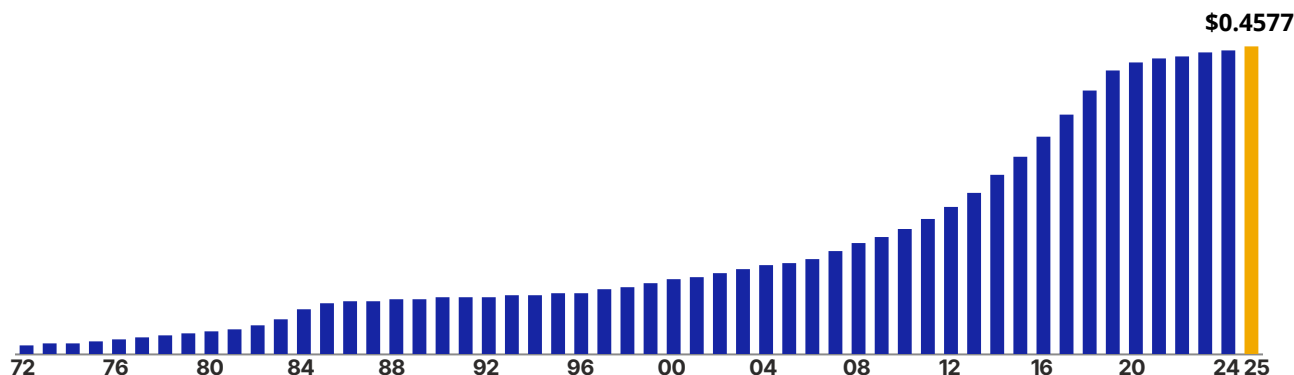
CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities were \$441 million in the second quarter of 2025, \$30 million lower than the same period in 2024 mainly due to the timing of collections of receivables, partially offset by increased earnings within ATCO Energy Systems.

COMMON SHARE DIVIDENDS

Dividends paid to Class A and Class B share owners in the second quarter of 2025 totalled \$124 million. On July 10, 2025, the Board of Directors declared a third quarter dividend of 45.77 cents per share or \$1.83 on an annualized basis. We aim to grow dividends in-line with our sustainable earnings growth, which is linked to growth from our regulated and long-term contracted investments.

**Quarterly Dividend Rate 1972 - 2025
(dollars per share)**

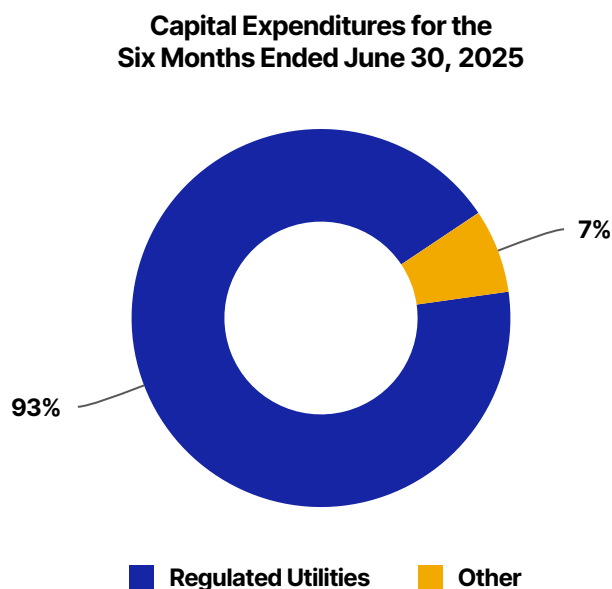


⁽¹⁾ Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

CAPITAL INVESTMENT ⁽¹⁾ AND CAPITAL EXPENDITURES

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Total capital investment of \$384 million and \$786 million in the second quarter and first six months of 2025 was \$61 million and \$145 million higher than the same periods in 2024 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including the Yellowhead Pipeline Project (Yellowhead) in Natural Gas Transmission and the Central East Transfer-Out Project (CETO) in Electricity Transmission, and the Atlas Carbon Storage Hub project in ATCO EnPower.

Capital expenditures, a GAAP measure reported in accordance with IFRS, include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of \$382 million and \$783 million in the second quarter and first six months of 2025 were \$60 million and \$145 million higher than the same periods in 2024 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.



Capital expenditures in the Regulated Utilities accounted for 93 per cent of the total in the first six months of 2025. The remaining 7 per cent was primarily related to capital spending within ATCO EnPower, largely related to the Atlas Carbon Storage Hub project and sustaining capital.

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

BUSINESS UNIT PERFORMANCE



REVENUES

ATCO Energy Systems revenues of \$708 million and \$1,634 million in the second quarter and first six months of 2025 were \$5 million and \$44 million higher than the same periods in 2024. Higher revenues were mainly due to growth in rate base. Higher revenues were partially offset by a decrease in ROE following the annual update of the Alberta Utilities Commission (AUC) approved ROE formula which set the 2025 ROE at 8.97 per cent compared to the 2024 rate of 9.28 per cent, and the completion of ECM funding of up to 0.5 per cent additional ROE in 2024 for Electricity Distribution and Natural Gas Distribution.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Electricity						
Electricity Distribution ⁽¹⁾	38	26	12	80	67	13
Electricity Transmission ⁽¹⁾	44	50	(6)	89	96	(7)
International Electricity Operations ⁽¹⁾	14	13	1	29	26	3
Total Electricity ⁽¹⁾	96	89	7	198	189	9
Natural Gas						
Natural Gas Distribution ⁽¹⁾	(6)	(1)	(5)	97	98	(1)
Natural Gas Transmission ⁽¹⁾	26	24	2	53	46	7
Total Natural Gas ⁽¹⁾	20	23	(3)	150	144	6
Total ATCO Energy Systems ⁽²⁾	116	112	4	348	333	15

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

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

ATCO Energy Systems' adjusted earnings of \$116 million and \$348 million in the second quarter and first six months of 2025 were \$4 million and \$15 million higher than the same periods in 2024 mainly due to growth in rate base and cost efficiencies. Higher earnings were partially offset by a decrease in 2025 ROE which is set at 8.97 per cent compared to the 2024 rate of 9.28 per cent, and the completion of ECM funding of up to 0.5 per cent additional ROE in 2024 for Electricity Distribution and Natural Gas Distribution.

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

Electricity Distribution

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

Electricity Distribution adjusted earnings of \$38 million and \$80 million in the second quarter and first six months of 2025 were \$12 million and \$13 million higher than the same periods in 2024 mainly due to growth in rate base and the timing of cost efficiencies, partially offset by the completion of ECM funding in 2024 and lower ROE in 2025.

Electricity Transmission

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

Electricity Transmission adjusted earnings of \$44 million and \$89 million in the second quarter and first six months of 2025 were \$6 million and \$7 million lower than the same periods in 2024 mainly due to lower ROE in 2025.

International Electricity Operations

International Electricity Operations includes a 50 per cent ownership in LUMA Energy, LLC (LUMA Energy), a company formed and awarded an Operations and Maintenance Agreement with the Puerto Rico Public-Private Partnerships Authority and the Puerto Rico Electric Power Authority (PREPA).

LUMA Energy continues to operate under the terms of a Supplemental Agreement, which was extended on November 30, 2022. The transition to year one of the Operations and Maintenance Agreement is not expected to occur until PREPA's bankruptcy proceeding is resolved.

International Electricity Operations adjusted earnings of \$14 million and \$29 million in the second quarter and first six months of 2025 were \$1 million and \$3 million higher than the same periods in 2024 mainly due to favourable foreign exchange rates and higher management fees as a result of inflation adjustments.

Natural Gas Distribution

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

Natural Gas Distribution adjusted earnings in the second quarter and first six months of 2025 were \$5 million and \$1 million lower than the same periods in 2024 mainly due to the completion of ECM funding in 2024 and lower ROE in 2025, partially offset by growth in rate base and cost efficiencies.

Natural Gas Transmission

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

Natural Gas Transmission adjusted earnings of \$26 million and \$53 million in the second quarter and first six months of 2025 were \$2 million and \$7 million higher than the same periods in 2024 mainly due to growth in rate base and cost efficiencies, partially offset by lower ROE in 2025.

ATCO ENERGY SYSTEMS RECENT DEVELOPMENTS

Utility Infrastructure Projects

ATCO Energy Systems continues work on its two large utility infrastructure projects: Yellowhead in Natural Gas Transmission and CETO in Electricity Transmission.

- Yellowhead consists of approximately 230 kilometres of high-pressure natural gas pipeline with the projected spend estimated at \$2.8 billion, and is on track for construction to commence in 2026, subject to both AUC and corporate approvals. The project continues to advance on-going stakeholder consultation, land acquisition, long-lead pipeline materials procurement, and design work in anticipation of the needs application decision from the AUC that is expected in the third quarter of 2025. In addition, we continue to pursue equity partnership arrangements with Indigenous partners.

- CETO consists of a 135-km 240kV transmission line, of which Electricity Transmission is building 85-km of the transmission line and AltaLink LP is constructing the remaining 50-km. Electricity Transmission completed the winter season construction in the first quarter of 2025, and has progressed substation tendering for civil, structural and electrical works and expects to begin fall season construction in the third quarter of 2025. Electricity Transmission's 85-km of the transmission line are on track to be energized by June 2026 with an approximate \$280 million expected project spend. CETO will support renewable energy integration in Alberta and transport electricity in the counties of Red Deer, Lacombe and Stettler, supplying more than 1,500 megawatts of electricity to Alberta's grid.

ATCO ENERGY SYSTEMS REGULATORY DEVELOPMENTS

Common Matters

Second Generation Performance Based Regulation (PBR2) Re-openers

In June 2023, the AUC initiated a proceeding for Electricity Distribution and Natural Gas Distribution as the re-opener clause was triggered by both utilities' earnings in 2022, the final year of PBR2. The PBR2 re-opener thresholds were triggered as a result of both utilities' earnings being either +/- 500 basis points from the approved ROE in one year or +/- 300 basis points from the approved ROE in two consecutive years.

On May 22, 2024, the AUC issued a decision to re-open the PBR2 plan and advanced to the second phase of the proceeding (Phase I Decision). The AUC claimed that the distribution businesses failed to quantify or attribute all efficiency gains under PBR2 to specific programs or initiatives. An appeal with the Alberta Court of Appeal (ACA) was filed on the Phase I Decision of the proceeding and is expected to be heard in the first half of 2026.

On May 28, 2025, the AUC issued a second decision related to the PBR2 re-opener proceeding to refund \$35 million to the customers of Electricity Distribution and \$36 million to the customers of Natural Gas Distribution over a six-month period, from September 1, 2025, to February 28, 2026 (Phase II Decision). In regard to the Phase II Decision, a Review and Variance and a Permission to Appeal (PTA) were filed to the AUC and the Alberta Court of Appeal, respectively, on June 27, 2025. Given that the factual context and issues that will arise in the Phase II PTA will have significant overlap with the Phase I appeal already before the ACA and discussed above, and to be respectful of ACA's resources, the Company was granted its request to defer the hearing of the Phase I appeal to the first half of 2026 pending the ACA's decision on the Phase II PTA application. If the Phase II PTA is granted, the Company will be seeking to combine the Phase I and Phase II appeals into a single proceeding before the ACA in the first half of 2026.

Electricity Distribution and Natural Gas Distribution were the only utilities in Alberta to lower rates in 2023 due to efficiencies being passed onto customers. The after-the-fact requirement to track cost efficiencies at a granular level is inconsistent with PBR regulatory principles and past AUC positions. As Electricity Distribution and Natural Gas Distribution continue to pursue appeals of both the Phase I and Phase II Decisions of the PBR2 re-opener proceeding, and the Company believes it will more likely than not succeed on appeal, no impact to Adjusted Earnings has been recognized for the quarter ended June 30, 2025 related to the PBR2 re-opener decisions.



ATCO EnPower

REVENUES

ATCO EnPower revenues of \$71 million and \$169 million in the second quarter and first six months of 2025 were \$2 million and \$9 million higher compared to the same periods in 2024 mainly due to stronger seasonal spreads in natural gas storage services, partially offset by lower generation and lower capture pricing realized at the Forty Mile wind facility.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Electricity Generation ⁽¹⁾	(2)	8	(10)	(5)	6	(11)
Storage & Industrial Water ⁽¹⁾	14	10	4	28	20	8
Total ATCO EnPower ⁽²⁾	12	18	(6)	23	26	(3)

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

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

ATCO EnPower adjusted earnings of \$12 million and \$23 million in the second quarter and first six months of 2025 were \$6 million and \$3 million lower than the same periods in 2024 mainly due to lower compensation related to turbine availability guarantees at the Forty Mile wind facility, and lower generation and capture pricing realized at the Forty Mile Wind facility. Lower earnings were partially offset by stronger seasonal spreads in natural gas storage services.

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

Electricity Generation

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

Electricity Generation adjusted earnings in the second quarter and first six months of 2025 were \$10 million and \$11 million lower compared to the same periods in 2024 mainly due to lower compensation related to turbine availability guarantees at the Forty Mile wind facility, and lower generation and capture pricing realized at the Forty Mile Wind facility.

The following table compares ATCO EnPower's renewable portfolio performance in Canada for the second quarter and first six months of 2025 and 2024.

	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Capacity Share ^{(1) (2)} (MW)	390	359	31	390	359	31
Average Availability (%)	94	91	3	96	89	7
Generation (MWh)	233,564	255,834	(22,270)	467,018	476,831	(9,813)
Wind	144,334	185,683	(41,349)	345,608	377,858	(32,250)
Solar	64,939	53,450	11,489	93,502	82,239	11,263
Hydroelectric	24,291	16,701	7,590	27,908	16,734	11,174
% Merchant	33	27	6	30	25	5
% PPA	67	73	(6)	70	75	(5)
Average Realized Price (\$/MWh)	71	73	(2)	74	78	(4)

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

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

Merchant generation increased as a proportion of our portfolio compared to the same periods in 2024 due to higher generation at our hydroelectric facility and the uprate at the Forty Mile wind facility increasing merchant generation volumes. Wind generation for the second quarter and first six months of 2025 was lower than the same periods in 2024, primarily at the Forty Mile facility, offset by improved performance at the Adelaide facility. In the second quarter of 2025, the Forty Mile facility was affected by grid curtailments caused by transmission system congestion in the southeast portion of Alberta along with lower fleet capacity experienced in the same region. Solar generation in the second quarter and first six months of 2025 was higher than the same period in 2024, due to increased generation resulting from the uprates achieved at the Barlow and Deerfoot facilities in the third quarter of 2024 and improved availability at the Empress facility. We also saw improved generation in 2025 at our hydroelectric facility which was impacted by lower reservoir and river flow levels in the first and second quarters of 2024.

The average realized price related to the renewable portfolio decreased from an average of \$73 per MWh and \$78 per MWh in the second quarter and first six months of 2024 to an average of \$71 per MWh and \$74 per MWh in the second quarter and first six months of 2025. This is mainly due to a higher proportion of revenues exposed to merchant prices which have experienced declines from the comparable periods in 2024.

STORAGE & INDUSTRIAL WATER

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

Storage & Industrial Water adjusted earnings of \$14 million and \$28 million in the second quarter and first six months of 2025 were \$4 million and \$8 million higher compared to the same periods in 2024 mainly due to stronger seasonal spreads in natural gas storage services.



ATCO Australia

REVENUES

ATCO Australia revenues of \$60 million in the second quarter of 2025 were \$2 million lower than the same period in 2024 mainly due to the revenues in 2024 from the South Australia Hydrogen Jobs Plan project in ATCO Power Australia that was deferred in February 2025, partially offset by increased rates in ATCO Gas Australia as a result of moving into AA6.

ATCO Australia revenues of \$117 million in the first six months of 2025 were \$2 million higher than the same period in 2024 mainly due to increased rates in ATCO Gas Australia as a result of moving into AA6, partially offset by the revenues in 2024 from the South Australia Hydrogen Jobs Plan project in ATCO Power Australia that was deferred in February 2025.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
ATCO Gas Australia ⁽¹⁾	18	14	4	30	24	6
ATCO Power Australia ⁽¹⁾	3	3	—	4	4	—
Total ATCO Australia ⁽²⁾	21	17	4	34	28	6

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

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

ATCO Australia adjusted earnings of \$21 million and \$34 million in the second quarter and first six months of 2025 were \$4 million and \$6 million higher than the same periods in 2024 mainly due to higher rates in ATCO Gas Australia as a result of moving into AA6.

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

ATCO Gas Australia

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

ATCO Gas Australia adjusted earnings of \$18 million and \$30 million in the second quarter and first six months of 2025 were \$4 million and \$6 million higher than the same periods in 2024 mainly due to higher rates as a result of moving into AA6.

ATCO Power Australia

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

ATCO Power Australia adjusted earnings of \$3 million and \$4 million in the second quarter and first six months of 2025 were comparable to the same periods in 2024.

Financing & Other

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

REVENUES

Including intersegment eliminations, Financing & Other revenues of \$3 million and \$7 million in the second quarter and first six months of 2025 were \$23 million and \$79 million lower compared to the same periods in 2024 mainly due to the decreased revenue contribution from ATCO Energy which was acquired by ATCO in the third quarter of 2024.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Financing & Other ⁽¹⁾	(28)	(30)	2	(52)	(45)	(7)

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

Including intersegment eliminations, Financing & Other adjusted earnings in the second quarter of 2025 were \$2 million higher compared to the same period in 2024 mainly due to the timing of certain expenses.

Including intersegment eliminations, Financing & Other adjusted earnings in the first six months of 2025 were \$7 million lower compared to the same period in 2024 mainly due the decreased earnings contribution from ATCO Energy which was transferred to ATCO in the third quarter of 2024, and the timing of certain expenses.

RECENT DEVELOPMENTS

In 2025, the Company renamed the Corporate & Other reporting segment to Financing & Other to reflect the segment's composition after the transfer of ATCO Energy to ATCO in 2024.

POLICY AND REGULATORY UPDATES

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

CANADA

Canada's New Prime Minister, Mark Carney

On April 28, 2025, the Liberal Party secured a victory in the 2025 Canadian federal election. Mark Carney's campaign committed to making Canada the "world's leading superpower, in both clean and conventional energy". Their approach is defined by three objectives: energy security, trade diversification and long-term competitiveness. Post election, the Prime Minister pledged to focus on addressing economic challenges, housing, defense, energy, trade, and affordability, particularly in response to US President Donald Trump's trade tariffs and threats.

Environmental Claims and the Competition Act

On June 5, 2025, the Competition Bureau published final guidelines on anti-greenwashing provisions of the Competition Act (Canada) (Guidelines) which came into effect on June 20, 2024. The Guidelines were created to help businesses and the public understand the Bureau's approach to assessing environmental claims in the context of these provisions. The finalization of the Guidelines precedes the June 20, 2025 effective date for expanded rights of private access to the Competition Tribunal, allowing individuals and organizations to bring cases, with leave, for deceptive advertising practices directly before the Tribunal. The Guidelines provide six key principles to guide businesses in complying with the new provisions, and also reinforce that demonstrating due diligence may serve as a valid defense against certain consequences in cases of deceptive marketing claims. Although the Guidelines do provide some clarity on the Bureau's approach to enforcement, they are not binding on private parties or the Competition Tribunal.

The New European Union (EU)-Canada Strategic Partnership of the Future

The new EU-Canada Strategic Partnership of the Future, announced on June 23, 2025, during the 20th EU-Canada Summit in Brussels, represents a significant deepening of bilateral ties between Canada and the European Union. It aims to strengthen cooperation across defense, trade, digital policy, climate action, and critical raw materials in response to global challenges, including US trade tariffs, geopolitical instability, and the need for economic diversification. The partnership builds on the Comprehensive Economic and Trade Agreement (CETA) with provisions already applied since 2017. Beyond the concrete defense commitments and a focus on industrial collaboration, the EU supports Canada's Global Carbon Pricing Challenge, with plans to promote carbon pricing at COP30 (2025) to drive industrial decarbonization and sustainable transport.

US Tariffs on Canada

The latest round of US-Canada tariff tensions has escalated, with President Donald Trump announcing a 35 percent tariff on all Canadian imports, effective August 1, 2025. At present, the government of Canada lists 37 pages of goods that are facing tariffs. A number of exemptions have been carved out. Canada, like the U.S., has exempted goods that are compliant under the United States-Mexico-Canada Agreement (CUSMA), which has been in effect since July 1, 2020 with a scheduled review process in 2026. In a recent statement, Prime Minister Mark Carney said Canada may have to accept some tariffs as part of a trade deal with the United States.

ALBERTA

Federal Carbon Tax Elimination

The federal consumer carbon tax, officially the federal fuel charge, was eliminated in Alberta and other provinces effective April 1, 2025, as announced by the Government of Canada. The Canada Carbon Rebate program, which returned fuel charge proceeds to households, will also wind down, with final payments having commenced on April 22, 2025, for eligible individuals who file their 2024 tax returns. Industrial carbon pricing via the Output-Based Pricing System (OBPS) remains in place for large emitters.

Update on the Restructured Energy Market (REM)

On April 4, 2025, due to extensive stakeholder feedback, the Alberta Electric System Operator (AESO) removed the Day-Ahead Commitment and Day-Ahead Energy Scheduling markets from the REM design. In May 2025, the AESO released a REM's High-Level Design Update focused on a Day-Ahead Reliability Market, enhanced Real-Time Market with co-optimization, Locational Marginal Pricing and an energy price cap and floor being phased-in. The AESO continues to work with stakeholders on the REM design with a target for REM Independent System Operator (ISO) rules consultation expected to start in September 2025.

Bill 52: Energy and Utilities Statutes Amendment Act, 2025

Energy and Utilities Statutes Amendment Act, 2025 was introduced into the Alberta legislature on April 10, 2025 and received royal assent on May 15, 2025. The Act amends several key pieces of Alberta legislation, including the *Electric Utilities Act*, *Gas Distribution Act*, *Gas Utilities Act*, *Hydrogen and Electric Energy Act*, and *Petroleum Marketing Act*. The bill aims to modernize Alberta's utility system, prioritize reliability and affordability, and support emerging hydrogen technologies.

Updates to the Technology Innovation and Emissions Reduction (TIER) Regulation

Alberta announced on May 12, 2025, an indefinite freeze of its industrial carbon price under the TIER Regulation at \$95 per tonne. This decision halts the planned escalation to \$110 per tonne in 2026 and the further increase to \$170 per tonne by 2030, as originally outlined with the Greenhouse Gas Pollution Pricing Act (GGPPA). The freeze aims to preserve the competitiveness of Alberta's industries, particularly in sectors like oil and gas, amid concerns over potential US tariffs and broader economic uncertainty. By freezing the price of carbon under the TIER Regulation to \$95 per CO₂e tonne, it is uncertain whether the TIER Regulation will continue to be deemed equivalent to the GGPPA – and consequently, whether the federal government will require facilities in Alberta to comply with the emission pricing scheme under the GGPPA.

Beyond freezing the carbon price, Alberta Environment and Protected Areas has been seeking feedback on potential changes to Alberta's TIER system. The changes proposed include pathways to allow eligible TIER-regulated facilities the option to opt-out in 2025 and other potential investment options to satisfy TIER compliance obligations. These changes are being considered in response to the removal of the federal fuel charge and past industry feedback.

Large Load Integration on Alberta's Electricity Grid

The growing data centre industry continues to be a focal point of the Alberta Government's economic diversification strategy. On June 4, 2025, the AESO announced its approach for "large load integration", referring to the interconnection of large data centre projects seeking power from Alberta's electricity grid. The approach seeks to address the impacts of data centre interconnection requests on grid reliability.

In Phase I of the large load integration approach, the AESO will allocate the 1,200 MW interim Demand Transmission Service capacity limit among data centre projects on a pro rata basis. The AESO will give priority to those data centre projects that are more advanced in the AESO Connection Process, are ready for near-term connection and that can be accommodated by the current grid. AESO will advance its Phase II work to prepare a long-term large load integration framework and this work is anticipated to start in the second half of 2025.

Alberta and Ontario Memorandums of Understanding (MOU)

On July 7, 2025, the governments of Alberta and Ontario signed two MOUs to enhance economic cooperation, reduce interprovincial trade barriers, and advance shared priorities within the Canadian federation, particularly in response to US tariffs and geopolitical uncertainties. The first MOU signed is on Pipelines, Critical Minerals, and Responsible Energy Development. The purpose of the first MOU is to advance the safe transportation, domestic access, use, and international export of Alberta's oil, natural gas, and critical minerals, leveraging Ontario's infrastructure and supply chains to diversify Canada's trade partners and enhance energy security. The second MOU signed is Buy Canadian. The purpose of the second MOU is to enhance interprovincial trade by prioritizing Canadian-made products, specifically alcohol and government fleet vehicles, to support domestic industries and reduce reliance on US markets.

Update on the Transmission Regulation

On July 9, 2025, the Government of Alberta proclaimed select provisions of the *Energy and Utilities Statutes Amendment Act, 2025*, providing updates in Alberta's ongoing transmission policy reform. These changes are aimed at modernizing Alberta's electricity system by aligning cost responsibilities with cost-causers and to enhance grid planning and intertie capacity. The main purpose is to optimize long-term system planning and investments, enhance efficiency, reliability, and accountability within Alberta's transmission network.

In tandem, amendments to the Transmission Regulation have also come into force, effective immediately. These changes operationalize previous government policy announcements and introduce a new cost allocation framework. Notably, direction has been provided to restore intertie capacity in Alberta (removing the competitive procurement requirements previously in place for enhancement related to increasing path ratings for regulated interties). Additional direction provided includes the implementation of a non-refundable Transmission Reinforcement Payment for new generation projects which will enable optimal transmission planning and be used to offset AESO revenue requirement, and enhancements to how costs are allocated to users of the transmission system. Specifically, related to interties, the regulation mandates the AESO to:

- File a Needs Identification Document for the Alberta Intertie Restoration project by December 31, 2026, targeting restoration of the Alberta-BC intertie capacity to approximately 950 MW.
- Enhance the Alberta-Saskatchewan Intertie's path rating in alignment with maximizing existing regional capacity.

- Procure high availability ancillary services to fully support import flows on the Alberta-BC Intertie and the Montana Alberta Tie Line.

SUSTAINABILITY

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

SUSTAINABILITY REPORTING

The ATCO group of companies' 2024 Sustainability Report, which was published on May 7, 2025, focuses on the following material topics:

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

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

The 2024 Sustainability Report, ESG Datasheet, materiality assessment, 2024 highlights, and other disclosures are available on our website at www.canadianutilities.com.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the second quarter and first six months of 2025 and 2024 is given below. These amounts are presented in accordance with IFRS accounting standards. They have not been adjusted for the timing of revenues and expenses associated with rate-regulated activities and other items that are not in the normal course of business.

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Operating costs	428	506	(78)	935	1,018	(83)
Depreciation and amortization	182	178	4	363	354	9
Earnings from investment in joint ventures	19	16	3	40	35	5
Net finance costs	110	106	4	221	212	9
Income tax expense	27	21	6	95	92	3

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation and amortization, decreased by \$78 million and \$83 million in the second quarter and first six months of 2025 compared to the same periods in 2024. Lower operating costs were mainly due to the decreased energy costs of retail electricity associated with the transfer of ATCO Energy to ATCO in the third quarter of 2024, and higher restructuring costs incurred in the second quarter of 2024. Decreased costs were partially offset by lower unrealized gains on derivative financial instruments in ATCO Energy with its transfer to ATCO in 2024, higher flow-through expense in Natural Gas Distribution for third party franchise and transmission fees, and the recognition of transition costs related to activities to shift the managed information technology (IT) services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by \$4 million and \$9 million in the second quarter and first six months of 2025 compared to the same periods in 2024 mainly due to ongoing capital investment.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

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

Earnings from investment in joint ventures in the second quarter and first six months of 2025 were \$3 million and \$5 million higher than the same periods in 2024 mainly due to favourable foreign exchange rates and higher management fees as a result of inflation adjustments for LUMA Energy.

NET FINANCE COSTS

Net finance costs increased by \$4 million and \$9 million in the second quarter and first six months of 2025 compared to the same periods in 2024 mainly due to lower interest income primarily resulting from lower interest rates in 2025 on cash investments.

INCOME TAX EXPENSE

Income taxes increased by \$6 million and \$3 million in the second quarter and first six months of 2025 compared to the same periods in 2024 mainly due to higher IFRS earnings before income taxes, partially offset by investment tax credits and previously unrecognized deferred income taxes.

LIQUIDITY AND CAPITAL RESOURCES

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

CREDIT RATINGS

The following table shows the credit ratings assigned to Canadian Utilities, CU Inc. and ATCO Gas Australia Pty Ltd (ATCO Gas Australia) at June 30, 2025.

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

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

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

LINES OF CREDIT

At June 30, 2025, Canadian Utilities and its subsidiaries had the following lines of credit.

(\$ millions)	Total	Used	Available
Long-term committed	2,737	995	1,742
Uncommitted	450	114	336
Total	3,187	1,109	2,078

Of the \$3,187 million in total lines of credit, \$450 million was in the form of uncommitted credit facilities with no set maturity date. The other \$2,737 million in credit lines was committed with maturities between 2026 and 2028, and may be extended at the option of the lenders.

Of the \$1,109 million in lines of credit used, \$642 million was related to ATCO Gas Australia. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia's term debt financing needs. The majority of the remaining usage is related to the funding needs in ATCO EnPower and the issuance of letters of credit, and short-term funding within CU Inc. to bridge to the annual long-term debenture issuance.

CONSOLIDATED CASH FLOWS

At June 30, 2025, the Company's cash position was \$(52) million. This represents an increase of \$43 million compared to the cash position at June 30, 2024. Cash movements for the second quarter and first six months of 2025 and 2024 are outlined in the following table:

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Cash position, beginning of period	(82)	9	(91)	(80)	207	(287)
Cash from (used in):						
Operating activities	441	471	(30)	1,078	973	105
Investing activities	(399)	(313)	(86)	(774)	(636)	(138)
Financing activities	(11)	(262)	251	(277)	(639)	362
Foreign currency translation	(1)	—	(1)	1	—	1
Cash position, end of the period	(52)	(95)	43	(52)	(95)	43

The opening cash positions of \$(82) million and \$(80) million in the second quarter and first six months of 2025 were \$91 million and \$287 million lower compared to the opening cash positions for the second quarter and first six months of 2024 mainly due to funding of capital projects throughout 2024.

OPERATING ACTIVITIES

Cash flows from operating activities were \$441 million in the second quarter of 2025, \$30 million lower than the same period in 2024 mainly due to the timing of collections of receivables, partially offset by increased earnings within ATCO Energy Systems and ATCO Australia.

Cash flows from operating activities were \$1,078 million in the first six months of 2025, \$105 million higher than the same period in 2024 mainly due to the timing of settlements of accounts payables and increased earnings within ATCO Energy Systems and ATCO Australia.

INVESTING ACTIVITIES

Cash flows used in investing activities were \$399 million and \$774 million in the second quarter and first six months of 2025, \$86 million and \$138 million higher than the same periods in 2024 mainly due to increased capital expenditures related to ongoing system upgrades and growth projects for new customers in the Regulated Utilities, and ongoing development projects in ATCO EnPower. Increases in the first six months of 2025 were partially offset by the timing of settlement of accounts payable for capital projects.

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

Cash Used for Capital Investment and Capital Expenditures

Capital investment and capital expenditures for the second quarter and first six months of 2025 and 2024 are shown in the following table.

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
ATCO Energy Systems						
Electricity	146	147	(1)	337	297	40
Natural Gas	192	136	56	346	267	79
	338	283	55	683	564	119
ATCO EnPower	15	15	—	45	29	16
ATCO Australia	24	22	2	45	38	7
CU Financing & Other	5	2	3	10	7	3
Canadian Utilities Total Capital Expenditures ^{(1) (2)}	382	322	60	783	638	145
Capital Expenditures in joint ventures						
ATCO Energy Systems						
Electricity	1	—	1	1	1	—
ATCO EnPower	1	1	—	2	2	—
Canadian Utilities Total Capital Investment ⁽³⁾	384	323	61	786	641	145

(1) Includes additions to property, plant and equipment, and intangibles as well as \$8 million and \$13 million (2024 - \$4 million and \$7 million) of capitalized interest during construction for the second quarter and first six months of 2025.

(2) Includes \$43 million and \$68 million for the second quarter and first six months of 2025 (2024 - \$39 million and \$61 million) of capital expenditures, mainly in ATCO Energy Systems, that were funded with the assistance of customer contributions and government grants.

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

Total capital investment of \$384 million and \$786 million in the second quarter and first six months of 2025 was \$61 million and \$145 million higher compared to the same periods in 2024 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead in Natural Gas Transmission and CETO in Electricity Transmission, and the Atlas Carbon Storage Hub project in ATCO EnPower.

Total capital expenditures of \$382 million and \$783 million in the second quarter and first six months of 2025 were \$60 million and \$145 million higher compared to the same periods in 2024 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

FINANCING ACTIVITIES

Cash flows used in financing activities were \$11 million and \$277 million in the second quarter and first six months of 2025, \$251 million and \$362 million lower than the same periods in 2024 mainly due to increased debt issuances related to growth projects for new customers in the Regulated Utilities and other project activities, and higher net repayment of debt in the first quarter of 2024.

Information pertaining to financing activities is summarized below.

Debt Issuances

In June 2025, Canadian Utilities issued \$300 million of 4.412 per cent unsecured debentures maturing on June 24, 2035. The proceeds from the issuance were used to repay outstanding indebtedness under its extendible revolving credit facility that bears interest at Canadian Overnight Repo Rate Average plus an applicable margin.

Dividends and Common Shares

We have increased our common share dividend each year since 1972, a 53-year track record. Dividends paid to Class A and Class B share owners totalled \$124 million and \$249 million in the second quarter and first six months of 2025.

On July 10, 2025, the Board of Directors declared a second quarter dividend of 45.77 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

Normal Course Issuer Bid (NCIB)

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

On September 9, 2024, we commenced an NCIB to purchase up to 2,049,604 outstanding Class A shares. The bid will expire on September 8, 2025. To date, no shares have been purchased.

Base Shelf Prospectus - Canadian Utilities

On September 14, 2023, Canadian Utilities filed a short-form base shelf prospectus that permits it to issue Class A shares, preferred shares and debt securities, over the 25-month life of the prospectus. As of July 29, 2025, no securities had been issued under the prospectus.

SHARE CAPITAL

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

At July 29, 2025, we had outstanding 205,237,537 Class A shares, 66,598,854 Class B shares, and options to purchase 2,624,200 Class A shares.

CLASS A NON-VOTING SHARES AND CLASS B COMMON SHARES

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

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

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

Of the 12,800,000 Class A shares authorized for grant of options under our stock option plan, 9,850,350 Class A shares were available for issuance at June 30, 2025. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

The following table shows financial information for the eight quarters ended September 30, 2023 through June 30, 2025.

(\$ millions, except for per share data)	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues	810	981	1,085	842
Earnings attributable to equity owners of the Company	12	164	236	111
Earnings (loss) attributable to Class A and B shares	(8)	145	217	92
Earnings (loss) per Class A and Class B share (\$)	(0.03)	0.53	0.80	0.34
Diluted earnings (loss) per Class A and Class B share (\$)	(0.03)	0.53	0.80	0.34
Adjusted earnings per Class A and Class B share (\$) ⁽¹⁾	0.38	0.74	0.85	0.45
Adjusted earnings (loss) ⁽²⁾				
ATCO Energy Systems ⁽²⁾	94	205	232	116
ATCO EnPower ⁽²⁾	14	4	11	12
ATCO Australia ⁽²⁾	15	5	13	21
Financing & Other ⁽²⁾ and Intersegment Eliminations	(21)	(11)	(24)	(28)
Total adjusted earnings ⁽²⁾	102	203	232	121
(\$ millions, except for per share data)	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Revenues	812	974	1,091	860
Earnings attributable to equity owners of the Company	125	185	242	62
Earnings attributable to Class A and Class B shares	105	166	223	43
Earnings per Class A and Class B share (\$)	0.39	0.61	0.82	0.16
Diluted earnings per Class A and Class B share (\$)	0.39	0.61	0.82	0.16
Adjusted earnings per Class A and Class B share (\$) ⁽¹⁾	0.32	0.71	0.83	0.43
Adjusted earnings (loss) ⁽²⁾				
ATCO Energy Systems ⁽²⁾	86	180	221	112
ATCO EnPower ⁽²⁾	9	14	8	18
ATCO Australia ⁽²⁾	18	9	11	17
Financing & Other ⁽²⁾ and Intersegment Eliminations	(26)	(11)	(15)	(30)
Total adjusted earnings ⁽²⁾	87	192	225	117

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

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

Our financial results for the previous eight quarters reflect the timing of utility regulatory decisions, and the seasonal nature of demand for natural gas and electricity.

ADJUSTED EARNINGS

Adjusted earnings in the third quarter of 2024 were higher than the same period in 2023 mainly due to growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, higher demand and stronger seasonal spreads in natural gas storage services at ATCO EnPower, and higher interest income earned on corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and tax adjustments recorded by Electricity Distribution.

Adjusted earnings in the fourth quarter of 2024 were higher than the same period in 2023 mainly due to growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher adjusted earnings were partially offset by lower realized pricing at the renewable facilities and a non-recurring recovery received in the fourth quarter of 2023 in ATCO EnPower's Storage & Industrial Water business, the impact of inflation indexing in ATCO Australia, and tax adjustments recorded by Electricity Distribution.

Adjusted earnings in the first quarter of 2025 were higher than the same period in 2024 mainly due to growth in rate base in ATCO Energy Systems' businesses, and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher adjusted earnings were partially offset by a decrease in ROE in ATCO Energy Systems, and completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution.

Adjusted earnings in the second quarter of 2025 were higher than the same period in 2024 mainly due to growth in rate base in ATCO Energy Systems' businesses, higher rates in ATCO Gas Australia as a result of moving into AA6, and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution, and lower compensation related to turbine availability guarantees at ATCO EnPower's Forty Mile wind facility.

EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

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

- In the fourth quarter of 2023, the Company recognized an impairment of \$36 million (after-tax) mainly related to certain computer software assets which are not expected to be used in the Company.
- In the second and fourth quarters of 2024, the Company recorded restructuring costs of \$36 million (after-tax) and \$7 million (after-tax), respectively, mainly related to staff reductions and associated severance costs.
- In the second quarter of 2024, the Company recorded an \$8 million (after-tax) reduction to earnings related to an AUC enforcement decision on two historical matters the Electric Transmission business had self-reported to AUC Enforcement staff.
- In the third quarter of 2024, the Company sold its 100 per cent investment in ATCO Energy to ATCO. As a result of the transaction, a loss on sale of \$14 million was recorded.
- In the first quarter of 2025, the Company recorded restructuring costs of \$14 million (after-tax) mainly related to staff reductions and associated severance costs.
- In the first and second quarters of 2025, the Company recognized IT transition costs of \$7 million (after-tax) and \$5 million (after-tax), respectively. The transition costs were primarily related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.

OTHER FINANCIAL AND NON-GAAP MEASURES

This MD&A should be read with the Company's unaudited interim consolidated financial statements for the six months ended June 30, 2025. The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 Interim Financial Reporting using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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

TOTAL OF SEGMENTS MEASURES

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

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

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

NON-GAAP FINANCIAL MEASURES

NI 52-112 defines a "non-GAAP financial measure" as a financial measure disclosed by an issuer that (a) depicts the historical or expected future financial performance, financial position or cash flows of an entity, (b) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity, (c) is not disclosed in the financial statements of the entity, and (d) is not a ratio, fraction, percentage or similar representation.

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

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

Adjusted earnings (loss) present earnings (loss) from rate-regulated activities on the same basis as was considered prior to adopting IFRS Accounting Standards – that basis being the US accounting principles for rate-regulated activities. Adjusted earnings (loss) are presented in Note 3 of the unaudited interim consolidated financial statements.

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

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

Further information regarding adjusted EBITDA, including a reconciliation of adjusted EBITDA to adjusted earnings for ATCO EnPower, is presented in Appendix 1: Supplemental Non-Audited Financial Information to this MD&A.

NON-GAAP RATIO

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

Adjusted earnings (\$ per share) is a non-GAAP ratio, as defined in NI 52-112. Adjusted earnings (loss) per Class A and Class B share are calculated by dividing adjusted earnings (loss) by the weighted average number of shares outstanding for the period.

RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

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

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

The following tables reconcile adjusted earnings (loss) to the directly measurable financial measure, earnings (loss) attributable to equity owners of the Company.

						Three Months Ended June 30
2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Intersegment Eliminations	Consolidated
2024						
Revenues	708	71	60	7	(4)	842
	703	69	62	43	(17)	860
Adjusted earnings (loss)	116	12	21	(28)	—	121
	112	18	17	(30)	—	117
Restructuring	—	—	—	—	—	—
	(32)	(2)	(2)	—	—	(36)
Transition of managed IT services	(4)	(1)	—	—	—	(5)
	—	—	—	—	—	—
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(2)	—	—	—	(2)
	—	—	—	(18)	—	(18)
Rate-regulated activities	(10)	—	(10)	—	—	(20)
	(1)	—	(6)	—	—	(7)
IT Common Matters decision	—	—	—	—	—	—
	(5)	—	—	—	—	(5)
ATCO Electric settlement	—	—	—	—	—	—
	(8)	—	—	—	—	(8)
Dividends on equity preferred shares of Canadian Utilities Limited	—	—	—	19	—	19
	—	—	—	19	—	19
Other	—	(2)	—	—	—	(2)
	—	—	—	—	—	—
Earnings (loss) attributable to equity owners of the Company	102	7	11	(9)	—	111
	66	16	9	(29)	—	62

(\$ millions)

2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Intersegment Eliminations	Consolidated
2024						
Revenues	1,634	169	117	15	(8)	1,927
	1,590	160	115	144	(58)	1,951
Adjusted earnings (loss)	348	23	34	(52)	—	353
	333	26	28	(45)	—	342
Restructuring	(10)	(2)	(1)	(1)	—	(14)
	(32)	(2)	(2)	—	—	(36)
Transition of managed IT services	(11)	(1)	—	—	—	(12)
	—	—	—	—	—	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	—	3	—	(10)	—	(7)
Rate-regulated activities	3	—	(18)	—	—	(15)
	(2)	—	(12)	—	—	(14)
IT Common Matters decision	(1)	—	—	—	—	(1)
	(11)	—	—	—	—	(11)
ATCO Electric settlement	—	—	—	—	—	—
	(8)	—	—	—	—	(8)
Dividends on equity preferred shares of Canadian Utilities Limited	—	—	—	38	—	38
	—	—	—	38	—	38
Other	—	(2)	—	—	—	(2)
	—	—	—	—	—	—
Earnings (loss) attributable to equity owners of the Company	329	18	15	(15)	—	347
	280	27	14	(17)	—	304

RESTRUCTURING

The Company recorded restructuring costs of nil and \$14 million (after-tax) in the second quarter and first six months of 2025 (2024 - \$36 million and \$36 million (after-tax)) mainly related to staff reductions and associated severance costs. This restructuring is a continuation of the restructuring activities commenced in 2024. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

TRANSITION OF MANAGED IT SERVICES

The Company recognized IT transition costs of \$5 million and \$12 million (after-tax) in the second quarter and first six months of 2025. The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and will be completed in 2025. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

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

The Company's electricity generation business enters into fixed-price swap electricity contracts in order to manage exposure to electricity prices for its renewable facilities. These contracts, comprising virtual power purchase agreements, are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price electricity contracts where hedge accounting is not applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss, are recognized in the ATCO EnPower operating segment.

Prior to the sale of ATCO Energy on August 1, 2024, the Company's electricity and natural gas retail business entered into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts were measured at fair value. Unrealized gains and losses due to changes in the fair value of fixed-price swap commodity

contracts where hedge accounting was not applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss, were recognized in Financing & Other.

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

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

RATE-REGULATED ACTIVITIES

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

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

The Company considers standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles taking into account a more likely than not recognition threshold in accounting for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in this manner are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

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

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

For the second quarter and first six months of 2025 and 2024, the significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards are as follows:

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Additional revenues billed in current period						
Future removal and site restoration costs ⁽¹⁾	32	32	—	65	63	2
Impact of colder temperatures ⁽²⁾	—	—	—	—	4	(4)
Revenues to be billed in future periods						
Deferred income taxes ⁽³⁾	(32)	(30)	(2)	(68)	(63)	(5)
Impact of warmer temperatures ⁽²⁾	(6)	(1)	(5)	(7)	—	(7)
Impact of inflation on rate base ⁽⁴⁾	(6)	(5)	(1)	(11)	(10)	(1)
Settlement of regulatory decisions and other items						
Other	(8)	(3)	(5)	6	(8)	14
	(20)	(7)	(13)	(15)	(14)	(1)

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

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

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

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

IT COMMON MATTERS DECISION

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings for the second quarter and first six months of 2025 was nil and \$1 million (after-tax) (2024 - \$5 million and \$11 million (after-tax)).

ATCO ELECTRIC SETTLEMENT

On June 24, 2024, AUC Enforcement filed a joint submission with ATCO Electric seeking the AUC's approval of a settlement agreement involving two historical matters ATCO Electric had previously identified and self-reported to AUC Enforcement staff. The settlement agreement includes an administrative penalty of \$3 million, and a refund to customers through a billing adjustment to the AESO of \$4 million. In the second quarter and first six months of 2024, the Company recognized costs of \$8 million (after tax) related to the proceeding. As this is not in the normal course of business, it has been excluded from adjusted earnings.

SEGMENTED RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

ATCO Energy Systems

The following tables reconcile adjusted earnings (loss) for the ATCO Energy Systems business unit to the directly comparable financial measure, earnings (loss) attributable to equity owners of the Company.

Three Months Ended
June 30

(\$ millions)

2025	Canadian Utilities Limited							
	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
2024								
Adjusted earnings (loss)	38	44	14	96	(6)	26	20	116
	26	50	13	89	(1)	24	23	112
Restructuring	—	—	—	—	—	—	—	—
	(8)	(5)	—	(13)	(16)	(3)	(19)	(32)
Transition of managed IT services	(2)	—	—	(2)	(2)	—	(2)	(4)
	—	—	—	—	—	—	—	—
Rate-regulated activities	(8)	(3)	—	(11)	4	(3)	1	(10)
	(2)	(3)	—	(5)	9	(5)	4	(1)
IT Common Matters decision	—	—	—	—	—	—	—	—
	(2)	(1)	—	(3)	(1)	(1)	(2)	(5)
ATCO Electric settlement	—	—	—	—	—	—	—	—
	—	(8)	—	(8)	—	—	—	(8)
Earnings (loss) attributable to equity owners of the Company	28	41	14	83	(4)	23	19	102
	14	33	13	60	(9)	15	6	66

Six Months Ended
June 30

(\$ millions)

2025	Canadian Utilities Limited							
	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
2024								
Adjusted earnings	80	89	29	198	97	53	150	348
	67	96	26	189	98	46	144	333
Restructuring	(4)	(2)	—	(6)	(2)	(2)	(4)	(10)
	(8)	(5)	—	(13)	(16)	(3)	(19)	(32)
Transition of managed IT services	(5)	—	—	(5)	(6)	—	(6)	(11)
	—	—	—	—	—	—	—	—
Rate-regulated activities	(8)	(10)	—	(18)	27	(6)	21	3
	(15)	(8)	—	(23)	25	(4)	21	(2)
IT Common Matters decision	(1)	—	—	(1)	—	—	—	(1)
	(4)	(2)	—	(6)	(3)	(2)	(5)	(11)
ATCO Electric settlement	—	—	—	—	—	—	—	—
	—	(8)	—	(8)	—	—	—	(8)
Earnings attributable to equity owners of the Company	62	77	29	168	116	45	161	329
	40	73	26	139	104	37	141	280

ATCO ENPOWER

The following tables reconcile adjusted earnings (loss) for the ATCO EnPower business unit to the directly comparable financial measure, earnings (loss) attributable to equity owners of the Company.

		Three Months Ended June 30		
(\$ millions)		Canadian Utilities Limited		
2025	2024	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)		(2)	14	12
		8	10	18
Restructuring		—	—	—
		—	(2)	(2)
Transition of managed IT services		—	(1)	(1)
		—	—	—
Unrealized losses on mark-to-market forward and swap commodity contracts		(2)	—	(2)
		—	—	—
Other		(2)	—	(2)
		—	—	—
Earnings (loss) attributable to equity owners of the Company		(6)	13	7
		8	8	16

		Six Months Ended June 30		
(\$ millions)		Canadian Utilities Limited		
2025	2024	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)		(5)	28	23
		6	20	26
Restructuring		—	(2)	(2)
		—	(2)	(2)
Transition of managed IT services		—	(1)	(1)
		—	—	—
Unrealized gains on mark-to-market forward and swap commodity contracts		—	—	—
		3	—	3
Other		(2)	—	(2)
		—	—	—
Earnings (loss) attributable to equity owners of the Company		(7)	25	18
		9	18	27

ATCO Australia

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

<i>(\$ millions)</i>		Three Months Ended June 30		
2025	Canadian Utilities Limited			
2024	ATCO Gas Australia	ATCO Power Australia	ATCO Australia	
Adjusted earnings	18	3	21	
	14	3	17	
Restructuring	—	—	—	
	(1)	(1)	(2)	
Rate-regulated activities	(10)	—	(10)	
	(6)	—	(6)	
Earnings attributable to equity owners of the Company	8	3	11	
	7	2	9	

<i>(\$ millions)</i>		Six Months Ended June 30		
2025	Canadian Utilities Limited			
2024	ATCO Gas Australia	ATCO Power Australia	ATCO Australia	
Adjusted earnings	30	4	34	
	24	4	28	
Restructuring	(1)	—	(1)	
	(1)	(1)	(2)	
Rate-regulated activities	(18)	—	(18)	
	(12)	—	(12)	
Earnings attributable to equity owners of the Company	11	4	15	
	11	3	14	

RECONCILIATION OF CAPITAL INVESTMENT TO CAPITAL EXPENDITURES

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

Three Months Ended June 30					
(\$ millions)					
2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Consolidated
2024					
Capital Investment	339	16	24	5	384
	283	16	22	2	323
Capital Expenditures in joint ventures	(1)	(1)	—	—	(2)
	—	(1)	—	—	(1)
Capital Expenditures	338	15	24	5	382
	283	15	22	2	322

Six Months Ended June 30					
(\$ millions)					
2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Consolidated
2024					
Capital Investment	684	47	45	10	786
	565	31	38	7	641
Capital Expenditures in joint ventures	(1)	(2)	—	—	(3)
	(1)	(2)	—	—	(3)
Capital Expenditures	683	45	45	10	783
	564	29	38	7	638

OTHER FINANCIAL INFORMATION

INTERNAL CONTROL OVER FINANCIAL REPORTING

The certification of interim filings for the interim period ended June 30, 2025, requires that the Company disclose in the interim MD&A any changes in the Company's internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company confirms that no such changes were identified in the Company's ICFR during the three months beginning on April 1, 2025 and ending on June 30, 2025.

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this MD&A includes, but is not limited to, references to: the payment of dividends and expected dividend growth; strategic and growth plans and opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; the continuation of LUMA Energy's operations under the Supplemental Agreement; the transition to year one under the Operations and Maintenance Agreement after PREPA's bankruptcy is resolved; expectations regarding Yellowhead, including the anticipated size and specifications of the project, the anticipated total investment in the project, the anticipated timing for and number of regulatory applications and decisions, the expected timing for commencement of construction of the project, and expectations regarding equity partnership arrangements with Indigenous partners on the project; expectations regarding CETO, including the anticipated size, capacity and benefits of the project, the anticipated timing for fall season construction and energization of the project, and the anticipated total investment in the project; expectations regarding the PBR2 re-opener proceedings, including timing expectations, scope of the proceedings, and anticipated outcomes; the expected impact of new legislation; the expected timing and impact of policy and regulatory decisions and new policy and regulatory announcements; and the Company's liquidity, capital resources, contractual financial obligations and other commitments.

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

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things: risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws and regulations and the interpretation and manner of enforcement of such laws and regulations; changes to government policies; regulatory decisions; competitive factors in the industries in which the Company operates; evolving market or economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, infrastructure, and future demand for resources; the development and execution of projects, including development projects not proceeding on schedule or at all, or at currently estimated budgets; the availability of financing sources for development projects on acceptable terms; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and

performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; potential cancellation, termination, default, non-compliance, or breach of contract by contract counterparties; the risk that payments owed may not be collected or received in a timely manner, or at all; risks associated with potential litigation proceedings; potential damage to our brand and/or reputation that may result from a failure to perform, or from factors outside of our control, or negative publicity related to significant projects, investments, operations or activities; the risk of operational disruptions, outages, or force majeure events; the occurrence of unexpected events such as fires, extreme weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; global pandemics; the imposition of or changes to existing customs duties, tariffs or other trade restrictions; geopolitical tensions and wars; and other risk factors, many of which are beyond the control of the Company. There are also a number of risks associated with operating in international markets, including but not limited to: changes in applicable laws or regulatory requirements; political, economic and social instability; expropriation or nationalization of assets or operations; unfamiliar legal systems or business and labour practices; complex foreign tax regulations and other laws and international treaties. For example, our joint venture, LUMA Energy, is exposed to various risks operating in Puerto Rico. Furthermore, we have incurred, and may incur in the future, significant costs or liabilities associated with an unsuccessful attempt to enter a new market and we have entered, and may in the future enter, a new market that ultimately proves to be unprofitable or has an otherwise adverse effect on our business. We may also incur significant costs and liabilities associated with winding down or exiting an existing market. These risks could restrict our ability to provide services to customers, operate our business in these locations profitability or fund our strategic objectives, which could negatively impact our overall business, financial condition, results of operations and cash flows. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the "Business Risks and Risk Management" section in the 2024 MD&A.

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

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

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's audited consolidated financial statements for the year ended December 31, 2024, unaudited interim consolidated financial statements for the six months ended June 30, 2025, and most recent Annual Information Form dated February 26, 2025, can be found on SEDAR+ at www.sedarplus.ca.

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

GLOSSARY

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

AESO means Alberta Electric System Operator.

AUC means the Alberta Utilities Commission.

Class A shares means Class A non-voting common shares of the Company.

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

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

Company means Canadian Utilities Limited and, unless the context otherwise requires, includes its subsidiaries and joint arrangements.

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

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

ECM means efficiency carry-over mechanism.

GAAP means Canadian generally accepted accounting principles.

IFRS means International Financial Reporting Standards.

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

PPA means Power Purchase Agreement.

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

ROE means return on equity.

APPENDIX 1: SUPPLEMENTAL NON-AUDITED FINANCIAL INFORMATION

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

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

SUPPLEMENTAL INFORMATION

Adjusted EBITDA is a non-GAAP financial measure.⁽¹⁾ It is an additional important metric for ATCO EnPower and is representative of core operational results.

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

ATCO ENPOWER

The following tables reconcile adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings⁽²⁾ for the second quarter and first six months of 2025 and 2024. A reconciliation of adjusted earnings to earnings attributable to equity owners of the Company is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Equity Owners of the Company" in this MD&A.

(\$ millions)	Three Months Ended June 30		
	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
2024			
Adjusted earnings (loss) ⁽¹⁾	(2)	14	12
	8	10	18
Add:			
Interest expense	7	—	7
	7	—	7
Income tax expense	—	4	4
	3	3	6
Depreciation and amortization	9	5	14
	9	5	14
Total Adjusted EBITDA⁽¹⁾	14	23	37
	27	18	45

⁽¹⁾ Non-GAAP financial measure.

⁽¹⁾ Non-GAAP financial measure as defined in NI 52-112.

⁽²⁾ Adjusted earnings (loss) are defined as earnings (loss) attributable to equity owners of the Company after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.

(\$ millions)

2025 2024	Canadian Utilities Limited		
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss) ⁽¹⁾	(5)	28	23
	6	20	26
<i>Add:</i>			
Interest expense	14	1	15
	13	1	14
Income tax expense	—	8	8
	3	6	9
Depreciation and amortization	18	10	28
	18	9	27
Total Adjusted EBITDA ⁽¹⁾	27	47	74
	40	36	76

(1) Non-GAAP financial measure.



CANADIAN UTILITIES LIMITED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2025

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CONSOLIDATED STATEMENTS OF EARNINGS

<i>(millions of Canadian Dollars except per share data)</i>	Note	Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
Revenues	4	842	860	1,927	1,951
Costs and expenses					
Salaries, wages and benefits	3	(93)	(145)	(202)	(239)
Energy transmission and transportation		(87)	(78)	(174)	(156)
Plant and equipment maintenance		(59)	(63)	(111)	(120)
Fuel costs		(22)	(21)	(67)	(63)
Purchased power		(17)	(45)	(39)	(114)
Depreciation and amortization		(182)	(178)	(363)	(354)
Franchise fees		(69)	(68)	(175)	(167)
Property and other taxes		(20)	(20)	(41)	(40)
Derivative financial instruments gains (losses)	11	–	(2)	4	21
Other	3	(61)	(64)	(130)	(140)
		(610)	(684)	(1,298)	(1,372)
Earnings from investment in joint ventures		19	16	40	35
Operating profit		251	192	669	614
Interest income		13	19	27	38
Interest expense		(123)	(125)	(248)	(250)
Net finance costs		(110)	(106)	(221)	(212)
Earnings before income taxes		141	86	448	402
Income tax expense		(27)	(21)	(95)	(92)
Earnings for the period		114	65	353	310
Earnings attributable to:					
Equity owners of the Company		111	62	347	304
Non-controlling interests		3	3	6	6
		114	65	353	310
Earnings per Class A and Class B share	5	\$0.34	\$0.16	\$1.14	\$0.98
Diluted earnings per Class A and Class B share	5	\$0.34	\$0.16	\$1.14	\$0.98

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30		Six Months Ended June 30	
(millions of Canadian Dollars)	2025	2024	2025	2024
Earnings for the period	114	65	353	310
Other comprehensive income (loss), net of income taxes				
<i>Items that will not be reclassified to earnings:</i>				
Re-measurement of retirement benefits ⁽¹⁾	29	(1)	24	–
<i>Items that are or may be reclassified subsequently to earnings:</i>				
Cash flow hedges ⁽²⁾	(27)	(20)	(27)	(48)
Foreign currency translation adjustment ⁽³⁾	(7)	11	2	3
Share of other comprehensive (loss) income of joint ventures ⁽³⁾	(3)	1	(3)	2
	(37)	(8)	(28)	(43)
Other comprehensive loss	(8)	(9)	(4)	(43)
Comprehensive income for the period	106	56	349	267
Comprehensive income attributable to:				
Equity owners of the Company	103	53	343	261
Non-controlling interests	3	3	6	6
	106	56	349	267

(1) Net of income taxes of \$(9) million and \$(7) million for the three and six months ended June 30, 2025 (2024 - nil).

(2) Net of income taxes of \$9 million and \$9 million for the three and six months ended June 30, 2025 (2024 - \$7 million and \$16 million).

(3) Net of income taxes of nil (2024 - nil).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

<i>(millions of Canadian Dollars)</i>	Note	June 30 2025	December 31 2024
ASSETS			
Current assets			
Cash and cash equivalents		175	171
Marketable securities		226	222
Accounts receivable and contract assets		392	700
Finance lease receivables		13	13
Inventories		66	59
Prepaid expenses and other current assets		122	136
		994	1,301
Non-current assets			
Property, plant and equipment	6	21,021	20,636
Intangibles		1,018	995
Retirement benefit asset		75	55
Right-of-use assets		53	53
Goodwill		141	141
Investment in joint ventures		239	235
Finance lease receivables		105	112
Deferred income tax assets		38	37
Other assets		194	222
Total assets		23,878	23,787
LIABILITIES			
Current liabilities			
Bank indebtedness		227	251
Accounts payable and accrued liabilities		504	814
Lease liabilities		8	8
Provisions and other current liabilities		39	35
Long-term debt	7	53	74
		831	1,182
Non-current liabilities			
Deferred income tax liabilities		2,279	2,212
Retirement benefit obligations		218	228
Customer contributions		2,125	2,088
Lease liabilities		49	48
Other liabilities		170	176
Long-term debt	7	11,021	10,732
Total liabilities		16,693	16,666
EQUITY			
Equity preferred shares	8	1,571	1,571
Class A and Class B share owners' equity			
Class A and Class B shares	9	1,305	1,295
Contributed surplus		15	16
Retained earnings		4,085	3,999
Accumulated other comprehensive income		–	28
Total equity attributable to equity owners of the Company		6,976	6,909
Non-controlling interests		209	212
Total equity		7,185	7,121
Total liabilities and equity		23,878	23,787

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(millions of Canadian Dollars)</i>	Note	Class A and Class B Shares	Equity Preferred Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Non- Controlling Interests	Total Equity
December 31, 2023		1,276	1,571	14	4,084	(1)	6,944	212	7,156
Earnings for the period		–	–	–	304	–	304	6	310
Other comprehensive loss		–	–	–	–	(43)	(43)	–	(43)
Shares issued	9	19	–	–	–	–	19	–	19
Dividends ⁽¹⁾	8, 9	–	–	–	(284)	–	(284)	(6)	(290)
Other		–	–	–	–	1	1	–	1
June 30, 2024		1,295	1,571	14	4,104	(43)	6,941	212	7,153
December 31, 2024		1,295	1,571	16	3,999	28	6,909	212	7,121
Earnings for the period		–	–	–	347	–	347	6	353
Other comprehensive loss		–	–	–	–	(4)	(4)	–	(4)
Gains on retirement benefits transferred to retained earnings		–	–	–	24	(24)	–	–	–
Shares issued	9	9	–	–	–	–	9	–	9
Dividends ⁽¹⁾	8, 9	–	–	–	(287)	–	(287)	(7)	(294)
Share-based compensation		1	–	(1)	–	–	–	–	–
Other		–	–	–	2	–	2	(2)	–
June 30, 2025		1,305	1,571	15	4,085	–	6,976	209	7,185

(1) For the six months ended June 30, 2025, no dividends were paid under the Company's dividend reinvestment program (DRIP). The DRIP was suspended effective July 11, 2024. For the six months ended June 30, 2024, dividends attributable to equity owners of the Company of \$284 million includes \$19 million of dividends paid to Class A and B share owners by issuing 631,759 Class A shares under the DRIP (see Note 9).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Canadian Dollars)	Note	Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
Operating activities					
Earnings for the period		114	65	353	310
Adjustments to reconcile earnings to cash flows from operating activities	10	356	361	701	720
Changes in non-cash working capital		(29)	45	24	(57)
Cash flows from operating activities		441	471	1,078	973
Investing activities					
Additions to property, plant and equipment		(342)	(294)	(718)	(582)
Proceeds on disposal of property, plant and equipment		7	–	7	–
Additions to intangibles		(32)	(24)	(52)	(49)
Investment in joint ventures		(2)	(2)	(2)	(2)
Investment in marketable securities		(4)	(3)	(7)	(5)
Changes in non-cash working capital		(33)	(22)	(11)	(37)
Other		7	32	9	39
Cash flows used in investing activities		(399)	(313)	(774)	(636)
Financing activities					
Issue of long-term debt	7	573	162	592	183
Repayment of long-term debt	7	(316)	(160)	(322)	(295)
Repayment of lease liabilities		(3)	(3)	(6)	(5)
Issue of Class A shares	9	6	–	9	–
Dividends paid on equity preferred shares	8	(19)	(19)	(38)	(38)
Dividends paid to non-controlling interests		(3)	(3)	(7)	(6)
Dividends paid to Class A and Class B share owners	9	(124)	(114)	(249)	(227)
Interest paid		(122)	(126)	(253)	(252)
Other		(3)	1	(3)	1
Cash flows used in financing activities		(11)	(262)	(277)	(639)
Increase (decrease) in cash position		31	(104)	27	(302)
Foreign currency translation		(1)	–	1	–
Beginning of period		(82)	9	(80)	207
End of period ⁽¹⁾	10	(52)	(95)	(52)	(95)

(1) Cash position includes \$15 million which is not available for general use by the Company (2024 - \$4 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2025

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

1. THE COMPANY AND ITS OPERATIONS

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

Canadian Utilities Limited is engaged in the following business activities:

- ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations);
- ATCO EnPower (energy storage, electricity generation, industrial water solutions, and cleaner fuels);
- ATCO Australia (natural gas distribution and electricity generation operations); and
- For the period from January 1, 2024 until the date of sale on August 1, 2024 of ATCO Energy Ltd. (ATCO Energy) to ATCO Ltd., Retail Energy (electricity and natural gas retail sales, and home maintenance solutions) was included in Corporate & Other. Commencing in 2025, Corporate & Other was renamed to Financing & Other to reflect its remaining primary business activities, which include corporate financing, headquarters and support functions.

The unaudited interim consolidated financial statements include the accounts of Canadian Utilities Limited, its subsidiaries, and the accounts of the Company's investments in joint arrangements. In these financial statements, "the Company" means Canadian Utilities Limited, its subsidiaries and joint arrangements.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024, prepared according to IFRS Accounting Standards.

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

The Board of Directors (Board) authorized these unaudited interim consolidated financial statements for issue on July 30, 2025.

BASIS OF MEASUREMENT

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

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

Certain comparative figures have been reclassified to conform to the current presentation.

USE OF JUDGMENTS AND ESTIMATES

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

3. SEGMENTED INFORMATION

Results by operating segment for the three months ended June 30 are shown below.

2025	ATCO Energy Systems				ATCO	ATCO	Financing &		
2024	Electricity	Natural Gas	Elims	Total	EnPower	Australia	Other ⁽¹⁾	Elims	Total
Revenues - external	352	356	-	708	71	60	3	-	842
	344	359	-	703	59	62	36	-	860
Revenues - intersegment	1	1	(2)	-	-	-	4	(4)	-
	3	-	(3)	-	10	-	7	(17)	-
Revenues	353	357	(2)	708	71	60	7	(4)	842
	347	359	(3)	703	69	62	43	(17)	860
Operating expenses ⁽²⁾	(129)	(229)	2	(356)	(41)	(23)	(12)	4	(428)
	(142)	(252)	3	(391)	(32)	(31)	(69)	17	(506)
Depreciation and amortization	(84)	(67)	-	(151)	(13)	(16)	(2)	-	(182)
	(84)	(64)	-	(148)	(12)	(14)	(4)	-	(178)
Earnings from investment in joint ventures	15	-	-	15	3	1	-	-	19
	12	-	-	12	3	1	-	-	16
Net finance costs	(56)	(36)	-	(92)	(9)	(7)	(2)	-	(110)
	(57)	(34)	-	(91)	(7)	(3)	(5)	-	(106)
Earnings (loss) before income taxes	99	25	-	124	11	15	(9)	-	141
	76	9	-	85	21	15	(35)	-	86
Income tax (expense) recovery	(15)	(5)	-	(20)	(3)	(4)	-	-	(27)
	(15)	(2)	-	(17)	(4)	(6)	6	-	(21)
Earnings (loss) for the period	84	20	-	104	8	11	(9)	-	114
	61	7	-	68	17	9	(29)	-	65
Adjusted earnings (loss)	96	20	-	116	12	21	(28)	-	121
	89	23	-	112	18	17	(30)	-	117
Capital expenditures ⁽³⁾	146	192	-	338	15	24	5	-	382
	147	136	-	283	15	22	2	-	322

Elims - Intersegment Eliminations

(1) Commencing in 2025, Corporate & Other was renamed to Financing & Other.

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

(3) Includes additions to property, plant and equipment, intangibles and \$8 million of interest capitalized during construction for the three months ended June 30, 2025 (2024 - \$4 million).

Results by operating segment for the six months ended June 30 are shown below.

2025	ATCO Energy Systems				ATCO	ATCO	Financing &		
2024	Electricity	Natural Gas	Elims	Total	EnPower	Australia	Other ⁽¹⁾	Elims	Total
Revenues - external	723	911	–	1,634	169	117	7	–	1,927
	708	882	–	1,590	117	115	129	–	1,951
Revenues - intersegment	3	1	(4)	–	–	–	8	(8)	–
	6	1	(7)	–	43	–	15	(58)	–
Revenues	726	912	(4)	1,634	169	117	15	(8)	1,927
	714	883	(7)	1,590	160	115	144	(58)	1,951
Operating expenses ⁽²⁾	(268)	(499)	4	(763)	(105)	(55)	(20)	8	(935)
	(282)	(502)	7	(777)	(89)	(63)	(147)	58	(1,018)
Depreciation and amortization	(170)	(132)	–	(302)	(26)	(30)	(5)	–	(363)
	(167)	(126)	–	(293)	(26)	(28)	(7)	–	(354)
Earnings from investment in joint ventures	31	–	–	31	6	3	–	–	40
	26	–	–	26	6	3	–	–	35
Net finance costs	(114)	(70)	–	(184)	(17)	(15)	(5)	–	(221)
	(114)	(69)	–	(183)	(14)	(6)	(9)	–	(212)
Earnings (loss) before income taxes	205	211	–	416	27	20	(15)	–	448
	177	186	–	363	37	21	(19)	–	402
Income tax (expense) recovery	(35)	(48)	–	(83)	(7)	(5)	–	–	(95)
	(36)	(43)	–	(79)	(8)	(7)	2	–	(92)
Earnings (loss) for the period	170	163	–	333	20	15	(15)	–	353
	141	143	–	284	29	14	(17)	–	310
Adjusted earnings (loss)	198	150	–	348	23	34	(52)	–	353
	189	144	–	333	26	28	(45)	–	342
Total assets ⁽³⁾	11,556	8,096	–	19,652	2,282	1,536	657	(249)	23,878
	11,477	8,152	(1)	19,628	2,287	1,543	579	(250)	23,787
Capital expenditures ⁽⁴⁾	337	346	–	683	45	45	10	–	783
	297	267	–	564	29	38	7	–	638

Elims - Intersegment Eliminations

- (1) Commencing in 2025, Corporate & Other was renamed to Financing & Other.
- (2) Includes total costs and expenses, excluding depreciation and amortization expense.
- (3) 2024 comparatives are at December 31, 2024.
- (4) Includes additions to property, plant and equipment, intangibles and \$13 million of interest capitalized during construction for the six months ended June 30, 2025 (2024 - \$7 million).

ADJUSTED EARNINGS

Adjusted earnings are earnings attributable to equity owners of the Company after adjusting for:

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

Adjusted earnings are a key measure of segment earnings used by the Chief Operating Decision Maker (CODM) to assess segment performance and allocate resources. Other accounts in the unaudited interim consolidated financial statements have not been adjusted as they are not used by the CODM for those purposes.

The reconciliation of adjusted earnings and earnings for the three months ended June 30 is shown below.

2025 2024	ATCO Energy Systems			ATCO	ATCO	Financing	Total
	Electricity	Natural Gas	Total	EnPower	Australia	& Other	
Adjusted earnings (loss)	96	20	116	12	21	(28)	121
	89	23	112	18	17	(30)	117
Restructuring	–	–	–	–	–	–	–
	(13)	(19)	(32)	(2)	(2)	–	(36)
Transition of managed IT services	(2)	(2)	(4)	(1)	–	–	(5)
	–	–	–	–	–	–	–
Unrealized losses on mark-to-market forward and swap commodity contracts	–	–	–	(2)	–	–	(2)
	–	–	–	–	–	(18)	(18)
Rate-regulated activities	(11)	1	(10)	–	(10)	–	(20)
	(5)	4	(1)	–	(6)	–	(7)
ATCO Electric settlement	–	–	–	–	–	–	–
	(8)	–	(8)	–	–	–	(8)
IT Common Matters decision	–	–	–	–	–	–	–
	(3)	(2)	(5)	–	–	–	(5)
Dividends on equity preferred shares of Canadian Utilities Limited	–	–	–	–	–	19	19
	–	–	–	–	–	19	19
Other	–	–	–	(2)	–	–	(2)
	–	–	–	–	–	–	–
Earnings (loss) attributable to equity owners of the Company	83	19	102	7	11	(9)	111
	60	6	66	16	9	(29)	62
Earnings attributable to non-controlling interests							3
							3
Earnings for the period							114
							65

The reconciliation of adjusted earnings and earnings for the six months ended June 30 is shown below.

2025 2024	ATCO Energy Systems			ATCO	ATCO	Financing	Total
	Electricity	Natural Gas	Total	EnPower	Australia	& Other	
Adjusted earnings (loss)	198	150	348	23	34	(52)	353
	189	144	333	26	28	(45)	342
Restructuring	(6)	(4)	(10)	(2)	(1)	(1)	(14)
	(13)	(19)	(32)	(2)	(2)	–	(36)
Transition of managed IT services	(5)	(6)	(11)	(1)	–	–	(12)
	–	–	–	–	–	–	–
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts	–	–	–	–	–	–	–
	–	–	–	3	–	(10)	(7)
Rate-regulated activities	(18)	21	3	–	(18)	–	(15)
	(23)	21	(2)	–	(12)	–	(14)
ATCO Electric settlement	–	–	–	–	–	–	–
	(8)	–	(8)	–	–	–	(8)
IT Common Matters decision	(1)	–	(1)	–	–	–	(1)
	(6)	(5)	(11)	–	–	–	(11)
Dividends on equity preferred shares of Canadian Utilities Limited	–	–	–	–	–	38	38
	–	–	–	–	–	38	38
Other	–	–	–	(2)	–	–	(2)
	–	–	–	–	–	–	–
Earnings (loss) attributable to equity owners of the Company	168	161	329	18	15	(15)	347
	139	141	280	27	14	(17)	304
Earnings attributable to non-controlling interests							6
							6
Earnings for the period							353
							310

Restructuring

In the three and six months ended June 30, 2025, the Company recorded restructuring costs of nil and \$14 million (after-tax) (2024 - \$36 million (after-tax) and \$36 million (after-tax)) that were mainly related to staff reductions and associated severance costs. This restructuring is a continuation of the restructuring activities that commenced in 2024. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

Transition of managed IT services

In the three and six months ended June 30, 2025, the Company recognized IT transition costs of \$5 million (after-tax) and \$12 million (after-tax). The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and are expected to be substantially complete in 2025. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

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

The Company's electricity generation business enters into fixed-price swap electricity contracts in order to manage exposure to electricity prices for its renewable facilities. These contracts, comprising virtual power purchase agreements, are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price electricity contracts where hedge accounting is not applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss, are recognized in the ATCO EnPower operating segment.

Prior to the sale of ATCO Energy on August 1, 2024, the Company's electricity and natural gas retail business entered into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts were measured at fair value. Unrealized gains and losses due to changes in the fair value of fixed-price swap commodity

contracts where hedge accounting was not applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss, were recognized in Financing & Other.

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

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

Rate-regulated activities

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

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

The Company considers standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles taking into account a more likely than not recognition threshold in accounting for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in this manner are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

Rate-regulated activities - Second Generation Performance Based Regulation (PBR2) Proceeding

In June 2023, the Alberta Utilities Commission (AUC) initiated a proceeding for ATCO Electric Distribution and ATCO Gas as the re-opener clause was triggered by both utilities' earnings in 2022, the final year of PBR2. The PBR2 re-opener thresholds were triggered as a result of both utilities' earnings being either +/- 500 basis points from the approved Return-On-Equity (ROE) in one year or +/- 300 basis points from the approved ROE in two consecutive years.

On May 22, 2024, the AUC issued a decision to re-open the PBR2 plan and advanced to the second phase of the proceeding (Phase I Decision). The AUC claimed that the distribution businesses failed to quantify or attribute all efficiency gains under PBR2 to specific programs or initiatives. An appeal with the Alberta Court of Appeal (ACA) was filed on the Phase I Decision of the proceeding and is expected to be heard in the first half of 2026.

On May 28, 2025, the AUC issued a second decision related to the PBR2 re-opener proceeding to refund \$35 million to the customers of ATCO Electric Distribution and \$36 million to the customers of ATCO Gas over a six-month period, from September 1, 2025, to February 28, 2026 (Phase II Decision). In regard to the Phase II Decision, a review and variance and a permission to appeal (PTA) were submitted to the AUC and the Alberta Court of Appeal, respectively, on June 27, 2025. Given that the factual context and issues that will arise in the Phase II PTA will have significant overlap with the Phase I appeal already before the ACA and discussed above, and to be respectful of ACA's resources, the Company was granted its request to defer the hearing of the Phase I appeal to the first half of 2026 pending the ACA's decision on the Phase II PTA application. If the Phase II PTA is granted, the Company will be seeking to combine the Phase I and Phase II appeals into a single proceeding before the ACA in the first half of 2026.

ATCO Electric Distribution and ATCO Gas were the only utilities in Alberta to lower rates in 2023 due to efficiencies being passed onto customers. The after-the-fact requirement to track cost efficiencies at a granular level is inconsistent with the Performance Based Regulation principles and past AUC decisions. As ATCO Electric Distribution and ATCO Gas continue to pursue appeals of both the Phase I and Phase II Decisions of the PBR2 Re-opener proceeding, and the Company believes it will more likely than not succeed on appeal, no impact to Adjusted Earnings has been recognized for the quarter ended June 30, 2025 related to the PBR2 Re-opener decisions.

Rate-regulated activities - Timing Adjustments

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

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

The significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards are as follows:

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2025	2024	2025	2024
<i>Additional revenues billed in current period</i>				
Future removal and site restoration costs ⁽¹⁾	32	32	65	63
Impact of colder temperatures ⁽²⁾	–	–	–	4
<i>Revenues to be billed in future periods</i>				
Deferred income taxes ⁽³⁾	(32)	(30)	(68)	(63)
Impact of warmer temperatures ⁽²⁾	(6)	(1)	(7)	–
Impact of inflation on rate base ⁽⁴⁾	(6)	(5)	(11)	(10)
<i>Settlement of regulatory decisions and other items</i>				
Other	(8)	(3)	6	(8)
	(20)	(7)	(15)	(14)

- (1) Removal and site restoration costs are billed to customers over the estimated useful life of the related assets based on forecast costs to be incurred in future periods.
- (2) ATCO Gas Distribution's customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Revenues above or below the normal temperatures in the current period are refunded to or recovered from customers in future periods.
- (3) Income taxes are billed to customers when paid by the Company.
- (4) The inflation-indexed portion of ATCO Gas Australia's (part of ATCO Australia) rate base is billed to customers through the recovery of depreciation in subsequent periods based on the actual or forecasted annual rate of inflation. Under rate-regulated accounting, revenue is recognized in the current period for the inflation component of rate base when it is earned. Differences between the amounts earned and the amounts billed to customers are deferred and recognized in revenues over the service life of the related asset.

ATCO Electric settlement

On June 24, 2024, AUC Enforcement and ATCO Electric filed a joint submission seeking the AUC's approval of a settlement agreement involving two historical matters ATCO Electric had previously identified and self-reported to AUC Enforcement staff. The settlement agreement included an administrative penalty of \$3 million, and a refund to customers through a billing adjustment to the Alberta Electric System Operator (AESO) of \$4 million. On September 25, 2024, the AUC approved the settlement agreement as filed.

In the three and six months ended June 30, 2024, the Company recognized costs of \$8 million (after-tax) related to ATCO Electric's settlement application. These costs were comprised of the administrative penalty, refund to customers and legal and other costs related to the settlement agreement. As these costs are not in the normal course of business, they were excluded from adjusted earnings.

IT Common Matters decision

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings in the three and six months ended June 30, 2025 was nil and \$1 million (after-tax) (2024 - \$5 million (after-tax) and \$11 million (after-tax)).

4. REVENUES

The Company disaggregates revenues based on the nature of revenue streams. The disaggregation of revenues by each operating segment for the three months ended June 30 is shown below:

2025	ATCO Energy Systems			ATCO EnPower	ATCO Australia ⁽²⁾	Financing & Other ⁽³⁾⁽⁴⁾	Total
	2024	Electricity ⁽¹⁾	Natural Gas ⁽¹⁾				
Revenue Streams							
Rendering of Services							
Distribution services	149	195	344	–	53	–	397
	136	202	338	–	46	–	384
Transmission services	167	91	258	–	–	–	258
	167	89	256	–	–	–	256
Customer contributions	8	6	14	–	–	–	14
	10	5	15	–	–	–	15
Franchise fees	10	59	69	–	–	–	69
	10	58	68	–	–	–	68
Retail electricity and natural gas services	–	–	–	–	–	30	–
	–	–	–	–	–	–	30
Storage and industrial water	–	–	–	27	–	–	27
	–	–	–	25	–	–	25
Total rendering of services	334	351	685	27	53	–	765
	323	354	677	25	46	30	778
Sale of Goods							
Electricity generation and delivery	–	–	–	16	2	–	18
	–	–	–	22	3	–	25
Commodity sales	–	–	–	19	–	–	19
	–	–	–	7	–	–	7
Total sale of goods	–	–	–	35	2	–	37
	–	–	–	29	3	–	32
Lease income							
Finance lease	1	–	1	–	1	–	2
	–	–	–	1	2	–	3
Other⁽⁵⁾	17	5	22	9	4	3	38
	21	5	26	4	11	6	47
Total	352	356	708	71	60	3	842
	344	359	703	59	62	36	860

(1) For the three months ended June 30, 2025, Electricity and Natural Gas segments include \$91 million of unbilled revenue (2024 - \$93 million).

(2) For the three months ended June 30, 2025, ATCO Australia segment includes \$29 million of unbilled revenue (2024 - \$25 million).

(3) For the three months ended June 30, 2025, following the sale of the retail electricity and natural gas services business (ATCO Energy) to ATCO Ltd. on August 1, 2024, Financing & Other (previously, Corporate & Other) includes nil of unbilled revenue (2024- \$33 million) from retail electricity and natural gas energy services.

(4) Commencing in 2025, Corporate & Other was renamed to Financing & Other.

(5) Other revenues include revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

The disaggregation of revenues by each operating segment for the six months ended June 30 is shown below:

2025	ATCO Energy Systems			ATCO	ATCO	Financing	
2024	Electricity ⁽¹⁾	Natural Gas ⁽¹⁾	Total	EnPower	Australia ⁽²⁾	& Other ⁽³⁾⁽⁴⁾	Total
Revenue Streams							
Rendering of Services							
	313	556	869		98		967
Distribution services	289	539	828		85		913
	334	183	517				517
Transmission services	334	179	513				513
	17	12	29		1		30
Customer contributions	19	11	30		2		32
	20	155	175				175
Franchise fees	20	147	167				167
				56			56
Retail electricity and natural gas services						120	120
				47			47
Storage and industrial water							
	684	906	1,590	56	99		1,745
Total rendering of services	662	876	1,538	47	87	120	1,792
Sale of Goods							
				37	4		41
Electricity generation and delivery				44	5		49
				60			60
Commodity sales				14			14
				97	4		101
Total sale of goods				58	5		63
Lease income							
	2		2		3		5
Finance lease				2	4		6
	37	5	42	16	11	7	76
Other ⁽⁵⁾	46	6	52	10	19	9	90
	723	911	1,634	169	117	7	1,927
Total	708	882	1,590	117	115	129	1,951

(1) For the six months ended June 30, 2025, Electricity and Natural Gas segments include \$91 million of unbilled revenue (2024 - \$93 million). At June 30, 2025, \$91 million of the unbilled revenue is included in accounts receivable and contract assets (2024 - \$93 million).

(2) For the six months ended June 30, 2025, ATCO Australia segment includes \$29 million of unbilled revenue (2024 - \$25 million). At June 30, 2025, \$29 million of the unbilled revenue is included in accounts receivable and contract assets (2024 - \$25 million).

(3) For the six months ended June 30, 2025, following the sale of the retail electricity and natural gas services business (ATCO Energy) to ATCO Ltd. on August 1, 2024, Financing & Other (previously, Corporate & Other) includes nil of unbilled revenue (2024 - \$33 million) from retail electricity and natural gas energy services. At June 30, 2025, nil of the unbilled revenue is included in accounts receivable and contract assets (2024 - \$33 million).

(4) Commencing in 2025, Corporate & Other was renamed to Financing & Other.

(5) Other revenues include revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

5. EARNINGS PER SHARE

Earnings per Class A non-voting common (Class A) and Class B voting common (Class B) share are calculated by dividing the earnings attributable to Class A and Class B shares by the weighted average shares outstanding. Diluted earnings per share are calculated using the treasury stock method, which reflects the potential exercise of stock options on the weighted average Class A and Class B Shares outstanding.

The earnings and average number of shares used to calculate earnings per share are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Average shares				
Weighted average shares outstanding	271,807,772	271,357,947	271,693,888	271,197,918
Effect of dilutive stock options	200,761	69	129,101	85
Weighted average dilutive shares outstanding	272,008,533	271,358,016	271,822,989	271,198,003
Earnings for earnings per share calculation				
Earnings for the period	114	65	353	310
Dividends on equity preferred shares of the Company	(19)	(19)	(38)	(38)
Non-controlling interests	(3)	(3)	(6)	(6)
Earnings attributable to Class A and B shares	92	43	309	266
Earnings and diluted earnings per Class A and Class B share				
Earnings per Class A and Class B share	\$0.34	\$0.16	\$1.14	\$0.98
Diluted earnings per Class A and Class B share	\$0.34	\$0.16	\$1.14	\$0.98

6. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Utility Transmission & Distribution	Energy Generation & Storage	Land and Buildings	Construction Work-in- Progress	Other	Total
Cost						
December 31, 2024	24,269	1,560	791	820	834	28,274
Additions	–	–	–	734	–	734
Transfers	451	24	7	(512)	30	–
Retirements and disposals	(50)	–	(5)	–	(35)	(90)
Foreign exchange rate adjustment	(7)	4	–	–	–	(3)
Changes to asset retirement costs	–	(7)	–	–	(1)	(8)
June 30, 2025	24,663	1,581	793	1,042	828	28,907
Accumulated depreciation						
December 31, 2024	6,671	287	217	–	463	7,638
Depreciation	279	23	9	–	26	337
Retirements and disposals	(50)	–	(5)	–	(33)	(88)
Foreign exchange rate adjustment	(2)	1	–	–	–	(1)
June 30, 2025	6,898	311	221	–	456	7,886
Net book value						
December 31, 2024	17,598	1,273	574	820	371	20,636
June 30, 2025	17,765	1,270	572	1,042	372	21,021

The additions to property, plant and equipment included \$10 million of interest capitalized during construction for the six months ended June 30, 2025 (2024 - \$7 million).

7. LONG-TERM DEBT

CORPORATE LONG-TERM DEBT ISSUANCES AND REPAYMENTS

Canadian Utilities Limited

In June 2025, the Company issued \$300 million of 4.412 per cent unsecured debentures maturing on June 24, 2035. The proceeds from the issuance were used to repay outstanding indebtedness under its extendible revolving credit facility that bears interest at Canadian Overnight Repo Rate Average plus an applicable margin.

CU Inc.

In March 2025, CU Inc. borrowed \$18 million from its \$155 million non-revolving unsecured amortizing credit facility with a bank lender to support the construction of the Central East Transfer-Out (CETO) Project within the Electricity Transmission business of the ATCO Energy Systems operating segment (CETO Project Debt). Quarterly repayments on the credit facility commence once the CETO Project reaches commercial operations and continue until June 30, 2056. The CETO Project Debt bears a fixed interest rate of 2.17 per cent.

In March 2024, CU Inc. repaid \$120 million of 6.215 per cent unsecured debentures.

SUBSIDIARIES LONG-TERM DEBT ISSUANCES AND REPAYMENTS

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

8. EQUITY PREFERRED SHARES

DIVIDENDS

Cash dividends declared and paid per share are as follows:

<i>(dollars per share)</i>	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Cumulative Redeemable Second Preferred Shares				
5.196% Series Y	0.3248	0.3248	0.6495	0.6495
4.90% Series AA	0.3063	0.3063	0.6125	0.6125
4.90% Series BB	0.3063	0.3063	0.6125	0.6125
4.50% Series CC	0.2813	0.2813	0.5625	0.5625
4.50% Series DD	0.2813	0.2813	0.5625	0.5625
5.25% Series EE	0.3281	0.3281	0.6563	0.6563
4.50% Series FF	0.2813	0.2813	0.5625	0.5625
4.75% Series HH	0.2969	0.2969	0.5938	0.5938

The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors. On July 10, 2025, the Company declared third quarter eligible dividends of \$0.32475 per Series Y Preferred Share, \$0.30625 per Series AA and Series BB Preferred Share, \$0.28125 per Series CC, Series DD, and Series FF Preferred Share, \$0.328125 per Series EE Preferred Share and \$0.296875 per Series HH Preferred Share, payable on September 1, 2025 to share owners of record as of August 7, 2025.

9. CLASS A AND CLASS B SHARES

ISSUED AND OUTSTANDING

At June 30, 2025, there were 205,221,537 (December 31, 2024 - 204,964,987) Class A shares and 66,598,854 (December 31, 2024 - 66,598,854) Class B shares outstanding. In addition, there were 2,643,700 options to purchase Class A shares outstanding at June 30, 2025, under the Company's stock option plan (December 31, 2024 - 3,147,350).

For the three and six months ended June 30, 2025, 172,000 and 256,550 stock options (2024 - nil) were exercised, resulting in the issuance of an additional 172,000 and 256,550 Class A shares (2024 - nil) for proceeds of \$6 million and \$9 million (2024 - nil).

DIVIDENDS

The Company declared and paid cash dividends of \$0.4577 and \$0.9154 per Class A and Class B share for the three and six months ended June 30, 2025 (2024 - \$0.4531 and \$0.9062). The Company's policy is to pay dividends quarterly on its Class A and Class B shares. The payment and amount of any quarterly dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On July 10, 2025, the Company declared a third quarter dividend of \$0.4577 per Class A and Class B share, payable on September 1, 2025 to share owners of record as of August 7, 2025.

DIVIDEND REINVESTMENT PROGRAM

There were no Class A shares issued under the Company's dividend reinvestment program (DRIP) for the three and six months ended June 30, 2025, as effective July 11, 2024, the Company suspended the DRIP. For the three and six months ended June 30, 2024, 294,127 and 631,759 Class A shares were issued using re-invested dividends of \$9 million and \$19 million, priced at an average share price of \$29.99 per share and \$30.14 per share.

10. CASH FLOW INFORMATION

ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

Adjustments to reconcile earnings to cash flows from operating activities are summarized below.

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Depreciation and amortization	182	178	363	354
Dividends and distributions received from investment in joint ventures	22	21	41	40
Earnings from investment in joint ventures	(19)	(16)	(40)	(35)
Income tax expense	27	21	95	92
Unrealized (gains) losses on derivative financial instruments	1	23	(1)	9
Contributions by customers for extensions to plant	43	39	68	61
Amortization of customer contributions	(14)	(15)	(30)	(32)
Net finance costs	110	106	221	212
Income taxes paid	(11)	(10)	(29)	(20)
Interest received	13	19	25	35
Other	2	(5)	(12)	4
	356	361	701	720

CASH POSITION

Cash position at June 30 is comprised of:

	2025	2024
Cash	154	161
Short-term investments	6	5
Restricted cash ⁽¹⁾	15	4
Cash and cash equivalents	175	170
Bank indebtedness ⁽²⁾	(227)	(239)
Bank indebtedness reclassified as liabilities held for sale ⁽³⁾	-	(26)
	(52)	(95)

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

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

(3) Bank indebtedness reclassified as liabilities held for sale is related to the Company's sale of its 100 per cent investment in ATCO Energy Ltd. which occurred on August 1, 2024.

11. FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

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

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

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

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

Recurring Measurements	June 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Finance lease receivables	118	137	125	145
Long-term advances due from joint venture ⁽¹⁾	35	33	35	33
Financial Liabilities				
Long-term debt	11,074	10,614	10,806	10,433

(1) Long-term advances due from joint venture of \$35 million (December 31, 2024 - \$35 million) are recorded in other assets in the consolidated balance sheets.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Marketable securities

At June 30, 2025 and December 31, 2024, the Company's marketable securities measured at fair value include investment grade corporate bonds and debentures, private fixed income funds, bank loans and commercial mortgage funds, and government bonds.

Derivative financial instruments

At June 30, 2025 and December 31, 2024, the Company's derivative financial instruments subject to hedge accounting and measured at fair value include the following:

- interest rate swaps for the purpose of limiting interest rate risk on the variable future cash flows of long-term debt;
- foreign currency forward contracts for the purpose of limiting exposure to exchange rate fluctuations; and
- power forward sale contracts, comprising renewable virtual power purchase agreements (PPAs), for the purpose of limiting exposure to electricity market price movements.

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

Recurring Measurements	Level 2		Level 3	Total Fair Value of Derivatives
	Interest Rate Swaps	Foreign Currency Forward Contracts	Power Purchase Agreements ⁽¹⁾	
June 30, 2025				
Financial Assets				
Prepaid expenses and other current assets	–	–	–	–
Other assets	–	–	114	114
Financial Liabilities				
Provisions and other current liabilities	3	–	–	3
Other liabilities	8	–	–	8
December 31, 2024				
Financial Assets				
Prepaid expenses and other current assets	4	1	–	5
Other assets	7	–	131	138
Financial Liabilities				
Provisions and other current liabilities	1	–	–	1
Other liabilities	4	–	–	4

(1) The Company is a party to certain renewable virtual power purchase agreements in its electricity generation business (reported in ATCO EnPower operating segment). Under the PPAs, the Company will receive a fixed price per megawatt hour (MWh) and pay the settled price per MWh from the Alberta Electric System Operator (AESO) as well as deliver the related renewable energy credits to the PPA counterparty customers. The energy components of the PPAs were designated as cash flow hedges for accounting purposes.

A reconciliation of the changes in the Company's derivative financial instruments classified as Level 3 for the six months ended June 30, 2025 is as follows:

December 31, 2024	131
Settlement of derivative contracts	(11)
Gains recognized in earnings	1
Losses recognized in other comprehensive income	(7)
June 30, 2025	114

For the three months ended June 30, the following realized and unrealized gains and losses on derivative financial instruments were recognized in the unaudited interim consolidated statements of earnings:

	2025			2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	–	5	5	–	4	4
Fuel costs	–	–	–	(10)	–	(10)
Purchased power	–	–	–	(6)	–	(6)
Interest expense	1	–	1	(9)	–	(9)
Derivative financial instruments ^{(1) (2)}	–	1	1	(4)	26	22
	1	6	7	(29)	30	1
Unrealized losses						
Derivative financial instruments ^{(1) (2)}	–	(1)	(1)	–	(24)	(24)
Total	1	5	6	(29)	6	(23)

(1) On August 1, 2024, the Company sold its retail electricity and natural gas business (ATCO Energy) to ATCO Ltd.

(2) Realized derivative financial instruments gains (losses) and unrealized losses are included in the derivative financial instruments gains in the unaudited interim consolidated statements of earnings.

For the six months ended June 30, the following realized and unrealized gains and losses on derivative financial instruments were recognized in the unaudited interim consolidated statements of earnings:

	2025			2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	–	8	8	–	5	5
Fuel costs	–	–	–	2	–	2
Purchased power	–	–	–	(12)	–	(12)
Interest expense	2	–	2	11	–	11
Derivative financial instruments ^{(1) (2)}	–	3	3	(3)	34	31
	2	11	13	(2)	39	37
Unrealized gains (losses)						
Derivative financial instruments ^{(1) (2)}	–	1	1	–	(10)	(10)
Total	2	12	14	(2)	29	27

(1) On August 1, 2024, the Company sold its retail electricity and natural gas business (ATCO Energy) to ATCO Ltd.

(2) Realized derivative financial instruments gains (losses) and unrealized gains (losses) are included in the derivative financial instruments gains in the unaudited interim consolidated statements of earnings.

Notional and maturity summary

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

Notional value and maturity	Interest Rate Swaps	Foreign Currency Forward Contracts	Power Purchase Agreements
June 30, 2025			
Sales ⁽¹⁾	–	–	9,116,550
Currency			
Canadian dollars	116	–	–
Australian dollars	754	–	–
U.S. dollars	–	18	–
Maturity	2025-2036	2025	2025-2038
December 31, 2024			
Sales ⁽¹⁾	–	–	9,466,065
Currency			
Canadian dollars	122	–	–
Australian dollars	757	–	–
U.S. dollars	–	22	–
Maturity	2025-2036	2025	2025-2038

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