



CANADIAN UTILITIES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 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 year ended December 31, 2025.

This MD&A was prepared as of February 25, 2026, and should be read with the Company's audited consolidated financial statements (2025 Consolidated Financial Statements) for the year ended December 31, 2025. Additional information, including the Company's Annual Information Form (2025 AIF) is available on SEDAR+ at www.sedarplus.ca.

The Company is controlled by ATCO Ltd. (ATCO) and its controlling share owner, Sengraf 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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SHAPING THE FUTURE: CANADIAN UTILITIES' AMBITIONS

CREATING PROSPERITY AND OPPORTUNITY FOR GENERATIONS TO COME

Canadian Utilities is a modern, customer-focused, diversified energy company with a relentless drive for growth, simplicity and safety. We are committed to a bright, bold future which creates prosperity and opportunity for generations to come.

OUR CORE VALUES

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

Innovation, growth and financial strength provide the foundation from which we built our Company. Our long-term success depends on our ability to continue offering our customers exceptional, comprehensive and integrated solutions to meet their evolving needs.

CANADIAN UTILITIES' STRATEGY

Canadian Utilities has three key pillars that support our long-term strategy: **Growth and Prosperity**, **Operational Excellence** and **Financial Leadership**.



Growth and Prosperity

Our exceptional foundation of regulated electric and natural gas utilities; non-regulated energy storage and power generation assets; dedicated and highly skilled people; and diverse relationships across the globe position us to capitalize on strategic opportunities driving our next phase of growth and prosperity.

We are focused on unlocking near term growth while charting a resilient path for the future within our fundamental Canadian utility businesses. To achieve this we are focused on successfully executing essential capital projects that create value and facilitate economic growth while safely delivering reliable, resilient and affordable energy to our customers.

Within ATCO EnPower, we are building the next decade of growth by focusing our efforts across energy storage, power generation and cleaner fuels. Executing our strategy will transition our resilient base of existing assets into a diversified, scalable platform that positions ATCO EnPower for the next generation.

Similarly, ATCO Australia is being positioned to move beyond its current base of assets to a diversified energy business by optimizing the current businesses, pursuing organic growth, and seeking step-change inorganic opportunities.

Our \$12 billion five-year regulated utility capital plan (2026-2030) that is outlined below is the most ambitious regulated utility plan our Company has announced in recent years. Our confidence in this plan lies in our robust project pipeline that currently includes the Yellowhead Pipeline (Yellowhead) and the Central East Transfer Out (CETO) projects. Additionally, we have identified other utility capital spending that is expected to proceed during the 5-year forecast period associated with customer growth, system reliability and safety, climate and technology, and other program and system investments. In addition to our five-year regulated utility forecast, non-regulated energy projects will drive growth beyond the regulated utility forecast. Projects supporting this growth include the Atlas Carbon Sequestration Hub and natural gas expansion at Carbon and Alberta Hub. The Company is also pursuing other greenfield, brownfield and M&A opportunities aligned with our non-regulated strategic pillars of storage, power generation and cleaner fuels.

The economic drivers within Alberta are fundamental to our growth. Alberta continues to lead population growth in Canada, and in mid-2025, Alberta's population reached five million people, up 2.5 per cent year-over-year. As a provider of essential energy services, Canadian Utilities plays a critical role in enabling population, business and industrial growth within its operating regions.

Operational Excellence

Operational Excellence is anchored in safety, reliability, resiliency, and operational performance. Safety is a foundational imperative and our number one operational priority. By continuing to foster a strong safety culture, Canadian Utilities ensures that operational efficiency, reliability, and resilience are achieved without compromise through company-wide collaboration and championing workplace safety across the business. From a performance perspective, our businesses are known for their ability to drive operational efficiencies.

Financial Leadership

Canadian Utilities is charting a path for sustainable, long-term growth. Our Company was built on an unwavering commitment to financial strength. This continues today with our focus on growing earnings and cash flow, maintaining strong investment grade credit ratings, and prudently sourcing capital to fund growth. This financial leadership drives strong total shareholder return supported by a resilient dividend policy and share appreciation based on the intrinsic value of our expanding diversified portfolio of energy assets.

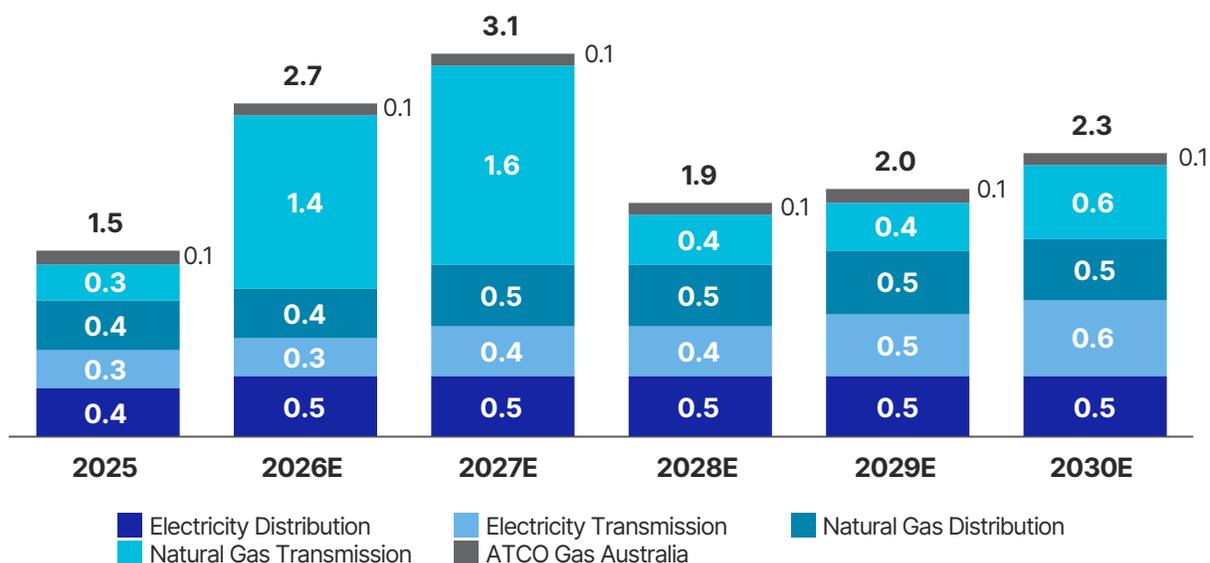
THE REGULATED UTILITIES CAPITAL EXPENDITURE PLAN

The five-year (2026-2030) capital expenditure plan in the Regulated Utilities anticipates approximately \$12 billion of capital spending to support the evolving needs of our customers throughout the regulated jurisdictions in which we operate. These capital projects will be aligned with customer growth, system reliability and safety, climate adaptation and resilience, new technologies and energy transition initiatives. Additionally, Yellowhead supports the expansion of natural gas transmission in Alberta, relieving capacity constraints and supporting economic growth within Canada. In the latter years of the forecast period, we anticipate customer growth, system reliability and safety, and climate adaptation and resilience to continue to be strong investment themes. Additional natural gas transmission and distribution projects and Alberta Electric System Operator (AESO)-directed electric transmission and distribution projects are anticipated to be de-risked and come into view as further economic growth puts new pressures on our regulated systems. Following the completion of Yellowhead, our capital forecast continues to project higher annual capital spending than experienced over the past few years with an anticipated mid-year rate base ⁽¹⁾ CAGR ⁽²⁾ in the range of 5-7 per cent over the longer term. See Appendix 2 for more information on our five-year (2026-2030) capital expenditure plan.

⁽¹⁾ Mid-year rate base is a non-GAAP financial measure and mid-year rate base CAGR is a non-GAAP ratio (each as defined in National Instrument 52-112 - Non-GAAP and Other Financial Measures Disclosure (NI 52-112)). Mid-year rate base and mid-year rate base CAGR are not standardized measures under the reporting framework used to prepare the Company's financial statements and may not be comparable to similar measures disclosed by other issuers. The most directly comparable measures to mid-year rate base reported in accordance with International Financial Reporting Standards (IFRS) are property, plant and equipment and intangible assets. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Rate Base and Mid-Year Rate Base to Property, Plant and Equipment and Intangible Assets" in this MD&A.

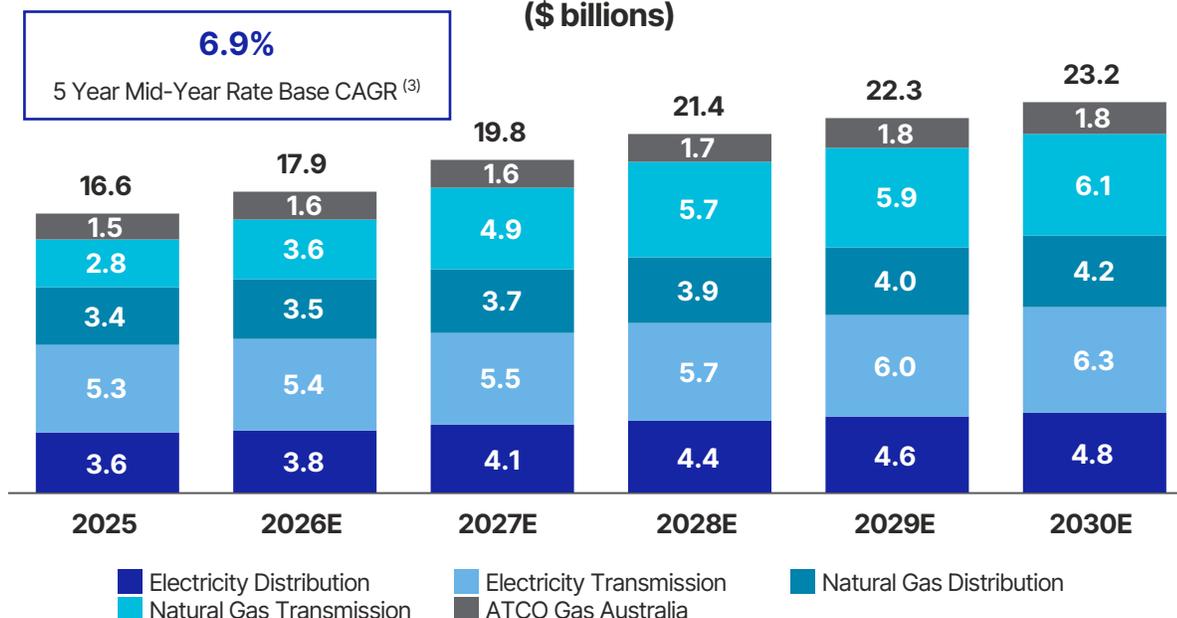
⁽²⁾ CAGR means compound annual growth rate.

2026-2030 Capital Expenditures Plan (\$ billions)



Mid-year rate-base ⁽³⁾ growth is a leading indicator of a regulated utility's earnings trend. This level of anticipated capital expenditures over the five-year forecast would support a mid-year rate base CAGR ⁽³⁾ of approximately 6.9 per cent from 2026 to 2030 across our regulated jurisdictions in Canada and Australia.

2026-2030 Mid-Year Rate Base Growth (\$ billions)



Rate base is a measure specific to rate-regulated utilities and is used by regulatory authorities. The Company finances infrastructure investments, referred to as rate base, through a combination of equity and debt. Regulatory proceedings establish the approved rate of return on equity (ROE) and the equity ratio – the proportion of utility investments financed with equity, with the remainder financed by debt. Both the ROE and the equity ratio are determined based on the concept of “fair return,” which includes three main components: (i) comparability, (ii) financial integrity, and (iii) financial attractiveness. The costs of equity and debt are included in the amounts collected as revenues. More information about rate base is described in

⁽³⁾ Mid-year rate base is a non-GAAP financial measure and mid-year rate base CAGR is a non-GAAP ratio (each as defined in NI 52-112).

the "Reconciliation of Rate Base and Mid-Year Rate Base to Property, Plant and Equipment, and Intangible Assets" section in this MD&A.

Capital expenditures are approved by the regulator through rate applications. The five-year capital forecast includes capital expenditures that extend beyond currently approved rate applications. These capital expenditures will require approval by the regulator in future rate applications.

OUR COMPANY

GLOBAL PROFILE

Canadian Utilities Limited is a publicly traded company with its Class A non-voting shares (Class A shares) listed as CU on the Toronto Stock Exchange (TSX).

Canadian Utilities is a principal subsidiary of ATCO, which owns 52.4 per cent (37.2 per cent of the Class A shares and 99.6 per cent of the Class B common shares (Class B shares)).

Investing in Life's Energy Essentials

Canadian Utilities energizes homes, businesses, industries and delivers customer-focused energy infrastructure solutions. We own a diverse, global portfolio of energy investments that deliver operational excellence and strong, resilient financial performance. Fueled by the dedication and skill of approximately 4,800 employees and over 3,800 joint ventures employees, we are building on our core utility businesses and investing in non-regulated energy assets to provide critical energy services that provide the economic backbone of the geographic regions we serve and provide long-term energy resiliency and security.



4M+

Total Customers



\$25B

Total Assets



54

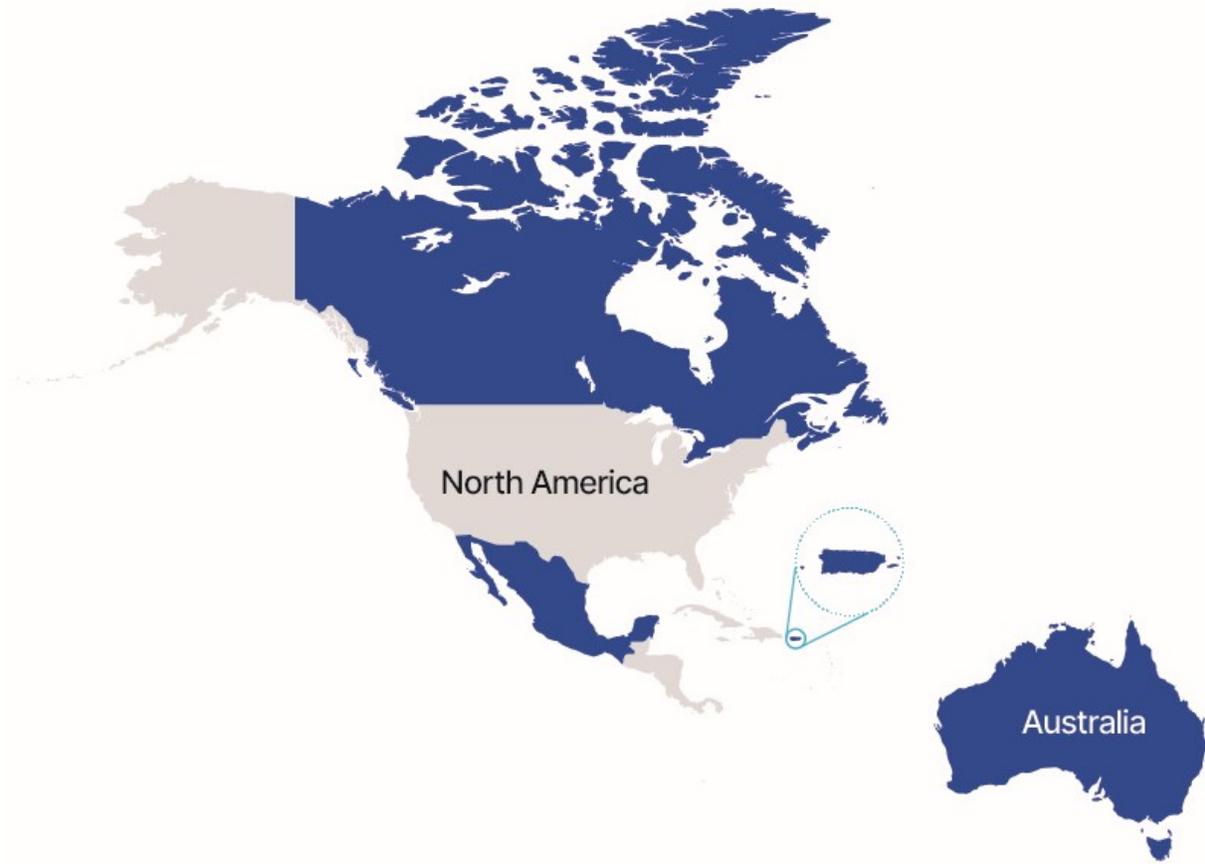
**Years of Annual
Dividend Increases**



100+ YEARS

**Long History of Global
Operations**

CURRENT OPERATIONS ⁽¹⁾



(1) ATCO EnPower operates the El Resplandor 3-MW solar project located in Cabrero, Chile that is not represented on the map.

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

OUR BUSINESS UNITS

Canadian Utilities reports on the three business units of ATCO Energy Systems, ATCO EnPower, and ATCO Australia. The operating subsidiaries in these business units share similar economic characteristics and have been aggregated for reporting purposes. Learn more details about each business unit, including their strategies, below.

ATCO Energy Systems

FAST FACTS



107,000 KM

**Powerlines
(Owns and Operates)**



51,700 KM

**Pipelines
(Owns and Operates)**



3.1M

**Customers Served by
ATCO Energy Systems**

ATCO Energy Systems is our regulated utilities business unit that operates in Canada and Puerto Rico. The four regulated utilities (Electricity Transmission, Electricity Distribution, Natural Gas Transmission and Natural Gas Distribution) operating in Alberta, Saskatchewan and the northern regions of Canada, have delivered safe, resilient and reliable electricity and natural

gas to customers for decades. International Electricity Operations operates in Puerto Rico through Canadian Utilities' indirect 50 per cent ownership in LUMA Energy, LLC (LUMA Energy).

ATCO Energy Systems' value proposition is embedded in its proven ability to: deliver essential energy for an evolving world to satisfy our customers' evolving needs, provide quality of life to a growing population, advance economies and power industry. Our customers need safe, resilient and reliable services balanced with affordability. We safely deliver this reliable and affordable energy by investing to serve the evolving needs of our customers, being a trusted partner, and providing the integral energy infrastructure required for the expanding population and industry.

ATCO EnPower

FAST FACTS



544,000 m³

**Natural Gas Liquids
Storage Capacity**



476-MW

**Electricity Generation
(Owns and Operates)**



117 PJ

**Natural Gas Storage
Capacity**

ATCO EnPower delivers reliable and innovative energy solutions designed to meet the needs of a rapidly changing world. The business focuses on offering dependable, cost-effective, and efficient energy infrastructure while leveraging its core competencies and asset base across the Americas. ATCO EnPower takes a disciplined approach to development and investment, aligning its activities with market conditions, customer requirements, and the business's three-pillar growth strategy and long-term vision: Storage, Generation, and Cleaner Fuels.

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

ATCO Australia

FAST FACTS



15,000 KM

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



\$1.5 billion

**Regulatory Asset Base as of
December 31, 2025**



14,318

**New Customers
Energized in 2025**

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

ATCO's growth strategy in Australia is aligned with the country's evolving energy landscape characterized by progressive policies and publicly stated emissions targets. Increased demand and reliability shortfalls in key Australian electricity markets requires delivery of new power generation, storage and transmission. Leveraging our strong existing base business and with ATCO Australia's continued focus on delivering and operating strategic energy infrastructure assets, we aim to substantially increase our capacity and play a key role in supporting Australia's energy transition and the rising demand for affordable and cleaner energy.

OUR OPERATING ENVIRONMENT

We operate in a complex and ever-changing world, and as such must anticipate and understand the broad trends impacting our customers and communities.

Key market trends

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



THE GLOBAL ECONOMY AND MARKET VOLATILITY

The global impacts of large-scale world events continue to create challenges for businesses everywhere. Over the past five years, we have seen trade tensions escalated by economic nationalism and ever-changing tariffs, rapid advancements in artificial intelligence, increasingly destructive climate disasters, supply chain interruptions, and continued geopolitical tensions, all putting pressure on the global economy and increasing market volatility. These factors all underscore one reality: businesses must be ready for anything. By being a forward-looking company, Canadian Utilities can reduce our susceptibility to these changes and find opportunities.

We view total share owner return through a long-term lens, and our corporate actions are consistent with that. Our core financial pillars – minimum liquidity and a strong focus on access to capital – reflect learnings from history. Whether it be capital recycling through asset sales, expanding through new acquisitions or purposeful capital allocation to our existing companies, proactive decisions made across our businesses have allowed us to deliver strong results through various geopolitical events and economic cycles.



CHANGING POLICY AND REGULATIONS

Over the last few years, there have been numerous changes in political leaders throughout jurisdictions around the world. As these changes in government take place, they are often followed by a period of increased focus on policies, agreements, and regulations that can have far-reaching impacts to numerous industries. Additionally, market conditions within Alberta, where many of our assets are located, have been impacted by market and transmission policy reforms and other regulatory developments. While some changes can present an opportunity to collaborate with new governments, other changes can present threats as abrupt changes in policy create investment instability, protectionist attitudes turn to tariffs, or volatility is introduced in cross-border supply chain. Our Company works to build collaborative and constructive relationships with each level of government within the jurisdictions we operate.

The regulatory landscape surrounding energy in particular is seeing heightened scrutiny as governments reassess their priorities. Moving from focusing primarily on greenhouse-gas reduction mandates, many jurisdictions are placing greater weight on affordability, system reliability, and economic sovereignty. This is prompting changes to domestic-content rules, adjustments to permitting processes, and policies that intended to influence investment and manage costs. Additionally, energy regulation is starting to focus less on prescriptive emissions-based requirements and more towards balancing environmental objectives with economic needs, infrastructure requirements and operational considerations across the energy system.

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



ENERGY SECURITY & TRANSITION

Energy security has emerged as a global priority as markets navigate geopolitical uncertainty, supply chain constraints, and growing electricity demand. In this environment, dependable, affordable, and resilient energy systems are essential. Across the industry, utilities are responding by fortifying and modernizing essential infrastructure systems, diversifying energy sources, and deploying technologies that enhance system reliability and flexibility. Canadian Utilities is well positioned to support this shift. With a diversified portfolio across electricity and natural gas—spanning regulated and non-regulated assets—we have the capability to expand critical infrastructure, modernize the grid and pipeline systems, and integrate new technologies that enhance reliability and affordability. Shifts in federal policy are contributing to a more supportive environment for investments that strengthen generation, storage, transmission, and natural gas networks.

Climate change continues to shape the way we plan, operate, and invest. Extreme weather—ranging from wildfires and heat events to ice storms and major wind systems—is becoming more frequent and severe. These events can disrupt communities and strain energy systems, underscoring the need for resilient infrastructure. The Company maintains robust emergency response capabilities and proactive mitigation programs, including comprehensive Wildfire Management Plans and ongoing system-hardening initiatives. When planning new capital investments or evaluating asset acquisitions, we incorporate detailed climate and site-specific assessments such as floodplain mapping, long-term weather trends, and environmental risk factors.

Through this balanced approach, we are advancing energy security today while enabling a responsible, practical energy transition—ensuring the systems we build remain reliable, resilient, and affordable for the customers and communities we serve.



GLOBAL SECURITY AND DEFENCE

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

This global polarization and resulting tension may continue to increase over the years to come. Governments and industry will both need to bring all their resources to bear to protect our democracies and civilians. These global security risks further amplify the need for protection of the critical infrastructure in the areas we operate, and to provide support to those impacted by geopolitical events. Employees throughout the ATCO Group of companies are trained in using the Incident Command Systems and have a broad range of skills and expertise that can support the recovery of communities in need or damaged infrastructure.



DIGITIZATION AND ARTIFICIAL INTELLIGENCE

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

Within ATCO Energy Systems, leveraging data and digitizing our utilities technology remains a key priority and one that will drive continued efficiencies as our system becomes more capable of predicting and responding to customer needs. As part of this process, the last few years have seen us complete a number of digitization and modernization objectives, including the deployment of Advanced Metering Infrastructure (AMI), the latest in metering technology; working towards deploying an Advanced Distribution Management System, a platform for a variety of smart grid functions; as well as implementation of a workforce and asset management program that provides an efficient way to track, manage, and dispatch work to field-based employees based on urgency.

AI has the potential to enhance the capabilities of our digital systems. While our AMI technology is already allowing for faster detection of outages, applied AI could predict infrastructure maintenance. The immense energy requirements to power the

increased use in AI, could create opportunities through potential interconnections between data centres and electricity infrastructure. Like all new technologies, proper governance and risk management are imperative, particularly as regulatory bodies are starting to implement and issue notices related to the disclosure and usage of AI. However, the successful integration of AI and digital technologies could provide long-term operational and financial value to our businesses.



INDIGENOUS RECONCILIATION

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

The progress Canadian Utilities has made in creating equitable partnerships with Indigenous communities is a hallmark of our approach to business. In December 2025, Denendeh Investments Incorporated (DII) increased their ownership stake in Naka Power Utilities (NWT) Ltd. (Naka) to a majority 51 per cent. Our long history of equitable partnerships also includes ATCO Energy Systems' landmark sale of Alberta PowerLine in which seven Indigenous communities in Alberta purchased a 40 per cent equity interest, ATCO Energy Systems' electricity purchase agreements with remote communities that support reduction of diesel reliance, and ATCO EnPower's equity partnership with the Chiniki and Goodstoney First Nations for the Deerfoot and Barlow solar projects. We believe that creating equitable partnerships for Indigenous communities should be the standard for governments and businesses alike in support of reconciliation and inclusiveness.

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



PUBLIC DEBT, INFLATION AND INTEREST RATES

Previous years saw inflation and interest rates increase globally and create challenges for investment and risk to managing operating costs. Many economies are starting to see moderate economic growth, but others have slowed with rising economic uncertainties and geopolitical risks. However, as borrowing costs are expected to continue to hold flat through 2026, it is anticipated that the impact of interest rates will continue to diminish. With increased expenditures of governments around the world, the accumulated public debt has had lingering impacts on the global economy, and will continue to for years to come. Canadian Utilities has operated for over 100 years through other times of unpredictable interest rates and rising inflation and our record shows our ability to manage and thrive despite these conditions. We do not view these macroeconomic impacts as transitory, and are actively managing our portfolio with this in mind.

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

OUR CORPORATE GOVERNANCE

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

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

Following are some of the highlights of our model for corporate governance. For more information, please see the Governance section of our 2025 Management Proxy Circular, which will be available in April 2026.

Our Board of Directors

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

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

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

In 1995, Canadian Utilities was among the first public companies in Canada to introduce the concept of a Lead Director. Dr. Roger J. Urwin is the current Lead Director for Canadian Utilities, and was appointed to this position on May 6, 2020. The Lead Director provides the Board with the leadership necessary to ensure independent oversight of management. The Lead Director must be an independent director and is a member of GOCOM.

Designated Audit Directors

Distinctly unique to Canadian Utilities are DADs. DADs are generally directors of Canadian Utilities. A DAD may be assigned to one of our business units based on their strengths and experience in various industry sectors. The role of DADs is to supplement the oversight role of the Audit & Risk Committee.

DADs are expected to be better informed on audit- and risk-related issues for the business units than would normally be expected for Audit & Risk Committee members. DADs meet quarterly with senior management of their respective business unit, and annually with internal and external auditors. DADs review financial performance and operating results quarterly, review risks twice yearly, and report to the Audit & Risk Committee. The Audit & Risk Committee annually reviews the mandate of the DADs.

PERFORMANCE OVERVIEW

FINANCIAL METRICS

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

	Year Ended December 31		
(\$ millions, except per share data and outstanding shares)	2025	2024	2023
Key Financial Metrics			
Revenues	3,690	3,742	3,796
Adjusted earnings (loss) ⁽¹⁾	658	647	596
ATCO Energy Systems ⁽¹⁾	642	632	571
ATCO EnPower ⁽¹⁾	43	44	46
ATCO Australia ⁽¹⁾	69	48	60
Financing & Other ⁽¹⁾	(96)	(77)	(81)
Adjusted earnings (\$ per share) ⁽²⁾	2.42	2.38	2.21
Earnings attributable to equity owners of the Company	119	480	707
Earnings attributable to Class A and Class B shares	42	403	630
Earnings attributable to Class A and Class B shares (\$ per share)	0.15	1.48	2.33
Diluted earnings attributable to Class A and Class B shares (\$ per share)	0.15	1.48	2.33
Total assets	24,536	23,787	23,158
Long-term debt	12,296	10,806	10,535
Equity attributable to equity owners of the Company	6,383	6,909	6,944
Cash dividends declared per Class A and Class B share (cents per share)	1.83	1.81	1.79
Cash flows from operating activities	2,061	1,917	1,780
Capital investment ⁽³⁾	1,639	1,622	2,064
Capital expenditures	1,600	1,611	1,360
Other Financial Metrics			
Weighted average Class A and Class B shares outstanding (<i>thousands</i>):			
Basic	271,800	271,380	270,072
Diluted	271,996	271,411	270,314

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

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

(3) Non-GAAP financial measure (as defined in NI 52-112). The most directly comparable measure reported in accordance with IFRS is capital expenditures. Capital investment is not a standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Capital Investment to Capital Expenditures" in this MD&A.

REVENUES

Revenues in 2025 were \$3,690 million, \$52 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 on August 1, 2024. Additionally, lower revenues were due to a decrease in 2025 ROE in ATCO Energy Systems, the completion of efficiency carry-over mechanism (ECM) funding in 2024 for Electricity Distribution and Natural Gas Distribution, and the commencement of refunds of \$35 million and \$36 million to the customers of Electricity Distribution and Natural Gas Distribution, respectively, over the September 1, 2025 to February 28, 2026 period, resulting from the Alberta Utilities Commission's (AUC's) Second Generation Performance Based Regulation (PBR2) re-opener Phase II decision, currently under appeal by the Alberta Court of

Appeals. Lower revenues were partially offset by growth in the regulated rate base in ATCO Energy Systems, increased rates in ATCO Gas Australia as a result of moving into the new five-year Access Arrangement (AA6), and higher flow-through natural gas revenues and stronger seasonal spreads in natural gas storage services in ATCO EnPower.

ADJUSTED EARNINGS ⁽¹⁾

Our adjusted earnings in 2025 were \$658 million or \$2.42 per share, compared to \$647 million or \$2.38 per share for the same period in 2024.

Higher adjusted earnings in 2025 were mainly due to growth in rate base in ATCO Energy Systems' businesses, and higher rates in ATCO Gas Australia as a result of moving into AA6. Higher earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, and completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution. Additionally, higher earnings were partially offset by higher net finance costs, and decreased earnings contribution from ATCO Energy, which was sold to ATCO on August 1, 2024.

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 \$119 million in 2025, \$361 million lower 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.

IFRS earnings were negatively affected by the recognition of \$471 million of asset impairments and write-offs in the fourth quarter of 2025 mainly related to the Alberta Renewables Portfolio in ATCO EnPower that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies, and certain hydrogen assets in Natural Gas Distribution which were impaired due to the uncertainty of utility hydrogen regulations. In addition, ATCO Gas Australia recognized an impairment related to the phasing out of an aging liquefied petroleum gas distribution network in Albany, Western Australia due to large sections of the system nearing the end of their service life.

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 8 of the 2025 Consolidated Financial Statements.

CASH FLOWS FROM OPERATING ACTIVITIES

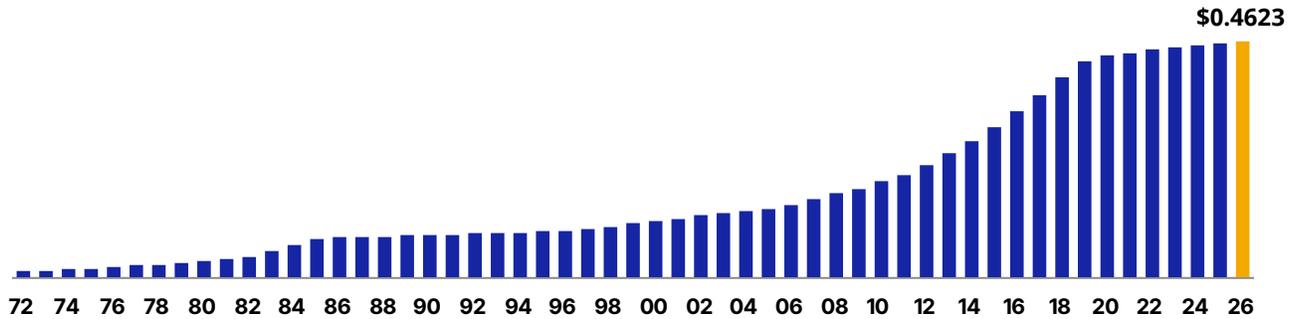
Cash flows from operating activities were \$2,061 million in 2025, \$144 million higher than the same period in 2024 mainly due to the timing of settlement of accounts payable and the collection of trade receivables from customers, and increased customer contributions in the Regulated Utilities.

COMMON SHARE DIVIDENDS

We have increased our common share dividend for the past 54 years, the longest record of annual dividend increases of any Canadian publicly traded company. Dividends paid to Class A and Class B share owners in 2025 totalled \$498 million. On January 8, 2026, the Board of Directors declared a first quarter dividend of 46.23 cents per share or \$1.85 on an annualized basis. We aim to grow dividends in-line with our sustainable earnings growth, which is linked to growth from our regulated and long-term contracted investments.

⁽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.

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

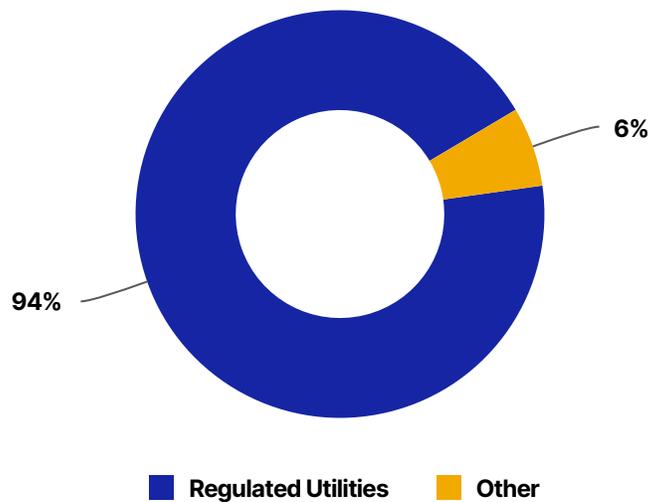


CAPITAL INVESTMENT ⁽¹⁾ AND CAPITAL EXPENDITURES

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Total capital investment of \$1,639 million in the full year of 2025 was \$17 million higher than the same period in 2024 mainly due to increased capital spend in Natural Gas Transmission on growth projects for new customers, such as Yellowhead, and the acquisition of Northstone Power Corp. in the fourth quarter of 2025 by ATCO EnPower. These increases were partially offset by lower capital spend in Electricity Distribution and Electricity Transmission due to the timing of capital projects related to system reliability, safety, as well as climate adaptation and resilience.

Capital expenditures, a GAAP measure reported in accordance with IFRS, includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of \$1,600 million in the full year of 2025 were \$11 million lower compared to the same period in 2024 mainly due to lower capital spend in Electricity Distribution and Electricity Transmission due to the timing of capital projects related to system reliability, safety, and climate adaptation and resilience, as well as decreased capital spend in ATCO EnPower on the Atlas Carbon Storage Hub project. These decreases were partially offset in the full year by increased capital spend in Natural Gas Transmission on growth projects for new customers, such as Yellowhead. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

Capital Expenditures in 2025



Capital expenditures in the Regulated Utilities accounted for 94 per cent of the total in the full year of 2025. The remaining 6 per cent was primarily related to capital spending within ATCO EnPower.

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

BUSINESS UNIT PERFORMANCE



REVENUES

ATCO Energy Systems revenues of \$811 million in the fourth quarter of 2025 were \$17 million lower than the same period in 2024. Lower revenues were mainly due to the commencement of refunds of \$35 million and \$36 million to the customers of Electricity Distribution and Natural Gas Distribution, respectively, over the September 1, 2025 to February 28, 2026 period, resulting from the AUC's PBR2 re-opener Phase II Decision rendered in the second quarter of 2025. The Company has been granted leave to appeal this decision, which will be heard by the Alberta Court of Appeal in April 2026.

ATCO Energy Systems revenues of \$3,108 million in the full year of 2025 were \$37 million higher than the same period in 2024. Higher revenues were mainly due to growth in rate base. Higher revenues were partially offset by a decrease in the approved ROE following the annual update of the 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. In addition, higher revenues were partially offset by the commencement of the PBR2 re-opener refund.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
Electricity						
Electricity Distribution ⁽¹⁾	37	46	(9)	156	150	6
Electricity Transmission ⁽¹⁾	44	47	(3)	177	190	(13)
International Electricity Operations ⁽¹⁾	14	15	(1)	57	55	2
Total Electricity ⁽¹⁾	95	108	(13)	390	395	(5)
Natural Gas						
Natural Gas Distribution ⁽¹⁾	73	69	4	143	142	1
Natural Gas Transmission ⁽¹⁾	28	28	—	109	95	14
Total Natural Gas ⁽¹⁾	101	97	4	252	237	15
Total ATCO Energy Systems ⁽²⁾	196	205	(9)	642	632	10

(1) Non-GAAP financial measures. The most directly comparable measure reported in accordance with IFRS is Earnings Attributable to Equity Owners of the Company. Adjusted earnings is not a standardized financial measures under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

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

ATCO Energy Systems' adjusted earnings of \$196 million in the fourth quarter of 2025 were \$9 million lower than the same period in 2024 mainly due to a decrease in 2025 ROE which was 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, partially offset by growth in rate base and cost efficiencies. Additionally, lower earnings were partially due to tax adjustments recorded in the fourth quarter of 2024 in Electricity Distribution.

ATCO Energy Systems' adjusted earnings of \$642 million in the full year of 2025 were \$10 million higher than the same period in 2024 mainly due to growth in rate base and cost efficiencies. Higher earnings were partially offset by a decrease in 2025 ROE which was 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 \$37 million in the fourth quarter of 2025 were \$9 million lower than the same period in 2024 mainly due to tax adjustments recorded in 2024, the completion of ECM funding in 2024, and lower ROE in 2025, partially offset by growth in rate base and cost efficiencies.

Electricity Distribution adjusted earnings of \$156 million in the full year of 2025 were \$6 million higher than the same period in 2024 mainly due to growth in rate base and 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. Additionally, Electricity Transmission has a 35-year contract to be the operator of Alberta PowerLine, a 500-km electricity transmission line between Wabamun, near Edmonton, and Fort McMurray, Alberta.

Electricity Transmission adjusted earnings of \$44 million and \$177 million in the fourth quarter and full year of 2025 were \$3 million and \$13 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), held by a subsidiary of Canadian Utilities. LUMA Energy is a company formed and awarded an Operations and Maintenance Agreement (OMA) with the Puerto Rico Public-Private Partnerships Authority and the Puerto Rico Electric Power Authority (PREPA).

LUMA Energy continues to operate under the terms of a Supplemental Agreement, which was extended on November 30, 2022.

International Electricity Operations adjusted earnings of \$14 million in the fourth quarter of 2025 were \$1 million lower compared to the same period in 2024 mainly due to higher non-recoverable costs.

International Electricity Operations adjusted earnings of \$57 million in the full year of 2025 were \$2 million higher than the same period in 2024 mainly due to higher management fees as a result of inflation adjustments and favourable foreign exchange rates, partially offset by higher non-recoverable costs.

Natural Gas Distribution

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

Natural Gas Distribution adjusted earnings of \$73 million and \$143 million in the fourth quarter and full year of 2025 were \$4 million and \$1 million higher than the same periods in 2024 mainly due to the growth in rate base and cost efficiencies in 2025, partially offset by completion of ECM funding in 2024 and lower ROE.

Natural Gas Transmission

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

Natural Gas Transmission adjusted earnings of \$28 million in the fourth quarter of 2025 were comparable to the same period in 2024.

Natural Gas Transmission adjusted earnings of \$109 million in the full year of 2025 were \$14 million higher than the same period in 2024 mainly due to growth in rate base and cost efficiencies, partially offset by lower ROE in 2025.

ATCO ENERGY SYSTEMS 2025 OVERVIEW

Yellowhead Pipeline Project (Yellowhead)

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

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

Central East Transfer Out (CETO) Project

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, including substation tendering for civil, structural and electrical works, began fall season construction in the third quarter of 2025, and continues to progress on target timelines. Electricity Transmission's 85-km of the transmission line is on track to be energized by June 2026 with an approximate \$255 million project spend. CETO will support renewable energy integration in Alberta and transport electricity in the counties of Red Deer, Lacombe and Stettler, supplying more than 1,500-MW of electricity to Alberta's grid.

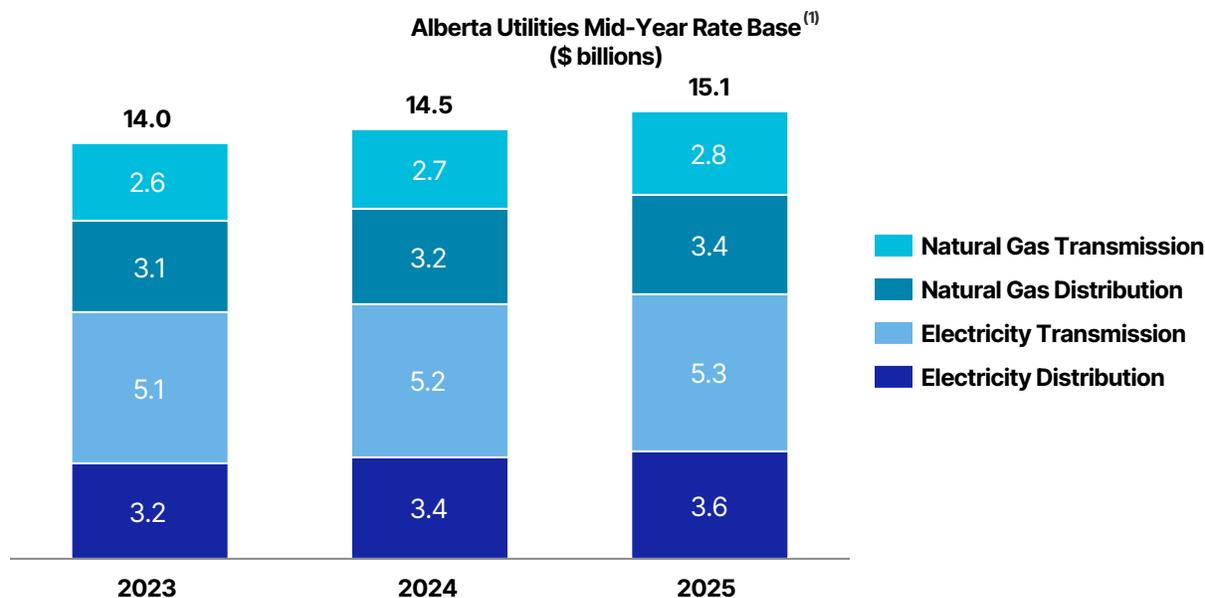
ATCO ENERGY SYSTEMS REGULATORY FRAMEWORKS

Regulated Business Models

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

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

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



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

Performance Based Regulation

The Natural Gas Distribution and Electricity Distribution businesses moved to a third generation of PBR (PBR3) for the years 2024 to 2028.

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

PBR THIRD GENERATION

Timeframe	2024 to 2028
Inflation Adjuster (I Factor)	Inflation indices (FWI and CPI) adjusted annually with a true up applied
Productivity Adjuster (X Factor)	0.40% (includes 0.3% for productivity factor premium)
O&M	Based on 2023 approved COS Applications; inflated by I-X through the PBR term
Return on Operating Cost Investment	Ability to apply for return on operating solutions
Treatment of Capital Costs	<ol style="list-style-type: none"> a. Recovered through going-in rates inflated for I-X and a K Bar (the AUC allowance for capital additions under PBR) that is based on inflation adjusted average historical capital costs for the period 2018-2022. The K Bar is calculated annually and adjusted for the actual weighted average cost of capital (WACC) b. Significant extraordinary capital costs not previously incurred, required by a third party or directly caused by applicable law related to net-zero objectives recovered through a "Type I" K Factor
Return On Equity (ROE)	<ol style="list-style-type: none"> a. Based on the established Generic Cost of Capital (GCOC) formula (results released November of each year) b. + 0.5% ROE ECM achieved from PBR Second Generation added to 2023 and 2024
Earnings Sharing Mechanism (ESM)	<p>Two-tiered, asymmetric ESM;</p> <ul style="list-style-type: none"> • the utilities retain 100% of the first 200 bps of earnings above the authorized ROE • a 60/40 utility/customer split for the next 200 bps of earnings, and • a 20/80 utility/customer split for any earnings over 400 bps
Reopener	+/- 300 bps of the approved ROE for two consecutive years or +/- 500 bps of the approved ROE for any single year
ROE Used for Reopener Calculation	<ul style="list-style-type: none"> • 2024: Based on the GCOC formula excluding impact of ECM • 2025-2028: Based on the GCOC formula
Quantification and Tracking of Efficiencies	Utility must report a select set of operational metrics annually to the AUC

ATCO ENERGY SYSTEMS 2025 REGULATORY DEVELOPMENTS

Common Matters

2026 Return on Equity

On November 12, 2025, the AUC issued a decision setting the 2026 ROE at 9.02 per cent. The ROE determination utilized the approved formula set in the 2023 Generic Cost of Capital proceeding. The 2026 ROE of 9.02 per cent is slightly higher than the 2025 ROE of 8.97 per cent, due to favourable bond and utility spreads.

Third Generation PBR (PBR3) Decision Permission to Appeal

On March 12, 2025, the Alberta Court of Appeal granted ATCO Electric Permission to Appeal (PTA) a decision of the AUC that established the parameters of the PBR3 plan that will apply to the Alberta Electric and Gas Distribution utilities for the period 2024 to 2028 (PBR3 Decision).

The PTA was granted to ATCO Electric on the issue of whether the AUC erred in failing to provide ATCO Electric with a reasonable opportunity to recover and earn a fair return on its prudent costs of capital for its required Grid Modernization Program during the PBR3 term, contrary to the regulatory compact and the statutory obligation of the AUC as per the *Electric Utilities Act*. The appeal was heard on January 15, 2026 and a decision is expected within 2026.

Second Generation PBR (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 was filed on the Phase I Decision of the proceeding.

On May 28, 2025, the AUC issued its Phase II 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. In regard to the Phase II Decision, a Review and Variance (R&V) and a PTA were filed with the AUC and the Alberta Court of Appeal, respectively, on June 27, 2025. On September 22, 2025, the PTA of the Phase II Decision was granted by the Alberta Court of Appeal. The Phase I and Phase II appeals have been combined into a single proceeding before the Alberta Court of Appeal, which is scheduled to be heard in April 2026. On October 6, 2025, the AUC denied the application to R&V the Phase II Decision.

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 are appealing both the Phase I and Phase II Decisions of the PBR2 re-opener proceeding with the Alberta Court of Appeal, and the Company believes it will more likely than not succeed on appeal, no impact to Adjusted Earnings has been recognized in 2025 related to the PBR2 re-opener decisions.

Natural Gas Transmission

2026-2028 General Rate Application (GRA)

On September 22, 2025, ATCO Pipelines filed its GRA with the AUC to establish its revenue requirement for the 2026–2028 Test Period. The application seeks approval for revenue requirements of \$381 million, \$489 million and \$680 million for the years 2026, 2027 and 2028, respectively. Increases over the test period are largely related to the Yellowhead Pipeline Project. ATCO Pipelines is requesting a deferral account to manage uncertainties for Yellowhead and measures to provide credit relief during the construction. The temporary credit relief includes three options to be considered: a temporary ROE adder of 1 per cent for 2026 and 2027, a temporary deemed equity thickness adder of 2 per cent for 2026 and 2027, and Construction Work in Progress to be included in rate base.

In January 2026, ATCO Pipelines and interveners reached a comprehensive settlement in principle, except for IT O&M costs and matters excluded from negotiations by the AUC, including requested deferral accounts for growth and Yellowhead, temporary credit relief during construction of the Yellowhead project, and a depreciation expense placeholder. These excluded items will be adjudicated separately by the AUC.

Electricity Transmission

2026-2027 General Tariff Application (GTA)

On November 21, 2025, Electricity Transmission filed its GTA with the AUC. This application seeks approval for revenue requirements of \$687 million for 2026 and \$701 million for 2027, which includes the impact of capital investments made in 2023 and 2024 that are not yet in rate base. This GTA reflects Electricity Transmission being mindful of affordability – the modest proposed tariff increases are less than 3 per cent in 2026 and 2 per cent in 2027.

Along with the GTA, Electricity Transmission filed its 2022-2024 Deferral Application, which establishes the prudence of actual expenditures and investments incurred in deferral accounts in 2022-2024. The largest of these are direct assigned capital investments put into service during that period.



REVENUES

ATCO EnPower revenues of \$100 million and \$328 million in the fourth quarter and full year of 2025 were \$13 million and \$15 million higher compared to the same periods in 2024 mainly due to higher flow-through natural gas revenues and stronger seasonal spreads in natural gas storage services, partially offset by lower generation and capture pricing realized at the Forty Mile wind facility.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
Electricity Generation ⁽¹⁾	(4)	(1)	(3)	(6)	6	(12)
Storage & Industrial Water ⁽¹⁾	8	5	3	49	38	11
Total ATCO EnPower ⁽²⁾	4	4	—	43	44	(1)

(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 \$4 million and \$43 million in the fourth quarter and full year of 2025 were comparable to the same periods in 2024.

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

Electricity Generation

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

Electricity Generation adjusted earnings in the fourth quarter and full year of 2025 were \$3 million and \$12 million lower compared to the same periods in 2024 mainly due to 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 fourth quarter and full year of 2025 and 2024.

	Three Months Ended December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
Capacity Share ⁽¹⁾ (MW)	390	390	—	390	390	—
Average Availability (%)	91	93	(2)	95	92	3
Generation (MWh)	206,898	236,617	(29,719)	870,210	943,014	(72,804)
Wind	175,835	211,898	(36,063)	631,017	726,503	(95,486)
Solar	23,543	21,409	2,134	180,176	167,338	12,838
Hydroelectric	7,520	3,310	4,210	59,017	49,173	9,844
% Merchant	28	24	4	31	27	4
% PPA ⁽²⁾	72	76	(4)	69	73	(4)
Average Realized Price (\$/MWh)	78	75	3	74	75	(1)

(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) PPA means Power Purchase Agreement.

Wind generation for the fourth quarter and full year 2025 was lower than the same periods in 2024, primarily at the Forty Mile wind facility, partially offset by improved performance at the Adelaide facility. The Forty Mile wind facility was affected by increasing levels of grid curtailments throughout 2025 caused by transmission system congestion in the southeast portion of Alberta along with lower fleet capacity experienced in the same region. Solar generation for the fourth quarter and full year of 2025 was higher than the same periods in 2024 due to uprates achieved at the Barlow and Deerfoot facilities in the third quarter of 2024 and improved availability at the Empress facility. We also continued to see improved generation in 2025 at our hydroelectric facility compared to the prior periods, which was impacted by lower reservoir and river flow levels in the first half of 2024.

Despite successful completion of the uprates in the third and fourth quarter of 2024 at our Deerfoot, Barlow and Forty Mile facilities, and improved performance and availability of our solar and hydroelectric facilities in 2025, total generation from the renewable portfolio decreased in 2025. This is primarily due to rates of curtailment rising considerably in 2025 at our Forty Mile wind facility to monthly levels above 40 per cent by the fourth quarter. The highest levels of curtailment were experienced in the fourth quarter of 2025 which resulted in an increase in average realized price for the renewable portfolio of \$3 per MWh as the decrease in generation outpaced the corresponding decrease in revenue for the quarter. Year-over-year, the impact on average realized price was a slight decrease of \$1 per MWh, which is directly correlated to the fact that the increasing levels of curtailment were much higher in the second half of the year; as a result, on an overall basis, the decrease in generation was slightly lower than the increase in revenue for the same period.

Storage & Industrial Water

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

Storage & Industrial Water adjusted earnings of \$8 million and \$49 million in the fourth quarter and full year of 2025 were \$3 million and \$11 million higher compared to the same periods in 2024 mainly due to stronger seasonal spreads in natural gas storage services.

ATCO ENPOWER 2025 OVERVIEW

Elmworth Generating Station Acquisition

In December 2025, ATCO EnPower acquired a 100 per cent ownership interest in Northstone Power Corp., a privately-owned Alberta-based independent power producer. Northstone is located near Grande Prairie, Alberta, and owns and operates the 18.6-MW Elmworth generating station. Operating primarily as a gas peaking facility, this acquisition complements ATCO EnPower's existing Alberta generation portfolio. A natural gas peaker has different economics as it supplements power flowing onto the grid during times of high usage and captures a different price profile than the existing renewables in the portfolio.

ATCO Heartland Hydrogen Hub Project (AH3)

In the fourth quarter of 2025, ATCO EnPower recorded an impairment charge of \$8 million (after-tax) related to the decision to pause development of AH3, its ammonia export project, due to current market conditions, infrastructure limitations, and insufficient policy certainty, all of which undermine the project's near-term viability. While western Canada has strong fundamentals for low-carbon hydrogen and ammonia production, the absence of clear, stable policy frameworks, competitive funding, and the ability to move product to tidewater present material barriers.

Despite this pause, ATCO EnPower remains committed to advancing practical, value-creating opportunities in its non-regulated energy portfolio—such as energy storage and power generation—while continuing to advocate for the market conditions, incentives, and carbon policy tools needed to resume cleaner fuels hydrogen-related development when the environment improves.

Impairment of Alberta Renewables Portfolio

ATCO EnPower has experienced significant erosion in value of its approximately \$1 billion investment in renewable energy in Alberta. This is driven primarily by the Government of Alberta's recent legislated policy and regulatory changes, including the retirement of the zero-congestion transmission framework, combined with longstanding transmission infrastructure constraints that were not addressed prior to these changes. The transition to Optimal Transmission Planning (OTP) and the forthcoming Restructured Energy Market (REM) are expected to introduce additional uncertainty and downside risk. Market conditions, specifically oversupply driving low power prices and weak carbon pricing signals, further amplified the financial impact. ATCO EnPower is exploring all remedies associated with this situation through engagement and, where necessary, legal recourse, to secure timely resolution regarding a market design that is demonstrably fair, efficient, and openly competitive. The Company believes the changes in policy, and resulting uncertainty for large infrastructure investment, is detrimental to the Government of Alberta's stated objectives to promote investment in the Province of Alberta.

ATCO EnPower has sought to work constructively with the AESO and the Government of Alberta; however, current policy direction and implementation have materially disadvantaged incumbent generators by altering, without effective transition measures, the market and transmission conditions under which existing assets were financed and constructed. Actions taken and proposed to date have not provided adequate timely, defined, or enforceable mitigation for the operational and pricing impacts arising from congestion and curtailment, nor have they offered a reliable transition framework that preserves the investment assumptions underpinning existing assets. ATCO EnPower's renewable facilities were constructed under Alberta's zero-congestion transmission policy, which required that in-merit generation be dispatched without constraints under normal operating conditions and at least 95 per cent of the time under abnormal operating conditions⁽¹⁾. This framework provided developers with a reasonable assurance that their production would not be grid limited. Since 2022, however, transmission constraints—most pronounced in southeast Alberta—have grown in frequency, with monthly curtailment levels exceeding 40 per cent at times in 2025, as opposed to the above noted maximum 5 per cent policy objective. In 2025, ATCO EnPower's Forty Mile wind facility was the most curtailed renewable facility in the province during the second quarter and second most in the first and third quarters⁽²⁾. Impact to Forty Mile is further intensified by the AESO's unequal curtailment practices which benefit Renewable Energy Program (REP) facilities that are contracted by, and benefit, the Government of Alberta at the expense of non-REP generators in the area.

The government has retired the zero-congestion framework in favour of OTP via legislation passed in 2025, a planning approach that anticipates and accepts persistent congestion in certain areas. As a result, Forty Mile wind remains exposed to sustained curtailment and uncertain timelines for relief, which will continue to depress cash flows until definitive transmission solutions are implemented.

In addition to OTP, Alberta's REM will move from a single provincial price to locational marginal pricing (LMP) in 2027, fundamentally changing how transmission constraints affect generator revenues. Combined with the new transmission policy that permits greater congestion and real-time line losses, LMP is expected to lower capture prices relative to uniform pricing

⁽¹⁾ Extract from Alberta Regulation 86/2007, *Electric Utilities Act, Transmission Regulation: 15(1)* In making rules under section 20 of the Act, and in exercising its duties under sections 17 and 33(1) of the Act, the ISO must:

(e) taking into consideration the characteristics and expected availability of generating units or energy storage resources, plan a transmission system that

- (i) is sufficiently robust so that 100% of the time, transmission of all anticipated in-merit electric energy referred to in section 17(c) of the Act can occur when all transmission facilities are in service, and
- (ii) is adequate so that, on an annual basis, and at least 95% of the time, transmission of all anticipated in-merit electric energy referred to in section 17(c) of the Act can occur when operating under abnormal operating conditions.

(f) make arrangements for the expansion or enhancement of the transmission system so that, under normal operating conditions, all anticipated in-merit electricity referred to in clause (e)(i) and (ii) can be dispatched without constraint.

⁽²⁾ As reported by the Alberta Market Surveillance Administrator in their quarterly reports. The Q4/2025 report has not yet been released at the time of this disclosure. Accessible online at <https://www.albertamsa.ca/documents/reports/quarterly-reports>.

for generation, creating an incremental material negative financial impact for many renewable assets. Lastly, newly added costs associated with ancillary services are also expected to be disproportionately allocated to renewable generators and would meaningfully increase annual operating costs—particularly for solar projects. The proposed protections for existing assets provide only partial relief and fall short of addressing the broader congestion and curtailment challenges now affecting generators.

In addition to market and transmission policy reforms, other regulatory developments are expected to further negatively impact the outlook for incumbent Alberta renewable generators; notably, the Government of Alberta's December 2025 reforms to *Alberta's Technology Innovation and Emissions Reduction Regulation* (TIER). Viability of these recent changes under a successful carbon pricing equivalency agreement with the federal government, as agreed to between Alberta and Canada, is uncertain as they worsen the supply demand balance. Other policy changes which are detrimental to renewable generation include amendments to the *Conservation and Reclamation Regulation*, potential solar panel recycling obligations, and proposed bat impact mitigation requirements.

As a result of the factors described above, ATCO EnPower conducted a comprehensive review of the carrying value of its Alberta renewable assets for the year ended December 31, 2025. Discounted cash flow analyses prepared for operating renewable facilities indicated that the carrying values of the Forty Mile wind, Deerfoot Solar, Barlow Solar and Empress Solar facilities exceeded their respective fair values, less costs of disposal. These impacts reflect changes in policy and market design described above, rather than deterioration in asset performance or execution.

Accordingly, ATCO EnPower recorded an impairment charge of approximately \$408 million (after-tax). This includes \$181 million (after-tax) related to Forty Mile wind, Deerfoot Solar, Barlow Solar and Empress Solar, \$121 million (after-tax) related to goodwill associated with the acquisition of the Forty Mile wind facility, \$54 million (after-tax) related to the decision in the fourth quarter of 2025 not to proceed with certain development projects and \$21 million (after-tax) related to internally generated emission credits inventory ⁽³⁾.

Legislated changes to Alberta's transmission and market frameworks have materially and retroactively altered the economic conditions under which these renewable assets were developed and financed, resulting in the impairment recognized. The impairment reflects a disciplined reassessment under the current policy environment and does not assume policy reversals or mitigation measures.



REVENUES

ATCO Australia revenues of \$58 million in the fourth quarter of 2025 were \$3 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, partially offset by increased rates in ATCO Gas Australia as a result of moving into AA6.

ATCO Australia revenues of \$243 million in the full year 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.

⁽³⁾ The net realizable value used in determining the write-down was based on market transactions entered into by ATCO EnPower in December 2025 at a price of \$31 per tonne.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
ATCO Gas Australia ⁽¹⁾	10	6	4	64	47	17
ATCO Power Australia ⁽¹⁾	(2)	(1)	(1)	5	1	4
Total ATCO Australia ⁽²⁾	8	5	3	69	48	21

(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 \$8 million and \$69 million in the fourth quarter and full year of 2025 were \$3 million and \$21 million higher than the same periods in 2024 mainly due to higher rates in ATCO Gas Australia as a result of moving into AA6, and ATCO Power Australia's execution of a settlement deed for the South Australia Hydrogen Jobs Plan project after the terms of the Early Contractor Involvement were agreed upon with the Department of Energy and Mining.

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

ATCO Gas Australia

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

ATCO Gas Australia adjusted earnings of \$10 million and \$64 million in the fourth quarter and full year of 2025 were \$4 million and \$17 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 in the fourth quarter of 2025 were \$1 million lower than the same period in 2024 mainly due to a revision to the asset retirement obligation at the Karratha Power Station.

ATCO Power Australia adjusted earnings of \$5 million in the full year of 2025 were \$4 million higher than the same period in 2024 mainly due to execution of a settlement deed for the South Australia Hydrogen Jobs Plan project after the terms of the Early Contractor Involvement were agreed upon with the Department of Energy and Mining.

ATCO AUSTRALIA 2025 OVERVIEW

South Australian Hydrogen Jobs Plan

On February 20, 2025, the Australian Government confirmed that the South Australian Hydrogen Jobs Plan project had been deferred. In the third quarter of 2025, ATCO Australia executed a settlement deed for the South Australia Hydrogen Jobs Plan project after the terms of the Early Contractor Involvement were agreed upon with the Department of Energy and Mining.

Albany Gas Network Decommissioning

During 2025, ATCO Australia performed an extensive review of its non-regulated Albany Gas Distribution System (AGDS), and identified that many of the pipes that make up AGDS are nearing end-of-life and the cost of replacing them would be too financially onerous for customers. As a result, ATCO Gas Australia announced its intention to phase out the AGDS network over the next three years commencing in the second half of 2026. ATCO is working with the Western Australia Government and industry partners to support a smooth transition for the almost 8,000 households and businesses served by the network.

In the fourth quarter of 2025, ATCO Australia recorded an asset impairment of \$21 million (after-tax) related to AGDS. As impairments are not in the normal course of business, they have been excluded from adjusted earnings. Please refer to the "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" section of this MD&A.

ATCO AUSTRALIA REGULATORY FRAMEWORKS

Regulated Business Model

The business operations of ATCO Gas Australia are regulated by the Economic Regulation Authority (ERA) of Western Australia. ATCO Gas Australia operates under incentive based regulation under which the ERA establishes the prices for a five-year period to recover a return on forecasted rate base, including income taxes, depreciation on the forecasted rate base, and forecasted operating costs based on forecasted throughput. For this reason, growth in mid-year rate base can be a leading indicator of the business' earnings trend, depending on the ability of the business to maintain costs within approved forecasts. The mid-year rate base for ATCO Gas Australia was \$1.4 billion in 2023, \$1.4 billion in 2024 and \$1.5 billion in 2025. Mid-year rate base is a non-GAAP financial measure. For more information, please see the "Other Financial and Non-GAAP Measures" and "Reconciliation of Rate Base and Mid-Year Rate Base to Property, Plant and Equipment, and Intangible Assets" in this MD&A.

Access Arrangement

Under Access Arrangement 6 (AA6), which covers January 1, 2025 to December 31, 2029, ATCO Gas Australia used the ERA approved Post-Tax Revenue Model method to determine revenue requirement and customer rates. This approach incorporates an annual addition of the impact of inflation to the rate base, which is reflected in future customer rates through the recovery of depreciation. Customer rates are adjusted annually through a mechanism that aligns approved rates in real dollars with actual inflation. The ERA's decision to approve AA6 is underpinned by a five-year capital expenditure program, a five-year operating cost forecast, the demand forecast of throughput on the natural gas distribution network in Western Australia, and included an evaluation of the capital expenditure program to confirm that the capital expenditures met the regulatory criteria.

The ERA is also required to publish a Rate of Return Instrument (the Instrument) that details the methodology and parameters to determine the WACC and ROE relevant to Access Arrangement periods. The ERA reviews and updates the Instrument every four years, with the most recent Instrument published in December 2022. This updated Instrument applies to the AA6 period. An ROE of 8.23 per cent was determined for the AA6 period, compared to 5.02 per cent in the previous Access Arrangement.



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

REVENUES

Including intersegment eliminations, Canadian Utilities Financing & Other revenues of \$2 million in the fourth quarter of 2025 were \$3 million lower compared to the same period in 2024 mainly due to lower rental revenues resulting from restructuring of rental agreements.

Including intersegment eliminations, Canadian Utilities Financing & Other revenues of \$11 million in the full year of 2025 were \$106 million lower compared to the same period in 2024 mainly due to the decreased revenue contribution from ATCO Energy which was acquired by ATCO on August 1, 2024.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
Financing & Other ⁽¹⁾	(11)	(11)	—	(96)	(77)	(19)

(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, Canadian Utilities Financing & Other adjusted earnings in the fourth quarter of 2025 were comparable to the same period in 2024.

Including intersegment eliminations, Financing & Other adjusted earnings in the full year of 2025 were \$19 million lower compared to the same period in 2024 mainly due to lower interest income earned, and decreased earnings contribution from ATCO Energy, which was sold to ATCO on August 1, 2024.

FINANCING & OTHER 2025 OVERVIEW

In 2025, the Company renamed the Corporate & Other reporting segment to Financing & Other to reflect the segment's composition after the sale 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

THE FEDERAL CONSUMER CARBON PRICE (FUEL CHARGE)

On April 1, 2025, the federal consumer carbon price (fuel charge) in Canada was eliminated, ending the requirement for provinces and territories to maintain a consumer-facing carbon price. This terminated the system where fuels such as gasoline and natural gas were taxed based on carbon content, with rebates provided to households through the Canada Carbon Rebate. Final rebate payments were issued in April 2025. Industrial carbon pricing remains in place. Under the federal Output-Based Pricing System (OBPS), the carbon price for large emitters increased to \$95 per tonne of CO₂e in 2025, following the scheduled annual \$15 increments on the path toward \$170 per tonne by 2030. The OBPS applies to large facilities that exceed sector-specific emissions limits, with provinces permitted to operate equivalent approved systems.

CANADA'S NEW PRIME MINISTER, MARK CARNEY

On April 28, 2025, the Liberal Party secured victory in the federal election, bringing Mark Carney to office. His campaign emphasized making Canada the "world's leading superpower in both clean and conventional energy," guided by three core objectives: energy security, trade diversification, and long-term competitiveness. Following the election, the Prime Minister committed to addressing economic challenges, housing, defence, energy, trade, and affordability, particularly in response to escalating external tariff pressures and economic threats from Canada's largest trading partner, the US. Early policy direction also highlights the federal government's intention to accelerate the removal of interprovincial trade barriers, a reform expected to strengthen economic resilience and enhance national competitiveness.

ENVIRONMENTAL CLAIMS - THE COMPETITION ACT AND FEDERAL BILL C-15

During the fiscal period, regulatory developments occurred relating to environmental claims under the *Competition Act (Canada)*, affecting compliance expectations, legal-risk management, environmental disclosure practices, and strategic planning for sustainability-related communications.

On June 5, 2025, the Competition Bureau released final guidelines to help address the anti-greenwashing provisions that came into force on June 20, 2024. These guidelines clarified the Bureau's approach to assessing environmental claims, outlined six compliance principles, and reaffirmed that due diligence may serve as a defence against deceptive-marketing allegations.

On November 18, 2025, the federal government introduced Bill C-15 as part of its broader Climate Competitiveness Strategy under Budget 2025. Budget 2025 acknowledged that the greenwashing rules introduced in 2024–2025 created investment uncertainty and, in some cases, impeded environmental initiatives. Bill C-15 proposes amendments to remove the “internationally recognized methodology” requirement and reduces exposure to private enforcement.

These amendments could reduce regulatory uncertainty and mitigate litigation risk associated with business-activity environmental claims, while maintaining the Bureau’s oversight of environmental representations.

MAJOR PROJECTS OFFICE

On August 29, 2025, the federal government launched the Major Projects Office (MPO) under the *Building Canada Act*, which came into force on June 26, 2025. The MPO is intended to accelerate and streamline the approval of nationally significant infrastructure projects, targeting a two-year regulatory timeline, while coordinating financing from private capital and federal initiatives such as the Canada Infrastructure Bank, the Canada Growth Fund, and the Indigenous Loan Guarantee Program.

On September 11, 2025, the MPO announced its first tranche of five nation-building projects, which will be fast-tracked through the regulatory process. A second tranche was subsequently announced on November 13, 2025. These projects include major clean energy, liquified natural gas, transmission, and critical minerals developments, supporting federal objectives to enhance energy security, diversify trade corridors, and expand Canada’s critical mineral and strategic infrastructure base.

FEDERAL BUDGET 2025

On November 4, 2025, the federal government released Budget 2025, marking a shift toward an investment-focused fiscal strategy centered on large-scale national infrastructure, clean-energy development, and long-term economic competitiveness. The budget introduced a five-year, \$280 billion capital plan, including \$115 billion for federal infrastructure, with priority placed on expanding interprovincial transmission, modernizing the grid, and accelerating clean-energy and trade-enabling projects. To support these goals, Budget 2025 established two structural policy mechanisms—the *One Canadian Economy Act* and the Buy Canadian Policy—to strengthen domestic supply chains, harmonize procurement, and reduce internal trade barriers. The budget also provided the legislative foundation for the *Building Canada Act* and the creation of the MPO, reinforcing the federal push to accelerate project delivery amid heightened trade uncertainty and rising national infrastructure demand.

US TARIFFS ON CANADA

Throughout 2025, trade tensions between Canada and the US escalated sharply, resulting in multiple rounds of tariff measures that materially increased uncertainty for Canadian exporters. Beginning in March 2025, the US imposed significant tariffs on a wide range of Canadian goods, including 25 per cent duties on most imports and targeted surcharges on steel and aluminum. Subsequent actions expanded these measures to cover automobiles and, later in the year, a broad 35 per cent tariff on nearly all Canadian imports, subject to limited exemptions for goods compliant with the Canada-U.S.–Mexico Agreement (CUSMA).

For Canada, these developments created heightened risks for key sectors such as manufacturing, metals, automobiles, and agriculture, and introduced volatility in cross-border supply chains. The Government of Canada continues to negotiate with its US counterparts, and has indicated that some level of tariffs may need to be accepted as part of a broader trade resolution. The situation remains fluid and represents a continued external risk factor for 2026. Beyond potential inflationary impacts, Canadian Utilities is largely shielded from the impacts as the company does not rely on exports.

ALBERTA

BILL 52 & BILL 8 – MODERNIZING ALBERTA’S ELECTRICITY AND UTILITIES FRAMEWORK

In 2025, Alberta advanced two major legislative initiatives—Bill 52: *Energy and Utilities Statutes Amendment Act, 2025* and Bill 8: *Utilities Statutes Amendment Act, 2025*—together representing one of the most significant restructurings of the province’s electricity and utility industries in decades.

Bill 52 – Energy and Utilities Statutes Amendment Act, 2025

On April 10, 2025, Alberta introduced Bill 52, a key legislative step enabling the province’s transition to the REM and the new OTP framework. The legislation introduces a dual-market design with both a day-ahead and real-time market, expands administrative and locational pricing tools, and enhances AESO’s authority to manage transmission constraints and implement

new ISO rules. Provincial implementation is targeted for 2027. The bill also permits hydrogen blending in natural-gas distribution under defined conditions.

Bill 8 – Utilities Statutes Amendment Act, 2025

Bill 8 builds on Bill 52 to address surging demand from AI-driven, energy-intensive data centres. The bill enables “bring-your-own-power” models, prioritizes grid access for self-supplied projects, and requires developers—not ratepayers—to fund transmission upgrades. Additional regulatory powers allow tailored rules for large-load integration as Alberta prepares for REM deployment.

TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION (TIER) – INDUSTRIAL CARBON PRICING

On May 12, 2025, the Government of Alberta announced it would freeze the TIER Fund price at \$95/tonne CO₂e, halting the scheduled annual increases that were previously intended to reach \$170/tonne by 2030 under the federal program. This freeze provides short-term cost relief for regulated facilities but introduces longer-term uncertainty regarding carbon-price signals for emissions-reduction investments.

On September 16, 2025, the Government of Alberta introduced further proposed adjustments to TIER, some of the highlights include:

- allowing certain facilities which voluntarily opted in to opt back out, following the federal elimination of the fuel charge; and
- establishing a direct investment compliance pathway, permitting regulated entities to meet a portion of their obligations through eligible on-site emissions-reduction projects rather than solely through fund payments or credit instruments.

On December 3, 2025, the Government of Alberta implemented amendments to TIER introducing investment credits and credit reactivation, formally establishing the direct investment pathway as an additional compliance mechanism. While these changes expand compliance options, the overall implications for long-term costs, investment decisions, and emissions-reduction strategies remain uncertain as program details and standards continue to evolve.

AESO LARGE LOAD INTEGRATION

In June 2025, the AESO launched a two-phase Large Load Integration program in response to unprecedented large load connection requests (including data centres), with reported requests exceeding 16-GW in the connection process. As an interim reliability measure, the AESO established a 1,200-MW interim connection limit for near-term large load connections (2027/2028 horizon), including qualification requirements such as municipal support and financial security.

In November 2025, the AESO reported Phase 1 completion, with the interim 1,200-MW limit fully allocated and confirmed that remaining large-load requests will progress under the forthcoming Phase 2 long-term framework. Phase 2 pre-engagement began in late 2025, incorporating early stakeholder input and establishing a working group to guide development. A draft proposal is planned for consultation in early 2026, with Phase 2 work continuing through the year to define long-term connection pathways and refine large-load integration processes.

RESTRUCTURED ENERGY MARKET – MARKET REDESIGN

On August 27, 2025, the AESO released the final technical design for Alberta’s REM, with implementation targeted for mid-2027, marking one of the most significant modernizations of Alberta’s electricity market framework in decades. The Government of Alberta purports that the REM is designed to enhance system reliability and affordability, introduce more refined market signals, and better align investment decisions with Alberta’s evolving supply mix and emerging large-load demands.

TRANSMISSION INTERTIES – PROVINCIAL DIRECTION

On October 14, 2025, the Government of Alberta issued direction to the AESO underscoring the need to restore and expand provincial intertie capability, including the Montana–Alberta Tie Line (MATL) and other key interconnections. The province instructed the AESO to take all reasonable steps to restore MATL’s available transfer capability by 2029, provide regular public reporting on intertie performance, and support full import capability during normal operating conditions. The provincial government also directed the AESO to engage with all intertie owners in Alberta’s neighbouring jurisdictions to explore value-creation opportunities for each interconnection, with the desired outcome of developing appropriate agreements with

each jurisdiction. These measures are intended to enhance system reliability, improve import flexibility, and align Alberta's transmission planning with evolving market and policy requirements.

CANADA-ALBERTA MEMORANDUM OF UNDERSTANDING (MOU) – ENERGY COLLABORATION

On November 27, 2025, Canada and Alberta signed an energy MOU establishing a collaborative framework to advance major infrastructure—pipelines, transmission systems, ports, and trade corridors—while improving regulatory alignment and expanding Indigenous economic participation. The agreement is intended to enhance long-term competitiveness by accelerating market access, modernizing energy systems, and supporting investment in low-carbon and strategically important infrastructure.

A key feature of the MOU is the suspension of the federal Clean Electricity Regulations (CER) in Alberta, enabling work toward a province-specific equivalency pathway for electricity-sector emissions. With CER paused, carbon pricing becomes the primary compliance tool, increasing reliance on Alberta's TIER program to guide emissions-reduction decisions and support low-carbon investment. The MOU also links regulatory cooperation to major project advancement, including large-scale carbon capture utilization and storage (CCUS) initiatives and potential new export pipelines tied to successful carbon-capture deployment. Alongside commitments to streamline approvals and shorten permitting timelines, the agreement aims to reduce regulatory uncertainty and support investment in transmission, generation capacity, and emissions-reduction infrastructure.

Alberta must still demonstrate that its carbon-pricing-based approach can deliver emissions-reduction outcomes equivalent to federal expectations. This includes showing an effective carbon price consistent with federal benchmark stringency, meeting methane-reduction equivalency obligations—such as the federal-Alberta commitment to a 2035 target date and a 75 per cent reduction relative to 2014 levels—and continuing progress on CCUS and cooperative federal-provincial processes, including impact assessment frameworks. Continued progress will depend on stable federal-provincial cooperation, investor confidence in CCUS development, and predictable long-term carbon-price signals—all critical to advancing major infrastructure and sustaining Alberta's decarbonization trajectory.

SUSTAINABILITY

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

For decades, our commitment to these principles has guided investments in critical energy infrastructure, created ambitious and transformative partnerships with Indigenous communities, and supported the growth and prosperity of the hundreds of communities we are privileged to serve. We continue to pursue growth by investing in regulated utilities, and clean technologies including carbon capture, hydrogen, renewable power, and electrification. Our priority is scalable projects that deliver measurable impacts today while laying the groundwork for long-term transformation.

When we disclosed our 2050 net-zero ambition in our 2021 Sustainability Report, we recognized it would require unprecedented, coordinated action across industries, policy, and markets. However, recent shifts—including regulatory and policy changes, legal liability concerns, and macroeconomic pressures—have introduced uncertainty regarding the feasibility, timing, and pathways for achieving net-zero by the middle of this century. While our commitment to enabling the energy transition remains strong, we continue to review our 2050 net-zero ambition and the key dependencies influencing the pace of transition. Our 2025 Sustainability Report will be published in May of 2026.

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 fourth quarter and full year 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 December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
Operating costs	499	503	(4)	1,825	2,048	(223)
Depreciation, amortization and impairments	747	181	566	1,293	711	582
Earnings from investment in joint ventures	21	20	1	88	73	15
Net finance costs	124	111	13	458	432	26
Income tax expense (recovery)	(53)	39	(92)	72	133	(61)

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation, amortization and impairments, decreased by \$4 million in the fourth quarter of 2025 compared to the same period in 2024. Lower operating costs were mainly due to the restructuring costs incurred in 2024 and realized cost efficiencies in salaries, wages and benefits, partially offset by higher fuel costs in ATCO EnPower's Storage & Industrial Water business, and higher unrealized and realized losses on derivative financial instruments.

Operating costs, which are total costs and expenses less depreciation, amortization and impairments, decreased by \$223 million in the full year of 2025 compared to the same period in 2024. Lower operating costs were mainly due to the lower unrealized and realized losses on derivative financial instruments and decreased energy costs of retail electricity with the sale of ATCO Energy to ATCO in the third quarter of 2024, and lower restructuring costs. Decreased costs were partially offset by 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, AMORTIZATION AND IMPAIRMENTS

Depreciation, amortization and impairments increased by \$566 million and \$582 million in the fourth quarter and full year of 2025 compared to the same periods in 2024 mainly due to asset impairments and write-offs recognized in the fourth quarter of 2025. These impairments and asset write-offs mainly relate to the Alberta Renewables Portfolio in ATCO EnPower that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies and certain hydrogen assets in Natural Gas Distribution which were impaired due to the uncertainty of utility hydrogen regulations. In addition, ATCO Gas Australia recognized an impairment related to the phasing out of an aging liquefied petroleum gas distribution network in Albany, Western Australia due to large sections of the system nearing the end of their service life. Ongoing capital investment also contributed to increased expenses in the fourth quarter and full year of 2025.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

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

Earnings from investment in joint ventures in the fourth quarter of 2025 were \$1 million higher than the same period in 2024 mainly due to higher earnings in Strathcona Storage.

Earnings from investment in joint ventures in the full year of 2025 were \$15 million higher than the same period in 2024 mainly due to a gain on sale of the Hay River Franchise assets in Naka. In addition, LUMA Energy earnings were higher due to

increased management fees as a result of inflation adjustments and favourable foreign exchange rates, partially offset by higher non-recoverable costs.

NET FINANCE COSTS

Net finance costs increased by \$13 million and \$26 million in the fourth quarter and full year of 2025 compared to the same periods in 2024 mainly due to additional debt issued to fund ongoing capital investment and lower interest income primarily resulting from lower interest rates in 2025 on cash investments.

INCOME TAX EXPENSE

Income taxes decreased by \$92 million and \$61 million in the fourth quarter and full year of 2025 compared to the same periods in 2024 mainly due to lower IFRS earnings before tax as a result of asset impairments and write-offs in the fourth quarter of 2025, partially offset by a non-deductible impairment of goodwill in ATCO EnPower.

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 December 31, 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⁾ an A- issuer and senior unsecured debt credit rating with a stable outlook.

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

On July 23, 2025, DBRS Limited affirmed its 'A (high)' long-term corporate credit rating and stable outlook on Canadian Utilities' subsidiary CU Inc.

On August 28, 2025, DBRS Limited affirmed its 'A' long-term corporate credit rating and stable outlook on Canadian Utilities Limited.

On October 27, 2025, Fitch Ratings affirmed its 'A-' issuer rating with a stable outlook on both Canadian Utilities and CU Inc.

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

LINES OF CREDIT

At December 31, 2025, Canadian Utilities and its subsidiaries had the following lines of credit.

<i>(\$ millions)</i>	Total	Used	Available
Long-term committed	2,507	781	1,726
Short-term committed	343	343	—
Uncommitted	450	118	332
Total	3,300	1,242	2,058

Of the \$3,300 million in total lines of credit, \$450 million was in the form of uncommitted credit facilities with no set maturity date. The other \$2,850 million in credit lines was committed with maturities between 2026 and 2029, and may be extended at the option of the lenders.

Of the \$1,242 million in lines of credit used, \$681 million was related to ATCO Gas Australia. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia's term debt financing needs. The majority of the remaining usage is related to the funding needs in ATCO EnPower, CU Inc., and the issuance of letters of credit.

CONSOLIDATED CASH FLOWS

At December 31, 2025, the Company's cash position was \$671 million. This represents an increase of \$751 million compared to the cash position at December 31, 2024. Cash movements for the fourth quarter and full year of 2025 and 2024 are outlined in the following table:

<i>(\$ millions)</i>	Three Months Ended December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
Cash position, beginning of period	651	173	478	(80)	207	(287)
Cash from (used in):						
Operating activities	515	525	(10)	2,061	1,917	144
Investing activities	(483)	(507)	24	(1,642)	(1,409)	(233)
Financing activities	(12)	(268)	256	327	(790)	1,117
Foreign currency translation	—	(3)	3	5	(5)	10
Cash position, end of the period	671	(80)	751	671	(80)	751

The opening cash position of \$651 million in the fourth quarter of 2025 was \$478 million higher compared to the opening cash position for the fourth quarter of 2024 mainly due to 2025 debt issuances.

The opening cash position of \$(80) million in the full year of 2025 was \$287 million lower compared to the opening cash position for the full year of 2024 mainly due to repayment of long-term debt, and funding of capital projects.

Operating Activities

Cash flows from operating activities were \$515 million in the fourth quarter of 2025, \$10 million lower than the same period in 2024 mainly due to the timing of settlement of accounts payable and the collection of trade receivables from customers, and higher income taxes paid, partially offset by increased customer contributions in the Regulated Utilities.

Cash flows from operating activities were \$2,061 million in the full year of 2025, \$144 million higher than the same period in 2024 mainly due to the timing of settlement of accounts payable and the collection of trade receivables from customers, and increased customer contributions in the Regulated Utilities.

Investing Activities

Cash flows from investing activities were \$483 million in the fourth quarter of 2025, \$24 million lower than the same period in 2024 mainly due to the timing of capital project spend in the Regulated Utilities related to system reliability and safety, as well as climate adaptation and resilience, and lower capital expenditures by ATCO EnPower on the Atlas Carbon Storage Hub project. These decreases were partially offset by the timing of settlement of accounts payable for capital projects and the acquisition of Northstone Power Corp. by ATCO EnPower.

Cash flows used in investing activities were \$1,642 million in the full year of 2025, \$233 million higher than the same period in 2024 mainly due to the proceeds received in 2024 from the Company's sale of its 100 per cent investment in ATCO Energy, the timing of settlement of accounts payable for capital projects, and the acquisition of Northstone Power Corp by ATCO EnPower.

Cash Used for Capital Investment and Capital Expenditures

Capital investment and capital expenditures for the fourth quarter and full year of 2025 and 2024 are shown in the following table.

(\$ millions)	Three Months Ended December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
ATCO Energy Systems						
Electricity	157	269	(112)	664	761	(97)
Natural Gas	201	202	(1)	735	638	97
	358	471	(113)	1,399	1,399	—
ATCO EnPower	27	51	(24)	89	104	(15)
ATCO Australia	30	26	4	100	89	11
CU Financing & Other	—	11	(11)	12	19	(7)
Canadian Utilities Total Capital Expenditures ^{(1) (2)}	415	559	(144)	1,600	1,611	(11)
Capital Expenditures in joint ventures						
ATCO Energy Systems						
Electricity	1	1	—	3	4	(1)
ATCO EnPower	2	1	1	6	3	3
Business Combination						
ATCO EnPower	30	—	30	30	—	30
CU Corporate & Other	—	—	—	—	4	(4)
Canadian Utilities Total Capital Investment ⁽³⁾	448	561	(113)	1,639	1,622	17

(1) Includes additions to property, plant and equipment, and intangibles as well as \$10 million and \$33 million (2024 - \$4 million and \$16 million) of capitalized interest during construction for the fourth quarter and full year of 2025.

(2) Includes \$40 million and \$137 million for the fourth quarter and full year of 2025 (2024 - \$27 million and \$108 million) of capital expenditures, mainly in ATCO Energy Systems, that were funded with the assistance of customer contributions.

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

Total capital investment of \$448 million in the fourth quarter of 2025 was \$113 million lower compared to the same period in 2024 mainly due to the timing of capital project spend in Electricity Distribution and Electricity Transmission and decreased capital spend in ATCO EnPower on the Atlas Carbon Storage Hub project. Lower capital investment was partially offset by the acquisition of Northstone Power Corp. by ATCO EnPower.

Total capital investment of \$1,639 million in the full year of 2025 was \$17 million higher than the same period in 2024 mainly due to increased capital spend in Natural Gas Transmission on growth projects for new customers, such as Yellowhead, and the acquisition of Northstone Power Corp. by ATCO EnPower. These increases were partially offset by lower capital spend in Electricity Distribution and Electricity Transmission due to the timing of capital projects related to system reliability, safety, as well as climate adaptation and resilience.

Total capital expenditures of \$415 million in the fourth quarter of 2025 and \$1,600 million in the full year of 2025 were \$144 million and \$11 million lower compared to the same periods in 2024 mainly due to lower capital spend in Electricity Distribution and Electricity Transmission due to the timing of capital projects related to system reliability, safety, and climate adaptation and resilience, as well as decreased capital spend in ATCO EnPower on the Atlas Carbon Storage Hub project. These decreases were partially offset in the full year by increased capital spend in Natural Gas Transmission on growth projects for new customers, such as Yellowhead. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

Financing Activities

Cash flows (used in) from financing activities were \$(12) million and \$327 million in the fourth quarter and full year of 2025, \$256 million and \$1,117 million higher than the same periods in 2024 mainly due to increased issue of long-term debt and equity preferred shares related to growth projects for new customers in the Regulated Utilities and other project activities, partially offset by higher redemption of equity preferred shares and repayments of debt.

Information pertaining to financing activities is summarized below.

Debenture 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.

In September 2025, Canadian Utilities' subsidiary CU Inc. issued \$370 million of 4.787 per cent debentures maturing on September 16, 2055. The proceeds from the issuance were used to finance capital expenditures, repay existing indebtedness, and for other general corporate purposes.

Other Debt Issuances

In 2025, CU Inc., a wholly owned subsidiary of Canadian Utilities, borrowed \$65 million from its \$155 million non-revolving unsecured amortizing credit facility to support the construction of CETO within ATCO Energy System's Electricity Transmission business. The fixed interest rate is at a below-market rate of interest of 2.17 per cent. The difference between the market rate for an equivalent loan and the rate granted is accounted for as a government grant and will be amortized over the useful life of the asset. Quarterly repayments, which will commence once the project reaches commercial operations, are expected to continue until June 30, 2056. Additional draws from the facility are expected in 2026 as construction progresses.

In September 2025, Canadian Utilities issued \$750 million of 5.45 per cent fixed-to-fixed rate subordinated notes due December 22, 2055. The proceeds from the issuance will be used to finance capital expenditures, repay or refinance existing obligations, and for other general corporate purposes.

Debt Repayment

In September 2025, Electricidad del Golfo, S. de R.L. de C.V., an indirect wholly owned subsidiary of Canadian Utilities, fully repaid the outstanding balance of \$25 million (\$335 million Mexican pesos) from its non-revolving credit facility.

Dividends and Common Shares

We have increased our common share dividend each year since 1972, a 54-year track record. Dividends paid to Class A and Class B share owners totalled \$125 million and \$498 million in the fourth quarter and full year of 2025.

On January 8, 2026, the Board of Directors declared a first quarter dividend of 46.23 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

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 expired on September 8, 2025 in accordance with its terms, and no shares were purchased. The Company will consider renewing the NCIB when there is a present intention to purchase shares, subject to Board approval and acceptance by the TSX.

Base Shelf Prospectus - Canadian Utilities

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

Preferred Shares Issuances

In November 2025, Canadian Utilities issued \$175 million of 5.6 per cent Cumulative Redeemable Second Preferred Shares Series JJ by means of a short form prospectus and granted the underwriters an option to purchase an additional \$26 million. This option was exercised in November 2025 increasing the total gross proceeds to approximately \$201 million. The Company intends to use the proceeds for capital expenditures and for other general corporate purposes.

Redemption of Preferred Shares

On December 1, 2025, Canadian Utilities redeemed all outstanding Cumulative Redeemable Second Preferred Shares Series FF at a price of \$25.00 per share less any tax required to be deducted or withheld by the Company. Accrued and unpaid dividends of \$0.28125 per share were paid to Series FF shareholders on redemption. The \$250 million aggregate cost of redemption was funded from available cash.

Cash Requirements

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

(\$ millions)	2026	2027	2028	2029	2030	2031 and thereafter
Financial Liabilities ⁽¹⁾						
Accounts payable and accrued liabilities	637	—	—	—	—	—
Long-term debt:						
Principal	374	652	326	32	29	10,982
Interest payments ⁽²⁾	525	507	501	484	483	8,064
Derivatives ⁽³⁾	2	1	1	1	—	3
	1,538	1,160	828	517	512	19,049
Commitments ⁽¹⁾						
Operating leases						
Purchase obligations:						
Operating and maintenance agreements ⁽⁴⁾	525	432	439	340	101	173
Capital expenditures	637	5	—	—	—	—
Other	9	6	6	6	6	51
Future lease commitments ⁽⁵⁾	—	—	—	5	5	73
	1,171	443	445	351	112	297
Total	2,709	1,603	1,273	868	624	19,346

(1) Additional detail is discussed in Note 22 ("Risk Management") and Note 31 ("Commitments") of the 2025 Consolidated Financial Statements.

(2) Interest payments on floating rate debt have been estimated using rates in effect at December 31, 2025. Interest payments on debt that has been hedged have been estimated using hedged rates.

(3) Payments on outstanding derivative financial instruments have been estimated using exchange rates and commodity prices in effect at December 31, 2025.

(4) The Company's operating and maintenance agreements include undiscounted Information Technology (IT) service costs. In 2025, IT service transitioned from a single-vendor service provider to a hybrid model of multiple third-party vendors and internal teams.

(5) In December 2025, Canadian Utilities entered into an agreement to lease an office building in Edmonton, Alberta, commencing in December 2028. When the office building is available for use by Canadian Utilities in December 2028, the agreement will be shown as a right-of-use asset and lease liability on the consolidated balance sheets.

SHARE CAPITAL

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

At February 24, 2026, we had outstanding 205,542,087 Class A shares, 66,598,854 Class B shares, and options to purchase 3,020,900 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 9,152,600 Class A shares were available for issuance at December 31, 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 TSX for the five trading

days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

The following table shows financial information for the eight quarters ended March 31, 2024 through December 31, 2025.

(\$ millions, except for per share data)	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Revenues	1,085	842	792	971
Earnings (loss) attributable to equity owners of the Company	236	111	100	(328)
Earnings (loss) attributable to Class A and B shares	217	92	80	(347)
Earnings (loss) per Class A and Class B share (\$)	0.80	0.34	0.29	(1.28)
Diluted earnings (loss) per Class A and Class B share (\$)	0.80	0.34	0.29	(1.28)
Adjusted earnings per Class A and Class B share (\$) ⁽¹⁾	0.85	0.45	0.40	0.72
Adjusted earnings (loss) ⁽²⁾				
ATCO Energy Systems ⁽²⁾	232	116	98	196
ATCO EnPower ⁽²⁾	11	12	16	4
ATCO Australia ⁽²⁾	13	21	27	8
Financing & Other ⁽²⁾ and Intersegment Eliminations	(24)	(28)	(33)	(11)
Total adjusted earnings ⁽²⁾	232	121	108	197
(\$ millions, except for per share data)	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Revenues	1,091	860	810	981
Earnings attributable to equity owners of the Company	242	62	12	164
Earnings (loss) attributable to Class A and Class B shares	223	43	(8)	145
Earnings (loss) per Class A and Class B share (\$)	0.82	0.16	(0.03)	0.53
Diluted (loss) earnings per Class A and Class B share (\$)	0.82	0.16	(0.03)	0.53
Adjusted earnings per Class A and Class B share (\$) ⁽¹⁾	0.83	0.43	0.38	0.74
Adjusted earnings (loss) ⁽²⁾				
ATCO Energy Systems ⁽²⁾	221	112	94	205
ATCO EnPower ⁽²⁾	8	18	14	4
ATCO Australia ⁽²⁾	11	17	15	5
Financing & Other ⁽²⁾ and Intersegment Eliminations	(15)	(30)	(21)	(11)
Total adjusted earnings ⁽²⁾	225	117	102	203

⁽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.

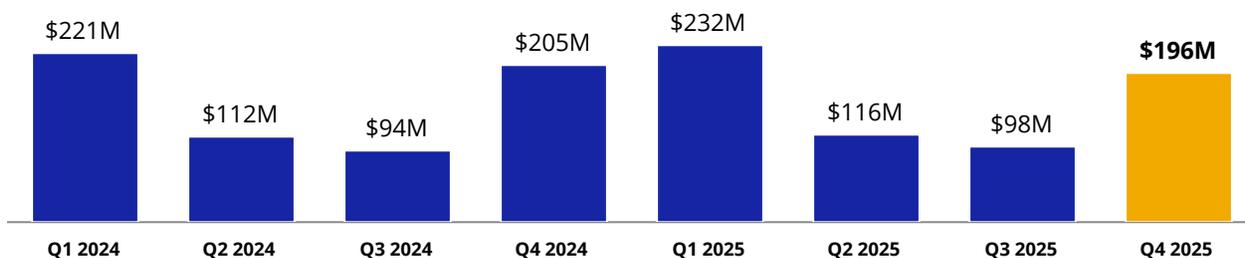
⁽²⁾ Total of segments measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

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.

ATCO ENERGY SYSTEMS ⁽¹⁾

In the first three quarters of 2025, adjusted earnings were higher in each quarter compared to 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.

In the fourth quarter of 2025, adjusted earnings were lower than the same period in 2024 mainly due to a decrease in 2025 ROE which was 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, partially offset by growth in rate base and cost efficiencies. Additionally, lower earnings were partially due to tax adjustments recorded in the fourth quarter of 2024 in Electricity Distribution.



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

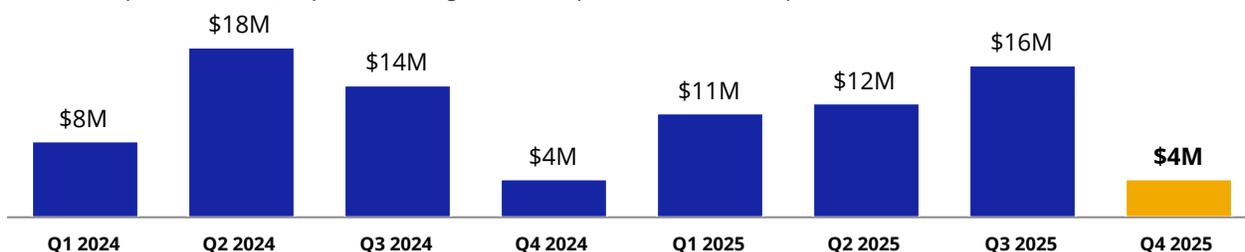
ATCO ENPOWER ⁽¹⁾

In the first quarter of 2025, adjusted earnings were higher than the same period in 2024 mainly due to stronger seasonal spreads in natural gas storage services, partially offset by lower capture pricing realized at the Forty Mile wind facility.

In the second quarter of 2025, adjusted earnings were lower than the same period 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.

In the third quarter of 2025, adjusted earnings were higher than the same period in 2024 mainly due to higher compensation related to turbine availability guarantees at the Forty Mile wind facility and higher generation at the Veracruz hydro facility in Mexico.

In the fourth quarter of 2025, adjusted earnings were comparable to the same period in 2024.



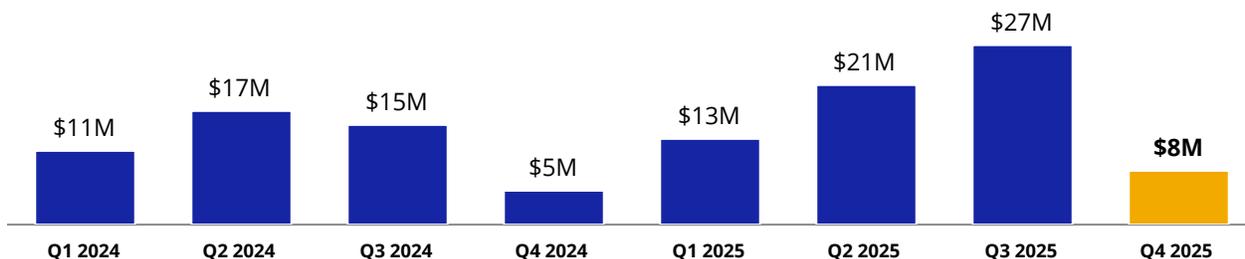
(1) Adjusted earnings for ATCO EnPower is a total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.

ATCO Australia ⁽¹⁾

In the first and second quarters of 2025, adjusted earnings were higher than the same periods in 2024 mainly due to higher rates in ATCO Gas Australia as a result of moving into AA6 and operating efficiencies.

In the third quarter of 2025, adjusted earnings were higher than the same period in 2024 mainly due to higher rates in ATCO Gas Australia as a result of moving into AA6, and ATCO Power Australia's execution of a settlement deed for the South Australia Hydrogen Jobs Plan project after the terms of the Early Contractor Involvement were agreed upon with the Department of Energy and Mining.

In the fourth quarter of 2025, adjusted earnings were higher than the same period in 2024 mainly due to higher rates in ATCO Gas Australia as a result of moving into AA6.



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

EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

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

- In the second and fourth quarters of 2024, the Company recorded restructuring costs of \$36 million (after-tax) and \$7 million (after-tax), respectively, mainly related to staff reductions and associated severance costs.
- In the second quarter of 2024, the Company recorded an \$8 million (after-tax) reduction to earnings related to an AUC enforcement decision on two historical matters the Electric Transmission business had self-reported to AUC Enforcement staff.
- In the third quarter of 2024, the Company sold its 100 per cent investment in ATCO Energy to ATCO. As a result of the transaction, a loss on sale of \$14 million was recorded.
- In the first quarter of 2025, the Company recorded restructuring costs of \$14 million (after-tax) mainly related to staff reductions and associated severance costs. Restructuring costs incurred in 2025 were a continuation of restructuring activities commenced in 2024.
- In each of the four quarters of 2025, the Company recognized IT transition costs of \$7 million (after-tax), \$5 million (after-tax), \$2 million (after-tax), and \$4 million (after-tax), respectively. The transition activities commenced on January 1, 2025 and concluded in the fourth quarter of 2025. The transition costs were primarily related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.
- In the fourth quarter of 2025, the Company recognized asset impairments and write-offs of \$471 million (after-tax) mainly related to the Alberta Renewables Portfolio in ATCO EnPower that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies, and certain hydrogen assets in Natural Gas Distribution which were impaired due to the uncertainty of utility hydrogen regulations. In addition, ATCO Gas Australia recognized an impairment related to the phasing out of an aging liquefied petroleum gas distribution network in Albany, Western Australia due to large sections of the system nearing the end of their service life.

BUSINESS RISKS AND RISK MANAGEMENT

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

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

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

FINANCIAL RISKS

Project Execution / Capital Investment

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

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

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

Commodity Price

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

Financing

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

Liquidity

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

Cash flows from operations satisfy a substantial portion of the Company's cash requirements. Additional cash requirements are met with the use of existing cash balances and externally through credit facility borrowings and the issuance of long-term debt, and preferred shares, and may be satisfied through the issuance of common equity. Commercial paper borrowings and short-term bank loans under available credit lines are used to provide flexibility in the timing and amounts of long-term financing. At December 31, 2025, there were available committed and uncommitted lines of credit of approximately \$2.1 billion, which can be utilized for general corporate purposes.

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

Credit

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

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

Geographically, a significant portion of accounts receivable and contract assets are from the Company's operations in Alberta, followed by operations in Australia. The largest credit risk concentration is from the Alberta Utilities, which are able to recover an estimate for doubtful accounts through approved customer rates and to request recovery through customer rates for any material losses from the retailers beyond the retailer security mandated by provincial regulations.

Foreign Exchange

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

Interest Rate

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

In conducting its business, the Company may use swap agreements to manage the risks arising from fluctuations in interest rates. All such instruments are used only to manage risk and not for trading purposes. The Company has converted certain variable rate long-term debt to fixed rate debt through interest rate swap agreements. At December 31, 2025, the Company had fixed interest rates, either directly or through interest rate swap agreements, on 96 per cent (2024 - 96 per cent) of total long-term debt. Consequently, the Company's exposure to fluctuations in future cash flows, with respect to debt, from changes in market interest rates is limited. The Company's cash and cash equivalents include fixed rate instruments with maturities of generally 90 days or less that are reinvested as they mature. The Company maintains strong investment grade ratings, which helps mitigate the risk of higher interest costs, and the vast majority of the Company's outstanding debt carries fixed rate interest, which helps to alleviate the impact of increasing short-term interest rates.

Inflation Risk

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

The Company monitors the impacts of inflation on the procurement of goods and services and seeks to minimize its effects in future periods through pricing strategies, productivity improvements, and cost reductions. The majority of the impact on costs resulting from inflation is mitigated through the regulatory construct, long-term contractual terms, and pricing of short-term contractual sales.

Income Tax Risk

DESCRIPTION AND CONTEXT

The Company is subject to income taxes primarily in Canada, Australia, Mexico, Chile, and Puerto Rico. Due to economic and political conditions in those jurisdictions, tax rates, tax laws and interpretation of those laws may be subject to significant change that cannot be predicted. Such changes can materially impact current tax obligations and the valuation of deferred tax assets and liabilities, resulting in material change to the Company's effective tax rate. Although income taxes at our Regulated Utilities are generally recovered in customer rates, regulatory lag can defer recovery for certain periods.

The Company is also subject to the audit of our tax returns and other tax matters by Canada Revenue Agency and its global counterparts. We regularly and prudently assess the possibility of adverse outcomes resulting from these audits in providing for income taxes in the financial statements. However, there can be no assurance as to the outcome of these audits. Our financial statements could be materially impacted should the outcome of such an audit result in an excess of taxes owing than was previously accrued.

RISK MANAGEMENT APPROACH

The Company manages tax risk by staying informed about changes in tax legislation through ongoing communication with advisors and via membership in tax-focused lobby groups. When necessary, the Company obtains third-party opinions on significant transactions and reviews plans to ensure compliance with current laws and guidelines.

OPERATIONAL RISKS

Health and Safety

DESCRIPTION AND CONTEXT

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

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

RISK MANAGEMENT APPROACH

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

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

Cybersecurity

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

Regulatory

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

Climate Change - Transition Risk

While climate-related risks and opportunities are integrated into our enterprise risk management process, we also recognize unique attributes, such as longer time horizons and interconnectivity, could change the profile of this risk over time. In some cases, there could be overlap between the climate-related risks noted below, and business risks noted elsewhere in this document. However, we understand that specifically disclosing climate-related information is useful for the investment community.

DESCRIPTION AND CONTEXT

Climate-related transition risk includes policy and regulatory risks related to potential shifts in government decarbonization policies, at times with limited transitional periods. The potential of aggressive shifts increases investment uncertainty for future projects in addition to increasing risk to the energy transition being implemented in an effective, reliable and affordable manner.

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

Changing customer, public and stakeholder perceptions of climate-related risks and opportunities could impact the Company's businesses from a reputational perspective. In addition, changing customer sentiment and behaviour could cause changes to traditional energy systems and energy flows which introduce both risk and opportunity for the Company.

RISK MANAGEMENT APPROACH

The Company is actively and constructively working with different levels of government, communities, and Indigenous partners to advance the opportunities, policy needs, market access, and funding requirements for projects that help support customers' and partners' goals for the pace and scale of energy transition while maintaining essential infrastructure and services.

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

For non-regulated operations, the Company has taken steps to reduce exposure through commercial contracting efforts, such as long-term offtake agreements including virtual power purchase agreements (VPPAs), as well as developing strategies to manage and optimize our carbon credit portfolio.

The Company undertakes engagement and collaboration with municipalities, customers, and partners to better understand their needs for the future, and to guide the development of strategic partnerships and common advocacy efforts. Where possible, we share our expertise and innovation in our operating communities to inform discussions regarding the pace of energy transition taking into consideration safety, reliability, resiliency and affordability.

The Company reports annually on its sustainability activities, emissions reduction efforts and initiatives, as well as continued business and portfolio diversification. Our 2025 Sustainability Report will be published in May of 2026. The 2024 Sustainability Report, ESG Datasheet, materiality assessment, 2024 highlights, and other disclosures are available on our website at www.canadianutilities.com.

Climate Change - Physical Risks

DESCRIPTION AND CONTEXT

Physical risks associated with climate change include those arising from an increase in frequency and severity of extreme weather events such as wildfires, floods, extreme winds, and ice storms. While a number of assets within Canadian Utilities' businesses are exposed to extreme weather events, our above ground linear infrastructure has been identified as having the highest exposure.

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

RISK MANAGEMENT APPROACH

The Company continues to carefully manage physical risks, including preparing for extreme weather events through activities such as proactive route and site selection, asset hardening, regular maintenance, and insurance. The Company follows regulated engineering codes, continues to evaluate ways to create greater system reliability and resiliency and, where appropriate, submits regulatory applications for capital expenditures aimed at creating greater system reliability and resiliency.

For example, for electricity transmission and distribution operations, the Company continues to invest in wildfire mitigation and obtains approval of its costs from the Alberta regulator. The Company benefits from agreements to limit exposure to wildfire suppression costs as well as liability and damages protections contained within legislation in Alberta. Risk to linear infrastructure is typically not insured and, as such, any restoration costs are generally recovered through regulatory processes subject to prudence review.

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

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

Pipeline Integrity

DESCRIPTION AND CONTEXT

Natural Gas Transmission, Natural Gas Distribution and ATCO Gas Australia have significant pipeline infrastructure. Although the possibility exists for a pipeline failure with severe consequences, the likelihood of such a failure is managed to a very low level, as outlined below.

RISK MANAGEMENT APPROACH

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

Political

DESCRIPTION AND CONTEXT

The Company's operations are exposed to risks arising from changes in relevant political and legislative environments in which we operate, including regulations, policy shifts and compliance requirements. In addition, adjustments to international trade policies, such as US tariffs and supporting domestic suppliers, may influence supply chain costs and market dynamics. Collectively, these changes could negatively impact the financial performance of operations, including earnings, ROE, asset values, and credit metrics.

RISK MANAGEMENT APPROACH

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

Supply Chain Risk

DESCRIPTION AND CONTEXT

The Company faces increasing supply chain risk driven by global volatility, inflationary pressures, labour constraints, and geopolitical uncertainty. As supply chains grow more interconnected and vulnerable to disruption — from severe weather, trade disputes, labour conditions and ethical sourcing risks, cybersecurity incidents, and international conflicts to shipping constraints and material shortages — the Company may experience delays, increased costs, or constrained access to critical equipment, materials, and services essential to operations and capital projects. These pressures could impede timely project execution, elevate operational and development expenditures, and create challenges in maintaining reliable service to customers. In addition, sustainability considerations and responsible sourcing expectations, evolving regulatory requirements, and potential shifts in tariff or trade policy introduce further uncertainty that may affect procurement strategies and supplier resilience.

RISK MANAGEMENT APPROACH

The Company mitigates these risks by maintaining robust supplier due diligence and onboarding processes, diversified relationships, securing multiple procurement channels, monitoring critical inventories, placing orders earlier to offset extended lead times, and embedding sustainability considerations and responsible sourcing expectations into supplier engagement. Collectively, these measures aim to strengthen long-term supply chain reliability and reduce our exposure to external disruption.

US Tariffs and Canadian Retaliatory Measures

DESCRIPTION AND CONTEXT

Recent changes in trade policies between Canada and the US could have an adverse effect on our business, financial condition and results of our operations. As new tariffs are introduced or existing tariffs are increased, implications for our

operations could include higher procurement costs, supply chain disruptions with potential delays in project timelines, regulatory uncertainty and market capital volatility which could negatively impact overall profitability. Additionally, the Canadian government may implement retaliatory tariffs or other countermeasures in response to US trade actions. Certain goods used by the Company in its operations are procured from the US. Any escalation in trade disputes between Canada and the US, such as additional tariff hikes or expanded retaliatory measures, could intensify these risks, undermine investor confidence and create volatility in capital markets, potentially affecting both current operations and future investment plans.

RISK MANAGEMENT APPROACH

We continue to monitor trade developments closely and assess mitigation strategies, taking appropriate actions as needed to reduce potential risks. However, the scope, duration and impact of any US tariffs or Canadian retaliatory measures remain uncertain at this time, and as such, we cannot predict the scope, duration, or impact of potential tariffs and trade restrictions on our business.

Reputation

DESCRIPTION AND CONTEXT

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

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

Any accusation of poor operational, leadership, or governance actions and/or practices that may be levelled against the Company could create reputational risk for the Company, even with respect to issues or events that are largely outside of our control, including but not limited to: protests, activist activity, sabotage, terrorism, failure of supply, weather, catastrophic events and natural disasters, fires, floods, explosions, earthquakes and other similar events, government policy, economic and/or social circumstances, and/or actions of third parties, which may affect safety or quality of life of citizens.

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

RISK MANAGEMENT APPROACH

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

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

The Company has a strong focus on community investment and communications efforts ensuring the Company's commitment and actions that support being a positive contributor to the communities we operate in are demonstrable to the public and our customers.

Other Operational Risks

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

Third Party Risk

DESCRIPTION AND CONTEXT

Certain of the Company's assets are jointly owned or are governed by partnership, joint venture, shareholder agreements, or other contracts entered into with third parties. As a result, certain decisions relating to such contracts, relationships, or assets require the approval of a simple or special majority of the partners, owners, or counterparties, while others require unanimous approval. In addition, certain assets are owned, constructed, maintained, and/or operated by unrelated third-party entities. The success of such assets is, to some extent, dependent on the effectiveness of the business relationship and decision-making among the Company and the other partner(s), owner(s) or counterparties, and the expertise and ability of any third-party contract counterparties, constructors, material suppliers, consultants or operators with respect to the ownership, operation, or maintenance of the assets. The Company may encounter disputes with contract counterparties, partners, or owners, or assets operated by third parties may not perform as expected. Such events could impact operations or cash flows related to contracts, joint ventures, partnerships, or assets, or cause them to not operate as the Company expects, which could, in turn, have a negative impact on the Company's business operations and financial performance.

RISK MANAGEMENT APPROACH

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

Technological Transformation and Disruption

DESCRIPTION AND CONTEXT

The introduction and rapid, widespread adoption of transformative technology could lead to disruption of the Company's existing business models and introduce new competitive market dynamics. Failure to effectively identify and manage

disruptive technology and/or changing consumer attitudes and preferences may result in disruptions to the business and an inability to achieve strategic and financial objectives.

RISK MANAGEMENT APPROACH

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

Artificial Intelligence (AI)

DESCRIPTION AND CONTEXT

The Company leverages advanced technologies, including generative AI, across all business units to deliver services in innovative, efficient, and cost effective ways. When deployed securely, generative AI enhances productivity, communication, and user experience.

While AI offers significant opportunities to improve efficiency and performance, it also introduces operational and compliance risks. A primary risk associated with generative AI is content integrity. Errors or biases within AI models, or insufficient user diligence, may result in inaccurate outputs or data reliability concerns. In addition, because AI systems depend on large volumes of data, they may be exposed to cybersecurity threats, data breaches, and privacy risks. Finally, the Company's reliance on third-party vendors for AI-enabled solutions may create additional exposure to service disruptions, regulatory non-compliance, or other operational risks arising from those vendors' use of AI.

RISK MANAGEMENT APPROACH

To manage AI-related opportunities and risks, the Company has established an AI strategy to ensure that AI is adopted responsibly and in a manner that mitigates operational, financial, cybersecurity, and privacy risks.

This program includes an AI Acceptable Use Policy, a user attestation process, controls to prevent AI development or deployment without internal IT/Cybersecurity oversight and approval, testing of AI in a controlled internal IT environment, blocking of all AI except for the Company-approved AI tools (Co-Pilot and Google), and the use of approved AI tools focused on augmenting employee productivity.

The Company permits the use of approved generative AI tools only and does not allow the use of agentic AI. Accordingly, the Company's AI systems do not operate, control, or independently interact with other company assets or operations. All permitted AI activities are accompanied by human oversight, data protection measures, and transparency in usage. Collectively, these measures are intended to reduce AI-associated risks and prevent unauthorized data exposure or loss.

Indigenous Land Claims and Consultation

DESCRIPTION AND CONTEXT

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

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

The ongoing implementation of the *UNDRIP Act* and the associated Action Plan, released on June 21, 2023, is intended to provide direction to the Government of Canada's continued efforts to break down barriers, combat systemic racism and discrimination, close socio-economic gaps, and promote greater equality and prosperity for Indigenous peoples. The impact of

the *UNDRIP Act* and the Action Plan and how they will be implemented and interpreted as part of Canadian law are still in the process of being defined, often via the court, and therefore the Company is currently not fully able to assess the effect that any land claims, cumulative impact claims, consultation requirements with Indigenous peoples, or the *UNDRIP Act* and the Action Plan may have on the Company's business. However, the potential impact could have a material adverse effect on the Company's operations.

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

RISK MANAGEMENT APPROACH

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

Workforce Retention

DESCRIPTION AND CONTEXT

Should the Company face significant employee departures, and therefore a low level of retention in its workforce, especially within critical roles, this could result in a shortage of personnel that may hamper Company operations and negatively impact the ability of the Company to meet its business objectives and be costly for the organization to build back the organizational knowledge and critical skills of the departed employees.

RISK MANAGEMENT APPROACH

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

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

Labour Relations

DESCRIPTION AND CONTEXT

Most of the Company's business units employ members of associations or labour unions under collective bargaining agreements. Risks exist in existing unionized environments for potential labour disruption, loss of favourable management rights (e.g., contracting out ability), strong push for job determinations (and therefore losing flexibility), and we may face union drive attempts in our non-union environments. In addition, should any developments result in a strained relationship with any

of our associations or labour unions, it could create operational and financial risk for our businesses through increased grievances, arbitrations, and/or collective bargaining, which may impede our ability to make progress on our business agenda.

RISK MANAGEMENT APPROACH

The Company has dedicated labour relations resources which focus on advancing mutually respectful relationships to resolve issues, grievances and arbitrations. The Company ensures all human resources business partners and business leaders who manage large in-scope employee populations attend labour relations training to provide practical day-to-day knowledge of our collective agreements and to develop capability in the areas of performance management and investigations. The Company is committed to early and open dialogue with our associations and labour unions regarding business changes and employee impacts in order to maintain a mutually beneficial relationship. Two of our larger associations, Canadian Energy Workers Association (CEWA) and Natural Gas Employees' Association (NGEA), have collective bargaining agreements that do not provide bargaining unit employees with the right to strike and that prohibit lock-outs by management. In non-unionized environments, we are committed to quickly resolving employee concerns through transparent communication and strong leadership.

Litigation and Claims

DESCRIPTION AND CONTEXT

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

RISK MANAGEMENT APPROACH

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

International Jurisdiction Risk

DESCRIPTION AND CONTEXT

There are a number of risks associated with operating in international jurisdictions, including but not limited to: the risk of political interference; changes in applicable laws or regulatory requirements, or the interpretation or manner of enforcement of such laws or regulatory requirements; funding challenges or constraints; political, economic and social instability; civil unrest; the risk of the frustration, annulment, nullification, termination or cancellation of contracts; the risk of expropriation or nationalization of assets or operations; risks related to unfamiliar legal systems or business or labour practices; risks related to complex foreign laws, regulations and/or treaties, including those pertaining to taxation, international trade, tariffs, and creditor protection. For example, the LUMA Energy joint venture is exposed to various risks operating in Puerto Rico. Furthermore, we have incurred, and may in the future incur, significant costs or liabilities associated with entering 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 leaving an existing market. These risks could restrict our ability to provide services to customers, operate our business in these locations profitably and/or fund strategic objectives, which could negatively impact our overall business, reputation, financial condition, results of operations and cash flows.

RISK MANAGEMENT APPROACH

The Company mitigates these risks by having appropriate corporate structures and governance approval mechanisms in place and by conducting appropriate due diligence and obtaining independent legal and financial advice before investing in or entering into new markets. Subsidiaries and joint ventures that operate in foreign jurisdictions engage in government and public relations, and also engage with customers, regulatory authorities, and other stakeholders. Such subsidiaries and joint ventures also may pursue legal recourse through local or appellate courts or arbitration, or engage in local regulatory processes or proceedings to enforce their contractual or legal rights and remedies.

Pandemic Risk

DESCRIPTION AND CONTEXT

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

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

RISK MANAGEMENT APPROACH

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

OTHER FINANCIAL AND NON-GAAP MEASURES

This MD&A should be read with the Company's 2025 Consolidated Financial Statements. The 2025 Consolidated Financial Statements are prepared according to IFRS as issued by the International Accounting Standards Board (IFRS Accounting Standards).

This MD&A contains various "total of segments measures", "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, and ATCO Power Australia; adjusted EBITDA for ATCO EnPower; and mid-year rate base are non-GAAP financial measures, as defined in NI 52-112.

Adjusted Earnings

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

Adjusted earnings (loss) present earnings (loss) from rate-regulated activities on the same basis as was considered prior to adopting IFRS Accounting Standards – that basis being the US accounting principles taking into account a more likely than not recognition threshold for rate regulated activities. Adjusted earnings (loss) are presented in Note 3 of the 2025 Consolidated Financial Statements.

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

Capital Investment

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

Adjusted EBITDA

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

Mid-Year Rate Base

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

NON-GAAP RATIO

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

Adjusted earnings (\$ per share) 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 comparable financial measure, earnings (loss) attributable to equity owners of the Company.

Three Months Ended
December 31

(\$ millions)

2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Intersegment Eliminations	Consolidated
2024						
Revenues	811	100	58	6	(4)	971
	828	87	61	9	(4)	981
Adjusted earnings (loss)	196	4	8	(11)	—	197
	205	4	5	(11)	—	203
Impairments	(42)	(408)	(21)	—	—	(471)
	—	—	—	—	—	—
Transition of managed IT services	(4)	—	—	—	—	(4)
	—	—	—	—	—	—
Restructuring	—	—	—	—	—	—
	(5)	(1)	—	(1)	—	(7)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	—	(2)	—	—	—	(2)
	—	(1)	—	1	—	—
Rate-regulated activities	(54)	—	(10)	—	—	(64)
	(40)	—	(5)	—	—	(45)
IT Common Matters decision	(2)	—	—	—	—	(2)
	(6)	—	—	—	—	(6)
Dividends on equity preferred shares of Canadian Utilities Limited	—	—	—	19	—	19
	—	—	—	19	—	19
Other	—	1	(1)	(1)	—	(1)
	—	—	—	—	—	—
Earnings (loss) attributable to equity owners of the Company	94	(405)	(24)	7	—	(328)
	154	2	—	8	—	164

(\$ millions)

2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Intersegment Eliminations	Consolidated
2024						
Revenues	3,108	328	243	27	(16)	3,690
	3,071	313	241	184	(67)	3,742
Adjusted earnings (loss)	642	43	69	(96)	—	658
	632	44	48	(77)	—	647
Impairments	(42)	(408)	(21)	—	—	(471)
	—	—	—	—	—	—
Transition of managed IT services	(17)	(1)	—	—	—	(18)
	—	—	—	—	—	—
Restructuring	(10)	(2)	(1)	(1)	—	(14)
	(37)	(3)	(2)	(1)	—	(43)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	—	(2)	—	—	—	(2)
	—	3	—	(86)	—	(83)
Rate-regulated activities	(66)	—	(38)	—	—	(104)
	(50)	—	(24)	—	—	(74)
IT Common Matters decision	(4)	—	—	—	—	(4)
	(22)	—	—	—	—	(22)
Loss on sale of ATCO Energy	—	—	—	—	—	—
	—	—	—	(14)	—	(14)
ATCO Electric settlement	—	—	—	—	—	—
	(8)	—	—	—	—	(8)
Dividends on equity preferred shares of Canadian Utilities Limited	—	—	—	77	—	77
	—	—	—	77	—	77
Other	—	(1)	(1)	(1)	—	(3)
	—	—	—	—	—	—
Earnings (loss) attributable to equity owners of the Company	503	(371)	8	(21)	—	119
	515	44	22	(101)	—	480

IMPAIRMENTS

In the fourth quarter of 2025, impairments and write-offs of \$471 million (after-tax) were recorded for certain assets and cash-generating units, including:

ATCO EnPower:

Impairments and asset write-offs of \$408 million (after-tax) in ATCO EnPower mainly related to the Alberta renewables portfolio that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies, which are expected to worsen under the Alberta Electric System Operator's new Optimal Transmission Planning and Restructured Energy Market regulatory reforms. These impacts, combined with existing market conditions (oversupply of electricity driving low power prices and weak carbon pricing), further amplify the financial impact, resulting in the impairments.

ATCO Australia:

An asset write-off of \$21 million (after-tax) in ATCO Gas Australia related to the phasing out of an aging liquefied petroleum gas distribution network (Network) in Albany, Western Australia. The write-off was driven by an extensive review of the Network, noting that many of the pipes are nearing the end of their service life and would require significant investment to continue operations

ATCO Energy Systems:

Impairments and asset write-offs of \$42 million (after-tax) in ATCO Energy Systems mainly related to certain hydrogen assets in Natural Gas Distribution which were impaired due to the uncertainty of utility hydrogen regulations being considered by the Government of Alberta, and certain electricity generation assets in ATCO Electric Transmission which are no longer in service.

TRANSITION OF MANAGED IT SERVICES

The Company recognized IT transition costs of \$4 million and \$18 million (after-tax) in the fourth quarter and year ended December 31, 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 were substantially completed in the fourth quarter of 2025. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

RESTRUCTURING

The Company recorded restructuring costs of nil and \$14 million (after-tax) in the fourth quarter and year ended December 31, 2025 (2024 - \$7 million and \$43 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.

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

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

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 Senior Management Team, consisting of the Chief Executive Officer (CEO) and other members of the Executive Committee, believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts provides a better representation of operating results for the Company's operations.

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

RATE-REGULATED ACTIVITIES

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

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

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

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

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

For the fourth quarter and full year of 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 December 31			Year Ended December 31		
	2025	2024	Change	2025	2024	Change
Additional revenues billed in current period						
Future removal and site restoration costs ⁽¹⁾	35	29	6	135	123	12
Revenues to be billed in future periods						
Deferred income taxes ⁽²⁾	(51)	(50)	(1)	(156)	(145)	(11)
Impact of warmer temperatures ⁽³⁾	3	(8)	11	(10)	(9)	(1)
Impact of inflation on rate base ⁽⁴⁾	(13)	(1)	(12)	(30)	(17)	(13)
Settlement of regulatory decisions and other items						
PBR2 re-opener proceeding refund to customers ⁽⁵⁾	(29)	—	(29)	(36)	—	(36)
Other ⁽⁶⁾	(9)	(15)	6	(7)	(26)	19
	(64)	(45)	(19)	(104)	(74)	(30)

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

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

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

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

(5) In connection with the PBR2 re-opener proceeding (Phase II Decision), Electricity Distribution and Natural Gas Distribution refunded \$18 million (after-tax) and \$18 million (after-tax), respectively, to customers, for the year ended December 31, 2025.

(6) In 2024, Natural Gas Distribution recorded a decrease in earnings of \$6 million (after-tax) related to payments of gas pipeline system load balancing costs, Electricity Distribution recorded a decrease in earnings of \$4 million (after-tax) related to deferral of generation expenses and \$4 million (after-tax) related to

final rate decisions, and ATCO Gas Australia recorded a decrease in earnings of \$4 million (after-tax) related to certain software projects associated with its final Access Arrangement period (AA6) decision.

IT COMMON MATTERS DECISION

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings for the fourth quarter and year ended December 31, 2025 was \$2 million and \$4 million (after-tax) (2024 - \$6 million and \$22 million (after-tax)).

LOSS ON SALE OF ATCO ENERGY

On August 1, 2024, the Company sold its 100 per cent investment in ATCO Energy Ltd., an Alberta-based company engaged in electricity and natural gas retail sales, and whole-home solutions, to its parent, ATCO Ltd. for aggregate consideration of \$114 million resulting in a loss on sale of \$14 million. The aggregate consideration was comprised of the agreed sales price of \$85 million, the transfer of bank indebtedness of \$31 million to ATCO Ltd., less a working capital adjustment of \$2 million. The loss on sale of ATCO Energy Ltd. was excluded from adjusted earnings.

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 included an administrative penalty of \$3 million, and a refund to customers through a billing adjustment to the AESO of \$4 million. For the year ended December 31, 2024, the Company recognized costs of \$8 million (after tax) related to the proceeding. As this was not in the normal course of business, it was 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 for the ATCO Energy Systems business unit to the directly comparable financial measure, earnings attributable to equity owners of the Company.

	Canadian Utilities Limited							ATCO Energy Systems
	Electricity			Consolidated Electricity	Natural Gas			
	Electricity Distribution	Electricity Transmission	International Electricity		Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
2025								
2024								
Adjusted earnings	37	44	14	95	73	28	101	196
	46	47	15	108	69	28	97	205
Impairments	(1)	(11)	—	(12)	(27)	(3)	(30)	(42)
	—	—	—	—	—	—	—	—
Transition of managed IT services	(1)	(1)	—	(2)	(2)	—	(2)	(4)
	—	—	—	—	—	—	—	—
Restructuring	—	—	—	—	—	—	—	—
	(2)	(1)	—	(3)	(1)	(1)	(2)	(5)
Rate-regulated activities	(27)	(8)	—	(35)	(8)	(11)	(19)	(54)
	(19)	(21)	—	(40)	7	(7)	—	(40)
IT Common Matters decision	(1)	—	—	(1)	(1)	—	(1)	(2)
	(2)	(1)	—	(3)	(3)	—	(3)	(6)
Earnings attributable to equity owners of the Company	7	24	14	45	35	14	49	94
	23	24	15	62	72	20	92	154

Year Ended
December 31

(\$ 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	156	177	57	390	143	109	252	642
	150	190	55	395	142	95	237	632
Impairments	(1)	(11)	—	(12)	(27)	(3)	(30)	(42)
	—	—	—	—	—	—	—	—
Transition of managed IT services	(6)	(1)	—	(7)	(10)	—	(10)	(17)
	—	—	—	—	—	—	—	—
Restructuring	(4)	(2)	—	(6)	(2)	(2)	(4)	(10)
	(10)	(6)	—	(16)	(17)	(4)	(21)	(37)
Rate-regulated activities	(42)	(22)	—	(64)	17	(19)	(2)	(66)
	(42)	(34)	—	(76)	40	(14)	26	(50)
IT Common Matters decision	(2)	(1)	—	(3)	(1)	—	(1)	(4)
	(7)	(5)	—	(12)	(9)	(1)	(10)	(22)
ATCO Electric settlement	—	—	—	—	—	—	—	—
	—	(8)	—	(8)	—	—	—	(8)
Earnings attributable to equity owners of the Company	101	140	57	298	120	85	205	503
	91	137	55	283	156	76	232	515

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
December 31

(\$ millions)

2025	Canadian Utilities Limited		
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
2024			
Adjusted earnings (loss)	(4)	8	4
	(1)	5	4
Impairments	(381)	(27)	(408)
	—	—	—
Restructuring	—	—	—
	—	(1)	(1)
Unrealized losses on mark-to-market forward and swap commodity contracts	(2)	—	(2)
	(1)	—	(1)
Other	1	—	1
	—	—	—
Earnings (loss) attributable to equity owners of the Company	(386)	(19)	(405)
	(2)	4	2

Year Ended
December 31

(\$ millions)

2025 2024	Canadian Utilities Limited		
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)	(6)	49	43
	6	38	44
Impairments	(381)	(27)	(408)
	—	—	—
Transition of managed IT services	—	(1)	(1)
	—	—	—
Restructuring	—	(2)	(2)
	—	(3)	(3)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	(2)	—	(2)
	3	—	3
Other	(1)	—	(1)
	—	—	—
(Loss) earnings attributable to equity owners of the Company	(390)	19	(371)
	9	35	44

ATCO Australia

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

Three Months Ended
December 31

(\$ millions)

2025 2024	Canadian Utilities Limited		
	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings (loss)	10	(2)	8
	6	(1)	5
Impairment	(21)	—	(21)
	—	—	—
Rate-regulated activities	(10)	—	(10)
	(5)	—	(5)
Other	(1)	—	(1)
	—	—	—
Earnings (loss) attributable to equity owners of the Company	(22)	(2)	(24)
	1	(1)	—

(\$ millions)	Year Ended December 31		
2025	Canadian Utilities Limited		
2024	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings	64	5	69
	47	1	48
Impairment	(21)	—	(21)
	—	—	—
Restructuring	(1)	—	(1)
	(1)	(1)	(2)
Rate-regulated activities	(38)	—	(38)
	(24)	—	(24)
Other	(1)	—	(1)
	—	—	—
Earnings attributable to equity owners of the Company	3	5	8
	22	—	22

RECONCILIATION OF CAPITAL INVESTMENT TO CAPITAL EXPENDITURES

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

(\$ millions)	Three Months Ended December 31				
2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Consolidated
2024					
Capital Investment	359	59	30	—	448
	472	52	26	11	561
Capital Expenditures in joint ventures	(1)	(2)	—	—	(3)
	(1)	(1)	—	—	(2)
Business Combination ⁽¹⁾	—	(30)	—	—	(30)
	—	—	—	—	—
Capital Expenditures	358	27	30	—	415
	471	51	26	11	559

(1) The ATCO EnPower business combination refers to the acquisition of Northstone Power Corp. in December 2025, which owns and operates Elmworth Generating Station.

(\$ millions)	Year Ended December 31				
2025	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Consolidated
2024					
Capital Investment	1,402	125	100	12	1,639
	1,403	107	89	23	1,622
Capital Expenditures in joint ventures	(3)	(6)	—	—	(9)
	(4)	(3)	—	—	(7)
Business Combinations ⁽¹⁾	—	(30)	—	—	(30)
	—	—	—	(4)	(4)
Capital Expenditures	1,399	89	100	12	1,600
	1,399	104	89	19	1,611

(1) The ATCO EnPower business combination refers to the acquisition of Northstone Power Corp. in December 2025, which owns and operates Elmworth Generating Station.

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

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

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

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

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

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

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

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

ATCO Energy Systems

The following table reconciles rate base and mid-year rate base to property, plant and equipment and intangible assets for 2025, 2024 and 2023.

	Year Ended December 31		
(\$ billions)	2025	2024	2023
Property, plant and equipment ⁽¹⁾	19.7	19.3	18.5
Intangible assets ⁽¹⁾	1.0	1.0	1.0
	20.7	20.3	19.5
<i>Adjustments:</i>			
Property, plant and equipment, and intangible assets of non-regulated businesses	(1.4)	(1.6)	(1.7)
Customer contributions ⁽²⁾	(2.1)	(2.0)	(2.0)
Removal costs collected from customer rates	(1.7)	(1.6)	(1.5)
Other	(0.1)	(0.3)	(0.2)
Rate Base ⁽³⁾	15.4	14.8	14.1
Mid-Year Rate Base ⁽³⁾	15.1	14.5	14.0

(1) Please refer to Note 3 - Geographic Information section (Canada) of the Company's 2025 Consolidated Financial Statements (2024 - Note 3)

(2) Please refer to Note 10 - Customer Contributions section of the Company's 2025 Consolidated Financial Statements (2024 - Note 16)

(3) Non-GAAP financial measure.

ATCO Australia

ATCO Gas Australia

The following table reconciles rate base and mid-year rate base to property, plant and equipment and intangible assets for 2025, 2024 and 2023.

	Year Ended December 31		
(\$ billions)	2025	2024	2023
Property, plant and equipment, and intangible assets ⁽¹⁾	1.4	1.3	1.3
	1.4	1.3	1.3
<i>Adjustments:</i>			
Other	0.1	0.1	0.1
Rate Base ⁽²⁾	1.5	1.4	1.4
Mid-Year Rate Base ⁽²⁾	1.5	1.4	1.4

(1) Please refer to Note 3 - Geographic Information section (Australia) of the Company's 2025 Consolidated Financial Statements (2024 - Note 3).

(2) Non-GAAP financial measure.

OTHER FINANCIAL INFORMATION

OFF BALANCE SHEET ARRANGEMENTS

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

CONTINGENCIES

The Company is party to a number of claims, disputes, lawsuits and other legal matters. The Company believes the ultimate liability arising from these matters will have no material impact on its 2025 Consolidated Financial Statements.

MATERIAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's material accounting judgments, estimates and assumptions are described in Note 24 of the 2025 Consolidated Financial Statements, which are prepared in accordance with IFRS. Management makes judgments and

estimates that could materially affect how policies are applied, amounts in the consolidated financial statements are reported, and contingent assets and liabilities are disclosed. Most often these judgments and estimates concern matters that are inherently complex and uncertain. Judgments and estimates are reviewed on an ongoing basis; changes to accounting estimates are recognized prospectively.

FINANCIAL INSTRUMENTS

Financial instruments are measured at amortized cost or fair value. The valuation methods used to measure financial instruments are described in Note 21 of the 2025 Consolidated Financial Statements, which are prepared in accordance with IFRS.

RELATED PARTY TRANSACTIONS

Transactions with related parties in the normal course of business are measured at the exchange amount. Transfers of assets or business combinations between entities under common control are measured at the carrying amount. For further information, please refer to Note 32 of the 2025 Consolidated Financial Statements.

NEW OR AMENDED IFRS ACCOUNTING STANDARDS ADOPTED

No new or amended standards were adopted during the current year that have a material effect on the 2025 Consolidated Financial Statements.

IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

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

Agreements Referencing Nature-Dependent Electricity

In December 2024, the IASB issued amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures* to improve the reporting of the financial effects of nature-dependent electricity agreements, often structured as power purchase agreements. The amendments clarify the application of the own-use requirements, permit hedge accounting when these agreements are used as hedging instruments, and introduce new disclosure requirements to assist users of financial statements in understanding the effects of these agreements. The amendments are effective for annual periods beginning on or after January 1, 2026. The Company has completed its assessment of the amendments and they are not expected to have a significant impact on its consolidated financial statements when adopted on January 1, 2026.

Settlement by Electronic Payments

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments*, to clarify the date of recognition and derecognition of financial assets and liabilities, with a new exception for financial liabilities settled using electronic forms of payment. The amendments are effective for annual periods beginning on or after January 1, 2026. The Company has completed its assessment of the amendments and they are not expected to have a significant impact on its consolidated financial statements when adopted on January 1, 2026.

Presentation and Disclosure in Financial Statements

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

To facilitate the transition to IFRS 18, the Company has established a project team to evaluate the impact on financial reporting systems and accounting processes required for adoption, and continues to assess the impact of the standard on its consolidated financial statements.

Disclosures about uncertainties in the financial statements

In November 2025, the IASB issued illustrative examples as part of its project, *Disclosures about Uncertainties in the Financial Statements*, which show how an entity discloses uncertainties in its financial statements. The examples do not change requirements in the IFRS accounting standards but give an illustration of how the requirements should be applied in practice. The Company continues to assess the impact of this guidance on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

As of December 31, 2025, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by the Canadian Securities Administrators. This evaluation was performed under the supervision of, and with the participation of, the CEO and the Chief Financial Officer (CFO).

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

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

Based on this evaluation, the CEO and the CFO have concluded that the Company's disclosure controls and procedures were effective at December 31, 2025.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The certification of annual filings for the year ended December 31, 2025, requires that the Company disclose in the annual MD&A any changes in the Company's internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company confirms that no such changes were identified in the Company's ICFR during the period beginning on January 1, 2025 and ending on December 31, 2025.

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

As of December 31, 2025, management evaluated the effectiveness of the Company's ICFR as required by the Canadian Securities Administrators. This evaluation was performed under the supervision of, and with the participation of, the CEO and the CFO.

Based on this evaluation, the CEO and the CFO have concluded that the Company's ICFR was effective at December 31, 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 Company's strategic plans and investment strategy; the payment of dividends and dividend growth; emissions reduction efforts and initiatives; the Company's 2050 net-zero ambition; expected growth, expansion and diversification opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term or expiry of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; the size, storage, generation or transmission capacity expected from business units, assets and projects; the Company's \$12 billion five-year regulated utility capital plan (2026-2030); other utility capital spending that is expected to proceed during the five-year forecast period associated with customer growth, system reliability and safety, climate and technology, and other program and system investments; expectations that non-regulated energy projects will drive growth beyond the regulated utility forecast; expectations regarding the Regulated Utilities' mid-year rate base CAGR; economic drivers within Alberta being fundamental

to our growth; the Company being well-positioned to support energy security as a global priority; expectations regarding the PBR2 and PBR3 appeals, including timing expectations, scope of the proceedings, and anticipated outcomes; expectations regarding ATCO Pipeline's 2026-2028 GRA; the anticipated size, specifications and incremental natural gas delivery capacity of Yellowhead, the anticipated capital spend on Yellowhead and expected accuracy of the estimate, and the number of regulatory applications and expected timing for commencement of construction and bringing Yellowhead on-stream; expectations regarding Yellowhead's funding structure, including sources of equity and debt funding for the project and potential Indigenous equity participation on the project; expectations regarding Electricity Transmission's 2026-2027 GTA; ATCO EnPower developing its cleaner fuels business and remaining committed to advancing practical, value-creating opportunities in its non-regulated energy portfolio; impairments related to ATCO EnPower's Alberta renewable energy portfolio caused by changes and anticipated future negative impacts arising from regulatory reforms, and ATCO EnPower exploring all remedies associated with this situation through engagement, and where necessary, legal recourse, to secure a timely resolution regarding market redesign; changes and anticipated expectations around demand in Australian electricity markets; Australia's developing regulations, government emissions reduction targets and associated investment incentives presenting ATCO Australia with opportunities it is well positioned to pursue; expectations regarding CETO, including the anticipated size, capacity and benefits of the project, the anticipated timing for energization of the project, and the anticipated total investment in the project; ATCO Gas Australia's intention to phase out the AGDS network commencing and the anticipated timeline for doing so; expectations regarding the use of proceeds resulting from Canadian Utilities' recent hybrid note issuance, CU Inc.'s recent debenture issuance and Canadian Utilities' Cumulative Redeemable Second Preferred Share Series JJ short form prospectus issuance; the Company's consideration of a future NCIB renewal, subject to Board and TSX approval; the expected impact of new legislation; the expected timing and impact of policy and regulatory decisions and announcements, including the new federal MPO, and governmental frameworks; 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 Yellowhead and CETO projects underpinning the Company's \$12 billion five-year capital plan (2026-2030) for its Regulated Utilities; other utility capital spending during the five-year forecast period being associated with customer growth, system reliability and safety, climate and technology, and energy transition initiatives, and program and system investments; planned capital investments for the Alberta Utilities being based on a number of significant assumptions, including: projects identified by the AESO will proceed as currently scheduled, and the remaining planned capital investments are required to maintain safe and reliable service and meet planned growth in the Alberta Utilities' service areas; planned capital investments for ATCO EnPower being based on a number of significant assumptions, including a diversified approach to business development focused on multiple pillars (energy storage, clean fuels, and renewables) and development in areas closest to economic feasibility, ensuring long-term assets are matched with appropriate customer offtake agreements with investment grade counterparties, pursuing projects in markets where fundamentals and competitive advantages enable ATCO EnPower to be successful, and self-performing or working with engineering, procurement and construction firms and partners to ensure construction activities are completed by parties with the competencies to ensure successful project delivery; the approval of capital expenditures; regulatory approvals to allow for the recovery of prudently incurred capital expenditures and to earn a fair return on investment; certain other regulatory applications being made and approved; the applicability and stability of legal and regulatory requirements in the jurisdictions in which we invest and/or operate; the payment of fees owing pursuant to applicable contracts; the growth of energy demand; inflation; the development and performance of technology and technological innovations and the ability to otherwise access and implement all technology necessary to achieve business objectives; continuing collaboration with certain business partners and engagement with new business partners, and regulatory and environmental groups; the performance of assets and equipment; demand levels for oil, natural gas, gasoline, diesel and other energy sources; certain levels of future energy use; future production rates; future revenue and earnings; the ability to meet current project schedules, and complete proposed development projects at currently estimated budgets; the availability of financing sources on acceptable terms; expected future borrowing costs and interest rates; and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things: risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws and

regulations and the interpretation and manner of enforcement of such laws and regulations; changes to government policies; regulatory decisions; competitive factors in the industries in which the Company operates; evolving market or economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, infrastructure, and future demand for resources; the development and execution of projects, including development projects not proceeding on schedule or at all, or at currently estimated budgets; the availability of financing sources for development projects on acceptable terms; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; potential cancellation, termination, default, non-compliance, or breach of contract by contract counterparties; the risk that payments owed may not be collected or received in a timely manner, or at all; risks associated with potential litigation proceedings; potential damage to our brand and/or reputation that may result from a failure to perform, or from factors outside of our control, or negative publicity related to significant projects, investments, operations or activities; the risk of operational disruptions, outages, or force majeure events; the occurrence of unexpected events such as fires, extreme weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; global pandemics; the imposition of or changes to existing customs duties, tariffs or other trade restrictions; geopolitical tensions and wars; risks associated with operating in international jurisdictions; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the "Business Risks and Risk Management" section in this MD&A.

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

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

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's 2025 Consolidated Financial Statements and most recent Annual Information Form dated February 25, 2026, can be found on SEDAR+ at www.sedarplus.ca.

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

GLOSSARY

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

AESO means Alberta Electric System Operator.

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

AUC means the Alberta Utilities Commission.

CAGR means compound annual growth rate.

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

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

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

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

COS means Cost of Service.

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

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

ECM means efficiency carry-over mechanism.

ERA means the Economic Regulation Authority of Western Australia.

ESG means Environmental, Social and Governance.

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

GAAP means Canadian generally accepted accounting principles.

GHG means greenhouse gas.

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

GRA means general rate application.

GTA means general tariff application.

IFRS means International Financial Reporting Standards.

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

K Bar means the AUC allowance for capital additions under Performance Based Regulation.

LPG means liquefied petroleum gas.

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

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

O&M means operating and maintenance.

PBR means Performance Based Regulation.

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

PPA means Power Purchase Agreement.

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

ROE means return on equity.

APPENDIX 1:

FOURTH QUARTER FINANCIAL INFORMATION

Financial information for the three months ended December 31, 2025 and 2024 is shown below.

CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS

	Three Months Ended December 31	
<i>(millions of Canadian Dollars except per share data)</i>	2025	2024
Revenues	971	981
Costs and expenses		
Salaries, wages and benefits	(92)	(112)
Energy transmission and transportation	(87)	(79)
Plant and equipment maintenance	(61)	(69)
Fuel costs	(46)	(37)
Purchased power	(23)	(22)
Depreciation, amortization and impairments	(747)	(181)
Franchise fees	(80)	(79)
Property and other taxes	(19)	(17)
Derivative financial instruments gains	(2)	1
Other	(89)	(89)
	(1,246)	(684)
Earnings from investment in joint ventures	21	20
Operating (loss) profit	(254)	317
Interest income	16	19
Interest expense	(140)	(130)
Net finance costs	(124)	(111)
(Loss) earnings before income taxes	(378)	206
Income taxes recovery (expense)	53	(39)
(Loss) earnings for the period	(325)	167
(Loss) earnings attributable to:		
Equity Owners of the Company	(328)	164
Non-controlling interests	3	3
	(325)	167
(Loss) earnings per Class A and Class B share	(\$1.28)	\$0.53
Diluted (loss) earnings per Class A and Class B share	(\$1.28)	\$0.53

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended December 31	
<i>(millions of Canadian Dollars)</i>	2025	2024
Operating activities		
(Loss) earnings for the period	(325)	167
Adjustments to reconcile earnings to cash flows from operating activities	868	372
Changes in non-cash working capital	(28)	(14)
Cash flows from operating activities	515	525
Investing activities		
Additions to property, plant and equipment	(366)	(526)
Additions to intangibles	(39)	(29)
Acquisition, net of cash acquired	(30)	—
Investment in joint ventures	(4)	(1)
Investment in marketable securities	(3)	(3)
Changes in non-cash working capital	(34)	45
Other	(7)	7
Cash flows used in investing activities	(483)	(507)
Financing activities		
Issue of long-term debt	359	16
Repayment of long-term debt	(41)	(12)
Repayment of lease liabilities	(3)	(2)
Issue of equity preferred shares	201	—
Redemption of equity preferred shares	(250)	—
Issue of Class A shares	8	—
Dividends paid on equity preferred shares	(19)	(19)
Dividends paid to non-controlling interests	(3)	(2)
Dividends paid to Class A and Class B share owners	(125)	(124)
Interest paid	(137)	(126)
Other	(2)	1
Cash flows used in financing activities	(12)	(268)
Increase (decrease) in cash position	20	(250)
Foreign currency translation	—	(3)
Beginning of period	651	173
End of period	671	(80)

APPENDIX 2: SUPPLEMENTAL NON-AUDITED FINANCIAL INFORMATION

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

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

SUPPLEMENTAL INFORMATION

ADJUSTED EBITDA⁽¹⁾

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

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

ATCO EnPower

The following tables reconcile adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings⁽²⁾ for the fourth quarter and full year 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 December 31		
	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
2024			
Adjusted earnings (loss) ⁽¹⁾	(4)	8	4
	(1)	5	4
Add:			
Interest expense	7	1	8
	8	1	9
Income tax expense (recovery)	(1)	5	4
	(1)	2	1
Depreciation and amortization	10	5	15
	11	6	17
Total Adjusted EBITDA⁽¹⁾	12	19	31
	17	14	31

(1) Non-GAAP financial measures.

⁽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⁾	(6)	49	43
	6	38	44
<i>Add:</i>			
Interest expense	28	2	30
	28	2	30
Income tax expense	1	17	18
	3	10	13
Depreciation and amortization	38	20	58
	38	21	59
Total Adjusted EBITDA ⁽¹⁾	61	88	149
	75	71	146

(1) Non-GAAP financial measures.

REGULATED UTILITIES CAPITAL EXPENDITURES BY CATEGORY

Management has chosen to provide supplemental non-audited financial information to help readers further understand the five-year (2026-2030) capital expenditure plan in the Regulated Utilities. The approximately \$12 billion of anticipated capital spend will support the evolving needs of our customers throughout our regulated jurisdictions. These capital projects are expected to be primarily aligned with customer growth, system reliability and safety, climate adaptation and resilience, new technologies, and energy transition initiatives. Additionally, the Yellowhead Pipeline Project supports the expansion of natural gas transmission in Alberta, relieving capacity constraints and supporting economic growth within Canada. In the latter years of the forecast period, we anticipate customer growth, system reliability and safety, and climate adaptation and resilience to continue to be strong investment themes.

(\$ billions)	2026	2027	2028	2029	2030	Cumulative
ATCO Energy Systems						
Yellowhead Pipeline	1.1	1.4	0.2	0.1	—	2.8
Customer Growth	0.5	0.6	0.6	0.7	1.1	3.5
System Reliability and Safety	0.7	0.7	0.7	0.8	0.8	3.7
Climate and Technology	0.3	0.3	0.3	0.3	0.3	1.5
Total ATCO Energy Systems Capital	2.6	3.0	1.8	1.9	2.2	11.5
ATCO Gas Australia						
Total ATCO Gas Australia Capital	0.1	0.1	0.1	0.1	0.1	0.5
TOTAL REGULATED UTILITIES CAPITAL EXPENDITURES	2.7	3.1	1.9	2.0	2.3	12.0