

DISCLAIMER

Due to uncertainty surrounding the application of recent amendments to the Competition Act (Canada), these documents are provided for historical information purposes only and do not constitute active or current representations of ATCO Ltd. or any of its related parties. The purpose of these documents is to comply with disclosure requirements that were in effect on the date these documents were filed; ATCO undertakes no obligation to update such information except as required by applicable law. ATCO remains committed to taking steps to address climate change and continuing to engage in sustainability initiatives.





ATCO LTD.
FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED June 30, 2021

Q2 2021 INVESTOR FACT SHEET

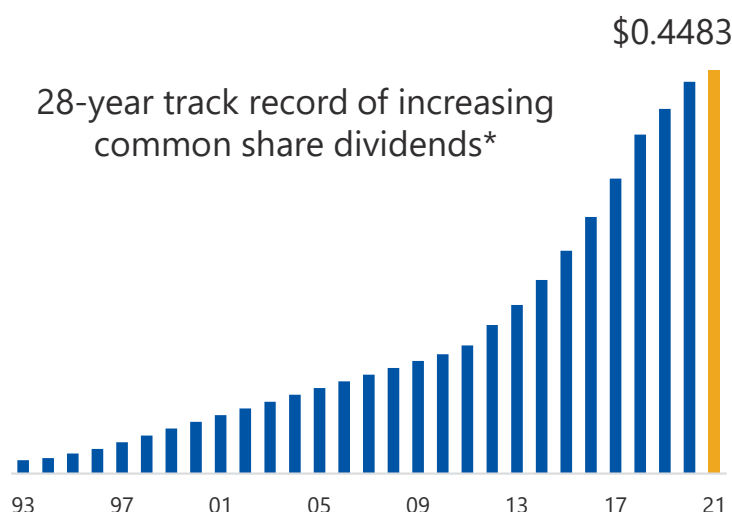
atco.com
STRUCTURES & LOGISTICS | NELTUME PORTS | CANADIAN UTILITIES

ATCO

With approximately 6,200 employees and assets of \$22 billion, ATCO is a diversified global corporation with investments in the essential services of: Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services); Utilities (electricity and natural gas transmission and distribution, international electricity operations, and international natural gas distribution); Energy Infrastructure (electricity generation, energy storage and industrial water solutions); Retail Energy (electricity and natural gas retail sales); Transportation (ports and transportation logistics); and Commercial Real Estate.

TRACK RECORD OF DIVIDEND GROWTH

28-year track record of increasing common share dividends*



* On July 22, 2021, ATCO declared a third quarter dividend of 44.83 cents per share, or \$1.79 per share annualized.

DIVERSIFIED ESSENTIAL SERVICES

ATCO's investments put us at the forefront of global trends. We deliver the enduring essentials required for a healthy global economy.



ATCO AT A GLANCE

74-year history in more than 100 countries

"A-" rating by Standard & Poor's; "A" (low) rating by DBRS Limited

Total Assets	\$22 Billion
Modular Building Manufacturing Locations	6 Globally (1 Canada, 1 United States, 2 Australia, 1 Chile, 1 Mexico)
Electric Powerlines	75,000 kms
Pipelines	64,000 kms
Power Generation Operated	398 MW *
Power Generation Owned	294 MW *
Water Infrastructure Capacity	85,200 m3/d **
Natural Gas Storage Capacity	52 PJ ***
Natural Gas Liquids Capacity	400,000 m3 ****
Ports and Port Operations	17 Ports, 3 Port Operation Services

*megawatts, name plate capacity, includes ownership of subsidiaries
***petajoules

**cubic metres per day
****cubic metres

ATCO SHARE INFORMATION

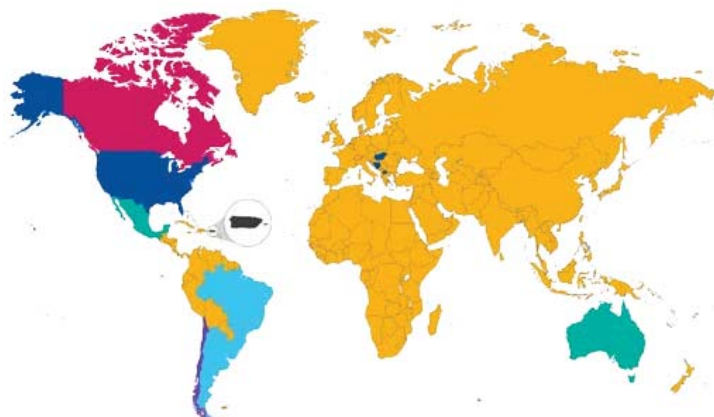
Common Shares (TSX): ACO.X, ACO.Y

Market Capitalization	\$5 billion *
Weighted Average Common Shares Outstanding	114.2 million *

*As of June 30, 2021

It is important for prospective owners of ATCO shares to understand that ATCO is a diversified group of companies principally controlled by Sentgraf, a Southern family holding company. It is also important for present and prospective share owners to understand that the ATCO share registry has both Class I Non-Voting (ACO.X) and Class II Voting (ACO.Y) common shares.

GLOBAL GROWTH



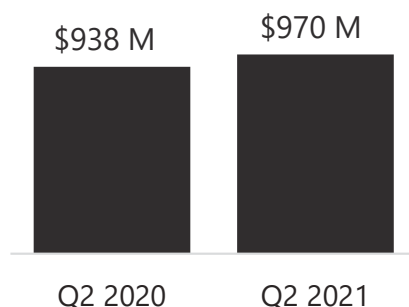
- Canadian Utilities, Structures & Logistics, Commercial Real Estate and ASHCOR
- Neltume Ports, Structures & Logistics, and Canadian Utilities
- Structures & Logistics and Neltume Ports
- Neltume Ports
- Canadian Utilities
- Canadian Utilities and Structures & Logistics

We continue to grow and expand our international business

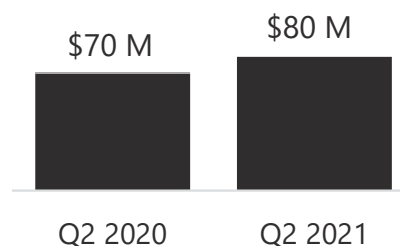
Adjusted earnings are earnings attributable to Class I and Class II Shares after adjusting for the timing of revenues and expenses associated with rate-regulated activities and unrealized gains or losses on mark-to-market forward and swap commodity contracts. Adjusted earnings also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. Certain statements in this document contain forward-looking information. Please refer to our forward-looking information disclaimer in ATCO's management's discussion and analysis for more information.

Q2 2021 RESULTS

CONSOLIDATED REVENUES



CONSOLIDATED ADJUSTED EARNINGS



STRUCTURES & LOGISTICS

- Lower earnings were mainly due to ATCO Structures' lower workforce housing trade sale activity in Canada, Australia and the United States (US). Lower adjusted earnings were partially offset by ATCO Structures' higher space rental activity in Canada, Australia and the US, and ATCO Frontec's recently awarded workforce housing service contract for the Trans Mountain Expansion project.
- Awarded a \$13 million supportive housing contract in Vernon, BC for a four-story, 61-unit building. This is our sixth affordable housing project. Site work and manufacturing for this project is expected to commence in the third quarter of 2021.
- Awarded a supply contract with a mining client in Nunavut for a 276-bed accommodation complex. The project involved the deployment of fleet product which was repurposed to withstand the environment in the region and was fully delivered in July 2021.

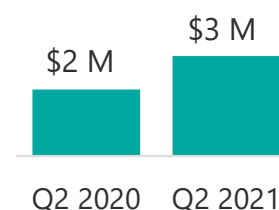
ADJUSTED EARNINGS



NELTUME PORTS

- Higher adjusted earnings were mainly due to unplanned equipment maintenance activity at the Puerto Mejillones port in 2020, and higher volumes in 2021 across our portfolio of ports.
- Held a grand opening on June 2, 2021 for the AutoMobile International Terminal, a 50/50 joint venture (JV) partnership with Terminal Zarate in Mobile, Alabama. The terminal is now in service and primarily supports the import and export requirements of the automotive market in the US.

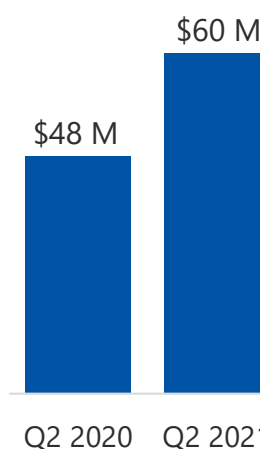
ADJUSTED EARNINGS



CANADIAN UTILITIES

- Higher earnings were mainly due to contributions from International Electricity Operations, a higher inflation rate in International Natural Gas Distribution, and cost efficiencies, partially offset by the impact of the Electricity Transmission 2018-2019 General Tariff Application Compliance Filing decision received in the second quarter of 2021, which relates to prior periods.
- Received a decision from the Alberta Utilities Commission approving the acquisition of the 131-km Pioneer Pipeline for the purchase price and associated integration costs of \$265 million.
- LUMA Energy commenced operations on June 1, 2021 under the Supplemental Agreement to its 15-year contract to modernize and operate Puerto Rico's electricity transmission and distribution system after successful completion of the one-year transition period.
- Announced a partnership with Suncor Energy in May 2021 to collaborate on early-stage design and engineering of a clean hydrogen project near Fort Saskatchewan, Alberta. A sanctioning decision for the project is expected in 2024.

ADJUSTED EARNINGS



2021 SECOND QUARTER FINANCIAL INFORMATION

INVESTOR FACT SHEET

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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ATCO LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of ATCO Ltd. (ATCO, our, we, us, or the Company) during the six months ended June 30, 2021.

This MD&A was prepared as of July 28, 2021, and should be read with the Company's unaudited interim consolidated financial statements for the six months ended June 30, 2021. Additional information, including the Company's previous MD&As, Annual Information Form (2020 AIF), and audited consolidated financial statements for the year ended December 31, 2020, is available on SEDAR at www.sedar.com. Information contained in the 2020 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family. The Company includes controlling positions in Canadian Utilities Limited (Canadian Utilities or CU) (53.0 per cent ownership), ATCO Structures & Logistics Ltd. (ATCO Structures & ATCO Frontec) (100 per cent ownership), ATCO Land and Development Ltd. (100 per cent ownership), and ASHCOR Technologies Ltd. (100 per cent ownership). The Company also has a non-controlling equity investment in Neltume Ports S.A. (Neltume Ports) (40 per cent ownership). Throughout this MD&A, the Company's earnings attributable to Class I and Class II Shares and adjusted earnings are presented after non-controlling interests.

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

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PERFORMANCE OVERVIEW

FINANCIAL METRICS

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

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions, except per share data and outstanding shares)	2021	2020	Change	2021	2020	Change
Key Financial Metrics						
Revenues	970	938	32	2,042	1,994	48
Adjusted earnings (loss) ⁽¹⁾	80	70	10	199	176	23
Structures & Logistics	18	21	(3)	32	28	4
Neltume Ports	3	2	1	6	5	1
ATCO Corporate & Other	(1)	(1)	—	—	—	—
Canadian Utilities Limited						
Utilities	65	57	8	171	156	15
Energy Infrastructure	4	2	2	9	5	4
Canadian Utilities Corporate & Other	(9)	(11)	2	(19)	(18)	(1)
Adjusted earnings (\$ per share) ⁽¹⁾	0.70	0.61	0.09	1.74	1.54	0.20
Earnings attributable to Class I and Class II Shares	12	45	(33)	95	132	(37)
Earnings attributable to Class I and Class II Shares (\$ per share)	0.10	0.39	(0.29)	0.83	1.15	(0.32)
Cash dividends declared per Class I and Class II Share (cents per share)	44.83	43.52	1.31	89.66	87.04	2.62
Funds generated by operations ⁽¹⁾	414	378	36	905	894	11
Capital investment ⁽¹⁾	507	226	281	760	529	231
Other Financial Metrics						
Weighted average Class I and Class II Shares outstanding (thousands):						
Basic	114,184	114,411	(227)	114,243	114,382	(139)
Diluted	114,500	114,682	(182)	114,526	114,700	(174)

(1) Additional information regarding these measures is provided in the Non-GAAP and Additional GAAP Measures section of this MD&A.

REVENUES

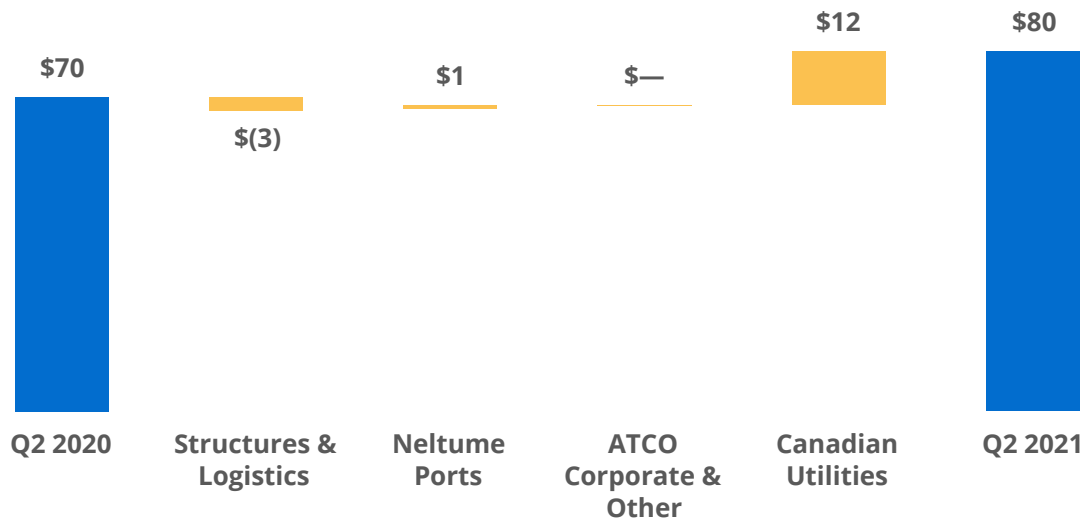
Revenues for the second quarter of 2021 were \$970 million, \$32 million higher than the same period in 2020. Higher revenues were mainly due to improved performance at ATCOenergy resulting from higher electricity and natural gas commodity prices associated with floating rate energy contracts.

ADJUSTED EARNINGS

Our adjusted earnings in the second quarter of 2021 were \$80 million or \$0.70 per share, compared to \$70 million or \$0.61 per share for the same period in 2020.

Higher adjusted earnings in the second quarter of 2021 were mainly due to earnings from International Electricity Operations related to ongoing transition work and the commencement on June 1, 2021 under the Supplemental Agreement to LUMA Energy's 15-year contract to modernize and operate Puerto Rico's electricity transmission and distribution (T&D) system. Higher earnings were also due to a return to more stable levels of inflation in Australia, which positively impacted earnings in International Natural Gas Distribution.

Adjusted Earnings (\$ Millions)



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 CLASS I AND CLASS II SHARES

Earnings attributable to Class I and Class II Shares were \$12 million in the second quarter of 2021, \$33 million lower compared to 2020. Earnings attributable to Class I and Class II Shares include timing adjustments related to rate-regulated activities, 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 Class I and Class II Shares section of this MD&A.

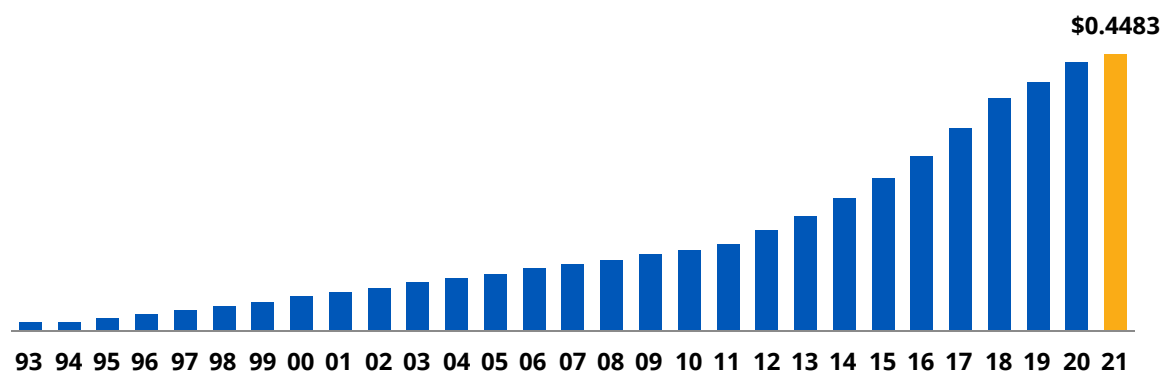
FUNDS GENERATED BY OPERATIONS

Funds generated by operations were \$414 million in the second quarter of 2021, \$36 million higher compared to the same period in 2020. The increase was mainly due to higher customer contributions for Canadian Utilities' Electricity Transmission and International Natural Gas Distribution capital investments, partially offset by the timing of certain revenues and expenses.

COMMON SHARE DIVIDENDS

Dividends paid to Class I and Class II share owners totaled \$52 million in the second quarter of 2021. On July 22, 2021, the Board of Directors declared a third quarter dividend of 44.83 cents per share.

Quarterly Dividend Rate 1993 - 2021
(dollars per share)

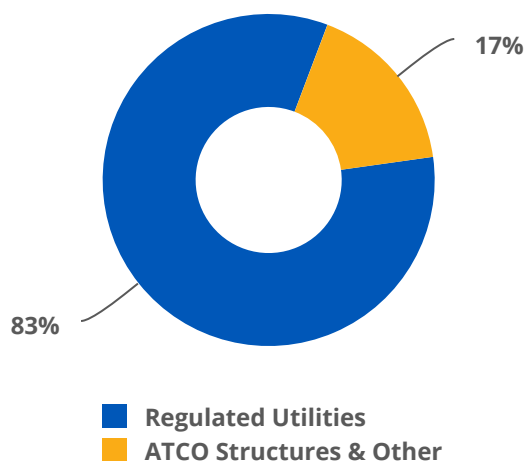


CAPITAL INVESTMENT

Total capital investment of \$507 million and \$760 million in the second quarter and first six months of 2021 was \$281 million and \$231 million higher compared to the same periods in 2020 mainly due to Canadian Utilities' acquisition of the Pioneer Pipeline in Natural Gas Transmission, and the strategic purchase of development lands by ATCO Land & Development.

Capital spending in Canadian Utilities' Regulated Utilities accounted for 83 per cent of total capital invested in the first six months of 2021. The remaining 17 per cent invested largely included the strategic purchase of development lands by ATCO Land & Development.

Capital Investment for the Six Months Ended June 30, 2021



BUSINESS UNIT PERFORMANCE



REVENUES

Structures & Logistics revenues of \$181 million and \$348 million in the second quarter and first six months of 2021 were \$20 million and \$24 million lower than the same periods in 2020 mainly due to ATCO Structures' lower workforce housing trade sale activity in 2021 in Canada and Australia, and the completion of manufacturing work on ATCO Structures' LNG Canada Cedar Valley Lodge project in the second quarter of 2020. Lower revenues were partially offset by ATCO Structures' space rental performance, recently awarded ATCO Frontec workforce housing service contracts for the Trans Mountain and China Lake Military Rebuild projects, and ongoing Disaster & Emergency Management response projects.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
ATCO Structures	16	21	(5)	29	28	1
ATCO Frontec	2	—	2	3	—	3
Total Structures & Logistics	18	21	(3)	32	28	4

Structures & Logistics recorded adjusted earnings of \$18 million in the second quarter of 2021, \$3 million lower than the same period in 2020. Lower earnings were mainly due to ATCO Structures' lower workforce housing trade sale activity in Canada, Australia and the United States (US). Lower adjusted earnings were partially offset by ATCO Structures' higher space rental activity in Canada, Australia, and the US, and ATCO Frontec's recently awarded workforce housing service contract for the Trans Mountain Expansion project.

Structures & Logistics recorded adjusted earnings of \$32 million in the first six months of 2021, \$4 million higher than the same period in 2020. Higher earnings were mainly due to ATCO Structures' higher space rental activity and higher occupancy at ATCO Frontec's Site C camp. Higher earnings were partially offset by lower ATCO Structures workforce housing trade sale activity in Canada, Australia and the US.

ATCO STRUCTURES

ATCO Structures manufactures, sells and leases transportable workforce housing, residential housing, and space rental products. Space rentals sells and leases mobile office trailers in various sizes and floor plans to suit our customers' needs. Workforce housing delivers modular workforce housing worldwide, including short-term and permanent modular construction, pre-fabricated and relocatable modular buildings.

ATCO Structures recorded adjusted earnings of \$16 million in the second quarter of 2021, \$5 million lower than the same period in 2020 mainly due to lower workforce housing trade sale activity in Canada, Australia and the US, partially offset by higher space rental activity in Canada, Australia and the US.

ATCO Structures recorded adjusted earnings of \$29 million in the first six months of 2021, \$1 million higher than the same period in 2020 mainly due to higher space rental activity, partially offset by lower workforce housing trade

sale activity in Canada, Australia and the US, and the completion of manufacturing work on the LNG Canada Cedar Valley Lodge project in the second quarter of 2020.

The following table compares ATCO Structures' manufacturing hours and rental fleet for the second quarter and first six months of 2021 and 2020.

	Three Months Ended			Six Months Ended		
	June 30			June 30		
	2021	2020	Change	2021	2020	Change
North America						
Manufacturing hours (<i>thousands</i>)	130	157	(17%)	250	507	(51%)
Global Space Rentals						
Number of units	19,475	16,767	16%	19,475	16,767	16%
Average utilization (%)	82	71	11%	81	71	10%
Average rental rate (\$ <i>per month</i>)	675	656	3%	629	583	8%
Global Workforce Housing						
Number of units	2,452	2,772	(12%)	2,452	2,772	(12%)
Average utilization (%)	66	46	20%	63	46	17%
Average rental rate (\$ <i>per month</i>)	1,487	1,359	9%	1,674	1,502	11%

Manufacturing Hours

The decrease in manufacturing hours in the second quarter of 2021 was mainly due to the completion of manufacturing on the LNG Canada Cedar Valley Lodge project in the second quarter of 2020.

Rental Fleet

Global Space Rentals

ATCO Structures increased its global space rental fleet size by 2,708 units year-over-year. The increase in the number of space rental units was mainly due to the acquisition of the remaining 50 per cent interest in the ATCO Sabinco S.A. joint venture partnership on December 30, 2020 and the continued strategic expansion of the space rental fleet in targeted regions in Canada and the US.

In the second quarter of 2021, space rental demand increased in Canada, Australia, the US and Chile mainly due to an increase in activity in the construction and mining sectors, as well as a result of physical distancing protocols in response to the COVID-19 pandemic. This increase in demand produced an increase in utilization and average rental rates.

Global Workforce Housing

ATCO Structures continuously evaluates the size of its global workforce housing fleet in relation to economic conditions and seeks to balance unit counts, utilization rates and average rental rates. ATCO Structures decreased the size of its unused workforce housing fleet and increased the average utilization rate year-over-year by selling used and non-utilized fleet assets in Canada, Australia and the US. The increase in the utilization rate was also due to the workforce housing fleet on rent for the Trans Mountain Expansion project in British Columbia (BC). Workforce housing average rental rates have increased from the prior year as a result of higher overall economic activity and a shift in customer demand towards the higher priced lower density workforce housing options in Canada.

ATCO STRUCTURES RECENT DEVELOPMENTS

Canada

Brucejack - Pretium Exploration Inc.

ATCO Structures has commenced manufacturing and installation work on its previously awarded contract to supply a 450-person camp for Pretium Exploration Inc.'s Brucejack operations in Northwest BC. The contract includes the supply of accommodation dorms with complete kitchen and recreation amenities. Installation work is expected to be complete by the end of 2021.

BC Housing - Government of British Columbia

In 2020, ATCO Structures secured several projects with the Government of British Columbia's supportive housing program. The housing projects will provide affordable housing to low income individuals and families across the province.

In the second quarter of 2021, ATCO Structures continued work on its previously awarded Surrey, BC affordable housing project and was awarded an additional \$13 million supportive housing contract in Vernon, BC for a four-story, 61-unit building. This is our sixth affordable housing project. Site work and manufacturing is expected to commence in the third quarter of 2021.



61-unit supportive housing complex - Surrey, BC

Sabina Gold

In the second quarter of 2021, ATCO Structures was awarded a supply contract for a 276-bed accommodation complex for a mining client in Nunavut. The project consists of deployment of fleet product which has been repurposed to withstand the environment in the region. The product was fully delivered in July 2021.

ATCO FRONTEC

ATCO Frontec provides facility operations and maintenance services, workforce lodging and support services, defense operations services, and disaster and emergency management services.

ATCO Frontec's adjusted earnings of \$2 million in the second quarter of 2021 were \$2 million higher than the same period in 2020 mainly due to recently awarded workforce housing service contracts for the Trans Mountain Expansion project, and ongoing Disaster & Emergency Management response projects.

ATCO Frontec's adjusted earnings of \$3 million in the first six months of 2021 were \$3 million higher than the same period in 2020 mainly due to higher occupancy at the Site C workforce housing camp in BC, recently awarded workforce housing service contracts for the Trans Mountain Expansion project, and ongoing Disaster & Emergency Management response projects.



UQSUQ Operations Airside Crew - Iqaluit, Nunavut

ATCO FRONTEC RECENT DEVELOPMENTS

In June 2007, the Government of Nunavut awarded UQSUQ, a joint venture between ATCO Frontec and Nunavut Petroleum Corporation, a contract for bulk fuel delivery services in Iqaluit, Nunavut. The contract involves operating and maintaining the Iqaluit bulk fuel storage facility and pipeline distribution system and the delivery of petroleum products.

The current contract is in place until the fourth quarter of 2021. In late 2020, UQSUQ engaged in a competitive bid process for a new 10-year contract with a 5-year extension option. In the second quarter of 2021, ATCO Frontec received confirmation that UQSUQ has successfully secured this critical infrastructure contract; reinforcing ATCO's commitment to Northern Canada and its Indigenous partners.



Neltume Ports is a port operator and developer with a diversified portfolio of 17 multi-purpose, bulk cargo and container port facilities and three port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil and the US.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
Neltume Ports	3	2	1	6	5	1

Neltume Ports' adjusted earnings of \$3 million and \$6 million in the second quarter and first six months of 2021 were \$1 million higher than the same periods in 2020 mainly due to unplanned equipment maintenance activity at the Puerto Mejillones port in 2020, and higher volumes in 2021 across the portfolio of ports.

RECENT DEVELOPMENTS

On June 2, 2021, AutoMobile International Terminal (AIT), a 50/50 joint venture (JV) partnership with Terminal Zarate in Mobile, Alabama had their grand opening and is now in service. The terminal is operating under a 10-year concession agreement with two consecutive 10-year extensions at the JV's election for a total of up to 30 years. The port will primarily serve the import and export requirements of the automotive market in the US.



ATCO Corporate & Other contains ATCO Land and Development Ltd. which is a commercial real estate business that holds investments for sale, lease or development, as well as ASHCOR, a company engaged in the processing and marketing of ash, a waste byproduct of electricity generation. ATCO Corporate & Other also includes the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses associated with the Neltume Ports investment.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
	2021	2020	Change	2021	2020	Change
(\$ millions)						
ATCO Corporate & Other	(1)	(1)	—	—	—	—

ATCO Corporate & Other adjusted earnings in the second quarter and first six months of 2021 were comparable to the same periods in 2020.



Canadian Utilities is a diversified global energy infrastructure corporation delivering service excellence and innovative business solutions in Utilities (Electricity and Natural Gas Transmission and Distribution, and International Electricity Operations); Energy Infrastructure (Electricity Generation, Energy Storage, and Industrial Water Solutions); and Retail Energy (Electricity and Natural Gas Retail Sales).

UTILITIES

REVENUES

Utilities revenues of \$688 million and \$1,478 million in the second quarter and first six months of 2021 were comparable to the same periods in 2020.

Revenue growth for Electricity and Natural Gas Distribution in the second quarter and first six months of 2021 has been deferred to be recognized and collected in a future period as a result of our decision to provide rate relief to customers in light of the current COVID-19 global pandemic and the economic situation in Alberta.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
Electricity						
Electricity Distribution	19	17	2	41	35	6
Electricity Transmission	19	23	(4)	42	46	(4)
International Electricity Operations	4	—	4	7	—	7
Total Electricity	42	40	2	90	81	9
Natural Gas						
Natural Gas Distribution	5	1	4	47	44	3
Natural Gas Transmission	11	13	(2)	21	24	(3)
International Natural Gas Distribution	7	3	4	13	7	6
Total Natural Gas	23	17	6	81	75	6
Total Utilities Adjusted Earnings	65	57	8	171	156	15

Utilities adjusted earnings of \$65 million and \$171 million in the second quarter and first six months of 2021 were \$8 million and \$15 million higher than the same periods in 2020. Higher earnings were mainly due to contributions from International Electricity Operations, a higher inflation rate in International Natural Gas Distribution, and cost efficiencies, partially offset by the impact of the Electricity Transmission 2018-2019 General Tariff Application (GTA) Compliance Filing decision received in the second quarter of 2021.

Detailed information about the activities and financial results of the Utilities 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 \$19 million and \$41 million in the second quarter and first six months of 2021 were \$2 million and \$6 million higher compared to the same periods in 2020. Higher earnings were mainly due to cost efficiencies.

Electricity Transmission

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

Electricity Transmission adjusted earnings of \$19 million and \$42 million in the second quarter and first six months of 2021 were \$4 million lower than the same periods in 2020. Lower earnings were mainly due to the impact of the Electricity Transmission 2018-2019 GTA Compliance Filing decision received from the AUC in the second quarter of 2021, which decreased earnings by \$4 million, all of which related to prior periods.

International Electricity Operations

International Electricity Operations includes Canadian Utilities' 50 per cent ownership in LUMA Energy, a company formed in June of 2020 to transform, modernize and operate Puerto Rico's 30,000-km electricity T&D system under an Operations and Maintenance Agreement with the Puerto Rico Public-Private Partnerships Authority (P3A) and the Puerto Rico Electric Power Authority (PREPA).

LUMA has assumed operations under terms of a Supplemental Agreement as PREPA remains in bankruptcy. This Agreement can span up to 18 months and allows LUMA to collect an annualized fixed fee equivalent of \$115 million USD. Should PREPA emerge from bankruptcy during this period, LUMA will transition to year one of the previously outlined Operations and Maintenance Agreement.

International Electricity Operations adjusted earnings in the second quarter and first six months of 2021 were \$4 million and \$7 million higher than the same periods in 2020 due to ongoing transition work and the commencement on June 1, 2021 under the Supplemental Agreement to LUMA Energy's 15-year contract to modernize and operate Puerto Rico's electricity T&D system.

Natural Gas Distribution

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

Natural Gas Distribution adjusted earnings of \$5 million and \$47 million in the second quarter and first six months of 2021 were \$4 million and \$3 million higher than the same periods in 2020. Higher earnings were mainly due to the timing of operating costs.

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 \$11 million and \$21 million in the second quarter and first six months of 2021 were \$2 million and \$3 million lower than the same periods in 2020. Lower adjusted earnings were mainly due to the impact of the 2021-2023 General Rate Application decision which included operating cost efficiencies implemented in prior periods that are being passed on to customers.

International Natural Gas Distribution

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

International Natural Gas Distribution adjusted earnings of \$7 million and \$13 million in the second quarter and first six months of 2021 were \$4 million and \$6 million higher compared to the same periods in 2020. Higher earnings were mainly due to the impact of a higher forecasted inflation rate and a settlement relating to the 2011 acquisition of ATCO Gas Australia.

UTILITIES REGULATORY DEVELOPMENTS

COMMON MATTERS

2021 Rate Relief Application

On March 1, 2021, ATCO filed a 2021 Rate Relief Application for Electricity Distribution and Natural Gas Distribution to postpone rate increases for the full year 2021 and collect the deferred amounts commencing in 2023 for no more than a 5-year period. On June 18, 2021, the AUC issued a decision directing ATCO to collect the 2021 deferred amounts commencing January 1, 2022, over a short duration, without exceeding a prescribed maximum increase in any year during the collection process. The majority of the deferred amounts are expected to be collected in 2022, with the remainder to be collected in 2023.

Distribution Regulatory Framework - Post 2022

On June 18, 2021, the AUC issued a decision providing direction regarding the 2023 cost of service application process. Each distribution utility is to present its application using an AUC-developed template with a prescribed minimum level of detail. Electricity Distribution is required to file its application by November 15, 2021, and Natural Gas Distribution is required to file its application by December 15, 2021.

On June 30, 2021, the AUC issued a decision relating to the Evaluation of Performance-Based Regulation in Alberta. The Commission determined that PBR has achieved many of the set principle objectives and that a third PBR term (PBR3) will commence in 2024 after a one year cost of service rebasing in 2023. A future generic proceeding will be initiated in the third quarter of 2022 to determine the parameters of PBR3, including a review of incremental capital funding provisions, the inflation (I) and productivity (X) factors, and consideration of an earnings sharing mechanism.

ELECTRICITY TRANSMISSION

2018-2019 General Tariff Application

On June 29, 2021, the AUC issued a decision on the 2018-2019 GTA Compliance Filing which determined Electricity Transmission's final revenue requirement for 2018 and 2019. The impact of this decision is a decrease to second quarter 2021 adjusted earnings of \$4 million, all of which relates to prior periods.

NATURAL GAS TRANSMISSION

Pioneer Pipeline Acquisition

In the third quarter of 2020, Natural Gas Transmission entered into an agreement to acquire the Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. and its partner TransAlta Corporation, subject to customary conditions including regulatory approvals by the AUC and Alberta Energy Regulator.

The 131-km natural gas pipeline runs from the Drayton Valley area to the Wabamum area west of Edmonton. On June 15, 2021, the AUC issued a decision approving the acquisition of the pipeline and associated integration costs, totaling \$265 million, and the corresponding revenue requirement for 2021 to be included in Natural Gas Transmission's rates.

Consistent with the geographic areas defined in the Integration Agreement, Natural Gas Transmission will transfer to Nova Gas Transmission Ltd. (NGTL) the 30-km segment of pipeline that is located in the NGTL footprint for approximately \$65 million. The pipeline has been integrated but is subject to approval from the Canada Energy Regulator and is expected to close in the fourth quarter of 2021.

With the close of the transaction on June 30, 2021, the Pioneer Pipeline has been incorporated into NGTL's and ATCO's Alberta regulated natural gas transmission systems to provide reliable natural gas supply to TransAlta's

power generating units at Sundance and Keephills, facilitating the conversion of these coal plants to cleaner-burning natural gas.

ENERGY INFRASTRUCTURE

REVENUES

Energy Infrastructure revenues of \$39 million in the second quarter of 2021 were \$5 million lower than the same period in 2020 mainly due to demand for natural gas storage services.

Energy Infrastructure revenues of \$91 million in the first six months of 2021 were \$1 million higher than the same period in 2020 mainly due to demand for natural gas storage services.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
Electricity Generation	1	1	—	4	3	1
Storage & Industrial Water	3	1	2	5	2	3
Total Energy Infrastructure Adjusted Earnings	4	2	2	9	5	4

Energy Infrastructure adjusted earnings of \$4 million in the second quarter of 2021 were \$2 million higher than the same period in 2020 mainly due to recovered business development costs, partially offset by lower demand for natural gas storage services.

Energy Infrastructure adjusted earnings of \$9 million in the first six months of 2021 were \$4 million higher than the same period in 2020 mainly due to recovered business development costs and demand for natural gas storage services.

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

Electricity Generation

Non-regulated electricity activities supply electricity from natural gas and hydroelectric generating plants in Western Canada, Australia, Chile, Mexico, and non-regulated electricity transmission in Alberta.

Electricity Generation adjusted earnings of \$1 million in the second quarter of 2021 were comparable to the same period in 2020.

Electricity Generation adjusted earnings of \$4 million in the first six months of 2021 were \$1 million higher than the same period in 2020. Higher earnings were mainly due to recovered business development costs.

Storage & Industrial Water

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

Storage & Industrial Water adjusted earnings of \$3 million and \$5 million in the second quarter and first six months of 2021 were \$2 million and \$3 million higher than the same periods in 2020 mainly due to demand for natural gas storage services and recovered business development costs.

ENERGY INFRASTRUCTURE RECENT DEVELOPMENTS

CANADIAN UTILITIES - SUNCOR Clean Hydrogen Project

In May 2021, Canadian Utilities and Suncor Energy announced the decision to collaborate on early stage design and engineering of a potential clean hydrogen project. The project will produce more than 300,000 tons per year of clean hydrogen, while capturing greater than 90 per cent of the carbon emissions, reducing Alberta's carbon dioxide emissions by more than two million tons per year. The hydrogen production facility will be located at ATCO's Heartland Energy Centre near Fort Saskatchewan, Alberta, and is expected to be operational as early as 2028. Although several provincial and federal policies, fiscal programs and regulations have already been put in place to support significant decarbonization and the development of a leading low-carbon fuels industry, further regulatory certainty and fiscal support is required for the project to progress to a sanctioning decision. In addition to supplying clean hydrogen to Suncor and the Alberta gas grid, the project will make hydrogen volumes available for Alberta's other industrial, municipal and commercial transport users.

Clean Energy Innovation Park

In May 2021, Canadian Utilities and its joint venture partner, Australian Gas Infrastructure Group, received notification of \$29 million AUD in conditional funding from the Australian Renewable Energy Agency (ARENA) to kick start the production of hydrogen through a large scale project at Canadian Utilities' proposed Clean Energy Innovation Park (CEIP) in Western Australia.

The proposed project will leverage Canadian Utilities' learnings from its Clean Energy Innovation Hub, a pilot project which saw the company become the first in Australia to generate and use green hydrogen.

The CEIP will include a 10-MW electrolyser and plant capable of producing up to four tonnes of hydrogen per day, along with storage and delivery to gas network injection points. The facility is planned to be co-located with a 180-MW wind farm in Western Australia, which will provide the renewable energy to power the electrolyser.

A final investment decision for this project is expected in the first quarter of 2022.

Chile Solar Generation Facility

In the fourth quarter of 2019, Canadian Utilities entered into a partnership with Impulso Capital, a Chilean developer, to build and operate the El Resplandor solar project. This project, located in Cabrero, Chile, provides solar energy to the Chilean electricity grid. The 3-MW of solar generation capacity was completed at the end of the second quarter of 2020 for a total investment of \$4 million. Despite plans to expand the facility, Canadian Utilities has cancelled the remaining planned 6-MW of the project due to land zoning concerns.

CANADIAN UTILITIES CORPORATE & OTHER

Canadian Utilities' Corporate & Other segment includes Rümi and Retail Energy through ATCOenergy which provides retail electricity and natural gas services in Alberta. Corporate & Other also includes the global corporate head office in Calgary, Canada, the Australia corporate head office in Perth, Australia and the Mexico corporate head office in Mexico City, Mexico. Canadian Utilities' Corporate & Other includes CU Inc. and Canadian Utilities preferred share dividend and debt expenses.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
Canadian Utilities Corporate & Other	(9)	(11)	2	(19)	(18)	(1)

Including intersegment eliminations, Canadian Utilities' Corporate & Other adjusted earnings in the second quarter of 2021 were \$2 million higher than the same period in 2020 mainly due to improved earnings in ATCOenergy and the timing of certain expenses.

Including intersegment eliminations, Canadian Utilities' Corporate & Other adjusted earnings in the first six months of 2021 were \$1 million lower than the same period in 2020 mainly due to the timing of certain expenses, partially offset by improved earnings at ATCOenergy.

CANADIAN UTILITIES CORPORATE & OTHER RECENT DEVELOPMENTS

Rümi Launch

On June 3, 2021, Canadian Utilities launched Rümi, a solutions provider for home and business owners, offering lifestyle products, home maintenance services and professional advice for homeowners.

Rümi is expected to create more than 200 jobs in Alberta over the next 3 years, while simultaneously supporting Alberta businesses. Rümi currently offers approximately 60 services in Edmonton and Calgary, and more than 750 products for purchase online.

SUSTAINABILITY, CLIMATE CHANGE AND ENERGY TRANSITION

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

Sustainability Reporting

In 2021, we completed a refresh of the material topics for our Sustainability Report, incorporating feedback from internal and external groups. Our 2020 Sustainability Report, published in May 2021, focused on the following material topics:

- Energy Transition - energy transition and innovation, and energy access and affordability;
- Climate Change and Environmental Stewardship - climate change and GHG emissions, and environmental stewardship;
- Operational Reliability and Resilience - system reliability and availability, and emergency preparedness and response;
- People - occupational health and safety, public safety, and diversity, inclusion and equity; and
- Community and Indigenous Relations - Indigenous engagement, economic opportunity and reconciliation, and community engagement and investment.

The Sustainability Report is based upon the internationally recognized Global Reporting Initiative (GRI) Standards. Our reporting is also guided by the Sustainability Accounting Standards Board (SASB) and the Financial Stability Board's Task Force on Climate-related Financial Disclosures' (TCFD) recommendations.

The 2020 Sustainability Report, Sustainability Framework Reference Document, and more details of our materiality assessment, and other disclosures are available on our website at www.atco.com.

Climate Change and Energy Transition

To contribute to a low carbon future, we continue to pursue initiatives to integrate cleaner fuels and renewable energy. We intend to expand our ownership and development of clean energy solutions, as well as enable our customers to transition to lower emitting sources of energy.

In May 2021, Canadian Utilities was able to advance two large scale hydrogen projects. In Australia, Canadian Utilities and its joint venture partner, Australian Gas Infrastructure Group, received notification of \$29 million AUD in conditional funding from ARENA to kick start the production of hydrogen through a large-scale project at Canadian Utilities' proposed Clean Energy Innovation Park. This project builds on Canadian Utilities' pilot project, the Clean Energy Innovation Hub, and will produce hydrogen along with storage and delivery to gas network injection points. In Canada, Canadian Utilities and Suncor Energy announced the decision to collaborate on early-stage design and engineering for a potential hydrogen project near Fort Saskatchewan, Alberta.

As our portfolio of assets evolves, so too does our environmental footprint. Our direct (Scope 1) GHG emissions were reduced by 90 per cent from 2019 to 2020, primarily as a result of Canadian Utilities' sale of its Canadian fossil fuel-based electricity generation, eliminating coal-fired generation from our portfolio. Our direct GHG emissions from retained assets have been reduced by 17 per cent since 2019.

OTHER EXPENSES AND INCOME

A financial summary of other consolidated expenses and income items for the second quarter and first six months of 2021 and 2020 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 June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
Operating costs	618	540	78	1,229	1,114	115
Depreciation, amortization and impairment	224	177	47	394	333	61
Earnings from investment in associate company	3	2	1	6	5	1
Earnings from investment in joint ventures	6	3	3	20	10	10
Net finance costs	101	102	(1)	203	201	2
Income tax expense	10	35	(25)	55	98	(43)

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation, amortization and impairment, increased by \$78 million and \$115 million in the second quarter and first six months of 2021 compared to the same periods in 2020. Higher operating costs were mainly due to higher flow-through electricity costs in ATCOenergy, higher flow-through Alberta-system natural gas transmission costs, higher unrealized and realized losses on derivative financial instruments in 2021, and the recognition of termination and transition costs related to the early termination of the Master Services Agreements (MSA) with Wipro Ltd. (Wipro) for managed information technology (IT) services.

DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Depreciation, amortization and impairment increased by \$47 million and \$61 million in the second quarter and first six months of 2021 compared to the same periods in 2020 mainly due to the impairment of assets in Canadian Utilities' Energy Infrastructure segment as part of the continued assessment of our investment portfolio.

EARNINGS FROM INVESTMENT IN ASSOCIATE COMPANY

Earnings from investment in associate company relate to our 40 per cent ownership interest in Neltume Ports, a leading port operator and developer in South America with operations in 17 port facilities and three port operation services businesses located in Chile, Uruguay, Argentina, Brazil, and the US.

Earnings from investment in associate company in the second quarter and first six months of 2021 were \$1 million higher compared to the same periods in 2020. Higher earnings were mainly due to unplanned equipment maintenance activity at the Puerto Mejillones port in 2020, and higher volumes in 2021 across the portfolio of ports.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

Earnings from investment in joint ventures is mainly comprised of Canadian Utilities' ownership positions in electricity generation plants, 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 increased by \$3 million and \$10 million in the second quarter and first six months of 2021 compared to the same periods in 2020 mainly due to earnings from LUMA Energy due to the ongoing transition work during the period, and commencement on June 1, 2021 of the Supplemental Agreement, partially offset by an impairment of an investment in Canadian Utilities' Energy Infrastructure segment as part of the continued assessment of our investment portfolio.

NET FINANCE COSTS

Net finance costs decreased by \$1 million in the second quarter of 2021 when compared to the same period in 2020 mainly due to lower interest expense as a result of increased capitalization of interest during construction on capital projects in 2021.

Net finance costs increased by \$2 million in the first six months of 2021 when compared to the same period in 2020 mainly due to lower interest income resulting from lower interest rates received on bank balances.

INCOME TAX EXPENSE

Income taxes were lower by \$25 million and \$43 million in the second quarter and first six months of 2021 compared to the same periods in 2020 mainly due to lower earnings before income taxes and a reduction in deferred income tax assets in 2020.

LIQUIDITY AND CAPITAL RESOURCES

Our financial position is supported by Regulated Utilities and long-term contracted operations. 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 flow from operations, and the debt and capital markets.

Under normal market conditions, we consider it prudent to maintain enough liquidity to fund approximately one full year of cash requirements to preserve strong financial flexibility. Liquidity is generated by cash flow from operations and is supported by appropriate levels of cash and available committed credit facilities.

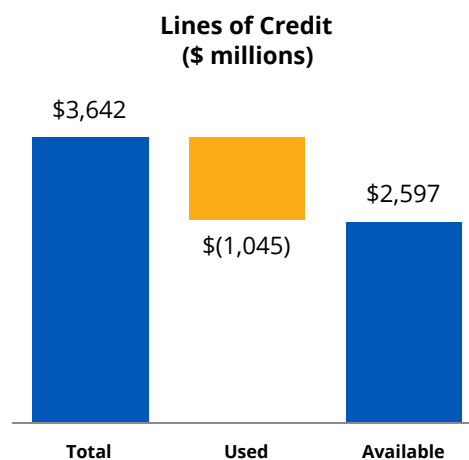
LINES OF CREDIT

At June 30, 2021, ATCO and its subsidiaries had the following lines of credit.

(\$ millions)	Total	Used	Available
Long-term committed	3,071	902	2,169
Uncommitted	571	143	428
Total	3,642	1,045	2,597

Of the \$3,642 million in total lines of credit, \$571 million was in the form of uncommitted credit facilities with no set maturity date. The other \$3,071 million in credit lines was committed, with maturities between 2022 and 2024, and may be extended at the option of the lenders.

Of the \$1,045 million in lines of credit used, \$633 million was related to ATCO Gas Australia Pty Ltd. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia Pty Ltd.'s term debt financing needs. The majority of the remaining usage is for the issuance of Canadian Utilities' letters of credit and ATCO Structures & Logistics' funding to expand its global rental fleet and working capital needs on workforce housing projects.



CONSOLIDATED CASH FLOW

At June 30, 2021, the Company's cash position was \$643 million, a decrease of \$457 million compared to December 31, 2020. Funds generated by operations achieved during the quarter were partially offset by cash used to fund the capital investment program, dividends paid, financing costs and share repurchases.

Funds Generated by Operations

Funds generated by operations were \$414 million in the second quarter of 2021, \$36 million higher compared to the same period in 2020. The increase was mainly due to higher customer contributions for Canadian Utilities' Electricity Transmission and International Natural Gas Distribution capital investments.

Funds generated by operations were \$905 million in the first six months of 2021, \$11 million higher compared to the same period in 2020. The increase was mainly due to higher customer contributions for Canadian Utilities' Electricity Transmission and International Natural Gas Distribution capital investments, partially offset by the timing of certain revenues and expenses.

Funds generated by operations in 2021 are adversely impacted as a result of ATCO's decision to provide rate relief

to customers through the deferral of rate increases for Electricity Distribution and Natural Gas Distribution which will be collected from customers starting in 2022.

Cash Used for Capital Investment

Cash used for capital investment was \$507 million and \$760 million in the second quarter and first six months of 2021, \$281 million and \$231 million higher compared to the same periods in 2020, mainly due to the acquisition of the Pioneer Pipeline in Canadian Utilities' Natural Gas Transmission business, and the strategic purchase of development lands by ATCO Land and Development.

Capital investment for the second quarter and first six months of 2021 and 2020 is shown in the table below.

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
Structures & Logistics	33	33	—	51	71	(20)
Neltume Ports	—	—	—	—	—	—
ATCO Corporate & Other	44	3	41	49	9	40
	77	36	41	100	80	20
Canadian Utilities						
Utilities						
Electricity Distribution	57	50	7	111	116	(5)
Electricity Transmission	28	29	(1)	62	71	(9)
Natural Gas Distribution	72	45	27	128	102	26
Natural Gas Transmission	231	41	190	291	114	177
International Electricity Operations	1	—	1	1	—	1
International Natural Gas Distribution	23	15	8	39	26	13
	412	180	232	632	429	203
Energy Infrastructure						
Electricity Generation	2	1	1	2	3	(1)
Storage & Industrial Water	13	7	6	21	13	8
	15	8	7	23	16	7
CU Corporate & Other	3	2	1	5	4	1
Canadian Utilities Total Capital Investment	430	190	240	660	449	211
ATCO Total Capital Investment ^{(1) (2) (3)}	507	226	281	760	529	231

(1) Includes capital expenditures in joint ventures of \$9 million and \$14 million (2020 - \$3 million and \$5 million) for the second quarter and first six months of 2021.

(2) Includes additions to property, plant and equipment, intangibles, and \$3 million and \$6 million (2020 - \$2 million and \$7 million) of capitalized interest during construction for the second quarter and first six months of 2021.

(3) Includes \$51 million and \$107 million for the second quarter and first six months of 2021 (2020 - \$21 million and \$47 million) of capital investment, mainly in the Utilities, that were funded with the assistance of customer contributions.

Base Shelf Prospectus - CU Inc. Debentures and Preferred Shares

On September 16, 2020, CU Inc. filed a base shelf prospectus that permits it to issue up to an aggregate of \$1.2 billion of debentures over the 25-month life of the prospectus. As of June 30, 2021, aggregate issuances of debentures were \$150 million.

Effective June 1, 2021, the annual dividend rate on CU Inc.'s Cumulative Redeemable Preferred Shares Series 4 was reset from 2.24 per cent to 2.29 per cent for the next five-year period.

Dividends and Common Shares

We have increased our common share dividend each year since 1993, a 28-year track record. Dividends paid to Class I and Class II Share owners totaled \$52 million in the second quarter of 2021 and \$103 million in the first six months of 2021.

On July 22, 2021, the Board of Directors declared a third quarter dividend of 44.83 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

Normal Course Issuer Bid

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

On March 9, 2021, we commenced a normal course issuer bid to purchase up to 1,013,478 outstanding Class I Shares. The bid will expire on March 8, 2022. From March 9, 2021 to July 27, 2021, 220,000 shares were purchased for \$9 million.

SHARE CAPITAL

ATCO's equity securities consist of Class I Shares and Class II Shares.

At July 27, 2021, we had outstanding 101,136,899 Class I Shares, 13,196,129 Class II Shares, and options to purchase 1,606,600 Class I Shares.

CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES

Each Class II Share may be converted into one Class I Share at any time at the share owner's option. If an offer to purchase all Class II Shares is made, and such offer is accepted and taken up by the owners of a majority of the Class II Shares, and, if at the same time, an offer is not made to the Class I Share owners on the same terms and conditions, then the Class I Shares will be entitled to the same voting rights as the Class II Shares. The two share classes rank equally in all other respects, except for voting rights.

Of the 10,200,000 Class I Shares authorized for grant of options under our stock option plan, 1,494,550 Class I Shares were available for issuance at June 30, 2021. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

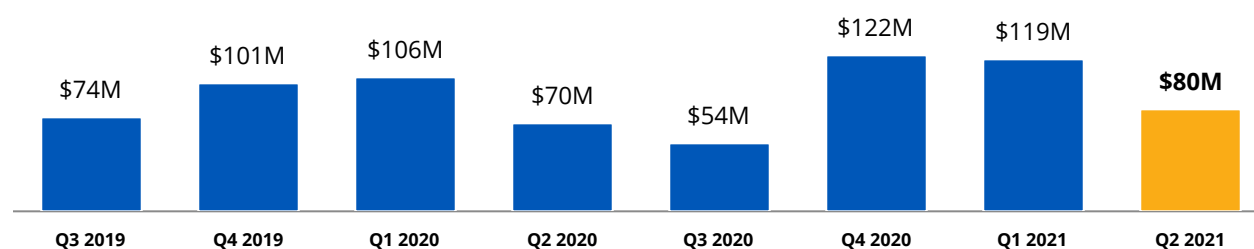
The following table shows financial information for the eight quarters ended September 30, 2019 through June 30, 2021.

(\$ millions, except for per share data)	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Revenues	897	1,053	1,072	970
Earnings attributable to Class I and Class II Shares	54	66	83	12
Earnings per Class I and Class II Share (\$)	0.48	0.58	0.73	0.10
Diluted earnings per Class I and Class II Share (\$)	0.47	0.58	0.72	0.10
Adjusted earnings per Class I and Class II Share (\$)	0.47	1.07	1.04	0.70
Adjusted earnings (loss)				
Structures & Logistics	12	17	14	18
Neltume Ports	3	7	3	3
ATCO Corporate & Other	—	—	1	(1)
Canadian Utilities				
Utilities	47	102	106	65
Energy Infrastructure	3	7	5	4
Canadian Utilities Corporate & Other	(11)	(11)	(10)	(9)
Total adjusted earnings	54	122	119	80

(\$ millions, except for per share data)	Q3 2019	Q4 2019	Q1 2020	Q2 2020
Revenues	1,097	1,182	1,056	938
Earnings attributable to Class I and Class II Shares	160	83	87	45
Earnings per Class I and Class II Share (\$)	1.40	0.73	0.76	0.39
Diluted earnings per Class I and Class II Share (\$)	1.40	0.72	0.76	0.39
Adjusted earnings per Class I and Class II Share (\$)	0.65	0.88	0.93	0.61
Adjusted earnings (loss)				
Structures & Logistics	13	14	7	21
Neltume Ports	3	4	3	2
ATCO Corporate & Other	3	(9)	1	(1)
Canadian Utilities				
Utilities	48	92	99	57
Energy Infrastructure	20	8	3	2
Canadian Utilities Corporate & Other	(13)	(8)	(7)	(11)
Total adjusted earnings	74	101	106	70

Our financial results for the previous eight quarters reflect the cyclical demand for workforce housing and space rental products and services in ATCO Structures and ATCO Frontec, cargo volumes and margins at Neltume Ports, and in Canadian Utilities, the timing of utility regulatory decisions, and the seasonal nature of demand for natural gas and electricity.

ADJUSTED EARNINGS



Adjusted earnings in the second and third quarters of each year are impacted by lower seasonal demand in Canadian Utilities' Natural Gas Distribution business. Adjusted earnings in the fourth quarter of 2020 and first quarter of 2021 were positively impacted by ATCO Structures' workforce housing sale and rental activity, space rental activity, and additional client work requests for COVID-19 proactive and preventative safety measures at ATCO Frontec.

Adjusted earnings in the fourth quarter of 2020 and first quarter of 2021 in Canadian Utilities were higher compared to the same periods in 2019 and 2020 mainly due to continued cost efficiencies, rate base growth, and earnings from International Electricity Operations.

Adjusted earnings in the second quarter of 2021 were higher compared to the same period in 2020 mainly due to earnings from Canadian Utilities' International Electricity Operations and a return to more stable levels of inflation in Australia, which positively impacted earnings in Canadian Utilities' International Natural Gas Distribution business.

EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Earnings attributable to Class I and Class II Shares 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 third and fourth quarters of 2019, Canadian Utilities closed a series of transactions related to the sale of its Canadian fossil fuel-based electricity generation business and Alberta PowerLine resulting in a gain on sale of operations of \$65 million (after-tax and non-controlling interests).
- In the second quarter of 2020, impairment and other costs not in the normal course of business of \$20 million (after-tax and non-controlling interests) were recorded. These costs mainly related to certain assets that no longer represent strategic value for the Company.
- Early Termination of the Master Service Agreements for Managed IT Services
 - In the fourth quarter of 2020 and first quarter of 2021, Canadian Utilities signed MSAs with IBM Canada Ltd. and IBM Australia Limited (IBM), respectively, to provide managed IT services. These services are currently provided by Wipro under a ten-year MSA expiring in December 2024. ATCO recognized termination costs of \$32 million and \$2 million (after-tax and non-controlling interests) in the fourth quarter of 2020 and first quarter of 2021, respectively, which represents managements' best estimate of the costs to exit the Wipro MSA. The actual costs will be finalized later in 2021.
 - The transition of the managed IT services from Wipro to IBM commenced on February 1, 2021 and is expected to be completed by the third quarter of 2021. In the first and second quarters of 2021, ATCO recognized transition costs of \$4 million and \$11 million (after-tax and non-controlling interests), respectively.
- In the second quarter of 2021, impairments and other costs not in the normal course of business of \$33 million (after-tax and non-controlling interests) were recorded. Canadian Utilities incurred \$28 million of these costs in Mexico, related mainly to its Veracruz hydro facility within its Energy Infrastructure segment. The charge reflects an adverse arbitration decision, changes in market regulations, ongoing political uncertainty, and challenging operating environment, resulting in an impairment of the carrying value of the assets. Other costs recorded were individually immaterial.

NON-GAAP AND ADDITIONAL GAAP MEASURES

Adjusted earnings are defined as earnings attributable to Class I and Class II Shares 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 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 present earnings from rate-regulated activities on the same basis as was used prior to adopting IFRS - that basis being the US accounting principles for rate-regulated activities. Management's view is that adjusted earnings allow for a more effective analysis of operating performance and trends. A reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is presented in this MD&A. Adjusted earnings is an additional GAAP measure presented in Note 3 of the unaudited interim consolidated financial statements.

Adjusted earnings per Class I and Class II Share is calculated by dividing adjusted earnings by the weighted average number of shares outstanding for the period.

Funds generated by operations is defined as cash flow from operations before changes in non-cash working capital. In management's opinion, funds generated by operations is a significant performance indicator of the Company's ability to generate cash during a period to fund capital expenditures. Funds generated by operations does not have any standardized meaning under IFRS and might not be comparable to similar measures presented by other companies. A reconciliation of funds generated by operations to cash flows from operating activities is presented in this MD&A.

Capital investment is defined as cash used for capital expenditures, business combinations, and cash used in the Company's proportional share of capital expenditures in joint ventures, and cash used for equity investment in associate companies. In management's opinion, capital investment reflects the Company's total cash investment in assets. Capital expenditures includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction. A reconciliation of capital investments to capital expenditures is presented in this MD&A.

RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Adjusted earnings are earnings attributable to Class I and Class II Shares 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 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 are a key measure of segment earnings that management uses to assess segment performance and allocate resources. It is management's view that adjusted earnings allow a better assessment of the economics of rate regulation in Canada and Australia than IFRS earnings.

(\$ millions)								Three Months Ended June 30
2021	ATCO Ltd.							ATCO Consolidated
2020	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	Utilities	Energy Infrastructure	CUL Corporate & Other	Consolidated	
Revenues	181	—	(1)	688	39	63	790	970
	201	—	(3)	685	44	11	740	938
Adjusted earnings (loss)	18	3	(1)	65	4	(9)	60	80
	21	2	(1)	57	2	(11)	48	70
Impairment and other costs	—	—	1	—	(34)	—	(34)	(33)
	(5)	—	—	(4)	(2)	(9)	(15)	(20)
Unrealized (losses) gains on mark-to- market forward and swap commodity contracts	—	—	—	—	—	(6)	(6)	(6)
	—	—	—	—	(1)	3	2	2
Rate-regulated activities	—	—	—	(15)	—	—	(15)	(15)
	—	—	—	(4)	—	(1)	(5)	(5)
IT Common Matters decision	—	—	—	(2)	—	—	(2)	(2)
	—	—	—	(2)	—	—	(2)	(2)
Transition of managed IT services	(1)	—	(2)	(7)	—	(1)	(8)	(11)
	—	—	—	—	—	—	—	—
Other	—	—	—	—	(1)	—	(1)	(1)
	—	—	(1)	—	1	—	1	—
Earnings (loss) attributable to Class I and Class II Shares	17	3	(2)	41	(31)	(16)	(6)	12
	16	2	(2)	47	—	(18)	29	45

(\$ millions)

2021	ATCO Ltd.							ATCO Consolidated
2020	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	Utilities	Energy Infrastructure	CUL Corporate & Other	Consolidated	
Revenues	348	—	(3)	1,478	91	128	1,697	2,042
	372	—	(3)	1,478	90	57	1,625	1,994
Adjusted earnings (loss)	32	6	—	171	9	(19)	161	199
	28	5	—	156	5	(18)	143	176
Impairment and other costs	—	—	1	—	(34)	—	(34)	(33)
	(5)	—	—	(4)	(2)	(9)	(15)	(20)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	—	—	—	—	—	(6)	(6)	(6)
	—	—	—	—	(1)	6	5	5
Rate-regulated activities	—	—	—	(43)	—	—	(43)	(43)
	—	—	—	(21)	—	(1)	(22)	(22)
IT Common Matters decision	—	—	—	(4)	—	—	(4)	(4)
	—	—	—	(4)	—	—	(4)	(4)
Transition of managed IT services	(1)	—	(2)	(13)	—	(1)	(14)	(17)
	—	—	—	—	—	—	—	—
Other	—	—	—	—	(1)	—	(1)	(1)
	—	—	—	—	(3)	—	(3)	(3)
Earnings (loss) attributable to Class I and Class II Shares	31	6	(1)	111	(26)	(26)	59	95
	23	5	—	127	(1)	(22)	104	132

IMPAIRMENT AND OTHER COSTS

In the second quarter of 2021, impairments and other costs not in the normal course of business of \$33 million (after-tax and non-controlling interests) were recorded. Canadian Utilities incurred \$28 million of these costs in Mexico, related mainly to its Veracruz hydro facility within its Energy Infrastructure segment. The charge reflects an adverse arbitration decision, changes in market regulations, ongoing political uncertainty, and a challenging operating environment, resulting in an impairment of the carrying value of the assets. Other costs recorded were individually immaterial.

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

The Company's retail electricity and natural gas business in Alberta enters into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price swap commodity contracts are recognized in the earnings of the Corporate & Other segment.

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

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

RATE-REGULATED ACTIVITIES

Electricity Distribution and Transmission and their subsidiaries, ATCO Electric Yukon, Northland Utilities (NWT) and Northland Utilities (Yellowknife), as well as Natural Gas Distribution, Natural Gas Transmission, and International Natural Gas Distribution are collectively referred to as the Regulated Utilities.

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

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards 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 in the following ways:

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

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

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2021	2020	Change	2021	2020	Change
Additional revenues billed in current period						
Future removal and site restoration costs ⁽¹⁾	16	9	7	31	21	10
Impact of colder temperatures ⁽²⁾	—	2	(2)	—	5	(5)
Revenues to be billed in future periods						
Deferred income taxes ⁽³⁾	(15)	(12)	(3)	(29)	(30)	1
Distribution rate relief ⁽⁴⁾	(18)	—	(18)	(39)	—	(39)
Impact of warmer temperatures ⁽²⁾	—	—	—	(1)	—	(1)
Impact of inflation on rate base ⁽⁵⁾	(2)	—	(2)	(5)	(2)	(3)
Settlement of regulatory decisions and other items ⁽⁶⁾	4	(4)	8	—	(16)	16
	(15)	(5)	(10)	(43)	(22)	(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) 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 in the current period are refunded to or recovered from customers in future periods.

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

(4) During the three and six months ended June 30, 2021, Electricity Distribution and Natural Gas Distribution recorded a decrease in earnings of \$18 million and \$39 million related to interim rate relief for customers as applied for by the Company and approved by the AUC to hold current distribution base rates in place. This will be recovered from customers in 2022 and 2023.

(5) The inflation-indexed portion of International Natural Gas Distribution'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 assets.

(6) In the first six months of 2020, Electricity Distribution recorded a decrease in earnings of \$11 million related to the payment of transmission costs. Substantially all of these costs were recovered from customers in the second half of 2020.

IT COMMON MATTERS DECISION

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings in the three and six months ended June 30, 2021 was \$2 million and \$4 million (after-tax and non-controlling interests) (2020 - \$2 million and \$4 million).

TRANSITION OF MANAGED IT SERVICES

In the fourth quarter of 2020 and first quarter of 2021, Canadian Utilities signed MSAs with IBM Canada Ltd. and IBM Australia Limited, respectively, to provide managed IT services. These services are currently provided by Wipro under a ten-year MSA expiring in December 2024. The transition of the managed IT services from Wipro to IBM commenced on February 1, 2021 and is expected to be completed by the third quarter of 2021.

In the second quarter and first six months of 2021, ATCO recognized termination and transition costs of \$11 million and \$17 million (after-tax and non-controlling interests).

OTHER

The Company adjusts the deferred tax asset which was recognized as a result of the 2015 Tula Pipeline Project impairment. In the second quarter and first six months of 2021, the Company recorded a foreign exchange loss of nil (after-tax and non-controlling interests) (2020 - a foreign exchange gain of \$1 million and a foreign exchange loss of \$3 million) due to a difference between the tax base currency, which is the Mexican peso, and the US dollar functional currency.

RECONCILIATION OF FUNDS GENERATED BY OPERATIONS TO CASH FLOWS FROM OPERATING ACTIVITIES

Funds generated by operations is defined as cash flow from operations before changes in non-cash working capital. In management's opinion, funds generated by operations is a significant performance indicator of the Company's ability to generate cash during a period to fund capital expenditures. Funds generated by operations does not have any standardized meaning under IFRS and might not be comparable to similar measures presented by other companies.

(\$ millions)

2021	Three Months Ended June 30	Six Months Ended June 30
2020		
Funds generated by operations	414	905
	378	894
Changes in non-cash working capital	16	69
	75	137
Cash flows from operating activities	430	974
	453	1,031

RECONCILIATION OF CAPITAL INVESTMENT TO CAPITAL EXPENDITURES

Capital investment is defined as cash used for capital expenditures, business combinations, and cash used in the Company's proportional share of capital expenditures in joint ventures, and cash used for equity investment in associate companies. In management's opinion, capital investment reflects the Company's total cash investment in assets. Capital expenditures includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction.

(\$ millions)

Three Months Ended
June 30

2021	ATCO Ltd.							ATCO Consolidated
2020	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	Utilities	Energy Infrastructure	CUL Corporate & Other	Consolidated	
Capital Investment	33	—	44	412	15	3	430	507
	33	—	3	180	8	2	190	226
Capital Expenditure in joint ventures	—	—	—	—	(9)	—	(9)	(9)
	—	—	—	—	(3)	—	(3)	(3)
Capital Expenditures	33	—	44	412	6	3	421	498
	33	—	3	180	5	2	187	223

(\$ millions)

Six Months Ended
June 30

2021	ATCO Ltd.							ATCO Consolidated
2020	Structures & Logistics	Neltume Ports	ATCO Corporate & Other	Utilities	Energy Infrastructure	CUL Corporate & Other	Consolidated	
Capital Investment	51	—	49	632	23	5	660	760
	71	—	9	429	16	4	449	529
Capital Expenditure in joint ventures	—	—	—	—	(14)	—	(14)	(14)
	—	—	—	—	(5)	—	(5)	(5)
Capital Expenditures	51	—	49	632	9	5	646	746
	71	—	9	429	11	4	444	524

OTHER FINANCIAL INFORMATION

INTERNAL CONTROL OVER FINANCIAL REPORTING

There was no change in the Company's internal control over financial reporting that occurred during the period beginning on April 1, 2021, and ended on June 30, 2021, that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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", and similar expressions. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

The Company's actual results could differ materially from those anticipated in any forward-looking information contained in this MD&A as a result of regulatory decisions, competitive factors in the industries in which the Company operates, prevailing economic conditions (including as may be affected by the COVID-19 pandemic) and other factors, many of which are beyond the control of the Company.

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

ATCO has published its unaudited interim consolidated financial statements and MD&A for the six months ended June 30, 2021. Copies of these documents may 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, fax 403-292-7532 or email investorrelations@atco.com.

GLOSSARY

Alberta Utilities means Electricity Distribution, Electricity Transmission, Natural Gas Distribution and Natural Gas Transmission.

AUC means the Alberta Utilities Commission.

Class I Shares means Class I Non-Voting Shares of the Company.

Class II Shares means Class II Voting Shares of the Company.

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

Company means ATCO Ltd. 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 the Utilities. These contributions are made when the estimated revenue is less than the cost of providing service.

Earnings means Adjusted Earnings as defined in the Non-GAAP and Additional GAAP Measures section of this MD&A.

GAAP means Canadian generally accepted accounting principles.

GHG means greenhouse gas.

IFRS means International Financial Reporting Standards.

LNG means liquefied natural gas.

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

NCI means non-controlling interest.

PBR means Performance Based Regulation.

Regulated Utilities means Electricity Distribution, Electricity Transmission, Natural Gas Distribution, Natural Gas Transmission and International Natural Gas Distribution.



ATCO LTD.
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

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CONSOLIDATED STATEMENTS OF EARNINGS

		Three Months Ended June 30		Six Months Ended June 30	
(millions of Canadian Dollars except per share data)	Note	2021	2020	2021	2020
Revenues	4	970	938	2,042	1,994
Costs and expenses					
Salaries, wages and benefits		(141)	(147)	(281)	(278)
Energy transmission and transportation		(66)	(55)	(130)	(108)
Plant and equipment maintenance		(47)	(48)	(84)	(96)
Fuel costs		(21)	(21)	(50)	(47)
Purchased power		(69)	(46)	(146)	(111)
Materials and consumables		(86)	(116)	(168)	(212)
Depreciation, amortization and impairment		(224)	(177)	(394)	(333)
Franchise fees		(58)	(55)	(139)	(136)
Property and other taxes		(19)	(20)	(37)	(38)
Other		(111)	(32)	(194)	(88)
		(842)	(717)	(1,623)	(1,447)
Earnings from investment in associate company		3	2	6	5
Earnings from investment in joint ventures		6	3	20	10
Operating profit		137	226	445	562
Interest income		3	3	7	9
Interest expense		(104)	(105)	(210)	(210)
Net finance costs		(101)	(102)	(203)	(201)
Earnings before income taxes		36	124	242	361
Income tax expense		(10)	(35)	(55)	(98)
Earnings for the period		26	89	187	263
Earnings attributable to:					
Class I and Class II Shares		12	45	95	132
Non-controlling interests		14	44	92	131
		26	89	187	263
Earnings per Class I and Class II Share	5	\$0.10	\$0.39	\$0.83	\$1.15
Diluted earnings per Class I and Class II Share	5	\$0.10	\$0.39	\$0.82	\$1.15

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions of Canadian Dollars)	Note	Three Months Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
Earnings for the period		26	89	187	263
Other comprehensive income (loss), net of income taxes					
<i>Items that will not be reclassified to earnings:</i>					
Re-measurement of retirement benefits ⁽¹⁾	9	24	(218)	170	(16)
<i>Items that are or may be reclassified subsequently to earnings:</i>					
Cash flow hedges ⁽²⁾		17	(7)	28	(24)
Foreign currency translation adjustment ⁽³⁾		(41)	27	(74)	25
Share of other comprehensive loss in associate company		(6)	–	(5)	(4)
		(30)	20	(51)	(3)
Other comprehensive (loss) income		(6)	(198)	119	(19)
Comprehensive income (loss) for the period		20	(109)	306	244
Comprehensive income (loss) attributable to:					
Class I and Class II Shares		–	(40)	144	132
Non-controlling interests		20	(69)	162	112
		20	(109)	306	244

(1) Net of income taxes of \$(7) million and \$(51) million for the three and six months ended June 30, 2021 (2020 - \$64 million and \$4 million).

(2) Net of income taxes of \$(5) million and \$(9) million for the three and six months ended June 30, 2021 (2020 - \$3 million and \$9 million).

(3) Net of income taxes of nil.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

		June 30	December 31
(millions of Canadian Dollars)	Note	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	10	646	1,103
Accounts receivable and contract assets		566	727
Finance lease receivables		10	9
Inventories		70	76
Prepaid expenses and other current assets		210	124
		1,502	2,039
Non-current assets			
Property, plant and equipment	6	18,557	18,327
Intangibles		697	685
Retirement benefit asset	9	76	–
Right-of-use assets		89	97
Goodwill		73	82
Investment in joint ventures		205	186
Investment in associate company		435	460
Finance lease receivables		157	166
Deferred income tax assets		81	85
Other assets		75	73
Total assets		21,947	22,200
LIABILITIES			
Current liabilities			
Bank indebtedness		3	3
Accounts payable and accrued liabilities		601	695
Lease liabilities		14	16
Provisions and other current liabilities		142	164
Long-term debt		312	196
		1,072	1,074
Non-current liabilities			
Deferred income tax liabilities		1,538	1,443
Retirement benefit obligations	9	296	439
Customer contributions		1,836	1,756
Lease liabilities		78	84
Other liabilities		117	132
Long-term debt		9,231	9,423
Total liabilities		14,168	14,351
EQUITY			
Class I and Class II Share owners' equity			
Class I and Class II shares	8	178	178
Contributed surplus		7	6
Retained earnings		3,904	3,880
Accumulated other comprehensive loss		(55)	(12)
		4,034	4,052
Non-controlling interests		3,745	3,797
Total equity		7,779	7,849
Total liabilities and equity		21,947	22,200

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(millions of Canadian Dollars)</i>	Note	Class I and Class II Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total	Non- Controlling Interests	Total Equity
December 31, 2019		173	12	3,832	(17)	4,000	3,858	7,858
Earnings for the period		–	–	132	–	132	131	263
Other comprehensive income (loss)		–	–	–	–	–	(19)	(19)
Losses on retirement benefits transferred to retained earnings		–	–	(7)	7	–	–	–
Shares issued, purchased and cancelled		1	–	–	–	1	–	1
Dividends	8	–	–	(100)	–	(100)	(150)	(250)
Share-based compensation		3	(2)	3	–	4	–	4
Other		–	–	–	2	2	1	3
June 30, 2020		177	10	3,860	(8)	4,039	3,821	7,860
December 31, 2020		178	6	3,880	(12)	4,052	3,797	7,849
Earnings for the period		–	–	95	–	95	92	187
Other comprehensive income		–	–	–	49	49	70	119
Gains on retirement benefits transferred to retained earnings		–	–	92	(92)	–	–	–
Shares purchased and cancelled		–	–	(9)	–	(9)	(119)	(128)
Dividends	8	–	–	(103)	–	(103)	(150)	(253)
Share-based compensation		–	1	–	–	1	–	1
Changes in ownership interest in subsidiary company ⁽¹⁾		–	–	(56)	–	(56)	56	–
Other		–	–	5	–	5	(1)	4
June 30, 2021		178	7	3,904	(55)	4,034	3,745	7,779

(1) The changes in ownership interest in subsidiary company are due to Canadian Utilities Limited's purchases of Class A shares under the normal course issuer bid program.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of Canadian Dollars)	Note	Three Months Ended June 30		Six Months Ended June 30	
		2021	2020	2021	2020
Operating activities					
Earnings for the period		26	89	187	263
Adjustments to reconcile earnings to cash flows from operating activities	10	388	289	718	631
Changes in non-cash working capital		16	75	69	137
Cash flows from operating activities		430	453	974	1,031
Investing activities					
Additions to property, plant and equipment		(458)	(215)	(674)	(493)
Proceeds on disposal of property, plant and equipment		1	2	30	2
Additions to intangibles		(37)	(5)	(66)	(23)
Investment in joint ventures		(8)	(3)	(12)	(8)
Changes in non-cash working capital		(32)	(45)	(10)	(26)
Other	6	(64)	(2)	(64)	(2)
Cash flows used in investing activities		(598)	(268)	(796)	(550)
Financing activities					
Issue of long-term debt	7	4	7	5	66
Repayment of long-term debt	7	(17)	(11)	(42)	(82)
Repayment of lease liabilities		(4)	(5)	(9)	(9)
Purchase of shares by subsidiary company		(61)	–	(119)	–
Purchase of Class I Shares		(9)	–	(9)	–
Dividends paid to Class I and Class II Share owners		(52)	(50)	(103)	(100)
Dividends paid to non-controlling interests		(74)	(74)	(150)	(150)
Interest paid		(119)	(125)	(201)	(206)
Other		–	(2)	–	(1)
Cash flows used in financing activities		(332)	(260)	(628)	(482)
Decrease in cash position ⁽¹⁾		(500)	(75)	(450)	(1)
Foreign currency translation		(4)	6	(7)	(1)
Beginning of period		1,147	1,207	1,100	1,140
End of period	10	643	1,138	643	1,138

(1) Cash position includes \$24 million which is not available for general use by the Company (2020 - \$53 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2021

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

1. THE COMPANY AND ITS OPERATIONS

ATCO Ltd. was incorporated under the laws of the province of Alberta and is listed on the Toronto Stock Exchange. Its head office and registered office is at 4th Floor, West Building, 5302 Forand Street SW, Calgary, Alberta T3E 8B4. ATCO Ltd. is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family.

ATCO Ltd. is engaged in the following business activities:

- Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services);
- Canadian Utilities Limited, including:
 - Utilities (electricity and natural gas transmission and distribution and international electricity operations);
 - Energy infrastructure (electricity generation, energy storage and industrial water solutions);
 - Retail Energy (electricity and natural gas retail sales) (included in the Corporate & Other segment); and
- Neltume Ports (ports and transportation logistics).

The unaudited interim consolidated financial statements include the accounts of ATCO Ltd. and its subsidiaries. The statements also include the accounts of a proportionate share of the Company's investments in joint operations, its equity-accounted investments in joint ventures and its equity-accounted investment in associate company. In these financial statements, "the Company" means ATCO Ltd., its subsidiaries, joint arrangements and the associate company.

Principal operating subsidiaries are:

- Canadian Utilities Limited (53.0 per cent owned) and its subsidiaries; and
- ATCO Structures & Logistics and its subsidiaries.

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 and IFRS Interpretations Committee (IFRIC). 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, 2020, prepared according to IFRS.

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

The unaudited interim consolidated financial statements were authorized for issue by the Audit & Risk Committee, on behalf of the Board of Directors, on July 28, 2021.

BASIS OF MEASUREMENT

The unaudited interim consolidated financial statements are prepared on a historic cost basis, except for 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, changes in natural gas storage fees and changes in market conditions for workforce housing and space rentals operations.

SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Use of judgments and estimates around the COVID-19 pandemic

For the three and six months ended June 30, 2021, the Company performed an assessment of the impacts of uncertainties around the COVID-19 pandemic on its consolidated financial position, financial performance and cash flows. The assessment required use of judgments and estimates and resulted in no material impacts.

3. SEGMENTED INFORMATION

SEGMENTED RESULTS

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

2021	Structures & Logistics	Neltume Ports	Corporate & Other	Canadian Utilities Limited				ATCO Consolidated
				Utilities ⁽¹⁾	Energy Infrastructure	Corporate & Other	Consolidated	
2020								
Revenues - external	181	–	(1)	685	36	69	790	970
	201	–	(3)	678	34	28	740	938
Revenues - intersegment	–	–	–	3	3	(6)	–	–
	–	–	–	7	10	(17)	–	–
Revenues	181	–	(1)	688	39	63	790	970
	201	–	(3)	685	44	11	740	938
Operating expenses ⁽²⁾	(143)	–	5	(356)	(47)	(77)	(480)	(618)
	(165)	–	5	(335)	(42)	(3)	(380)	(540)
Depreciation, amortization and impairment	(14)	–	(2)	(147)	(58)	(3)	(208)	(224)
	(13)	–	(2)	(139)	(2)	(21)	(162)	(177)
Earnings from investment in associate company	–	3	–	–	–	–	–	3
	–	2	–	–	–	–	–	2
Earnings from investment in joint ventures	1	–	–	9	(4)	–	5	6
	–	–	–	–	3	–	3	3
Net finance costs	(2)	–	(3)	(93)	(2)	(1)	(96)	(101)
	(2)	–	(3)	(93)	(3)	(1)	(97)	(102)
Earnings (loss) before income taxes	23	3	(1)	101	(72)	(18)	11	36
	21	2	(3)	118	–	(14)	104	124
Income tax (expense) recovery	(6)	–	1	(22)	14	3	(5)	(10)
	(5)	–	1	(29)	–	(2)	(31)	(35)
Earnings (loss) for the period	17	3	–	79	(58)	(15)	6	26
	16	2	(2)	89	–	(16)	73	89
Adjusted earnings (loss)	18	3	(1)	65	4	(9)	60	80
	21	2	(1)	57	2	(11)	48	70
Capital expenditures ⁽³⁾	33	–	44	412	6	3	421	498
	33	–	3	180	5	2	187	223

(1) Includes the collective results of the Electricity and the Natural Gas operating segments. Details of the results by operating segments included in the Utilities are disclosed below.

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

(3) Includes additions to property, plant and equipment, intangibles and \$3million of interest capitalized during construction for the three months ended June 30, 2021 (2020 - \$2 million).

Results of the operating segments included in the Utilities for the three months ended June 30 are shown below.

2021	Utilities			
	Electricity	Natural Gas	Intersegment eliminations	Consolidated
2020				
Revenues - external	335	350	–	685
	340	338	–	678
Revenues - intersegment	3	1	(1)	3
	7	1	(1)	7
Revenues	338	351	(1)	688
	347	339	(1)	685
Operating expenses ⁽¹⁾	(132)	(225)	1	(356)
	(130)	(206)	1	(335)
Depreciation and amortization	(78)	(69)	–	(147)
	(75)	(64)	–	(139)
Earnings from investment in joint ventures	9	–	–	9
	–	–	–	–
Net finance costs	(56)	(37)	–	(93)
	(57)	(36)	–	(93)
Earnings before income taxes	81	20	–	101
	85	33	–	118
Income tax expense	(17)	(5)	–	(22)
	(20)	(9)	–	(29)
Earnings for the period	64	15	–	79
	65	24	–	89
Adjusted earnings	42	23	–	65
	40	17	–	57
Capital expenditures ⁽²⁾	86	326	–	412
	79	101	–	180

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

(2) Includes additions to property, plant and equipment, intangibles and \$3 million of interest capitalized during construction for the three months ended June 30, 2021 (2020 - \$2 million).

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

2021	Structures & Logistics	Neltume Ports	Corporate & Other	Canadian Utilities Limited				ATCO
2020				Utilities ⁽¹⁾	Energy Infrastructure	Corporate & Other	Consolidated	Consolidated
Revenues - external	348	–	(3)	1,472	70	155	1,697	2,042
	372	–	(3)	1,468	64	93	1,625	1,994
Revenues - intersegment	–	–	–	6	21	(27)	–	–
	–	–	–	10	26	(36)	–	–
Revenues	348	–	(3)	1,478	91	128	1,697	2,042
	372	–	(3)	1,478	90	57	1,625	1,994
Operating expenses ⁽²⁾	(277)	–	9	(733)	(85)	(143)	(961)	(1,229)
	(318)	–	13	(689)	(80)	(40)	(809)	(1,114)
Depreciation, amortization and impairment	(29)	–	(3)	(294)	(62)	(6)	(362)	(394)
	(25)	–	(3)	(278)	(6)	(21)	(305)	(333)
Earnings from investment in associate company	–	6	–	–	–	–	–	6
	–	5	–	–	–	–	–	5
Earnings from investment in joint ventures	2	–	–	16	2	–	18	20
	1	–	–	–	9	–	9	10
Net finance costs	(3)	–	(7)	(186)	(5)	(2)	(193)	(203)
	(3)	–	(7)	(185)	(6)	–	(191)	(201)
Earnings (loss) before income taxes	41	6	(4)	281	(59)	(23)	199	242
	27	5	–	326	7	(4)	329	361
Income tax (expense) recovery	(10)	–	5	(63)	10	3	(50)	(55)
	(4)	–	–	(80)	(9)	(5)	(94)	(98)
Earnings (loss) for the period	31	6	1	218	(49)	(20)	149	187
	23	5	–	246	(2)	(9)	235	263
Adjusted earnings (loss)	32	6	–	171	9	(19)	161	199
	28	5	–	156	5	(18)	143	176
Total assets ⁽³⁾	980	436	420	18,669	942	500	20,111	21,947
	1,069	460	375	18,310	993	993	20,296	22,200
Capital expenditures ⁽⁴⁾	51	–	49	632	9	5	646	746
	71	–	9	429	11	4	444	524

(1) Includes the collective results of the Electricity and the Natural Gas operating segments. Details of the results by operating segments included in the Utilities are disclosed below.

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

(3) 2020 comparatives are at December 31, 2020.

(4) Includes additions to property, plant and equipment, intangibles and \$6million of interest capitalized during construction for the six months ended June 30, 2021 (2020 - \$7 million).

Results of the operating segments included in the Utilities for the six months ended June 30 are shown below.

2021	Utilities			
2020	Electricity	Natural Gas	Intersegment eliminations	Consolidated
Revenues - external	672	800	–	1,472
	661	807	–	1,468
Revenues - intersegment	6	2	(2)	6
	10	2	(2)	10
Revenues	678	802	(2)	1,478
	671	809	(2)	1,478
Operating expenses ⁽¹⁾	(263)	(472)	2	(733)
	(256)	(435)	2	(689)
Depreciation and amortization	(157)	(137)	–	(294)
	(152)	(126)	–	(278)
Earnings from investment in joint ventures	16	–	–	16
	–	–	–	–
Net finance costs	(112)	(74)	–	(186)
	(115)	(70)	–	(185)
Earnings before income taxes	162	119	–	281
	148	178	–	326
Income tax expense	(35)	(28)	–	(63)
	(35)	(45)	–	(80)
Earnings for the period	127	91	–	218
	113	133	–	246
Adjusted earnings	90	81	–	171
	81	75	–	156
Total assets ⁽²⁾	10,425	8,246	(2)	18,669
	10,326	7,985	(1)	18,310
Capital expenditures ⁽³⁾	174	458	–	632
	187	242	–	429

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

(2) 2020 comparatives are at December 31, 2020.

(3) Includes additions to property, plant and equipment, intangibles and \$6 million of interest capitalized during construction for the six months ended June 30, 2021 (2020 - \$7 million).

ADJUSTED EARNINGS

Adjusted earnings are earnings attributable to Class I and II Shares after adjusting for:

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

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

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

2021	Structures & Logistics	Neltume Ports	Corporate & Other	Canadian Utilities Limited				ATCO Consolidated
				Utilities	Energy Infrastructure	Corporate & Other	Consolidated	
2020								
Adjusted earnings (loss)	18	3	(1)	65	4	(9)	60	80
	21	2	(1)	57	2	(11)	48	70
Transition of managed IT services	(1)	–	(2)	(7)	–	(1)	(8)	(11)
	–	–	–	–	–	–	–	–
Impairment and other costs	–	–	1	–	(34)	–	(34)	(33)
	(5)	–	–	(4)	(2)	(9)	(15)	(20)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	–	–	–	–	–	(6)	(6)	(6)
	–	–	–	–	(1)	3	2	2
Rate-regulated activities	–	–	–	(15)	–	–	(15)	(15)
	–	–	–	(4)	–	(1)	(5)	(5)
IT Common Matters decision	–	–	–	(2)	–	–	(2)	(2)
	–	–	–	(2)	–	–	(2)	(2)
Other	–	–	–	–	(1)	–	(1)	(1)
	–	–	(1)	–	1	–	1	–
Earnings (loss) attributable to Class I and Class II Shares	17	3	(2)	41	(31)	(16)	(6)	12
	16	2	(2)	47	–	(18)	29	45
Earnings attributable to non-controlling interests								14
								44
Earnings for the period								26
								89

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

2021	Structures & Logistics	Neltume Ports	Corporate & Other	Canadian Utilities Limited				ATCO Consolidated
				Utilities	Energy Infrastructure	Corporate & Other	Consolidated	
2020								
Adjusted earnings (loss)	32	6	–	171	9	(19)	161	199
	28	5	–	156	5	(18)	143	176
Transition of managed IT services	(1)	–	(2)	(13)	–	(1)	(14)	(17)
	–	–	–	–	–	–	–	–
Impairment and other costs	–	–	1	–	(34)	–	(34)	(33)
	(5)	–	–	(4)	(2)	(9)	(15)	(20)
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	–	–	–	–	–	(6)	(6)	(6)
	–	–	–	–	(1)	6	5	5
Rate-regulated activities	–	–	–	(43)	–	–	(43)	(43)
	–	–	–	(21)	–	(1)	(22)	(22)
IT Common Matters decision	–	–	–	(4)	–	–	(4)	(4)
	–	–	–	(4)	–	–	(4)	(4)
Other	–	–	–	–	(1)	–	(1)	(1)
	–	–	–	–	(3)	–	(3)	(3)
Earnings (loss) attributable to Class I and Class II Shares	31	6	(1)	111	(26)	(26)	59	95
	23	5	–	127	(1)	(22)	104	132
Earnings attributable to non-controlling interests								92
								131
Earnings for the period								187
								263

Transition of managed IT services

In 2020, and in the first quarter of 2021, the Company signed Master Services Agreements (MSA) with IBM Canada Ltd. and IBM Australia Limited (IBM), respectively, to provide managed information technology (IT) services. These services are currently provided by Wipro Ltd. (Wipro) under a ten-year MSA expiring in December 2024. The transition of the managed IT services from Wipro to IBM commenced on February 1, 2021 and is expected to be completed by the third quarter of 2021.

In 2020, and during the first quarter of 2021, the Company recognized onerous contract provisions of \$75 million (\$32 million after-tax and non-controlling interests (NCI)) and \$6 million (\$2 million after-tax and NCI), respectively, which represents management's best estimate of the costs to exit the Wipro MSA. The provisions are included in provisions and other current liabilities in the consolidated balance sheets. The provision of \$6 million was recorded in the first quarter of 2021 and is included in other expenses in the consolidated statements of earnings for the six months ended June 30, 2021. The actual costs are expected to be finalized later in 2021. The onerous contract provision is not in the normal course of business and has been excluded from Adjusted Earnings.

In addition, for the three and six months ended June 30, 2021, the Company recognized transition costs of \$24 million and \$33 million (\$11 million and \$15 million after-tax and NCI). The transition costs relate to activities to transfer the managed IT services from Wipro to IBM. As these costs are not in the normal course of business, they have been excluded from Adjusted Earnings.

Impairment and other costs recorded in the second quarter of 2021

In the second quarter of 2021, impairments and other costs not in the normal course of business of \$33 million after tax and NCI were recorded, mainly in Mexico, related to Energy Infrastructure's Veracruz hydro facility in the amount of \$28 million after tax and NCI. Other costs recorded were individually immaterial.

The charge reflects an adverse arbitration decision, changes in market regulations, ongoing political uncertainty, and challenging operating environment, resulting in an impairment of the carrying value of the assets.

The recoverable amount of Energy Infrastructure's Veracruz hydro facility was determined based on fair value less costs of disposal. The expected future cash flows were estimated under an assumption of 43 years of operations, representing the useful life of the Veracruz hydro facility, and were discounted at an after-tax rate of approximately 10 per cent. The fair value measurement is categorized as level 3 on the fair value hierarchy. As at June 30, 2021, the recoverable amount of Energy Infrastructure's Veracruz hydro facility was estimated to be \$22 million.

As the charges relate to impairments, they have been excluded from Adjusted Earnings.

Impairment and other costs recorded in the second quarter of 2020

In the second quarter of 2020, impairment and other costs not in the normal course of business of \$20 million, after tax and NCI, were recorded. These costs mainly related to certain assets that no longer represent strategic value to the Company.

Canadian Utilities' subsidiary ATCO Oil & Gas Ltd. holds a 5 per cent working interest in oil and gas assets in Northern Canada. With continued low oil prices and the COVID-19 pandemic continuing to cause economic uncertainty, an impairment of \$9 million was recorded during the three and six months ended June 30, 2020, reflecting the reduced likelihood of future recovery of these costs.

ATCO Structures & Logistics Ltd. closed its manufacturing facility located in Pocatello, Idaho, relocated materials and equipment to its manufacturing facilities in Calgary, Alberta and Diboll, Texas and recorded \$3 million in one-time closure costs.

The remaining costs mainly related to the continued transformation and realignment of certain functions in the Company, as well as an adjustment to certain real estate assets in small markets within the Company's real estate portfolio due to continued low prices and economic uncertainty.

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

The Company's retail electricity and natural gas business in Alberta enters into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price swap commodity contracts are recognized in the earnings of the Corporate & Other segment.

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

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

Rate-regulated activities

ATCO Electric and its subsidiaries, ATCO Electric Yukon, Northland Utilities (NWT) and Northland Utilities (Yellowknife), as well as ATCO Gas, ATCO Pipelines and ATCO Gas Australia are collectively referred to as the Utilities.

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

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards 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 in the following ways:

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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
<i>Additional revenues billed in current period</i>				
Future removal and site restoration costs ⁽¹⁾	16	9	31	21
Impact of colder temperatures ⁽²⁾	–	2	–	5
<i>Revenues to be billed in future periods</i>				
Deferred income taxes ⁽³⁾	(15)	(12)	(29)	(30)
Distribution rate relief ⁽⁴⁾	(18)	–	(39)	–
Impact of warmer temperatures ⁽²⁾	–	–	(1)	–
Impact of inflation on rate base ⁽⁵⁾	(2)	–	(5)	(2)
<i>Settlement of regulatory decisions and other items</i> ⁽⁶⁾	4	(4)	–	(16)
	(15)	(5)	(43)	(22)

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

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

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

(4) During the three and six months ended June 30, 2021, Electricity Distribution and Natural Gas Distribution recorded a decrease in earnings of \$18 million and \$39 million related to interim rate relief for customers as applied for by the Company and approved by the AUC to hold current distribution base rates in place. This will be recovered from customers in 2022 and 2023.

(5) The inflation-indexed portion of ATCO Gas Australia's (part of Natural Gas Distribution) 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 assets.

(6) In the first six months of 2020, Electricity Distribution recorded a decrease in earnings of \$11 million related to the payment of transmission costs. Substantially all of these costs were recovered from customers in the second half of 2020.

IT Common Matters decision

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings in the three and six months ended June 30, 2021 was \$2 million and \$4 million (2020 - \$2 million and \$4 million).

Other

The Company adjusts the deferred tax asset which was recognized as a result of the 2015 Tula Pipeline Project impairment. During the three and six months ended June 30, 2021, the Company recorded a foreign exchange loss of nil after tax and non-controlling interests (2020 - a foreign exchange gain of \$1 million and a foreign exchange loss of \$3 million) due to a difference between the tax base currency, which is the Mexican peso, and the US dollar functional currency.

4. REVENUES

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

2021	Structures & Logistics	Utilities			Energy Infrastructure	Corporate & Other ⁽²⁾	Consolidated
2020		Electricity ⁽¹⁾	Natural Gas ⁽¹⁾	Total			
Revenue Streams							
Rendering of Services							
Distribution services	–	122	211	333	–	–	333
	–	131	202	333	–	–	333
Transmission services	–	174	76	250	–	–	250
	–	173	73	246	–	–	246
Modular structures - services	42	–	–	–	–	–	42
	89	–	–	–	–	–	89
Logistics and facility operations and maintenance services	24	–	–	–	–	–	24
	19	–	–	–	–	–	19
Lodging and support	26	–	–	–	–	–	26
	25	–	–	–	–	–	25
Customer contributions	–	7	6	13	–	–	13
	–	7	5	12	–	–	12
Franchise fees	–	8	50	58	–	–	58
	–	7	48	55	–	–	55
Retail electricity and natural gas services	–	–	–	–	–	57	57
	–	–	–	–	–	25	25
Storage and industrial water	–	–	–	–	3	–	3
	–	–	–	–	5	–	5
Total rendering of services	92	311	343	654	3	57	806
	133	318	328	646	5	25	809
Sale of Goods							
Electricity generation and delivery	–	–	–	–	9	–	9
	–	–	–	–	7	–	7
Commodity sales	–	–	–	–	12	2	14
	–	–	–	–	8	–	8
Modular structures - goods	56	–	–	–	–	–	56
	38	–	–	–	–	–	38
Total sale of goods	56	–	–	–	21	2	79
	38	–	–	–	15	–	53
Lease income							
Finance lease	–	–	–	–	5	–	5
	–	–	–	–	2	–	2
Operating lease	33	–	–	–	–	–	33
	30	–	–	–	–	–	30
Total lease income	33	–	–	–	5	–	38
	30	–	–	–	2	–	32
Other	–	24	7	31	7	9	47
	–	26	10	36	8	–	44
Total	181	335	350	685	36	68	970
	201	344	338	682	30	25	938

(1) For the three months ended June 30, 2021, Electricity and Natural Gas segments include \$103 million of unbilled revenue (2020 - \$97 million).

(2) Includes revenues from the Corporate & Other in Canadian Utilities Limited and ATCO Ltd.

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

2021	Structures & Logistics	Utilities			Energy Infrastructure	Corporate & Other ⁽²⁾	Consolidated
2020		Electricity ⁽¹⁾	Natural Gas ⁽¹⁾	Total			
Revenue Streams							
Rendering of Services							
Distribution services	–	252	502	754	–	–	754
	–	250	509	759	–	–	759
Transmission services	–	347	152	499	–	–	499
	–	346	145	491	–	–	491
Modular structures - services	80	–	–	–	–	–	80
	166	–	–	–	–	–	166
Logistics and facility operations and maintenance services	51	–	–	–	–	–	51
	45	–	–	–	–	–	45
Lodging and support	43	–	–	–	–	–	43
	46	–	–	–	–	–	46
Customer contributions	–	16	11	27	–	–	27
	–	15	11	26	–	–	26
Franchise fees	–	17	122	139	–	–	139
	–	15	121	136	–	–	136
Retail electricity and natural gas services	–	–	–	–	–	140	140
	–	–	–	–	–	85	85
Storage and industrial water	–	–	–	–	9	–	9
	–	–	–	–	7	–	7
Total rendering of services	174	632	787	1,419	9	140	1,742
	257	626	786	1,412	7	85	1,761
Sale of Goods							
Electricity generation and delivery	–	–	–	–	16	–	16
	–	–	–	–	14	–	14
Commodity sales	–	–	–	–	20	3	23
	–	–	–	–	15	–	15
Modular structures - goods	106	–	–	–	–	–	106
	60	–	–	–	–	–	60
Total sale of goods	106	–	–	–	36	3	145
	60	–	–	–	29	–	89
Lease income							
Finance lease	–	–	–	–	8	–	8
	–	–	–	–	5	–	5
Operating lease	68	–	–	–	–	–	68
	55	–	–	–	–	–	55
Total lease income	68	–	–	–	8	–	76
	55	–	–	–	5	–	60
Other	–	40	13	53	17	9	79
	–	35	21	56	23	5	84
Total	348	672	800	1,472	70	152	2,042
	372	661	807	1,468	64	90	1,994

(1) For the six months ended June 30, 2021, Electricity and Natural Gas segments include \$103 million of unbilled revenue (2020 - \$97 million). At June 30, 2021, \$103 million of the unbilled trade accounts receivables are included in trade accounts receivable and contract assets (December 31, 2020 - \$132 million).

(2) Includes revenues from the Corporate & Other in Canadian Utilities Limited and ATCO Ltd.

5. EARNINGS PER SHARE

Earnings per Class I Non-Voting (Class I) and Class II Voting (Class II) Share are calculated by dividing the earnings attributable to Class I and Class II 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 and vesting of shares under the Company's mid-term incentive plan (MTIP) on the weighted average Class I and Class II Shares outstanding.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Average shares				
Weighted average shares outstanding	114,184,060	114,411,064	114,242,720	114,381,714
Effect of dilutive stock options	75,517	12,917	40,729	31,806
Effect of dilutive MTIP	240,353	257,964	242,126	286,796
Weighted average dilutive shares outstanding	114,499,930	114,681,945	114,525,575	114,700,316
Earnings for earnings per share calculation				
Earnings for the period	26	89	187	263
Non-controlling interests	(14)	(44)	(92)	(131)
Earnings attributable to Class I and Class II Shares	12	45	95	132
Earnings and diluted earnings per Class I and Class II Share				
Earnings per Class I and Class II Share	\$0.10	\$0.39	\$0.83	\$1.15
Diluted earnings per Class I and Class II Share	\$0.10	\$0.39	\$0.82	\$1.15

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	Electricity Generation	Land and Buildings	Construction Work-in- Progress	Other	Total
Cost						
December 31, 2020	21,004	140	998	647	1,804	24,593
Additions	13	–	55	585	37	690
Transfers	493	–	5	(558)	60	–
Retirements and disposals	(32)	–	(7)	(28)	(39)	(106)
Changes to asset retirement costs	–	(2)	–	–	(5)	(7)
Foreign exchange rate adjustment	(64)	(6)	(5)	(9)	(21)	(105)
June 30, 2021	21,414	132	1,046	637	1,836	25,065
Accumulated depreciation						
December 31, 2020	5,119	18	216	78	835	6,266
Depreciation and impairment	247	25	14	–	49	335
Retirements and disposals	(32)	–	(7)	–	(27)	(66)
Foreign exchange rate adjustment	(15)	(1)	(1)	(3)	(7)	(27)
June 30, 2021	5,319	42	222	75	850	6,508
Net book value						
December 31, 2020	15,885	122	782	569	969	18,327
June 30, 2021	16,095	90	824	562	986	18,557

The additions to property, plant and equipment included \$6 million of interest capitalized during construction for the six months ended June 30, 2021 (2020 - \$7 million).

PIONEER NATURAL GAS PIPELINE ACQUISITION

Utilities Segment

In the third quarter of 2020, ATCO Gas and Pipelines Ltd., a wholly owned subsidiary of CU Inc., entered into an agreement to acquire the Pioneer Pipeline from Tidewater Midstream & Infrastructure Ltd. and its partner TransAlta Corporation, subject to customary conditions including regulatory approvals by the Alberta Utilities Commission (AUC) and Alberta Energy Regulator.

The 131 km natural gas pipeline runs from the Drayton Valley area to the Wabamum area west of Edmonton. On June 15, 2021, the AUC issued a decision approving the acquisition of the Pioneer Pipeline and associated costs, totaling \$265 million.

Consistent with the geographic areas defined in the Integration Agreement, ATCO Gas and Pipelines Ltd. will transfer to Nova Gas Transmission Ltd. (NGTL) the 30 km segment of pipeline that is located in the NGTL footprint for approximately \$65 million. The transfer to NGTL is subject to approval from the Canada Energy Regulator and is expected to close in the fourth quarter of 2021.

The transaction to acquire the Pioneer Pipeline closed during the second quarter of 2021. As a result, \$197 million was recorded in additions to property, plant and equipment in the consolidated balance sheets and the consolidated statements of cash flows. The costs incurred to date for the segment of the pipeline that will be sold to NGTL, amounting to \$63 million, were recorded as assets held-for-sale in prepaid expenses and other current assets in the consolidated balance sheets, and were included in other investing activities in the consolidated statements of cash flows. The remaining \$5 million relates to pipeline integration costs that are expected to be incurred in the second half of 2021.

ATCO Gas and Pipelines Ltd. applied the optional IFRS 3 *Business combinations* concentration test to the acquisition of the Pioneer Pipeline, which has resulted in the acquired asset being accounted for as an asset acquisition.

7. LONG-TERM DEBT

In the first quarter of 2020, ATCO Power Australia, a subsidiary of Canadian Utilities Limited, refinanced its \$63 million Australian dollars (equivalent of \$55 million Canadian dollars) credit facility with a new lender at Bank Bill Swap Benchmark Rate (BBSY) plus margin fee, extending the credit facility's maturity from February 2020 to June 2025. The floating BBSY interest rate is hedged to June 2025 with an interest rate swap agreement which fixes the interest rate at 1.68 per cent.

8. CLASS I NON-VOTING AND CLASS II VOTING SHARES

At June 30, 2021, there were 101,136,899 (December 31, 2020 - 101,347,899) Class I Shares and 13,196,129 (December 31, 2020 - 13,196,129) Class II Shares outstanding. In addition, there were 1,606,600 options to purchase Class I Shares outstanding at June 30, 2021, under the Company's stock option plan.

DIVIDENDS

The Company declared and paid cash dividends of \$0.4483 and \$0.8966 per Class I and Class II Share during the three and six months ended June 30, 2021 (2020 - \$0.4352 and \$0.8704). The Company's policy is to pay dividends quarterly on its Class I and Class II Shares. The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On July 22, 2021, the Company declared a third quarter dividend of \$0.4483 per Class I and Class II Share.

NORMAL COURSE ISSUER BID

On March 9, 2021, ATCO Ltd. began a normal course issuer bid to purchase up to 1,013,478 outstanding Class I Shares. The bid expires on March 8, 2022. The prior year normal course issuer bid to purchase up to 1,014,684 outstanding Class I Shares began on March 9, 2020 and expired on March 8, 2021.

During the six months ended June 30, 2021, 220,000 Class I shares were purchased for \$9 million, resulting in a decrease to retained earnings of \$9 million.

9. RETIREMENT BENEFITS

At June 30, 2021, the discount rate assumption which is used to measure the accrued benefit obligations increased to 3.19 per cent from 2.58 per cent at December 31, 2020. The discount rate assumption was based on market interest rates of high quality bonds that match the timing and amount of expected benefit payments.

Due to the re-measurement of the accrued benefit obligations and related plan assets, the funded status (market value of assets less accrued benefit obligations) increased from a net deficit of \$439 million at December 31, 2020 to a net deficit of \$220 million at June 30, 2021. The deficit of \$220 million is net of a retirement benefit asset of \$76 million related to Retirement Plan for Employees of Canadian Utilities Limited and Participating Companies (CU Plan).

At June 30, 2021, the Company has recognized a retirement benefit asset of \$76 million and retirement benefit obligations of \$296 million.

10. CASH FLOW INFORMATION

ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

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

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
Depreciation, amortization and impairment	224	177	394	333
Earnings from investment in associate company	(3)	(2)	(6)	(5)
Dividends received from associate company	–	–	15	17
Dividends and distributions received from investment in joint ventures	9	8	12	12
Earnings from investment in joint ventures	(6)	(3)	(20)	(10)
Income tax expense	10	35	55	98
Unrealized losses (gains) on derivative financial instruments	14	(5)	15	(12)
Contributions by customers for extensions to plant	51	21	107	47
Amortization of customer contributions	(13)	(12)	(27)	(26)
Net finance costs	101	102	203	201
Income taxes paid	(7)	(11)	(43)	(19)
Other	8	(21)	13	(5)
	388	289	718	631

CASH POSITION

Cash position in the unaudited interim consolidated statements of cash flows at June 30 is comprised of:

	2021	2020
Cash	621	1,067
Short-term investments	1	20
Restricted cash ⁽¹⁾	24	53
Cash and cash equivalents	646	1,140
Bank indebtedness	(3)	(2)
	643	1,138

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

11. FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENT

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

Financial Instruments	Fair Value Method
Measured at Amortized Cost	
Cash and cash equivalents, accounts receivable and contract assets, bank indebtedness, and accounts payable and accrued liabilities	Assumed to approximate carrying value due to their short-term nature.
Finance lease receivables	Determined using a risk-adjusted interest rate to discount future cash receipts (Level 2).
Long-term debt	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	
Interest rate swaps	Determined using interest rate yield curves at period-end (Level 2).
Foreign currency contracts	Determined using quoted forward exchange rates at period-end (Level 2).
Commodity contracts	Determined using observable period-end forward curves and quoted spot market prices with inputs validated by publicly available market providers (Level 2). Determined using statistical techniques to derive period-end forward curves using unobservable inputs or extrapolation from spot prices in certain commodity contracts (Level 3).

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

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

Recurring Measurements	June 30, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Finance lease receivables	167	232	175	254
Financial Liabilities				
Long-term debt	9,543	10,999	9,619	11,987

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Company's derivative instruments are measured at fair value. At June 30, 2021, the following derivative instruments were outstanding:

- 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 relating to expenditures denominated in Mexican pesos and U.S. dollars; and
- natural gas and forward power sale and purchase contracts for the purpose of limiting exposure to electricity and natural gas market price movements.

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

Recurring Measurements	Subject to Hedge Accounting		Not Subject to Hedge Accounting		Total Fair Value of Derivatives
	Interest Rate Swaps	Commodities	Commodities	Foreign Currency Forward Contracts	
June 30, 2021					
Financial Assets					
Prepaid expenses and other current assets	–	48	2	–	50
Other assets ⁽¹⁾	–	18	4	–	22
Financial Liabilities					
Provisions and other current liabilities	3	15	14	–	32
Other liabilities ⁽¹⁾	12	8	2	–	22
December 31, 2020					
Financial Assets					
Prepaid expenses and other current assets	–	25	5	–	30
Other assets ⁽¹⁾	–	12	4	–	16
Financial Liabilities					
Provisions and other current liabilities	3	6	8	–	17
Other liabilities ⁽¹⁾	27	4	3	–	34

(1) At June 30, 2021, financial liabilities and financial assets include \$14 million and \$3 million, respectively, of Level 3 derivative financial instruments (December 31, 2020 - financial liabilities and financial assets included \$9 million and \$8 million, respectively, of Level 3 derivative financial instruments).

Notional and maturity summary

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

Notional value and maturity	Subject to Hedge Accounting			Not Subject to Hedge Accounting		
	Interest Rate Swaps	Natural Gas ⁽¹⁾	Power ⁽²⁾	Natural Gas ⁽¹⁾	Power ⁽²⁾	Foreign Currency Forward Contracts
June 30, 2021						
Purchases ⁽³⁾	–	17,823,200	3,186,818	–	–	–
Sales ⁽³⁾	–	2,646,652	594,020	6,444,382	905,971	–
Currency						
Canadian dollars	92	–	–	–	–	–
Australian dollars	735	–	–	–	–	–
Mexican pesos	570	–	–	–	–	100
Maturity	2023-2028	2021-2025	2021-2026	2021-2024	2021-2024	2021
December 31, 2020						
Purchases ⁽³⁾	–	10,593,800	2,203,836	–	–	–
Sales ⁽³⁾	–	3,238,242	759,246	7,867,560	1,089,495	–
Currency						
Canadian dollars	93	–	–	–	–	–
Australian dollars	738	–	–	–	–	–
Mexican pesos	570	–	–	–	–	100
Maturity	2023-2028	2021-2025	2021-2025	2021-2024	2021-2024	2021

(1) Notional amounts for the natural gas purchase contracts are the maximum volumes that can be purchased over the terms of the contracts.

(2) Notional amounts for the forward power sale and purchase contracts are the commodity volumes committed in the contracts.

(3) Volumes for natural gas and power derivatives are in GJ and MWh, respectively.