

CANADIAN UTILITIES LIMITED
An ***ATCO*** Company

CANADIAN UTILITIES LIMITED

FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

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2026 THIRD QUARTER FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

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CANADIAN UTILITIES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of Canadian Utilities Limited (Canadian Utilities, our, we, us, or the Company) during the nine months ended September 30, 2026.

This MD&A was prepared as of November 5, 2026, and should be read with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2026. Additional information, including the Company's previous MD&As, Annual Information Form, and audited consolidated financial statements for the year ended December 31, 2025, is available on SEDAR+ at www.sedarplus.ca. Information contained in the 2025 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by ATCO Ltd. (ATCO) and its controlling share owner, Sentgraf Enterprises Ltd. (Sentgraf) 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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BUILDING A CANADIAN-HEADQUARTERED ENERGY AND INFRASTRUCTURE POWERHOUSE

On October 6, 2026, ATCO, Canadian Utilities and Emera Incorporated (Emera) announced a transformational agreement to create a Canadian utility and energy infrastructure powerhouse. Emera and Canadian Utilities will combine in a merger of equals to form one of the 20 largest utilities in North America.

In connection with the transaction, ATCO will spin-out its industrial services businesses, into "New ATCO", focused on housing, defence, and other investments, including ports and retail energy. New ATCO will emerge as a new publicly-traded company with a clear growth agenda and distinct investor proposition.

The transaction was approved following a process and comprehensive reviews by all three Boards, including independent Special Committees for ATCO and Canadian Utilities, supported by independent financial and legal advice.

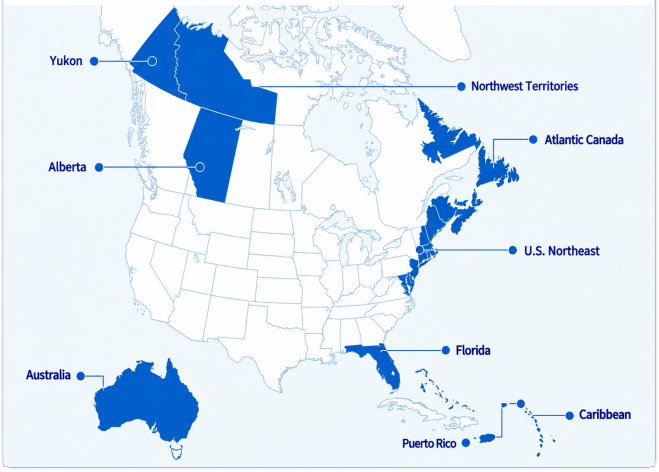
~ $33.5B	~ $45B	~ 6M
Capital Plan	Rate Base	Total Customers

The Emera and Canadian Utilities combined company is expected to have greater financial strength, broader capabilities, and enhanced investment capacity to support expected growing energy and infrastructure needs across its operations. This increased scale will position the company to support a range of capital-intensive priorities with plans to execute on a $33.5 billion capital plan through 2030 for CU and 2031 for Emera, which is expected to drive average annual rate base growth of approximately 7 per cent and 7.5 to 8.5 per cent, respectively. This plan is expected to continue supporting investments in growth opportunities driven by electrification, transmission, energy security, and other major energy infrastructure needs across Canada, the United States and Australia.

The combined company will operate as Emera. Its public company headquarters will remain in Halifax, while maintaining Canadian Utilities' corporate and operational headquarters in Calgary and Edmonton, with a strong continued presence in Canadian Utilities' key markets including Perth, Australia. Emera's US operations will continue to be headquartered in Tampa, Florida.

Both Canadian Utilities and Emera will benefit from this greater geographic and regulatory diversification, enhanced financial flexibility and continued exposure to two of the fastest growth jurisdictions in North America – Florida and Alberta; greater economies of scale; and deeper access to skilled labour and leadership.

Combined Geographic Footprint (1)



(1) ATCO Mexico operates in Mexico.

TRANSACTION OVERVIEW

COMBINATION OF EMERA AND CANADIAN UTILITIES

The transaction is structured as an all-share transaction. As part of the merger, Emera is required to acquire: (a) all of the issued and outstanding Class I non-voting shares of ATCO (the ATCO Class I Shares) and Class II voting shares of ATCO (the ATCO Class II Shares); and (b) all of the issued and outstanding Class A non-voting shares of Canadian Utilities (the Canadian Utilities Class A Shares) and Class B common shares of Canadian Utilities (the Canadian Utilities Class B Shares) not held by ATCO.

ATCO and Canadian Utilities non-voting shareholders will receive Emera voting common shares. Canadian Utilities preferred shares will remain outstanding, and no fractional Emera shares will be issued.

Following completion of the transaction, existing Emera shareholders are expected to collectively own approximately 60 per cent of the combined company, while former ATCO and Canadian Utilities shareholders are expected to collectively own approximately 40 per cent.

TERMS OF ARRANGEMENT

Under the terms of the Arrangement: (a) the holders of Canadian Utilities Class A Shares (other than ATCO) will receive 0.755 of a common share of Emera (the Emera Shares) for each Canadian Utilities Class A Share held; and (b) the holders of Canadian Utilities Class B Shares (other than ATCO) will receive 0.819 of an Emera Share for each Canadian Utilities Class B Share held.

NEXT STEPS

Completion of the transaction is subject to the satisfaction of customary conditions, including applicable securityholder, court, stock exchange and regulatory approvals. The transaction is expected to close in the third or fourth quarter of 2027. While the transaction progresses, it remains business as usual for Emera, ATCO and Canadian Utilities and their employees. The companies remain focused on customers, employees, safety, reliability and operations.

Joint Management Information Circular & Special Meetings

A joint management information circular containing details of the transaction will be prepared and made available to applicable securityholders of ATCO, Canadian Utilities, and Emera in connection with the special meeting of such securityholders expected to be held in early 2027.

Additional details regarding the transaction, including a copy of the arrangement agreement and the full text of the fairness opinions, will be included in the circular. The transaction will be effected by way of a court-approved plan of arrangement under the *Canada Business Corporations Act*.

Securityholder Approvals

In order to proceed, the arrangement must be approved by:

- at least two-thirds of the votes cast by holders of ATCO Class I and Class II Shares, voting together as a single class;
- at least two-thirds of the votes cast by holders of ATCO Class I and Class II Shares, ATCO options and ATCO SARs, voting together as a single class;
- at least two-thirds of the votes cast by holders of Canadian Utilities Class A Shares;
- at least two-thirds of the votes cast by holders of Canadian Utilities Class B Shares;
- at least two-thirds of the votes cast by holders of Canadian Utilities Class A and Class B Shares, Canadian Utilities options and Canadian Utilities SARs, voting together as a single class;
- a simple majority of the votes cast by the holders of Canadian Utilities Class A Shares, excluding votes required to be excluded under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*; and
- a simple majority of the votes cast by Emera shareholders for the issuance of Emera Shares in connection with the transaction,

in each case by applicable holders present or represented by proxy at the applicable meeting, and such other approvals as may be required under applicable securities laws or by the Court of King's Bench of Alberta in connection with the arrangement. On each such arrangement resolution, all applicable ATCO and Canadian Utilities securityholders (including holders of non-voting shares, options and share appreciation rights (SARs)) are entitled to one vote for each security held.

As part of the transaction, ATCO Class I and Class II shareholders will also be asked to approve the continuance of ATCO as a federal corporation under the *Canada Business Corporations Act*, which is a technical step needed to complete the arrangement. New ATCO is a separate company that is being incorporated in Alberta and will remain an Alberta company headquartered in Calgary. The continuance will require approval by two-thirds of the votes cast by holders of ATCO Class I and Class II common shares present or represented by proxy at the ATCO special meeting, voting together as a single class (with one vote per share). The arrangement will not proceed unless the continuance is approved.

Court and Regulatory Approvals

The transaction is subject to the receipt of all required court, regulatory and stock exchange approvals, including approval of the Court of King's Bench of Alberta, the Alberta Utilities Commission, the US Federal Communications Commission, the US Federal Energy Regulatory Commission, Comisión Nacional Antimonopolio of Mexico, the Toronto Stock Exchange and the New York Stock Exchange, and approvals or notifications under the *Competition Act* (Canada), the *Canada Transportation Act*, the *Australian Foreign Acquisitions and Takeovers Act 1975*, the *Australian Competition and Consumer Act 2010*, the *United States Hart-Scott-Rodino Antitrust Improvements Act of 1976*, and the Committee on Foreign Investment in the United States.

PERFORMANCE OVERVIEW

FINANCIAL METRICS

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

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions, except per share data and outstanding shares)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Key Financial Metrics						
Revenues	**902**	792	110	**2,900**	2,719	181
Adjusted earnings (loss) [1]	**117**	108	9	**499**	461	38
ATCO Energy Systems [1]	**103**	98	5	**473**	446	27
ATCO EnPower [1]	**15**	16	(1)	**41**	39	2
ATCO Australia [1]	**29**	27	2	**84**	61	23
Financing & Other [1]	**(30)**	(33)	3	**(99)**	(85)	(14)
Adjusted earnings ($ per share) [2]	**0.43**	0.40	0.03	**1.83**	1.70	0.13
Earnings attributable to equity owners of the Company	**94**	100	(6)	**446**	447	(1)
Earnings attributable to Class A and Class B shares	**74**	80	(6)	**388**	389	(1)
Earnings attributable to Class A and Class B shares ($ per share)	**0.28**	0.29	(0.01)	**1.43**	1.43	—
Diluted earnings attributable to Class A and Class B shares ($ per share)	**0.27**	0.29	(0.02)	**1.42**	1.43	(0.01)
Total assets	**24,921**	24,668	253	**24,921**	24,668	253
Long-term debt	**12,247**	11,988	259	**12,247**	11,988	259
Equity attributable to equity owners of the Company	**6,482**	6,952	(470)	**6,482**	6,952	(470)
Cash dividends declared per Class A and Class B share (cents per share)	**46.23**	45.77	0.46	**138.69**	137.31	1.38
Cash flows from operating activities	**526**	468	58	**1,687**	1,546	141
Capital investment [3]	**656**	405	251	**1,416**	1,191	225
Capital expenditures	**653**	402	251	**1,409**	1,185	224
Other Financial Metrics						
Weighted average Class A and Class B shares outstanding *(thousands)*:						
Basic	**272,335**	271,839	496	**272,269**	271,743	526
Diluted	**273,219**	272,071	1,148	**273,033**	271,906	1,127

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

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

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

REVENUES

Revenues in the third quarter of 2026 were $902 million, $110 million higher than the same period in 2025 mainly due to increased customer rates and higher foreign exchange rates in ATCO Gas Australia, higher flow-through revenues in Natural Gas Distribution and Electricity Distribution, an increase in revenue requirement in Natural Gas Transmission from the inclusion

of construction work in progress for the Yellowhead Pipeline in the 2026 rate base, as approved by the Alberta Utilities Commission (AUC), and stronger seasonal spreads in natural gas storage services in ATCO EnPower.

ADJUSTED EARNINGS [1]

Adjusted earnings in the third quarter of 2026 were $117 million or $0.43 per share, compared to $108 million or $0.40 per share for the same period in 2025.

Higher adjusted earnings in the third quarter of 2026 were mainly due to the impact of inflation indexing on rate base and increased customer rates in ATCO Gas Australia, and growth in rate base in ATCO Energy Systems' businesses. Higher adjusted earnings were partially offset by the timing of cost efficiencies in Electricity Distribution and Natural Gas Distribution, and increased interest expense on the debt issuance in the third quarter of 2025 related to the pre-funding of the Yellowhead Pipeline investment.

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 $94 million in the third quarter of 2026, $6 million lower compared to the same period in 2025. Earnings attributable to equity owners of the Company include timing adjustments related to rate-regulated activities, dividends on equity preferred shares of the Company, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings.

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

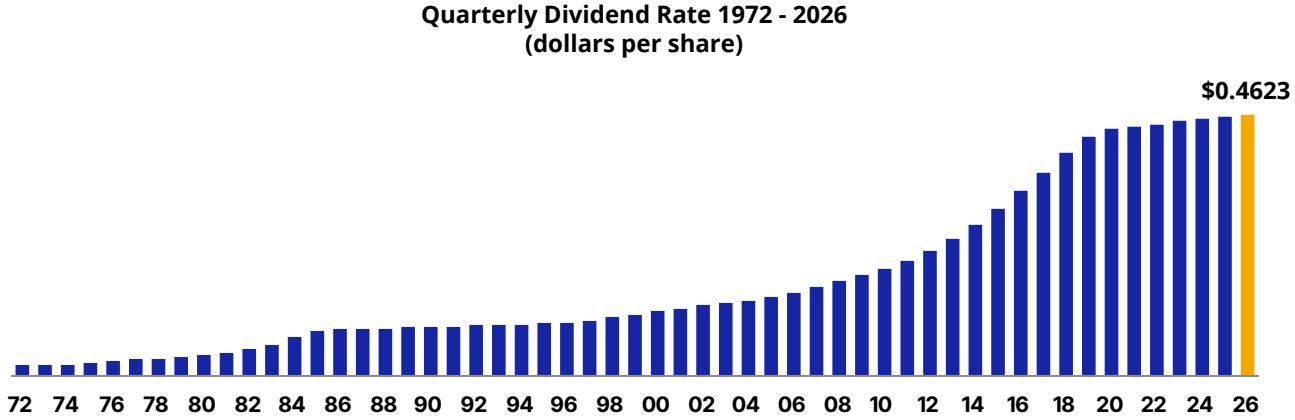
Earnings attributable to equity owners of the Company are earnings attributable to Class A shares and Class B shares plus dividends on equity preferred shares of the Company. Additional information regarding earnings attributable to Class A shares and Class B shares is presented in Note 5 of the unaudited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

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities were $526 million in the third quarter of 2026, $58 million higher than the same period in 2025. This increase was mainly due to higher earnings, excluding the impact of non-cash items, across most business units and higher customer contributions, partially offset by the timing of working capital.

COMMON SHARE DIVIDENDS

Dividends paid to Class A and Class B share owners in the third quarter of 2026 totalled $126 million. On October 8, 2026, the Board of Directors declared a fourth 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.



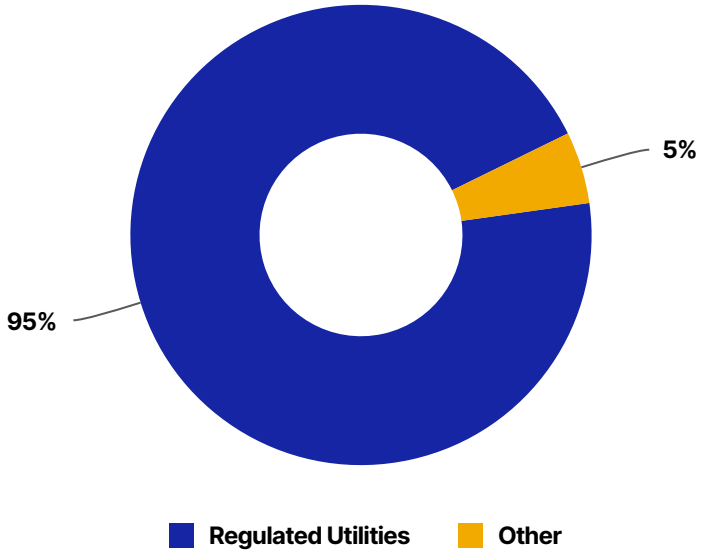
[1] *Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in this MD&A.*

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 $656 million in the third quarter of 2026 was $251 million higher compared to the same period in 2025 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead Pipeline in Natural Gas Transmission, and higher spending in ATCO EnPower, largely related to storage expansion projects.

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 $653 million in the third quarter of 2026 were $251 million higher compared to the same period in 2025 due to the factors outlined above. Capital expenditures in joint ventures are excluded from capital expenditures.

Capital Expenditures for the Three Months Ended September 30, 2026



Capital expenditures in the Regulated Utilities accounted for 95 per cent of the total in the third quarter of 2026. The remaining capital expenditures were 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 $747 million and $2,427 million in the third quarter and first nine months of 2026 were $84 million and $130 million higher than the same periods in 2025. Higher revenues were mainly due to higher flow-through revenues in Natural Gas Distribution and Electricity Distribution, growth in rate base, and an increase in revenue requirement in Natural Gas Transmission from the inclusion of construction work in progress for the Yellowhead Pipeline in the 2026 rate base, as approved by the AUC. Higher revenues in the first nine months of 2026 were partially offset by refunds to Electricity Distribution and Natural Gas Distribution customers from September 1, 2025 to February 28, 2026, resulting from the AUC's Second Generation Performance Based Regulation (PBR2) Re-opener Phase II decision issued in the second quarter of 2025.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Electricity						
Electricity Distribution [1]	**37**	39	(2)	**118**	119	(1)
Electricity Transmission [1]	**49**	44	5	**145**	133	12
International Electricity Operations [1]	**14**	14	—	**43**	43	—
Total Electricity [1]	**100**	97	3	**306**	295	11
Natural Gas						
Natural Gas Distribution [1]	**(33)**	(27)	(6)	**73**	70	3
Natural Gas Transmission [1]	**36**	28	8	**94**	81	13
Total Natural Gas [1]	**3**	1	2	**167**	151	16
Total ATCO Energy Systems [2]	**103**	98	5	**473**	446	27

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

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

ATCO Energy Systems' adjusted earnings of $103 million and $473 million in the third quarter and first nine months of 2026 were $5 million and $27 million higher than the same periods in 2025 mainly due to growth in rate base. Higher adjusted earnings were also due to lower income tax expense resulting from the March 2026 enactment of the *Budget 2025 Implementation Act, No. 1* (Bill C-15), which reinstated the Accelerated Investment Incentive and increased the deductibility of eligible property acquired after 2024 and available for use before 2030. Higher adjusted earnings were partially offset by the timing of cost efficiencies in Electricity Distribution and Natural Gas Distribution, and Natural Gas Transmission's AUC-approved 2026-2028 General Rate Application (GRA), which included cost efficiencies from prior periods that are being passed on to customers.

Detailed information about the activities and financial results of 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 and $118 million in the third quarter and first nine months of 2026 were $2 million and $1 million lower than the same periods in 2025 mainly due to timing of cost efficiencies, partially offset by growth in rate base, and in the first nine months of 2026, lower income tax expense due to the March 2026 enactment of Bill C-15.

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 $49 million and $145 million in the third quarter and first nine months of 2026 were $5 million and $12 million higher than the same periods in 2025 mainly due to growth in rate base.

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 with the Puerto Rico Public-Private Partnerships Authority and the Puerto Rico Electric Power Authority.

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 and $43 million in the third quarter and first nine months of 2026 were comparable to the same periods in 2025.

Natural Gas Distribution

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

Natural Gas Distribution adjusted earnings in the third quarter of 2026 were $6 million lower than the same period in 2025 mainly due to the timing of cost efficiencies, partially offset by growth in rate base.

Natural Gas Distribution adjusted earnings of $73 million in the first nine months of 2026 were $3 million higher than the same period in 2025 mainly due to growth in rate base and lower income tax expense due to the March 2026 enactment of Bill C-15, partially offset by the timing of cost efficiencies.

Natural Gas Transmission

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

Natural Gas Transmission adjusted earnings of $36 million and $94 million in the third quarter and first nine months of 2026 were $8 million and $13 million higher than the same periods in 2025 mainly due to growth in rate base and lower income tax expense due to the March 2026 enactment of Bill C-15. Higher adjusted earnings were partially offset by the 2026-2028 GRA, which was approved by the AUC and included cost efficiencies from prior periods that are being passed on to customers.

ATCO ENERGY SYSTEMS RECENT DEVELOPMENTS

Utility Infrastructure Projects

ATCO Energy Systems continues work on the Yellowhead Pipeline in Natural Gas Transmission. Yellowhead Pipeline consists of approximately 235 kilometres of high-pressure natural gas pipeline with the projected spend estimated at $2.9 billion. In the third quarter of 2025, the AUC approved the Need Assessment Application for the project, and on July 17, 2026, the AUC approved the facility application. With these two key regulatory filings approved, construction has commenced. All major

pipeline and compressor contracts, including supply and materials, have been awarded and the pipeline is 100 per cent contracted with customers. The Yellowhead Pipeline will support Alberta's continued economic growth, industrial expansion and rising energy demand.

The Company expects to fund Yellowhead Pipeline's development within CU Inc., according to its regulated capital structure, which is 63 per cent regulated debt and 37 per cent regulated equity. The regulated debt is expected to be funded with CU Inc. debenture issuances throughout the remainder of 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 subordinated notes and $200 million preferred shares to substantially pre-fund its equity contribution.



October 13, 2026, groundbreaking of the Yellowhead Pipeline

Funding Strategy

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

ATCO ENERGY SYSTEMS REGULATORY DEVELOPMENTS

Common Matters

Second Generation Performance Based Regulation (PBR2) Re-opener: Phase I and Phase II Appeals

On September 3, 2026, the Alberta Court of Appeal (ABCA) upheld the AUC's PBR2 re-opener and PBR2 remedy decisions, including the previously directed refund of $71 million ($56 million after-tax) to Electricity Distribution and Natural Gas Distribution customers, which was made over the period September 1, 2025 to February 28, 2026. As a result of the ABCA's decision, the refunds were determined to be non-recoverable. As the financial impact of the ABCA's decision is not indicative of day-to-day operations, it has been excluded from adjusted earnings.

Electricity Transmission

2026-2027 General Tariff Application (GTA)

On November 21, 2025, Electricity Transmission filed its GTA with the AUC to establish its revenue requirement for 2026 and 2027. In June 2026, Electricity Transmission and interveners reached a comprehensive Negotiated Settlement Agreement (NSA), which excluded three line-move capital projects. The NSA was approved by the AUC on July 3, 2026. On October 8, 2026, the AUC issued its decision on the three line-move capital projects, substantially approving all remaining costs outside the previously approved NSA.

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



REVENUES

ATCO EnPower revenues of $70 million and $245 million in the third quarter and first nine months of 2026 were $11 million and $17 million higher than the same periods in 2025 mainly due to stronger seasonal spreads in natural gas storage services.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Electricity Generation [1]	**(1)**	3	(4)	**(7)**	(2)	(5)
Storage & Industrial Water [1]	**16**	13	3	**48**	41	7
Total ATCO EnPower [2]	**15**	16	(1)	**41**	39	2

(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 $15 million in the third quarter of 2026 were $1 million lower than the same period in 2025 mainly due to lower carbon pricing recognized for emissions credits generated, lower compensation related to turbine availability guarantees at the Forty Mile wind facility, and lower generation at the Veracruz hydro facility in Mexico. Lower adjusted earnings were partially offset by stronger seasonal spreads in natural gas storage services and lower depreciation expense due to asset impairments related to the Renewables portfolio in the fourth quarter of 2025.

ATCO EnPower adjusted earnings of $41 million in the first nine months of 2026 were $2 million higher than the same period in 2025 mainly due to stronger seasonal spreads in natural gas storage services and lower depreciation expense due to asset impairments related to the Renewables portfolio in the fourth quarter of 2025. Higher adjusted earnings were partially offset by lower carbon pricing recognized for emissions credits generated and lower compensation related to turbine availability guarantees at the Forty Mile wind facility.

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 third quarter and first nine months of 2026 were $4 million and $5 million lower than the same periods in 2025 mainly due to lower carbon pricing recognized for emissions credits generated, lower compensation related to turbine availability guarantees at the Forty Mile wind facility, and lower generation at the Veracruz hydro facility in Mexico. Lower adjusted earnings were partially offset by lower depreciation expense due to asset impairments related to the Renewables portfolio in the fourth quarter of 2025.

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

	Three Months Ended September 30			Nine Months Ended September 30		
	2026	2025	Change	2026	2025	Change
Capacity Share [1] [2] ***(MW)***	**409**	390	19	**409**	390	19
Generation (MWh)	**211,755**	196,294	15,461	**677,497**	663,312	14,185
Wind	**110,555**	109,574	981	**432,925**	455,182	(22,257)
Solar	**61,805**	63,131	(1,326)	**155,508**	156,633	(1,125)
Hydroelectric	**35,229**	23,589	11,640	**79,755**	51,497	28,258
Natural Gas	**4,166**	—	4,166	**9,309**	—	9,309
% Merchant	**41**	36	5	**36**	32	4
% PPA [3]	**59**	64	(5)	**64**	68	(4)
Average Realized Price *($/MWh)*	**67**	68	(1)	**70**	72	(2)

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

(2) Capacity share increased by 19-MW as a result of completing the acquisition of the Elmworth generating station in the fourth quarter of 2025.

(3) PPA means Power Purchase Agreement.

The average realized price related to the generation portfolio of $67 per MWh and $70 per MWh in the third quarter and first nine months of 2026 was lower compared to $68 per MWh and $72 per MWh in the same periods in 2025. This is mainly due to declines in merchant pricing from the comparable periods in 2025.

Wind generation in the third quarter of 2026 was higher overall than the same period in 2025, driven by improved wind resource at the Adelaide wind facility. This was partially offset by lower generation at the Forty Mile wind facility driven by higher Independent System Operator (ISO)-directed curtailment which offset a higher wind resource. The Forty Mile wind facility continues to be affected by significant ISO-directed curtailments caused by transmission system constraints in the southeast portion of Alberta resulting from inadequate transmission infrastructure and ongoing grid deficiencies with unprecedented levels of curtailment in the region continuing. The Alberta Electric System Operator's (AESO) unequal curtailment practices also continue to benefit Renewable Energy Program (REP) facilities at the expense of non-REP generators in the area.

Incumbent protection measures were released by the Government of Alberta on October 2, 2026. The incumbent protection mechanisms will apply to incumbent generators beginning in 2028 and are expected to partially mitigate the financial losses occurring as a result of curtailment at the Forty Mile wind facility.

Solar generation in the third quarter of 2026 was lower than the same period in 2025 driven in part by outages experienced during August and September at the Empress solar facility which offset improved performance at the Deerfoot solar facility.

There was improved generation in the third quarter of 2026 at the hydroelectric facility compared to the same period in 2025 as reservoir levels remain elevated, supported by strong basin-wide snowpack, high precipitation, and mild weather.

Natural gas generation in the third quarter of 2026 was higher than the same period in 2025 due to the fourth quarter 2025 acquisition of the Elmworth generating station.

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 $16 million and $48 million in the third quarter and first nine months of 2026 were $3 million and $7 million higher than the same periods in 2025 mainly due to stronger seasonal spreads in natural gas storage services.

ATCO ENPOWER RECENT DEVELOPMENTS

Atlas Carbon Storage Hub Recognition

During the third quarter of 2026, the Atlas Carbon Storage Hub was selected as one of five global recipients of the 2026 Clean Energy Ministerial (CEM) - Mission Innovation (MI) "Carbon Management Project Awards". The project was nominated by the Government of Canada and recognized by an international expert committee from among 17 nominated projects representing eight CEM and MI Member Countries. The award recognizes innovation and excellence in carbon management and highlights the strategic importance of the Atlas Carbon Storage Hub in advancing large-scale carbon capture and storage solutions.



REVENUES

ATCO Australia revenues of $81 million and $218 million in the third quarter and first nine months of 2026 were $13 million and $33 million higher than the same periods in 2025 mainly due to increased customer rates in ATCO Gas Australia, and higher foreign exchange rates. Revenues for the first nine months of 2026 were partially offset by the revenues received in the first quarter of 2025 from the South Australia Hydrogen Jobs Plan project in ATCO Power Australia.

ADJUSTED EARNINGS

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
ATCO Gas Australia [1]	**30**	24	6	**82**	54	28
ATCO Power Australia [1]	**(1)**	3	(4)	**2**	7	(5)
Total ATCO Australia [2]	**29**	27	2	**84**	61	23

(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 $29 million and $84 million in the third quarter and first nine months of 2026 were $2 million and $23 million higher than the same periods in 2025 mainly due to the impact of inflation indexing on rate base, higher foreign exchange rates, and higher customer rates in ATCO Gas Australia.

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

ATCO Gas Australia

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

ATCO Gas Australia adjusted earnings of $30 million and $82 million in the third quarter and first nine months of 2026 were $6 million and $28 million higher than the same periods in 2025 mainly due to the impact of inflation indexing on rate base, higher foreign exchange rates, and higher customer rates.

Australia inflation indexing in 2026 currently reflects a full year inflation assumption of approximately 4 per cent, of which 3.2 per cent has been recognized in the first nine months. In 2025, Australia inflation indexing reflected a full year inflation of 3.4 per cent, of which 2.1 per cent was recognized for the first nine months of 2025. The impact of inflation on rate base is added to the rate base annually and is reflected in customer rates in future periods through the recovery of depreciation. Customer rates are adjusted annually through a mechanism, which adjusts the approved rates in real dollars for actual inflation.

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 third quarter and first nine months of 2026 were $4 million and $5 million lower than the same periods in 2025 mainly due to the execution of a settlement deed in the third quarter of 2025 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.



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

REVENUES

Including intersegment eliminations, Canadian Utilities Financing & Other revenues of $4 million and $10 million in the third quarter and first nine months of 2026 were comparable to the same periods in 2025.

ADJUSTED EARNINGS (LOSS)

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Financing & Other [1]	**(30)**	(33)	3	**(99)**	(85)	(14)

(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 loss in the third quarter of 2026 was $3 million lower than the same period in 2025 mainly due to the recognition of a one-time income tax adjustment in the third quarter of 2026 and higher interest income, partially offset by increased interest expense on the debt issuance in the third quarter of 2025 related to the pre-funding of the Yellowhead Pipeline investment.

Including intersegment eliminations, Canadian Utilities Financing & Other adjusted loss in the first nine months of 2026 was $14 million higher than the same period in 2025 mainly due to increased interest expense on the debt issuance in the third quarter of 2025 related to the pre-funding of the Yellowhead Pipeline investment and higher share-based compensation expense related to an increase in Canadian Utilities' share price, partially offset by the recognition of a one-time income tax adjustment in the third quarter of 2026, and higher interest income.

POLICY, REGULATORY & OTHER RECENT EVENTS

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.

POLICY AND REGULATORY

CANADA

Federal Impact Assessment Reforms

On September 9, 2026, amendments to the Physical Activities Regulations came into force, removing certain project types from the federal *Impact Assessment Act* project list, including international and interprovincial electrical transmission lines and pipelines regulated by the Canada Energy Regulator (CER). Under the amended framework, these projects will be subject to review through existing regulatory processes administered by the CER rather than through a separate federal impact assessment process. The amendments form part of broader federal initiatives intended to reduce regulatory duplication, streamline project reviews, and improve permitting efficiency for major infrastructure projects.

Productivity Mega-Deduction

On September 15, 2026, the federal government announced the Productivity Mega-Deduction, a significant expansion of capital cost expense measures intended to reduce the cost of capital and encourage business investment. The measure expands immediate expense treatment to a broader range of capital assets, including certain energy infrastructure, pipelines, fibre-optic cable, software, research and development expenditures, and other eligible depreciable property. The government has stated that the measure is intended to improve Canada's investment competitiveness and support private-sector investment.

Building Canada Strong Act

On September 21, 2026, the Government of Canada introduced Bill C-39, the *Building Canada Strong Act*, legislation intended to accelerate the development of major infrastructure and energy projects by streamlining federal review and permitting processes. The proposed legislation would establish a target of completing federal reviews and project decisions within one year following submission of a complete application and includes measures intended to improve regulatory coordination, reduce duplication, and provide greater certainty for project proponents and investors. The legislation also proposes reforms affecting federal impact assessments, energy and transportation infrastructure approvals, Indigenous consultation processes, and major trade corridor development. If enacted, the proposed changes may support more efficient development of utility, transmission, energy, transportation, and infrastructure projects across Canada.

ALBERTA

Carbon Capture Development and Pathways Agreement

On July 13, 2026, the governments of Canada and Alberta, together with members of the Oil Sands Alliance, entered into an agreement to advance the Pathways Project, a large-scale carbon capture and storage initiative intended to reduce emissions from Alberta's oil sands operations. The agreement includes commitments to support carbon capture and storage development through investment incentives, including the finalization and extension of the Alberta Carbon Capture Incentive Program, the extension of federal carbon capture investment tax credits, and carbon sequestration arrangements for the Pathways Project. The agreement also includes commitments to advance industrial decarbonization, enhance carbon market certainty, and review regulatory and policy frameworks intended to support investment, emissions reductions, and major-project development. Governments identified carbon capture and storage as a key component of Alberta's long-term emissions reduction strategy while supporting economic growth and competitiveness.

Electricity Market and Transmission Reforms

During the third quarter of 2026, the AESO continued implementation of Alberta's electricity market and transmission reforms, including the Restructured Energy Market and Optimal Transmission Planning (OTP) initiatives. In September 2026, the AESO initiated stakeholder consultation on proposed ISO rules supporting OTP, which implements Alberta's transition to a cost-benefit-based approach for transmission planning and development. The framework is intended to support affordability while ensuring efficient investment in transmission infrastructure.

Alberta-Saskatchewan-Northwest Territories (NWT) Energy Cooperation

During the third quarter of 2026, the governments of Alberta, Saskatchewan, and the NWT expanded their existing collaboration on energy development through a memorandum of understanding focused on nuclear technologies, including small modular reactors and microreactors. The agreement also supports continued cooperation on workforce development, supply chains, energy security, and long-term electricity infrastructure planning. The agreement builds on previous interjurisdictional collaboration among western Canadian governments and reflects ongoing efforts to evaluate technologies and infrastructure that could support future energy needs, reliability objectives, and economic development.

Transmission Incumbency Policy

On October 2, 2026, the Government of Alberta released the Incumbency Treatment Policy as part of its broader electricity framework reforms. The policy provides direction regarding the future treatment of incumbent transmission facility owners and establishes principles intended to support the transition to Alberta's evolving transmission planning and development framework. The policy is being implemented through the AESO's electricity market and transmission reform initiatives, including OTP. The policy may influence the development, ownership, and procurement of future transmission infrastructure projects in Alberta. The Company continues to monitor implementation activities and assess potential implications for transmission investment opportunities and the province's evolving electricity framework.

OTHER RECENT EVENTS

We monitor broader industry and government developments that may influence existing or planned projects in the communities in which we operate. The following are examples of recent events that are relevant to our existing businesses and potential future growth opportunities.

LNG CANADA PHASE 2

In September 2026, the LNG Canada joint venture participants announced a final investment decision on Phase 2 of the LNG Canada export facility in Kitimat, British Columbia. Phase 2 will add two liquified natural gas (LNG) trains, doubling the facility's capacity from 14 million tonnes per annum to 28 million tonnes per annum, with commercial operations expected in the early 2030s. Phase 2 will also require an expansion of the Coastal GasLink pipeline. The growth of LNG exports is expected to increase demand for natural gas infrastructure in Western Canada, including natural gas transmission and natural gas and natural gas liquids storage.

MAJOR PROJECTS OFFICE

On June 26, 2026, the Government of Canada referred its Transmission InterConnect Investment Strategy to the federal Major Projects Office to identify high-priority interprovincial transmission projects and potential financing solutions. The five priority projects identified include the restoration of the Alberta-British Columbia Intertie and the upgrade of the Alberta-Saskatchewan intertie, which are expected to add approximately 400 megawatts of combined trade capacity. Stronger interprovincial connections are expected to improve grid reliability and support electricity trade between provinces.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the third quarter and first nine months of 2026 and 2025 is given below. These amounts are presented in accordance with IFRS Accounting Standards. They have not been adjusted for the timing of revenues and expenses associated with rate-regulated activities and other items that are not in the normal course of business.

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Operating costs	**483**	383	100	**1,430**	1,318	112
Depreciation and amortization	**196**	183	13	**579**	546	33
Earnings from investment in joint ventures	**17**	19	(2)	**57**	59	(2)
Net finance costs	**124**	113	11	**367**	334	33
Income tax expense	**19**	30	(11)	**126**	125	1

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation and amortization, increased by $100 million and $112 million in the third quarter and first nine months of 2026 compared to the same periods in 2025 mainly due to the recognition of a past service cost adjustment related to the Company's other post-employment benefit obligation resulting from the Government of Alberta's *Health Statutes Amendment Act, 2025 (No. 2)* (Bill 11), which changes the coordination of benefits between employer-sponsored health plans and certain provincial health programs. Operating costs were also higher due to higher flow-through costs in ATCO Energy Systems, including purchased power expenses in ATCO Electric Yukon and third-party franchise fees in Natural Gas Distribution, and increased maintenance in ATCO Energy Systems' businesses. Increased operating costs were partially offset by nonrecurring costs incurred in 2025 associated with restructuring activities and transition costs related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by $13 million and $33 million in the third quarter and first nine months of 2026 compared to the same periods in 2025 mainly due to ongoing capital investments in the Regulated Utilities.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

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

Earnings from investment in joint ventures in the third quarter and first nine months of 2026 were each $2 million lower than the same periods in 2025 mainly due to lower earnings from the Strathcona Storage Limited Partnership.

NET FINANCE COSTS

Net finance costs increased by $11 million and $33 million in the third quarter and first nine months of 2026 compared to the same periods in 2025 mainly due to additional debt issued to fund ongoing capital investment.

INCOME TAX EXPENSE

Income taxes in the third quarter of 2026 were $11 million lower than the same period in 2025 mainly due to the recognition of previously unrecognized deferred income taxes and lower IFRS earnings before income taxes.

Income taxes in the first nine months of 2026 were $1 million higher than the same period in 2025 mainly due to lower investment tax credits, partially offset by the recognition of previously unrecognized deferred income taxes.

LIQUIDITY AND CAPITAL RESOURCES

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

CREDIT RATINGS

The following table shows the credit ratings assigned to Canadian Utilities, CU Inc. and ATCO Gas Australia Pty Ltd (ATCO Gas Australia) at September 30, 2026.

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

S&P Global Ratings has assigned Canadian Utilities' subsidiary ATCO Gas Australia [(1)] an A- issuer and senior unsecured debt credit rating with a negative outlook as of October 7, 2026.

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

Following the October 6, 2026 announcement regarding the transaction involving ATCO, Canadian Utilities, and Emera, several credit rating agencies issued reports reflecting their initial assessments of the transaction.

On October 6, 2026, Fitch Ratings affirmed its 'A-' long-term issuer credit rating on Canadian Utilities Limited, but placed the rating on watch negative as Fitch expects to equalize Canadian Utilities' ratings with Emera's upon closing of the transaction. At the same time, Fitch Ratings affirmed CU Inc.'s 'A-' long-term issuer rating with a stable outlook. CU Inc.'s stable outlook reflects Fitch's expectation that CU Inc.'s rating will remain above Emera's consolidated credit profile.

On October 7, 2026, S&P Global Ratings revised Canadian Utilities' subsidiary ATCO Gas Australia's 'A-' issuer credit rating with a stable outlook to an 'A-' issuer credit rating with a negative outlook.

On October 8, 2026, Morningstar DBRS placed Canadian Utilities' 'A' issuer credit ratings under review with developing implications to reflect uncertainty on Canadian Utilities' overall credit risk profile created by the transaction with Emera. At the same time, Morningstar DBRS affirmed its 'A (high)' long-term issuer credit rating and stable outlook on CU Inc., noting it does not expect the transaction with Emera will have a material impact on CU Inc.'s credit risk profile.

LINES OF CREDIT

At September 30, 2026, Canadian Utilities and its subsidiaries had the following lines of credit.

($ millions)	Total	Used	Available
Long-term committed	**2,872**	1,060	1,812
Short-term committed	**99**	—	99
Uncommitted	**450**	112	338
Total	**3,421**	1,172	2,249

Of the $3,421 million in total lines of credit, $450 million was in the form of uncommitted credit facilities with no set maturity date. The other $2,971 million in credit lines was committed with maturities between 2027 and 2031, and may be extended at the option of the lenders.

Of the $1,172 million in lines of credit used, $738 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 September 30, 2026, the Company's cash position was $148 million. This represents a decrease of $503 million compared to the cash position as of September 30, 2025. Cash movements for the third quarter and first nine months of 2026 and 2025 are outlined in the following table:

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Cash position, beginning of period	**251**	(52)	303	**671**	(80)	751
Cash from (used in):						
Operating activities	**526**	468	58	**1,687**	1,546	141
Investing activities	**(512)**	(385)	(127)	**(1,242)**	(1,159)	(83)
Financing activities	**(121)**	616	(737)	**(972)**	339	(1,311)
Foreign currency translation	**4**	4	—	**4**	5	(1)
Cash position, end of the period	**148**	651	(503)	**148**	651	(503)

The opening cash position of $251 million and $671 million in the third quarter and first nine months of 2026 was $303 million and $751 million higher compared to the opening cash position for the same periods in 2025 mainly due to increased issuance of long-term debt and Canadian Utilities' equity preferred shares related to growth projects for new customers in the Regulated Utilities, partially offset by redemption of equity preferred shares and repayments of debt.

Operating Activities

Cash flows from operating activities were $526 million in the third quarter of 2026, $58 million higher than the same period in 2025. This increase was mainly due to higher earnings, excluding the impact of non-cash items, across most business units and higher customer contributions, partially offset by the timing of working capital.

Cash flows from operating activities were $1,687 million in the first nine months of 2026, $141 million higher than the same period in 2025. This increase was mainly due to higher earnings, excluding the impact of non-cash items, across most business units and lower income taxes paid in Natural Gas Distribution mainly due to prior year tax refunds received. Increases were partially offset by the timing of working capital.

Investing Activities

Cash flows used in investing activities were $512 million and $1,242 million in the third quarter and first nine months of 2026, $127 million and $83 million higher than the same periods in 2025 mainly due to higher capital spending in the Regulated Utilities, including the Yellowhead Pipeline in Natural Gas Transmission, partially offset by the timing of settlements related to accounts payable for capital projects in the Regulated Utilities and ATCO EnPower.

Cash Used for Capital Investment and Capital Expenditures

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

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
ATCO Energy Systems						
Electricity	**182**	170	12	**479**	507	(28)
Natural Gas	**412**	188	224	**791**	534	257
	594	358	236	**1,270**	1,041	229
ATCO EnPower	**33**	17	16	**63**	62	1
ATCO Australia	**26**	25	1	**75**	70	5
CU Financing & Other	**—**	2	(2)	**1**	12	(11)
Canadian Utilities Total Capital Expenditures [(1) (2)]	**653**	402	251	**1,409**	1,185	224
Capital Expenditures in joint ventures						
ATCO Energy Systems						
Electricity	**1**	1	—	**2**	2	—
ATCO EnPower	**2**	2	—	**5**	4	1
Canadian Utilities Total Capital Investment [(3)]	**656**	405	251	**1,416**	1,191	225

(1) Includes additions to property, plant and equipment, and intangibles as well as $9 million and $29 million (2025 - $10 million and $23 million) of capitalized interest during construction for the third quarter and first nine months of 2026.

(2) Includes $41 million and $111 million for the third quarter and first nine months of 2026 (2025 - $29 million and $97 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 $656 million and $1,416 million in the third quarter and first nine months of 2026 was $251 million and $225 million higher compared to the same periods in 2025 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead Pipeline in Natural Gas Transmission. Higher capital investment was partially offset by the completion of the Central East Transfer-Out Project in Electricity Transmission and lower capital maintenance spending in Electricity Distribution.

Total capital expenditures of $653 million and $1,409 million in the third quarter and first nine months of 2026 were $251 million and $224 million higher compared to the same periods in 2025 mainly due to the factors outlined above. Capital expenditures in joint ventures are excluded from capital expenditures.

Financing Activities

Cash flows used in financing activities were $121 million and $972 million in the third quarter and first nine months of 2026, $737 million and $1,311 million higher compared to the same periods in 2025 mainly due to lower issuances of long-term debt, as Canadian Utilities and CU Inc. issued debentures in 2025, partially offset by lower repayment of long-term debt.

Information pertaining to financing activities is summarized below.

Other Debt

In the third quarter and first nine months of 2026, CU Inc., a wholly owned subsidiary of Canadian Utilities, borrowed $135 million and $135 million, respectively, from its unsecured extendible revolving credit facility (2025 – $35 million and $275 million).

Project Finance Covenant

At September 30, 2026, Deerfoot Barlow Solar Limited Partnership, an indirect subsidiary of Canadian Utilities in ATCO EnPower, was not in compliance with a debt service coverage ratio covenant on its $53 million credit facility. The lender provided waivers and deferred the September 30, 2026 debt payment while a potential restructuring is discussed. As a waiver has not been confirmed through September 30, 2027, the facility is classified as a current liability.

Dividends and Common Shares

We have increased our common share dividend each year since 1972, a 54-year track record. Dividends paid to Class A and Class B share owners totalled $126 million and $378 million in the third quarter and first nine months of 2026.

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

SHARE CAPITAL

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

At November 4, 2026, we had outstanding 205,783,237 Class A shares, 66,598,854 Class B shares, and options to purchase 2,780,750 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, 9,151,600 Class A shares were available for issuance at September 30, 2026. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

The following table shows financial information for the eight quarters ended December 31, 2024 through September 30, 2026.

($ millions, except for per share data)	Q4 2025	Q1 2026	Q2 2026	Q3 2026
Revenues	971	1,084	914	**902**
Earnings (loss) attributable to equity owners of the Company	(328)	224	128	**94**
Earnings (loss) attributable to Class A and B shares	(347)	205	109	**74**
Earnings (loss) per Class A and Class B share *($)*	(1.28)	0.75	0.40	**0.28**
Diluted earnings (loss) per Class A and Class B share *($)*	(1.28)	0.75	0.40	**0.27**
Adjusted earnings per Class A and Class B share *($)* [1]	0.72	0.89	0.51	**0.43**
Adjusted earnings (loss) [2]				
ATCO Energy Systems [2]	196	246	124	**103**
ATCO EnPower [2]	4	11	15	**15**
ATCO Australia [2]	8	21	34	**29**
Financing & Other [2] and Intersegment Eliminations	(11)	(36)	(33)	**(30)**
Total adjusted earnings [2]	197	242	140	**117**

($ millions, except for per share data)	Q4 2024	Q1 2025	Q2 2025	Q3 2025
Revenues	981	1,085	842	792
Earnings attributable to equity owners of the Company	164	236	111	100
Earnings attributable to Class A and Class B shares	145	217	92	80
Earnings per Class A and Class B share *($)*	0.53	0.80	0.34	0.29
Diluted earnings per Class A and Class B share *($)*	0.53	0.80	0.34	0.29
Adjusted earnings per Class A and Class B share *($)* [1]	0.74	0.85	0.45	0.40
Adjusted earnings (loss) [2]				
ATCO Energy Systems [2]	205	232	116	98
ATCO EnPower [2]	4	11	12	16
ATCO Australia [2]	5	13	21	27
Financing & Other [2] and Intersegment Eliminations	(11)	(24)	(28)	(33)
Total adjusted earnings [2]	203	232	121	108

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

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

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

ADJUSTED EARNINGS

Adjusted earnings in the fourth quarter of 2025 were lower than the same period in 2024 mainly due to a decrease in 2025 return on equity in ATCO Energy Systems, and completion of the efficiency carryover mechanism funding in 2024 for Electricity Distribution and Natural Gas Distribution. Additionally, lower earnings were also due to higher net finance costs, and decreased earnings contribution from ATCO Energy, which was sold to ATCO on August 1, 2024. Decreased adjusted earnings were partially offset by growth in rate base in ATCO Energy Systems' businesses, and higher customer rates in ATCO Gas Australia as a result of moving into AA6.

Adjusted earnings in the first quarter of 2026 were higher than the same period in 2025 mainly due to increased adjusted earnings in ATCO Energy Systems driven by growth in rate base and lower income tax expense resulting from the March 2026 enactment of Bill C-15. Higher adjusted earnings were also due to the impact of inflation indexing on rate base and increased customer rates in ATCO Gas Australia. Partially offsetting these increases in adjusted earnings were higher net interest expense and higher share-based compensation expense in Financing & Other.

Adjusted earnings in the second quarter of 2026 were higher than the same period in 2025 mainly due to the impact of inflation indexing on rate base and increased customer rates in ATCO Gas Australia, growth in rate base in ATCO Energy Systems' businesses, and year-to-date recognition of final 2026 rates in Electricity Transmission following the AUC's decision

in the second quarter of 2026 approving the NSA relating to the 2026-2027 GTA. Higher adjusted earnings were partially offset by Natural Gas Transmission's 2026-2028 GRA which was approved by the AUC and included cost efficiencies in prior periods that are being passed on to customers.

Adjusted earnings in the third quarter of 2026 were higher than the same period in 2025 mainly due to the impact of inflation indexing on rate base and increased customer rates in ATCO Gas Australia, and growth in rate base in ATCO Energy Systems' businesses. Higher adjusted earnings were partially offset by the timing of cost efficiencies in Electricity Distribution and Natural Gas Distribution, and increased interest expense on the debt issuance in the third quarter of 2025 related to the pre-funding of the Yellowhead Pipeline investment.

EARNINGS ATTRIBUTABLE TO EQUITY OWNERS OF THE COMPANY

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

- In the fourth quarter of 2024 and the first quarter of 2025, the Company recorded restructuring costs of $7 million (after-tax) and $14 million (after-tax), respectively, 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 were substantially complete 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.
- In the third quarter of 2026, following the ABCA decision upholding the AUC's PBR2 re-opener and PBR2 remedy decisions, $56 million (after-tax) of directed refunds to Electricity Distribution and Natural Gas Distribution customers over the period September 1, 2025 to February 28, 2026 were determined to be non-recoverable, with the related financial impact reflected in rate-regulated activities.
- In the third quarter of 2026, the Company recognized a $31 million (after-tax) past service cost adjustment related to its other post-employment benefit obligation resulting from the Government of Alberta's *Health Statutes Amendment Act, 2025 (No. 2)* (Bill 11), which changes the coordination of benefits between employer-sponsored health plans and certain provincial health programs.

OTHER FINANCIAL AND NON-GAAP MEASURES

This MD&A should be read with the Company's unaudited interim consolidated financial statements for the nine months ended September 30, 2026. The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34, *Interim Financial Reporting,* using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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

TOTAL OF SEGMENTS MEASURES

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

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

Total of segments measures are most directly comparable to total earnings (loss) attributable to equity owners of the Company. Comparable total of segments measures for the same periods in 2025 have been calculated using the same composition and are disclosed alongside the current total of segments measures in this MD&A. A reconciliation of the total of segments measures with total earnings (loss) attributable to equity owners of the Company is presented in this MD&A.

NON-GAAP FINANCIAL MEASURES

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

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

Adjusted Earnings

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

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

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

as such, provide insight as to earnings (loss) resulting from the issuer's usual course of business. For further information, a "Reconciliation of Adjusted Earnings to Earnings attributable to Equity Owners of the Company" is presented in this MD&A.

Capital Investment

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

Adjusted EBITDA

Further information regarding adjusted EBITDA, including a reconciliation of adjusted EBITDA to adjusted earnings for ATCO EnPower (inclusive of Electricity Generation and Storage & Industrial Water) is presented in Appendix 1: Supplemental Non-Audited Financial Information to this MD&A.

NON-GAAP RATIO

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

Adjusted earnings (loss) ($ 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 for 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.

($ millions)

Three Months Ended September 30

	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Intersegment Eliminations	Total
2026						
2025						
Revenues	**747**	**70**	**81**	**9**	**(5)**	**902**
	663	59	68	6	(4)	792
Adjusted earnings (loss)	**103**	**15**	**29**	**(30)**	**—**	**117**
	98	16	27	(33)	—	108
PBR2 re-opener appeal decision	**(56)**	**—**	**—**	**—**	**—**	**(56)**
	—	—	—	—	—	—
Other post-employment benefits	**(25)**	**(3)**	**—**	**(3)**	**—**	**(31)**
	—	—	—	—	—	—
Rate-regulated activities	**63**	**—**	**(16)**	**—**	**—**	**47**
	(15)	—	(10)	—	—	(25)
IT Common Matters decision	**(1)**	**—**	**—**	**—**	**—**	**(1)**
	(1)	—	—	—	—	(1)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**
	(2)	—	—	—	—	(2)
Dividends on equity preferred shares of Canadian Utilities Limited	**—**	**—**	**—**	**20**	**—**	**20**
	—	—	—	20	—	20
Other	**—**	**(2)**	**—**	**—**	**—**	**(2)**
	—	—	—	—	—	—
Earnings (loss) attributable to equity owners of the Company	**84**	**10**	**13**	**(13)**	**—**	**94**
	80	16	17	(13)	—	100

($ millions)						Nine Months Ended September 30
2026 2025	**ATCO Energy Systems**	**ATCO EnPower**	**ATCO Australia**	**Financing & Other**	**Intersegment Eliminations**	**Total**
Revenues	**2,427**	**245**	**218**	**23**	**(13)**	**2,900**
	2,297	228	185	21	(12)	2,719
Adjusted earnings (loss)	**473**	**41**	**84**	**(99)**	**—**	**499**
	446	39	61	(85)	—	461
PBR2 re-opener appeal decision	**(56)**	**—**	**—**	**—**	**—**	**(56)**
	—	—	—	—	—	—
Other post-employment benefits	**(25)**	**(3)**	**—**	**(3)**	**—**	**(31)**
	—	—	—	—	—	—
Rate-regulated activities	**28**	**—**	**(47)**	**—**	**—**	**(19)**
	(12)	—	(28)	—	—	(40)
IT Common Matters decision	**(3)**	**—**	**—**	**—**	**—**	**(3)**
	(2)	—	—	—	—	(2)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**
	(13)	(1)	—	—	—	(14)
Restructuring	**—**	**—**	**—**	**—**	**—**	**—**
	(10)	(2)	(1)	(1)	—	(14)
Dividends on equity preferred shares of Canadian Utilities Limited	**—**	**—**	**—**	**58**	**—**	**58**
	—	—	—	58	—	58
Other	**—**	**(2)**	**—**	**—**	**—**	**(2)**
	—	(2)	—	—	—	(2)
Earnings (loss) attributable to equity owners of the Company	**417**	**36**	**37**	**(44)**	**—**	**446**
	409	34	32	(28)	—	447

SECOND GENERATION PERFORMANCE BASED REGULATION (PBR2) RE-OPENER APPEAL DECISION

In May 2025, the AUC issued its PBR2 re-opener decision, directing Electricity Distribution and Natural Gas Distribution to refund $35 million and $36 million, respectively, to customers over the six-month period from September 1, 2025 to February 28, 2026. The Company appealed the decision to the ABCA and refunded the amounts as directed by the AUC while the appeal was pending. These refunds to customers were reflected as adjustments in rate-regulated activities, as they were recognized as reductions of revenue under IFRS Accounting Standards.

In September 2026, the ABCA upheld the AUC's PBR2 re-opener decision, resulting in a reduction of adjusted earnings to reverse the impact of the rate-regulated adjustment related to refunds to customers (see rate-regulated activities section below). However, as the financial impacts of $28 million (after-tax) for Electricity Distribution and $28 million (after-tax) for Natural Gas Distribution arose from this one-time PBR2 re-opener ABCA decision, these amounts are not indicative of day-to-day operations and as such, have been excluded from adjusted earnings for the three and nine months ended September 30, 2026.

OTHER POST-EMPLOYMENT BENEFITS

The Government of Alberta's *Health Statutes Amendment Act, 2025 (No. 2)* (Bill 11) changes the coordination of benefits between employer-sponsored health plans and certain provincial health programs. As a result, the Company recognized a $40 million ($31 million after-tax) past service cost adjustment related to its other post-employment benefits obligation for the three and nine months ended September 30, 2026. As the impact arises from a one-time legislative change, the amount has been excluded from adjusted earnings.

RATE-REGULATED ACTIVITIES

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

IFRS 20, *Regulatory Assets and Regulatory Liabilities* (IFRS 20), was issued in May 2026 and is effective for annual periods beginning on or after January 1, 2029. The Company is in the process of evaluating IFRS 20 and given that the Company has not yet adopted this accounting standard, the Regulated Utilities continue to be unable to recognize regulatory assets and regulatory liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, for IFRS purposes, 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.

Until the Company adopts IFRS 20, the Company considers standards issued by the Financial Accounting Standards Board in the United States as another source of generally accepted accounting principles taking into account a more likely than not recognition threshold in accounting for rate-regulated activities in its internal reporting provided to the Senior Management Team, which believes that earnings presented in this manner are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate-regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

Rate-regulated accounting differs from IFRS Accounting Standards (pre-adoption of IFRS 20) in the following ways:

Timing Adjustment	Items	RRA Treatment	IFRS Accounting Standards Treatment (Pre-adoption of IFRS 20)
Additional revenues billed in current period	Future removal and site restoration costs, and impact of colder temperatures.	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
Revenues to be billed in future periods	Deferred income taxes, impact of warmer temperatures, and impact of inflation on rate base.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
Regulatory decisions received	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings impact from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize the earnings impact from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS Accounting Standards.
Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes the earnings impact when customer rates are changed and amounts are recovered or refunded to customers through future billings.

For the third quarter and first nine months of 2026 and 2025, the significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards (pre-adoption of IFRS 20) are as follows:

	Three Months Ended September 30			Nine Months Ended September 30		
($ millions)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Additional revenues billed in current period						
Future removal and site restoration costs [1]	**22**	35	(13)	**98**	100	(2)
Revenues to be billed in future periods						
Deferred income taxes [2]	**(38)**	(37)	(1)	**(129)**	(105)	(24)
Impact of warmer temperatures [3]	**(2)**	(6)	4	**(9)**	(13)	4
Impact of inflation on rate base [4]	**(10)**	(6)	(4)	**(34)**	(17)	(17)
Settlement of regulatory decisions and other items						
PBR2 re-opener proceeding refund to customers [5]	**—**	(7)	7	**(20)**	(7)	(13)
PBR2 re-opener appeal decision [6]	**56**	—	56	**56**	—	56
Other [7]	**19**	(4)	23	**19**	2	17
	47	(25)	72	**(19)**	(40)	21

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

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

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

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

(5) In connection with the PBR2 re-opener decision rendered by the AUC on May 28, 2025, Electricity Distribution and Natural Gas Distribution refunded $10 million (after-tax) and $10 million (after-tax), respectively, to customers for the nine months ended September 30, 2026 (2025 - $3 million (after-tax) and $4 million (after-tax)). Combined with the amounts refunded to customers for the year ended December 31, 2025, Electricity Distribution and Natural Gas Distribution have now refunded the total amount that was directed by the AUC in the PBR2 re-opener decision, which was $28 million (after-tax) ($35 million before tax) for Electricity Distribution and $28 million (after-tax) ($36 million before tax) for Natural Gas Distribution.

(6) Following the September 3, 2026 ABCA decision upholding the AUC's PBR2 re-opener decision, the $71 million ($56 million after-tax) previously refunded to customers is no longer considered recoverable, resulting in a $56 million (after-tax) reduction in adjusted earnings.

(7) The three and nine months ended September 30, 2026 includes an increase in earnings for the period of $15 million (after-tax) related to the Yellowhead Pipeline deferral, reflecting a future refund to customers. The Yellowhead Pipeline deferral is intended to capture the difference between the actual project spend and the estimated project spend reflected in revenues approved to be recovered from customers.

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 amounts excluded from adjusted earnings in the third quarter and first nine months of 2026 were $1 million (after-tax) and $3 million (after-tax) (2025 - $1 million (after-tax) and $2 million (after-tax)).

TRANSITION OF MANAGED IT SERVICES

In the third quarter and first nine months of 2025, the Company recognized IT transition costs of $2 million (after-tax) and $14 million (after-tax). The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and were substantially completed in the fourth quarter of 2025. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

RESTRUCTURING

In the first nine months of 2025, the Company recorded restructuring costs of $14 million (after-tax) that were mainly related to staff reductions and associated severance costs. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

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

ATCO Energy Systems

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

($ millions)

Three Months Ended September 30

2026 2025	**Canadian Utilities Limited**							
	Electricity				**Natural Gas**			**ATCO Energy Systems**
	Electricity Distribution	**Electricity Transmission**	**International Electricity Operations**	**Total Electricity**	**Natural Gas Distribution**	**Natural Gas Transmission**	**Total Natural Gas**	
Adjusted earnings (loss)	**37**	**49**	**14**	**100**	**(33)**	**36**	**3**	**103**
	39	44	14	97	(27)	28	1	98
PBR2 re-opener appeal decision	**(28)**	**—**	**—**	**(28)**	**(28)**	**—**	**(28)**	**(56)**
	—	—	—	—	—	—	—	—
Other post-employment benefits	**(6)**	**(3)**	**—**	**(9)**	**(14)**	**(2)**	**(16)**	**(25)**
	—	—	—	—	—	—	—	—
Rate-regulated activities	**14**	**(15)**	**—**	**(1)**	**50**	**14**	**64**	**63**
	(7)	(4)	—	(11)	(2)	(2)	(4)	(15)
IT Common Matters decision	**—**	**(1)**	**—**	**(1)**	**—**	**—**	**—**	**(1)**
	—	(1)	—	(1)	—	—	—	(1)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	—	—	—	—	(2)	—	(2)	(2)
Earnings (loss) attributable to equity owners of the Company	**17**	**30**	**14**	**61**	**(25)**	**48**	**23**	**84**
	32	39	14	85	(31)	26	(5)	80

($ millions)

Nine Months Ended September 30

2026 2025	**Canadian Utilities Limited**							
	Electricity				**Natural Gas**			**ATCO Energy Systems**
	Electricity Distribution	**Electricity Transmission**	**International Electricity**	**Total Electricity**	**Natural Gas Distribution**	**Natural Gas Transmission**	**Total Natural Gas**	
Adjusted earnings	**118**	**145**	**43**	**306**	**73**	**94**	**167**	**473**
	119	133	43	295	70	81	151	446
PBR2 re-opener appeal decision	**(28)**	**—**	**—**	**(28)**	**(28)**	**—**	**(28)**	**(56)**
	—	—	—	—	—	—	—	—
Other post-employment benefits	**(6)**	**(3)**	**—**	**(9)**	**(14)**	**(2)**	**(16)**	**(25)**
	—	—	—	—	—	—	—	—
Rate-regulated activities	**(13)**	**(35)**	**—**	**(48)**	**73**	**3**	**76**	**28**
	(15)	(14)	—	(29)	25	(8)	17	(12)
IT Common Matters decision	**(1)**	**(1)**	**—**	**(2)**	**(1)**	**—**	**(1)**	**(3)**
	(1)	(1)	—	(2)	—	—	—	(2)
Transition of managed IT services	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	(5)	—	—	(5)	(8)	—	(8)	(13)
Restructuring	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
	(4)	(2)	—	(6)	(2)	(2)	(4)	(10)
Earnings attributable to equity owners of the Company	**70**	**106**	**43**	**219**	**103**	**95**	**198**	**417**
	94	116	43	253	85	71	156	409

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.

($ millions)

Three Months Ended September 30

2026 2025	**Canadian Utilities Limited**		
	Electricity Generation	**Storage & Industrial Water**	**ATCO EnPower**
Adjusted earnings (loss)	**(1)**	**16**	**15**
	3	13	16
Other post-employment benefits	**—**	**(3)**	**(3)**
	—	—	—
Other	**(2)**	**—**	**(2)**
	—	—	—
Earnings (loss) attributable to equity owners of the Company	**(3)**	**13**	**10**
	3	13	16

($ millions)	Nine Months Ended September 30		
2026	**Canadian Utilities Limited**		
2025			
	Electricity Generation	**Storage & Industrial Water**	**ATCO EnPower**
Adjusted earnings (loss)	**(7)**	**48**	**41**
	(2)	41	39
Other post-employment benefits	**—**	**(3)**	**(3)**
	—	—	—
Transition of managed IT services	**—**	**—**	**—**
	—	(1)	(1)
Restructuring	**—**	**—**	**—**
	—	(2)	(2)
Other	**(2)**	**—**	**(2)**
	(2)	—	(2)
Earnings (loss) attributable to equity owners of the Company	**(9)**	**45**	**36**
	(4)	38	34

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.

($ millions)	Three Months Ended September 30		
2026	**Canadian Utilities Limited**		
2025			
	ATCO Gas Australia	**ATCO Power Australia**	**ATCO Australia**
Adjusted (loss) earnings	**30**	**(1)**	**29**
	24	3	27
Rate-regulated activities	**(16)**	**—**	**(16)**
	(10)	—	(10)
Earnings (loss) attributable to equity owners of the Company	**14**	**(1)**	**13**
	14	3	17

($ millions)	Nine Months Ended September 30		
2026	Canadian Utilities Limited		
2025			
	ATCO Gas Australia	**ATCO Power Australia**	**ATCO Australia**
Adjusted earnings	**82**	**2**	**84**
	54	7	61
Rate-regulated activities	**(47)**	**—**	**(47)**
	(28)	—	(28)
Restructuring	**—**	**—**	**—**
	(1)	—	(1)
Earnings attributable to equity owners of the Company	**35**	**2**	**37**
	25	7	32

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 September 30				
2026	**ATCO Energy Systems**	**ATCO EnPower**	**ATCO Australia**	**Financing & Other**	**Total**
2025					
Capital Investment	**595**	**35**	**26**	**—**	**656**
	359	19	25	2	405
Capital Expenditures in joint ventures	**(1)**	**(2)**	**—**	**—**	**(3)**
	(1)	(2)	—	—	(3)
Capital Expenditures	**594**	**33**	**26**	**—**	**653**
	358	17	25	2	402

($ millions)	Nine Months Ended September 30				
2026	**ATCO Energy Systems**	**ATCO EnPower**	**ATCO Australia**	**Financing & Other**	**Total**
2025					
Capital Investment	**1,272**	**68**	**75**	**1**	**1,416**
	1,043	66	70	12	1,191
Capital Expenditures in joint ventures	**(2)**	**(5)**	**—**	**—**	**(7)**
	(2)	(4)	—	—	(6)
Capital Expenditures	**1,270**	**63**	**75**	**1**	**1,409**
	1,041	62	70	12	1,185

OTHER FINANCIAL INFORMATION

INTERNAL CONTROL OVER FINANCIAL REPORTING

The certification of interim filings for the interim period ended September 30, 2026 requires that the Company disclose in the interim MD&A any changes in the Company's internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company confirms that no such changes were identified in the Company's ICFR during the three months beginning on July 1, 2026 and ending on September 30, 2026.

ADOPTION OF AMENDED ACCOUNTING STANDARDS

Agreements referencing nature-dependent electricity

The Company has adopted the amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures,* that are effective January 1, 2026. The amendments improve the reporting of the financial effects of nature-dependent electricity agreements, often structured as power purchase agreements. The amendments clarify the application of the own-use requirements, permit hedge accounting when these agreements are used as hedging instruments, and introduce new disclosure requirements to assist users of financial statements in understanding the effects of these agreements. The adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

Settlement by electronic payments

The Company has adopted the amendments to IFRS 9, *Financial Instruments,* that are effective January 1, 2026. The amendments clarify the date of recognition and derecognition of financial assets and liabilities, with a new exception for financial liabilities settled using electronic forms of payment. The adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

Presentation and disclosure in financial statements

In April 2024, the International Accounting Standards Board (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 a focus on the income statement and reporting of management-defined performance measures (MPM). The new standard is effective for annual periods beginning on or after January 1, 2027 and requires retrospective application to comparative financial information.

Based on the assessment completed to date, the changes will primarily be related to the presentation and labelling of certain financial statement line items, the aggregation and disaggregation of information within the primary financial statements, and the introduction of the new required subtotals in the Consolidated Statements of Earnings. The primary impact on the Consolidated Statements of Cash Flows includes the use of operating profit as the starting point for the reconciliation of cash flows from operating activities and the reclassification of interest and dividends received from operating activities to investing activities. The Company has preliminarily identified adjusted earnings as an MPM.

To facilitate the transition to IFRS 18, the project team of the Company continues to evaluate the impact on financial reporting systems, accounting processes and disclosures in preparation for adoption on January 1, 2027.

Regulatory assets and regulatory liabilities

In May 2026, the IASB issued IFRS 20, *Regulatory Assets and Regulatory Liabilities*, which establishes requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities and related income and expense arising from rate-regulated activities. The new standard is effective for annual periods beginning on or after January 1, 2029, with earlier adoption permitted.

The Company is evaluating the impact of IFRS 20 on its consolidated financial statements. The adoption of the standard is expected to affect the accounting for the Company's rate-regulated activities in the ATCO Energy Systems and ATCO Australia segments.

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 agreement entered into between ATCO, Canadian Utilities and Emera to combine in a merger of equals and spin-off ATCO's industrial services businesses into a new public company (collectively, the "Transaction"), including the expected timing of closing of the Transaction and of the special meetings of each company's securityholders, the receipt of required approvals and the anticipated benefits of the Transaction to customers, employees, community partners and the respective shareholders of ATCO, Canadian Utilities and Emera; expectations regarding the spin-off of ATCO's industrial services businesses and New ATCO's strategic focus and growth agenda; the expected size, scale, diversification, future financial performance, operating capacity and funding capabilities of the combined company; the combined company's capital expenditure plan, rate base, rate base growth and number of customers; the respective aggregate shareholdings of the shareholders of Emera, Canadian Utilities and ATCO in the combined company and New ATCO following completion of the Transaction; and the leadership, governance and headquarters of the combined company and New ATCO; the Company's strategic plans and investment strategy; the payment of dividends and dividend growth; expected growth, expansion and diversification opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term or expiry of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; the size, storage, building, generation or transmission capacity expected from business units, assets and projects; the anticipated size and specifications of the Yellowhead Pipeline, the anticipated capital spend on the Yellowhead Pipeline; the progress of construction on the Yellowhead Pipeline; expectations regarding the funding structure for the Yellowhead Pipeline, including sources of equity and debt funding (or pre-funding) for the project and potential Indigenous equity participation on the project; expectations regarding the Company's funding strategy for ATCO Energy Systems' regulated debt and equity requirements, including anticipated debenture issuances over the five year (2026-2030) capital expenditure plan, cash flow from operations, $0.7 billion financed in 2025, and an additional $0.8 billion in capital securities to be raised, and common equity not being required to fund the regulated utility growth; increased demand for natural gas transmission and natural gas and natural gas liquids storage and other natural gas infrastructure in Western Canada with the growth of LNG export expected in connection with Phase II of the LNG Canada export facility, with commercial operations expected in early 2030's; the expected impact of new and proposed legislation; the expected impact of IFRS Accounting Standards issued but not yet adopted, including IFRS 20 and IFRS 18; the expected timing and impact of policy and regulatory decisions and announcements; and the Company's liquidity, capital resources, contractual financial obligations and other commitments.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward-looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects the Company's beliefs and assumptions with respect to, among other things: the ability of the parties to receive all necessary securityholder, court, regulatory and stock exchange approvals, and to satisfy the other conditions to closing of the Transaction, in a timely manner and on satisfactory terms; the ability of the parties to complete the Transaction substantially on the terms currently contemplated; that the combined company's future results of operations will be consistent with past performance and management's expectations; the parties ability to realize the anticipated benefits of the Transaction; the expected financial performance of the combined company, including rate base growth consistent with its capital expenditure plan; the ability of the combined company to maintain favourable credit ratings; the declaration of dividends consistent with Emera's dividend policy; the capital expenditure plans of Emera and Canadian Utilities proceeding substantially as currently anticipated; 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: the parties ability to receive all necessary regulatory, court, securityholder and third-party approvals, and to satisfy the other conditions to closing of the Transaction, in a timely manner and on satisfactory terms; the failure to realize the anticipated benefits of the Transaction, including as a result of integration, separation or other issues; disruption from the Transaction making it more difficult to maintain relationships with customers, employees, regulators or suppliers; the diversion of management time and attention on the Transaction; the risk that the Transaction will not be completed within the anticipated time, on the terms currently proposed or at all; 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; potential risks and disruptions associated with the adoption, development and integration of artificial intelligence; risk of failure of information technology infrastructure and cybersecurity risks and incidents; the imposition of or changes to existing customs duties, tariffs or other trade restrictions; geopolitical tensions and wars; risks associated with operating in international jurisdictions; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the “Business Risks and Risk Management” section in the 2025 MD&A.

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

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

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's audited consolidated financial statements for the year ended December 31, 2025, unaudited interim consolidated financial statements for the nine months ended September 30, 2026, and most recent Annual Information Form dated February 25, 2026, can be found on SEDAR+ at www.sedarplus.ca.

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

GLOSSARY

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

AESO means Alberta Electric System Operator.

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

AUC means the Alberta Utilities Commission.

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

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

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

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

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

GAAP means Canadian generally accepted accounting principles.

GRA means general rate application.

GTA means general tariff application.

IFRS means International Financial Reporting Standards.

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

PBR means Performance Based Regulation.

PPA means Power Purchase Agreement.

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

Senior Management Team is comprised of the Chief Executive Officer and the other members of the Executive Committee.

APPENDIX 1: SUPPLEMENTAL NON-AUDITED FINANCIAL INFORMATION

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

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

SUPPLEMENTAL INFORMATION

ADJUSTED EBITDA[1]

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

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

ATCO EnPower

The following tables reconcile adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings (loss) [1] [2] for the third quarter and first nine months of 2026 and 2025. A reconciliation of adjusted earnings to earnings attributable to equity owners of the Company is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Equity Owners of the Company" in this MD&A.

($ millions)

Three Months Ended September 30

	Canadian Utilities Limited		
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
2026			
2025			
Adjusted earnings (loss) [1] [2]	**(1)**	**16**	**15**
	3	13	16
Add:			
Interest expense	**8**	**1**	**9**
	7	—	7
Income tax expense	**3**	**5**	**8**
	2	4	6
Depreciation and amortization	**8**	**4**	**12**
	10	5	15
Total Adjusted EBITDA [1]	**18**	**26**	**44**
	22	22	44

[1] *Non-GAAP financial measures 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)

	Nine Months Ended September 30		
2026 2025	**Canadian Utilities Limited**		
	Electricity Generation	**Storage & Industrial Water**	**ATCO EnPower**
Adjusted earnings (loss) [1] [2]	**(7)**	**48**	**41**
	(2)	41	39
Add:			
Interest expense	**24**	**2**	**26**
	21	1	22
Income tax expense	**2**	**15**	**17**
	2	12	14
Depreciation and amortization	**25**	**12**	**37**
	28	15	43
Total Adjusted EBITDA [1]	**44**	**77**	**121**
	49	69	118

[1] Non-GAAP financial measures as defined in NI 52-112.

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



CANADIAN UTILITIES LIMITED

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2026

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CONSOLIDATED STATEMENTS OF EARNINGS

		Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars except per share data)	Note	2026	2025	2026	2025
Revenues	4	**902**	792	**2,900**	2,719
Costs and expenses					
Salaries, wages and benefits	3	**(139)**	(98)	**(334)**	(300)
Energy transmission and transportation		**(83)**	(86)	**(255)**	(260)
Plant and equipment maintenance		**(75)**	(63)	**(196)**	(174)
Fuel costs		**(18)**	(10)	**(86)**	(77)
Purchased power		**(26)**	(17)	**(81)**	(56)
Depreciation and amortization		**(196)**	(183)	**(579)**	(546)
Franchise fees		**(59)**	(52)	**(243)**	(227)
Property and other taxes		**(21)**	(20)	**(63)**	(61)
Derivative financial instruments gains	11	**2**	1	**6**	5
Other		**(64)**	(38)	**(178)**	(168)
		(679)	(566)	**(2,009)**	(1,864)
Earnings from investment in joint ventures		**17**	19	**57**	59
Operating profit		**240**	245	**948**	914
Interest income		**13**	10	**42**	37
Interest expense		**(137)**	(123)	**(409)**	(371)
Net finance costs		**(124)**	(113)	**(367)**	(334)
Earnings before income taxes		**116**	132	**581**	580
Income tax expense		**(19)**	(30)	**(126)**	(125)
Earnings for the period		**97**	102	**455**	455
Earnings attributable to:					
Equity owners of the Company		**94**	100	**446**	447
Non-controlling interests		**3**	2	**9**	8
		97	102	**455**	455
Earnings per Class A and Class B share	5	**$0.28**	$0.29	**$1.43**	$1.43
Diluted earnings per Class A and Class B share	5	**$0.27**	$0.29	**$1.42**	$1.43

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars)	**2026**	**2025**	**2026**	**2025**
Earnings for the period	**97**	102	**455**	455
Other comprehensive income (loss), net of income taxes				
Items that will not be reclassified to earnings:				
Re-measurement of retirement benefits [1]	**(51)**	(1)	**2**	23
Items that are or may be reclassified subsequently to earnings:				
Cash flow hedges [2]	**9**	2	**16**	(25)
Foreign currency translation adjustment [3]	**9**	17	**54**	19
Share of other comprehensive income (loss) of joint ventures [3]	**–**	–	**3**	(3)
	18	19	**73**	(9)
Other comprehensive income (loss)	**(33)**	18	**75**	14
Comprehensive income for the period	**64**	120	**530**	469
Comprehensive income attributable to:				
Equity owners of the Company	**61**	118	**521**	461
Non-controlling interests	**3**	2	**9**	8
	64	120	**530**	469

(1) Net of income tax recovery (expense) of $16 million and nil for the three and nine months ended September 30, 2026 (2025 - nil and $(8) million).

(2) Net of income tax (expense) recovery of $(4) million and $(6) million for the three and nine months ended September 30, 2026 (2025 - $(1) million and $8 million).

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

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(millions of Canadian Dollars)	Note	September 30 2026	December 31 2025
ASSETS			
Current assets			
Cash and cash equivalents		**165**	690
Marketable securities		**236**	231
Accounts receivable and contract assets		**478**	515
Finance lease receivables		**17**	14
Inventories		**48**	44
Prepaid expenses and other current assets		**205**	171
		1,149	1,665
Non-current assets			
Property, plant and equipment	6	**21,979**	21,175
Intangibles		**1,154**	1,014
Right-of-use assets		**59**	62
Goodwill		**20**	20
Retirement benefit asset		**27**	46
Investment in joint ventures		**247**	240
Finance lease receivables		**91**	99
Deferred income tax assets		**54**	58
Other assets		**141**	157
Total assets		**24,921**	24,536
LIABILITIES			
Current liabilities			
Bank indebtedness		**17**	19
Accounts payable and accrued liabilities		**764**	637
Lease liabilities		**11**	9
Provisions and other current liabilities		**14**	30
Long-term debt	7	**86**	374
		892	1,069
Non-current liabilities			
Deferred income tax liabilities		**2,403**	2,285
Retirement benefit obligations		**238**	215
Customer contributions		**2,235**	2,165
Lease liabilities		**52**	57
Other liabilities		**245**	225
Long-term debt	7	**12,161**	11,922
Total liabilities		**18,226**	17,938
EQUITY			
Equity preferred shares		**1,522**	1,522
Class A and Class B share owners' equity			
Class A and Class B shares	9	**1,327**	1,316
Contributed surplus		**16**	15
Retained earnings		**3,556**	3,545
Accumulated other comprehensive income (loss)		**61**	(15)
Total equity attributable to equity owners of the Company		**6,482**	6,383
Non-controlling interests		**213**	215
Total equity		**6,695**	6,598
Total liabilities and equity		**24,921**	24,536

See accompanying Notes to Unaudited Interim Consolidated Financial Statements, including Note 12, Subsequent Event.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(millions of Canadian Dollars)	Note	Class A and Class B Shares	Equity Preferred Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
December 31, 2024		1,295	1,571	16	3,999	28	6,909	212	7,121
Earnings for the period		–	–	–	447	–	447	8	455
Other comprehensive income		–	–	–	–	14	14	–	14
Gains on retirement benefits transferred to retained earnings		–	–	–	23	(23)	–	–	–
Class A shares issued	9	10	–	–	–	–	10	–	10
Dividends	8, 9	–	–	–	(431)	–	(431)	(10)	(441)
Share-based compensation		2	–	–	–	–	2	–	2
Other		–	–	–	1	–	1	5	6
September 30, 2025		1,307	1,571	16	4,039	19	6,952	215	7,167
December 31, 2025		1,316	1,522	15	3,545	(15)	6,383	215	6,598
Earnings for the period		**–**	**–**	**–**	**446**	**–**	**446**	**9**	**455**
Other comprehensive income		**–**	**–**	**–**	**–**	**75**	**75**	**–**	**75**
Gains on retirement benefits transferred to retained earnings		**–**	**–**	**–**	**2**	**(2)**	**–**	**–**	**–**
Class A shares issued	9	**10**	**–**	**–**	**–**	**–**	**10**	**–**	**10**
Dividends	8, 9	**–**	**–**	**–**	**(436)**	**–**	**(436)**	**(9)**	**(445)**
Share-based compensation		**1**	**–**	**1**	**–**	**–**	**2**	**–**	**2**
Other		**–**	**–**	**–**	**(1)**	**3**	**2**	**(2)**	**–**
September 30, 2026		**1,327**	**1,522**	**16**	**3,556**	**61**	**6,482**	**213**	**6,695**

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended September 30		Nine Months Ended September 30	
(millions of Canadian Dollars)	Note	2026	2025	2026	2025
Operating activities					
Earnings for the period		**97**	102	**455**	455
Adjustments to reconcile earnings to cash flows from operating activities	10	**423**	340	**1,214**	1,041
Changes in non-cash working capital		**6**	26	**18**	50
Cash flows from operating activities		**526**	468	**1,687**	1,546
Investing activities					
Additions to property, plant and equipment		**(551)**	(355)	**(1,205)**	(1,073)
Proceeds on disposal of property, plant and equipment		**–**	–	**4**	7
Additions to intangibles		**(93)**	(37)	**(175)**	(89)
Investment in joint ventures		**(1)**	(3)	**(6)**	(5)
Investment in marketable securities		**(2)**	(1)	**(8)**	(8)
Changes in non-cash working capital		**119**	4	**127**	(7)
Other		**16**	7	**21**	16
Cash flows used in investing activities		**(512)**	(385)	**(1,242)**	(1,159)
Financing activities					
Issue of long-term debt	7	**172**	1,175	**353**	1,767
Repayment of long-term debt	7	**(7)**	(273)	**(458)**	(595)
Repayment of lease liabilities		**(1)**	(2)	**(7)**	(8)
Issue of Class A shares	9	**1**	1	**10**	10
Dividends paid on equity preferred shares	8	**(20)**	(20)	**(58)**	(58)
Dividends paid to non-controlling interests		**(2)**	(3)	**(9)**	(10)
Dividends paid to Class A and Class B share owners	9	**(126)**	(124)	**(378)**	(373)
Interest paid		**(137)**	(129)	**(420)**	(382)
Other		**(1)**	(9)	**(5)**	(12)
Cash flows (used in) from financing activities		**(121)**	616	**(972)**	339
(Decrease) increase in cash position		**(107)**	699	**(527)**	726
Foreign currency translation		**4**	4	**4**	5
Beginning of period		**251**	(52)	**671**	(80)
End of period [(1)]	10	**148**	651	**148**	651

(1) Cash position includes $14 million which is not available for general use by the Company (2025 - $8 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

SEPTEMBER 30, 2026

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

1. THE COMPANY AND ITS OPERATIONS

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

Canadian Utilities Limited is engaged in the following business activities:

- ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations);
- ATCO EnPower (energy storage, electricity generation, industrial water solutions, and cleaner fuels);
- ATCO Australia (natural gas distribution and electricity generation operations); and
- Financing & Other (corporate financing, headquarters and support functions).

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

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

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

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

The Board of Directors (Board) authorized these unaudited interim consolidated financial statements for issue on November 5, 2026.

BASIS OF MEASUREMENT

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

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

USE OF JUDGMENTS AND ESTIMATES

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

ADOPTION OF AMENDED ACCOUNTING STANDARDS

Agreements referencing nature-dependent electricity

The Company has adopted the amendments to IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures,* that are effective January 1, 2026. The amendments improve the reporting of the financial effects of nature-dependent electricity agreements, often structured as power purchase agreements. The amendments clarify the application of the own-use requirements, permit hedge accounting when these agreements are used as hedging instruments, and introduce new disclosure requirements to assist users of financial statements in understanding the effects of these agreements. The adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

Settlement by electronic payments

The Company has adopted the amendments to IFRS 9, *Financial Instruments,* that are effective January 1, 2026. The amendments clarify the date of recognition and derecognition of financial assets and liabilities, with a new exception for financial liabilities settled using electronic forms of payment. The adoption of the amendments did not have a significant impact on the Company's unaudited interim consolidated financial statements.

IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

Presentation and disclosure in financial statements

In April 2024, the International Accounting Standards Board (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 a focus on the income statement and reporting of management-defined performance measures (MPM). The new standard is effective for annual periods beginning on or after January 1, 2027 and requires retrospective application to comparative financial information.

Based on the assessment completed to date, the changes will primarily be related to the presentation and labelling of certain financial statement line items, the aggregation and disaggregation of information within the primary financial statements, and the introduction of the new required subtotals in the Consolidated Statements of Earnings. The primary impact on the Consolidated Statements of Cash Flows includes the use of operating profit as the starting point for the reconciliation of cash flows from operating activities and the reclassification of interest and dividends received from operating activities to investing activities. The Company has preliminarily identified adjusted earnings as an MPM.

To facilitate the transition to IFRS 18, the project team of the Company continues to evaluate the impact on financial reporting systems, accounting processes and disclosures in preparation for adoption on January 1, 2027.

Regulatory assets and regulatory liabilities

In May 2026, the IASB issued IFRS 20, *Regulatory Assets and Regulatory Liabilities*, which establishes requirements for the recognition, measurement, presentation and disclosure of regulatory assets, regulatory liabilities and related income and expense arising from rate-regulated activities. The new standard is effective for annual periods beginning on or after January 1, 2029, with earlier adoption permitted.

The Company is evaluating the impact of IFRS 20 on its consolidated financial statements. The adoption of the standard is expected to affect the accounting for the Company’s rate-regulated activities in the ATCO Energy Systems and ATCO Australia segments.

3. SEGMENTED INFORMATION

Results by operating segment for the three months ended September 30 are shown below:

2026 / 2025	ATCO Energy Systems				ATCO EnPower	ATCO Australia	Financing & Other	Elims	Total
	Electricity	Natural Gas	Elims	Total					
Revenues - external	**362**	**385**	**–**	**747**	**70**	**81**	**4**	**–**	**902**
	358	305	–	663	59	68	2	–	792
Revenues - intersegment	**6**	**1**	**(7)**	**–**	**–**	**–**	**5**	**(5)**	**–**
	3	1	(4)	–	–	–	4	(4)	–
Revenues	**368**	**386**	**(7)**	**747**	**70**	**81**	**9**	**(5)**	**902**
	361	306	(4)	663	59	68	6	(4)	792
Operating expenses [1]	**(158)**	**(249)**	**7**	**(400)**	**(34)**	**(41)**	**(13)**	**5**	**(483)**
	(127)	(209)	4	(332)	(18)	(23)	(14)	4	(383)
Depreciation and amortization	**(92)**	**(72)**	**–**	**(164)**	**(15)**	**(15)**	**(2)**	**–**	**(196)**
	(86)	(68)	–	(154)	(13)	(14)	(2)	–	(183)
Earnings from investment in joint ventures	**14**	**–**	**–**	**14**	**1**	**2**	**–**	**–**	**17**
	16	–	–	16	2	1	–	–	19
Net finance costs	**(58)**	**(38)**	**–**	**(96)**	**(7)**	**(9)**	**(12)**	**–**	**(124)**
	(56)	(36)	–	(92)	(7)	(8)	(6)	–	(113)
Earnings (loss) before income taxes	**74**	**27**	**–**	**101**	**15**	**18**	**(18)**	**–**	**116**
	108	(7)	–	101	23	24	(16)	–	132
Income tax (expense) recovery	**(12)**	**(3)**	**–**	**(15)**	**(4)**	**(5)**	**5**	**–**	**(19)**
	(22)	2	–	(20)	(6)	(7)	3	–	(30)
Earnings (loss) for the period	**62**	**24**	**–**	**86**	**11**	**13**	**(13)**	**–**	**97**
	86	(5)	–	81	17	17	(13)	–	102
Adjusted earnings (loss)	**100**	**3**	**–**	**103**	**15**	**29**	**(30)**	**–**	**117**
	97	1	–	98	16	27	(33)	–	108
Capital expenditures [2]	**182**	**412**	**–**	**594**	**33**	**26**	**–**	**–**	**653**
	170	188	–	358	17	25	2	–	402

Elims - Intersegment Eliminations

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

(2) Includes additions to property, plant and equipment, intangibles and $9 million of interest capitalized during construction for the three months ended September 30, 2026 (2025 - $10 million).

Results by operating segment for the nine months ended September 30 are shown below.

2026	ATCO Energy Systems								
2025	Electricity	Natural Gas	Elims	Total	ATCO EnPower	ATCO Australia	Financing & Other	Elims	Total
Revenues - external	**1,098**	**1,329**	**–**	**2,427**	**245**	**218**	**10**	**–**	**2,900**
	1,081	1,216	–	2,297	228	185	9	–	2,719
Revenues - intersegment	**17**	**4**	**(21)**	**–**	**–**	**–**	**13**	**(13)**	**–**
	6	2	(8)	–	–	–	12	(12)	–
Revenues	**1,115**	**1,333**	**(21)**	**2,427**	**245**	**218**	**23**	**(13)**	**2,900**
	1,087	1,218	(8)	2,297	228	185	21	(12)	2,719
Operating expenses [1]	**(442)**	**(749)**	**21**	**(1,170)**	**(135)**	**(101)**	**(37)**	**13**	**(1,430)**
	(395)	(708)	8	(1,095)	(123)	(78)	(34)	12	(1,318)
Depreciation and amortization	**(274)**	**(213)**	**–**	**(487)**	**(40)**	**(45)**	**(7)**	**–**	**(579)**
	(256)	(200)	–	(456)	(39)	(44)	(7)	–	(546)
Earnings from investment in joint ventures	**47**	**–**	**–**	**47**	**5**	**5**	**–**	**–**	**57**
	47	–	–	47	8	4	–	–	59
Net finance costs	**(172)**	**(112)**	**–**	**(284)**	**(23)**	**(27)**	**(33)**	**–**	**(367)**
	(170)	(106)	–	(276)	(24)	(23)	(11)	–	(334)
Earnings (loss) before income taxes	**274**	**259**	**–**	**533**	**52**	**50**	**(54)**	**–**	**581**
	313	204	–	517	50	44	(31)	–	580
Income tax (expense) recovery	**(52)**	**(58)**	**–**	**(110)**	**(13)**	**(13)**	**10**	**–**	**(126)**
	(57)	(46)	–	(103)	(13)	(12)	3	–	(125)
Earnings (loss) for the period	**222**	**201**	**–**	**423**	**39**	**37**	**(44)**	**–**	**455**
	256	158	–	414	37	32	(28)	–	455
Adjusted earnings (loss)	**306**	**167**	**–**	**473**	**41**	**84**	**(99)**	**–**	**499**
	295	151	–	446	39	61	(85)	–	461
Total assets [2]	**12,036**	**8,986**	**(1)**	**21,021**	**1,831**	**1,786**	**535**	**(252)**	**24,921**
	11,753	8,428	(2)	20,179	1,841	1,601	1,172	(257)	24,536
Capital expenditures [3]	**479**	**791**	**–**	**1,270**	**63**	**75**	**1**	**–**	**1,409**
	507	534	–	1,041	62	70	12	–	1,185

Elims - Intersegment Eliminations

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

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

(3) Includes additions to property, plant and equipment, intangibles and $29 million of interest capitalized during construction for the nine months ended September 30, 2026 (2025 - $23 million).

ADJUSTED EARNINGS

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

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

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

The reconciliation of adjusted earnings and earnings for the three months ended September 30 is shown below:

2026	ATCO Energy Systems			ATCO	ATCO	Financing	
2025	Electricity	Natural Gas	Total	EnPower	Australia	& Other	Total
Adjusted earnings (loss)	**100**	**3**	**103**	**15**	**29**	**(30)**	**117**
	97	1	98	16	27	(33)	108
PBR2 re-opener appeal decision	**(28)**	**(28)**	**(56)**	**–**	**–**	**–**	**(56)**
	–	–	–	–	–	–	–
Other post-employment benefits	**(9)**	**(16)**	**(25)**	**(3)**	**–**	**(3)**	**(31)**
	–	–	–	–	–	–	–
Rate-regulated activities	**(1)**	**64**	**63**	**–**	**(16)**	**–**	**47**
	(11)	(4)	(15)	–	(10)	–	(25)
IT Common Matters decision	**(1)**	**–**	**(1)**	**–**	**–**	**–**	**(1)**
	(1)	–	(1)	–	–	–	(1)
Transition of managed IT services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	–	(2)	(2)	–	–	–	(2)
Dividends on equity preferred shares of Canadian Utilities Limited	**–**	**–**	**–**	**–**	**–**	**20**	**20**
	–	–	–	–	–	20	20
Other	**–**	**–**	**–**	**(2)**	**–**	**–**	**(2)**
	–	–	–	–	–	–	–
Earnings (loss) attributable to equity owners of the Company	**61**	**23**	**84**	**10**	**13**	**(13)**	**94**
	85	(5)	80	16	17	(13)	100
Earnings attributable to non-controlling interests							**3**
							2
Earnings for the period							**97**
							102

The reconciliation of adjusted earnings and earnings for the nine months ended September 30 is shown below.

2026 2025	ATCO Energy Systems Electricity	 Natural Gas	 Total	ATCO EnPower	ATCO Australia	Financing & Other	Total
Adjusted earnings (loss)	**306**	**167**	**473**	**41**	**84**	**(99)**	**499**
	295	151	446	39	61	(85)	461
PBR2 re-opener appeal decision	**(28)**	**(28)**	**(56)**	**–**	**–**	**–**	**(56)**
	–	–	**–**	–	–	–	–
Other post-employment benefits	**(9)**	**(16)**	**(25)**	**(3)**	**–**	**(3)**	**(31)**
	–	–	**–**	–	–	–	–
Rate-regulated activities	**(48)**	**76**	**28**	**–**	**(47)**	**–**	**(19)**
	(29)	17	(12)	–	(28)	–	(40)
IT Common Matters decision	**(2)**	**(1)**	**(3)**	**–**	**–**	**–**	**(3)**
	(2)	–	(2)	–	–	–	(2)
Transition of managed IT services	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(5)	(8)	(13)	(1)	–	–	(14)
Restructuring	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	(6)	(4)	(10)	(2)	(1)	(1)	(14)
Dividends on equity preferred shares of Canadian Utilities Limited	**–**	**–**	**–**	**–**	**–**	**58**	**58**
	–	–	–	–	–	58	58
Other	**–**	**–**	**–**	**(2)**	**–**	**–**	**(2)**
	–	–	–	(2)	–	–	(2)
Earnings (loss) attributable to equity owners of the Company	**219**	**198**	**417**	**36**	**37**	**(44)**	**446**
	253	156	409	34	32	(28)	447
Earnings attributable to non-controlling interests							**9**
							8
Earnings for the period							**455**
							455

Second generation performance based regulation (PBR2) re-opener appeal decision

In May 2025, the Alberta Utilities Commission (AUC) issued its PBR2 re-opener decision, directing ATCO Electric Distribution and ATCO Gas Distribution to refund $35 million and $36 million, respectively, to customers over the six-month period from September 1, 2025 to February 28, 2026. The Company appealed the decision to the Alberta Court of Appeal (ABCA) and refunded the amounts as directed by the AUC while the appeal was pending. These refunds to customers were reflected as adjustments in rate-regulated activities, as they were recognized as reductions of revenue under IFRS Accounting Standards.

In September 2026, the ABCA upheld the AUC's PBR2 re-opener decision, resulting in a reduction of adjusted earnings to reverse the impact of the rate-regulated adjustment related to refunds to customers (see rate-regulated activities section below). However, as the financial impacts of $28 million (after-tax) for ATCO Electric Distribution and $28 million (after-tax) for ATCO Gas Distribution arose from this one-time PBR2 re-opener ABCA decision, these amounts are not indicative of day-to-day operations and as such, have been excluded from adjusted earnings for the three and nine months ended September 30, 2026.

Other post-employment benefits

The Government of Alberta's *Health Statutes Amendment Act, 2025 (No. 2)* (Bill 11) changes the coordination of benefits between employer-sponsored health plans and certain provincial health programs. As a result, the Company recognized a $40 million ($31 million after-tax) past service cost adjustment related to its other post-employment benefits obligation for the three and nine months ended September 30, 2026. As the impact arises from a one-time legislative change, the amount has been excluded from adjusted earnings.

Rate-regulated activities

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

IFRS 20, *Regulatory Assets and Regulatory Liabilities* (IFRS 20), was issued in May 2026 and is effective for annual periods beginning on or after January 1, 2029. The Company is in the process of evaluating IFRS 20 and given that the Company has

not yet adopted this accounting standard, the Regulated Utilities continue to be unable to recognize regulatory assets and regulatory liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, for IFRS purposes, 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.

Until the Company adopts IFRS 20, the Company considers standards issued by the Financial Accounting Standards Board in the United States as another source of generally accepted accounting principles taking into account a more likely than not recognition threshold in accounting for rate-regulated activities in its internal reporting provided to the Senior Management Team, which believes that earnings presented in this manner are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate-regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

Rate-regulated accounting differs from IFRS Accounting Standards (pre-adoption of IFRS 20) in the following ways:

	Timing Adjustment	Items	RRA Treatment	IFRS Accounting Standards Treatment (Pre-adoption of IFRS 20)
1.	Additional revenues billed in current period	Future removal and site restoration costs, and impact of colder temperatures.	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
2.	Revenues to be billed in future periods	Deferred income taxes, impact of warmer temperatures, and impact of inflation on rate base.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
3.	Regulatory decisions received	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings impact from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize the earnings impact from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS Accounting Standards.
4.	Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes the earnings impact when customer rates are changed and amounts are recovered or refunded to customers through future billings.

The significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards (pre-adoption of IFRS 20) are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	**2025**	**2026**	**2025**
Additional revenues billed in current period				
Future removal and site restoration costs [1]	**22**	35	**98**	100
Revenues to be billed in future periods				
Deferred income taxes [2]	**(38)**	(37)	**(129)**	(105)
Impact of warmer temperatures [3]	**(2)**	(6)	**(9)**	(13)
Impact of inflation on rate base [4]	**(10)**	(6)	**(34)**	(17)
Settlement of regulatory decisions and other items				
PBR2 re-opener proceeding refund to customers [5]	**–**	(7)	**(20)**	(7)
PBR2 re-opener appeal decision [6]	**56**	–	**56**	–
Other [7]	**19**	(4)	**19**	2
	47	(25)	**(19)**	(40)

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

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

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

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

(5) In connection with the PBR2 re-opener decision rendered by the AUC on May 28, 2025, ATCO Electric Distribution and ATCO Gas Distribution refunded $10 million (after-tax) and $10 million (after-tax), respectively, to customers for the nine months ended September 30, 2026 (2025 - $3 million (after-tax) and $4 million (after-tax)). Combined with the amounts refunded to customers for the year ended December 31, 2025, ATCO Electric Distribution and ATCO Gas Distribution have now refunded the total amount that was directed by the AUC in the PBR2 re-opener decision, which was $28 million (after-tax) ($35 million before tax) for ATCO Electric Distribution and $28 million (after-tax) ($36 million before tax) for ATCO Gas Distribution.

(6) Following the September 3, 2026 ABCA decision upholding the AUC's PBR2 re-opener decision, the $71 million ($56 million after-tax) previously refunded to customers is no longer considered recoverable, resulting in a $56 million (after-tax) reduction in adjusted earnings.

(7) The three and nine months ended September 30, 2026 includes an increase in earnings for the period of $15 million (after-tax) related to the Yellowhead Pipeline deferral, reflecting a future refund to customers. The Yellowhead Pipeline deferral is intended to capture the difference between the actual project spend and the estimated project spend reflected in revenues approved to be recovered from customers.

IT Common Matters decision

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings for the three and nine months ended September 30, 2026 was $1 million (after-tax) and $3 million (after-tax) (2025 - $1 million (after-tax) and $2 million (after-tax)).

Transition of managed IT services

For the three and nine months ended September 30, 2025, the Company recognized IT transition costs of $2 million (after-tax) and $14 million (after-tax). The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and were substantially complete at December 31, 2025. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

Restructuring

For the three and nine months ended September 30, 2025, the Company recorded restructuring costs of nil and $14 million (after-tax) that were mainly related to staff reductions and associated severance costs. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

4. REVENUES

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

2026	ATCO Energy Systems						
2025	Electricity [1]	Natural Gas [1]	Total	ATCO EnPower	ATCO Australia [2]	Financing & Other	Total
Revenue Streams							
Rendering of Services							
Distribution services	**155**	**191**	**346**	**–**	**71**	**–**	**417**
	149	164	313	–	59	–	372
Transmission services	**167**	**135**	**302**	**–**	**–**	**–**	**302**
	167	92	259	–	–	–	259
Customer contributions	**10**	**6**	**16**	**–**	**–**	**–**	**16**
	10	5	15	–	1	–	16
Franchise fees	**11**	**48**	**59**	**–**	**–**	**–**	**59**
	11	41	52	–	–	–	52
Storage and industrial water	**–**	**–**	**–**	**32**	**–**	**–**	**32**
	–	–	–	28	–	–	28
Total rendering of services	**343**	**380**	**723**	**32**	**71**	**–**	**826**
	337	302	639	28	60	–	727
Sale of Goods							
Electricity generation and delivery	**–**	**–**	**–**	**20**	**2**	**–**	**22**
	–	–	–	26	1	–	27
Commodity sales	**–**	**–**	**–**	**9**	**–**	**–**	**9**
	–	–	–	4	–	–	4
Total sale of goods	**–**	**–**	**–**	**29**	**2**	**–**	**31**
	–	–	–	30	1	–	31
Lease income							
Finance lease	**2**	**–**	**2**	**1**	**2**	**–**	**5**
	2	–	2	–	2	–	4
Other [3]	**17**	**5**	**22**	**8**	**6**	**4**	**40**
	19	3	22	1	5	2	30
Total	**362**	**385**	**747**	**70**	**81**	**4**	**902**
	358	305	663	59	68	2	792

(1) For the three months ended September 30, 2026, *Electricity and Natural Gas segments include $104 million of unbilled revenue (2025 - $87 million).*

(2) For the three months ended September 30, 2026, *ATCO Australia segment includes $31 million of unbilled revenue (2025 - $29 million).*

(3) Other revenues of $40 million (2025 - $30 million) include third party revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

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

2026	ATCO Energy Systems						
2025	Electricity [1]	Natural Gas [1]	Total	ATCO EnPower	ATCO Australia [2]	Financing & Other	Total
Revenue Streams							
Rendering of Services							
Distribution services	**477**	**762**	**1,239**	**–**	**192**	**–**	**1,431**
	462	720	1,182	–	157	–	1,339
Transmission services	**501**	**322**	**823**	**–**	**–**	**–**	**823**
	501	275	776	–	–	–	776
Customer contributions	**29**	**18**	**47**	**–**	**1**	**–**	**48**
	27	17	44	–	2	–	46
Franchise fees	**32**	**211**	**243**	**–**	**–**	**–**	**243**
	31	196	227	–	–	–	227
Storage and industrial water	**–**	**–**	**–**	**90**	**–**	**–**	**90**
	–	–	–	84	–	–	84
Total rendering of services	**1,039**	**1,313**	**2,352**	**90**	**193**	**–**	**2,635**
	1,021	1,208	2,229	84	159	–	2,472
Sale of Goods							
Electricity generation and delivery	**–**	**–**	**–**	**61**	**6**	**–**	**67**
	–	–	–	63	5	–	68
Commodity sales	**–**	**–**	**–**	**68**	**–**	**–**	**68**
	–	–	–	64	–	–	64
Total sale of goods	**–**	**–**	**–**	**129**	**6**	**–**	**135**
	–	–	–	127	5	–	132
Lease income							
Finance lease	**4**	**–**	**4**	**1**	**5**	**–**	**10**
	4	–	4	–	5	–	9
Other [3]	**55**	**16**	**71**	**25**	**14**	**10**	**120**
	56	8	64	17	16	9	106
Total	**1,098**	**1,329**	**2,427**	**245**	**218**	**10**	**2,900**
	1,081	1,216	2,297	228	185	9	2,719

(1) For the nine months ended September 30, 2026, Electricity and Natural Gas segments include $104 million of unbilled revenue (2025 - $87 million). At September 30, 2026, $104 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - $87 million).

(2) For the nine months ended September 30, 2026, ATCO Australia segment includes $31 million of unbilled revenue (2025 - $29 million). At September 30, 2026, $31 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - $29 million).

(3) Other revenues of $120 million (2025 - $106 million) include third party revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

5. EARNINGS PER SHARE

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

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	2025	2026	2025
Average shares				
Weighted average shares outstanding	**272,334,614**	271,839,084	**272,268,887**	271,742,821
Effect of dilutive stock options	**884,157**	231,856	**764,171**	163,347
Weighted average dilutive shares outstanding	**273,218,771**	272,070,940	**273,033,058**	271,906,168
Earnings for earnings per share calculation				
Earnings for the period	**97**	102	**455**	455
Dividends on equity preferred shares of the Company	**(20)**	(20)	**(58)**	(58)
Non-controlling interests	**(3)**	(2)	**(9)**	(8)
Earnings attributable to Class A and B shares	**74**	80	**388**	389
Earnings and diluted earnings per Class A and Class B share				
Earnings per Class A and Class B share	**$0.28**	$0.29	**$1.43**	$1.43
Diluted earnings per Class A and Class B share	**$0.27**	$0.29	**$1.42**	$1.43

6. PROPERTY, PLANT AND EQUIPMENT

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

	Utility Transmission & Distribution	Energy Generation & Storage	Land and Buildings	Construction Work-in-Progress	Other	Total
Cost						
December 31, 2025	25,351	1,622	794	994	856	29,617
Additions	**54**	**2**	**–**	**1,173**	**3**	**1,232**
Transfers	**871**	**25**	**36**	**(955)**	**23**	**–**
Retirements and disposals	**(64)**	**–**	**(4)**	**–**	**(25)**	**(93)**
Foreign exchange rate adjustment	**151**	**6**	**3**	**4**	**5**	**169**
Changes to asset retirement costs	**–**	**(4)**	**–**	**–**	**–**	**(4)**
September 30, 2026	**26,363**	**1,651**	**829**	**1,216**	**862**	**30,921**
Accumulated depreciation						
December 31, 2025	7,198	557	215	–	472	8,442
Depreciation	**455**	**35**	**13**	**–**	**37**	**540**
Retirements and disposals	**(64)**	**–**	**(2)**	**–**	**(25)**	**(91)**
Foreign exchange rate adjustment	**44**	**2**	**1**	**–**	**4**	**51**
September 30, 2026	**7,633**	**594**	**227**	**–**	**488**	**8,942**
Net book value						
December 31, 2025	18,153	1,065	579	994	384	21,175
September 30, 2026	**18,730**	**1,057**	**602**	**1,216**	**374**	**21,979**

The additions to property, plant and equipment included $20 million of interest capitalized during construction for the nine months ended September 30, 2026 (2025 - $18 million).

7. LONG-TERM DEBT

Canadian Utilities Limited

Unsecured extendible revolving credit facility repayment:

In January 2026, the Company repaid $150 million of long-term debt under its unsecured extendible revolving credit facility.

Debenture issuance:

In June 2025, the Company issued $300 million of 4.412 per cent unsecured debentures maturing on June 24, 2035. The proceeds from the issuance were used to repay outstanding indebtedness under its extendible revolving credit facility.

Subordinated unsecured fixed-to-fixed rate notes:

In September 2025, the Company issued $750 million of 5.45 per cent subordinated unsecured fixed-to-fixed rate notes maturing December 22, 2055. The proceeds from the issuance were used for capital expenditures, to repay or refinance existing obligations and for other general corporate purposes.

CU Inc.

Debenture issuance:

In September 2025, CU Inc., a wholly owned subsidiary of the Company, 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, to repay existing indebtedness and for other general corporate purposes.

Unsecured extendible revolving credit facility issuance and repayment:

In September 2026, CU Inc. borrowed $135 million from its unsecured extendible revolving credit facility. In June 2025 and in September 2025, CU Inc. borrowed $240 million and $35 million, respectively, from its unsecured extendible revolving credit facility.

In January 2026, CU Inc. repaid $125 million under its unsecured extendible revolving credit facility. In July 2025, CU Inc. repaid $240 million under its unsecured extendible revolving credit facility.

Non-revolving unsecured amortizing credit facility debt issuance:

In September 2026, CU Inc. borrowed $52 million from its $155 million non-revolving unsecured amortizing credit facility to support the construction of the Central East Transfer-Out Project within the Electricity Transmission business (CETO Project Debt).

The CETO Project Debt was issued at a below-market rate of interest and the difference between the market rate for an equivalent loan and the rate granted, amounting to $19 million, is accounted for as a capital government grant. Proceeds from capital government grants are recorded in other investing activities in the consolidated statements of cash flows and in other long-term liabilities in the consolidated balance sheets.

Subsidiaries

On June 23, 2026, ATCO Gas Australia Pty Ltd, an indirect wholly owned subsidiary of the Company, refinanced its unsecured revolving credit facilities (Tranche A and Tranche B) at BBSY (Bank Bill Swap Bid Rate) plus an applicable margin.

The Tranche A facility was refinanced with a principal amount of $400 million Australian dollars (equivalent of $392 million Canadian dollars), extending its maturity from June 27, 2027, to June 23, 2029. The available amount under the facility also increased by $15 million Australian dollars (equivalent of $15 million Canadian dollars) to $415 million Australian dollars (equivalent of $407 million Canadian dollars).

The Tranche B facility was refinanced with a principal amount of $375 million Australian dollars (equivalent of $368 million Canadian dollars), extending its maturity from August 4, 2026, to June 23, 2031. The available amount under the facility increased by $40 million Australian dollars (equivalent of $39 million Canadian dollars) to $415 million Australian dollars (equivalent of $407 million Canadian dollars).

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

Project finance

At September 30, 2026 and December 31, 2025, Deerfoot Barlow Solar Limited Partnership ("DBSLP"), an indirect subsidiary of Canadian Utilities Limited, was not in compliance with the long-term debt covenant requiring a minimum projected debt service coverage ratio of 1.00 under its amortizing non-revolving credit facility (Deerfoot Barlow Solar Project Finance Debt). DBSLP obtained a waiver from the lender for each period of non-compliance. In addition, the lender agreed to defer a mandatory debt payment due on September 30, 2026 as DBSLP and the lender are actively engaged in a potential restructuring. The total balance of the loan subject to this waiver and deferred payment is $53 million at September 30, 2026 and December 31, 2025. The lender is not in a position to confirm a waiver of any events of default through September 30, 2027. As such, the loan has been classified as a current liability in the consolidated balance sheet at September 30, 2026.

Except for the Deerfoot Barlow Solar Project Finance Debt, the Company complied with externally imposed requirements on its capital, including financial covenants related to long-term debt, credit facilities and project financings, for the three and nine months ended September 30, 2026 and the year ended December 31, 2025, and otherwise expects to remain in compliance over the next year.

8. EQUITY PREFERRED SHARES

DIVIDENDS

Cash dividends declared and paid per share are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(dollars per share)	**2026**	**2025**	**2026**	**2025**
Cumulative Redeemable Second Preferred Shares				
5.196% Series Y	**0.3248**	0.3248	**0.9743**	0.9743
4.90% Series AA	**0.3063**	0.3063	**0.9188**	0.9188
4.90% Series BB	**0.3063**	0.3063	**0.9188**	0.9188
4.50% Series CC	**0.2813**	0.2813	**0.8438**	0.8438
4.50% Series DD	**0.2813**	0.2813	**0.8438**	0.8438
5.25% Series EE	**0.3281**	0.3281	**0.9844**	0.9844
4.50% Series FF [(1)]	**–**	0.2813	**–**	0.8438
4.75% Series HH	**0.2969**	0.2969	**0.8906**	0.8906
5.60% Series JJ [(2)]	**0.3500**	–	**1.0606**	–

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

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

The payment of dividends is at the discretion of the Board and depends on the financial condition of the Company and other factors. On October 8, 2026, the Company declared fourth quarter dividends of $0.32475 per Series Y Preferred Share, $0.30625 per Series AA and Series BB Preferred Share, $0.28125 per Series CC and Series DD Preferred Share, $0.328125 per Series EE Preferred Share, $0.296875 per Series HH Preferred Share, and $0.35 per Series JJ Preferred Share, payable on December 1, 2026 to share owners of record as of November 5, 2026.

9. CLASS A AND CLASS B SHARES

ISSUED AND OUTSTANDING

At September 30, 2026, there were 205,759,671 (December 31, 2025 - 205,486,687) Class A shares and 66,598,854 (December 31, 2025 - 66,598,854) Class B shares outstanding. In addition, there were 2,804,316 options to purchase Class A shares outstanding at September 30, 2026, under the Company's stock option plan (December 31, 2025 - 3,076,300).

For the three and nine months ended September 30, 2026, 27,934 and 272,984 (2025 - 32,250 and 288,800) stock options were exercised, resulting in the issuance of an additional 27,934 and 272,984 (2025 - 32,250 and 288,800) Class A shares for proceeds of $1 million and $10 million (2025 - $1 million and $10 million).

DIVIDENDS

The Company declared and paid cash dividends of $0.4623 and $1.3869 per Class A and Class B share for the three and nine months ended September 30, 2026 (2025 - $0.4577 and $1.3731). The Company's policy is to pay dividends quarterly on its Class A and Class B shares. The payment and amount of any quarterly dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On October 8, 2026, the Company declared a fourth quarter dividend of $0.4623 per Class A and Class B share, payable on December 1, 2026 to share owners of record as of November 5, 2026.

10. CASH FLOW INFORMATION

ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	**2025**	**2026**	**2025**
Depreciation and amortization	**196**	183	**579**	546
Dividends and distributions received from joint ventures	**17**	18	**59**	59
Earnings from investment in joint ventures	**(17)**	(19)	**(57)**	(59)
Income tax expense	**19**	30	**126**	125
Unrealized losses on derivative financial instruments	**–**	1	**–**	–
Contributions by customers for extensions to plant	**41**	29	**111**	97
Amortization of customer contributions	**(16)**	(16)	**(48)**	(46)
Net finance costs	**124**	113	**367**	334
Income taxes paid	**(3)**	(6)	**(18)**	(35)
Interest received	**12**	8	**39**	33
Other [1]	**50**	(1)	**56**	(13)
	423	340	**1,214**	1,041

(1) Includes a $40 million past service cost adjustment related to the Company's other post-employment benefit obligation for the three and nine months ended September 30, 2026.

CASH POSITION

Cash position at September 30 is comprised of:

	2026	**2025**
Cash	**113**	660
Short-term investments	**38**	–
Restricted cash [1]	**14**	8
Cash and cash equivalents	**165**	668
Bank indebtedness [2]	**(17)**	(17)
	148	651

(1) Cash balances which are restricted under the terms of joint arrangement agreements are considered not available for general use by the Company.
(2) The Company has cash pooling arrangements with certain banks that are used to manage working capital requirements. This allows individual bank accounts participating in these arrangements to be overdrawn from time to time.

11. FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

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

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

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

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

	September 30, 2026		December 31, 2025	
Recurring Measurements	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Finance lease receivables	**108**	**116**	113	128
Long-term advances due from joint venture [(1)]	**33**	**29**	33	31
Financial Liabilities				
Long-term debt	**12,247**	**11,059**	12,296	11,724

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Marketable securities

At September 30, 2026 and December 31, 2025, the Company's marketable securities measured at fair value include investment grade corporate bonds and debentures, private fixed income funds, bank loans and commercial mortgage funds, and government bonds.

Derivative financial instruments

The Company's derivative financial instruments subject to hedge accounting and measured at fair value include the following:

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

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

	Level 2		Level 3	
Recurring Measurements	Interest Rate Swaps	Foreign Currency Forward Contracts	Power Purchase Agreements [1]	Total Fair Value of Derivatives
September 30, 2026				
Financial Assets				
Prepaid expenses and other current assets	**10**	**4**	**–**	**14**
Other assets	**21**	**–**	**43**	**64**
Financial Liabilities				
Provisions and other current liabilities	**1**	**–**	**–**	**1**
Other liabilities	**1**	**–**	**–**	**1**
December 31, 2025				
Financial Assets				
Prepaid expenses and other current assets	2	–	–	2
Other assets	14	–	45	59
Financial Liabilities				
Provisions and other current liabilities	1	1	–	2
Other liabilities	3	–	–	3

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

A reconciliation of the changes in the Company's derivative financial instruments classified as Level 3 for the nine months ended September 30, 2026 is as follows:

December 31, 2025	45
Settlement of derivative contracts	**(17)**
Gains recognized in other comprehensive income	**15**
September 30, 2026	**43**

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

	2026			2025		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains						
Revenues	–	3	3	–	2	2
Derivative financial instruments [1]	–	2	2	–	2	2
Interest expense	2	–	2	–	–	–
	2	5	7	–	4	4
Unrealized losses						
Derivative financial instruments [1]	–	–	–	–	(1)	(1)
Total	2	5	7	–	3	3

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

For the nine months ended September 30, the following realized gains on derivative financial instruments were recognized in the consolidated statements of earnings:

	2026			2025		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains						
Revenues	–	11	11	–	10	10
Derivative financial instruments [1]	–	6	6	–	5	5
Interest expense	3	–	3	2	–	2
Total	3	17	20	2	15	17

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

Notional value and maturity summary

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

	Subject to Hedge Accounting		
Notional value and maturity	**Interest Rate Swaps**	**Foreign Currency Forward Contracts**	**Power Purchase Agreements**
September 30, 2026			
Sales [1]	–	–	6,284,395
Currency			
Canadian dollars	104	–	–
Australian dollars	767	–	–
U.S. dollars	–	105	–
Maturity	2026-2036	2026-2027	2026-2038
December 31, 2025			
Sales [1]	–	–	6,780,362
Currency			
Canadian dollars	113	–	–
Australian dollars	771	–	–
U.S. dollars	–	126	–
Maturity	2026-2036	2026-2027	2026-2038

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

12. SUBSEQUENT EVENT

On October 6, 2026, ATCO Ltd. (ATCO), Canadian Utilities Limited (Canadian Utilities), Emera Incorporated (Emera) and 2856571 Alberta Ltd. (New ATCO) entered into an arrangement agreement (the Arrangement Agreement) providing for, among other things, the proposed merger of Emera and Canadian Utilities. The Arrangement Agreement requires Emera to acquire: (a) all of the issued and outstanding Class I non-voting shares of ATCO (the ATCO Class I Shares) and Class II voting shares of ATCO (the ATCO Class II Shares); and (b) all of the issued and outstanding Class A non-voting shares of Canadian Utilities (the Canadian Utilities Class A Shares) and Class B common shares of Canadian Utilities (the Canadian Utilities Class B Shares) not held by ATCO, pursuant to a court-approved arrangement (the Arrangement) under section 192 of the Canada Business Corporations Act.

In addition, pursuant to the Arrangement, ATCO will spin out its industrial services businesses focused on housing, defence and other investments, including ports and retail energy, subject to and in accordance with the terms of a separation agreement to be entered into by ATCO and New ATCO on the effective date of the Arrangement.

Under the terms of the Arrangement: (a) the holders of Canadian Utilities Class A Shares (other than ATCO) will receive 0.755 of a common share of Emera (the Emera Shares) for each Canadian Utilities Class A Share held; and (b) the holders of Canadian Utilities Class B Shares (other than ATCO) will receive 0.819 of an Emera Share for each Canadian Utilities Class B Share held.

Until the Arrangement is completed, each company is generally required to operate in the ordinary course of business and take reasonable steps to preserve its business operations and key relationships, subject to specified exceptions. These exceptions include actions required by law or necessary to complete the Arrangement and the spin-out of New ATCO.

The Arrangement is subject to customary closing conditions, including applicable security holder, court, regulatory and stock exchange approvals, and is expected to close in the third or fourth quarter of 2027.