



**ATCO LTD.**  
**FINANCIAL INFORMATION**

**FOR THE SIX MONTHS ENDED JUNE 30, 2025**

# 2025 SECOND QUARTER FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

## TABLE OF CONTENTS

Management's Discussion and Analysis	2
Unaudited Interim Consolidated Financial Statements	46



# ATCO LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2025

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

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

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family. The Company includes controlling positions in Canadian Utilities Limited (Canadian Utilities or CU) (52.5 per cent ownership), ATCO Structures & Logistics Ltd. (ATCO Structures & Logistics) (100 per cent ownership), ATCO Land and Development Ltd. (ATCO Land and Development) (100 per cent ownership), ASHCOR Technologies Ltd. (Ashcor) (100 per cent ownership), ATCO Energy Ltd. (ATCO Energy) (100 per cent ownership), and Fresh Bites Inc. (Fresh Bites) (100 per cent ownership). The Company also has an 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.

# TABLE OF CONTENTS

	Page
Performance Overview .....	4
Business Unit Performance .....	7
ATCO Structures & Logistics .....	7
ATCO Investments .....	10
Canadian Utilities .....	12
ATCO Energy Systems .....	12
ATCO EnPower .....	15
ATCO Australia .....	16
Canadian Utilities Financing & Other .....	17
Policy and Regulatory Updates .....	17
Sustainability .....	20
Other Expenses and Income .....	20
Liquidity and Capital Resources .....	22
Share Capital .....	25
Quarterly Information .....	26
Other Financial and Non-GAAP Measures .....	28
Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares .....	29
Reconciliation of Capital Investment to Capital Expenditures .....	39
Other Financial Information .....	40
Glossary .....	42
Appendix 1: Supplemental Non-Audited Financial Information .....	43

# PERFORMANCE OVERVIEW

## FINANCIAL METRICS

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

(\$ millions, except per share data and outstanding shares)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>Key Financial Metrics</b>						
Revenues	<b>1,158</b>	1,112	46	<b>2,569</b>	2,436	133
Adjusted earnings (loss) <sup>(1)</sup>	<b>101</b>	96	5	<b>261</b>	244	17
ATCO Structures & Logistics <sup>(1)</sup>	<b>32</b>	29	3	<b>59</b>	54	5
ATCO Investments <sup>(1) (2)</sup>	<b>6</b>	5	1	<b>17</b>	10	7
Canadian Utilities Limited <sup>(1)</sup>						
ATCO Energy Systems <sup>(1)</sup>	<b>60</b>	59	1	<b>182</b>	175	7
ATCO EnPower <sup>(1)</sup>	<b>6</b>	10	(4)	<b>12</b>	14	(2)
ATCO Australia <sup>(1)</sup>	<b>11</b>	9	2	<b>18</b>	15	3
Canadian Utilities Financing & Other <sup>(1)</sup>	<b>(14)</b>	(16)	2	<b>(27)</b>	(24)	(3)
Adjusted earnings (\$ per share) <sup>(3)</sup>	<b>0.90</b>	0.86	0.04	<b>2.33</b>	2.18	0.15
Earnings attributable to Class I and Class II Shares	<b>64</b>	52	12	<b>208</b>	199	9
Earnings attributable to Class I and Class II Shares (\$ per share)	<b>0.57</b>	0.46	0.11	<b>1.85</b>	1.77	0.08
Diluted earnings attributable to Class I and Class II Shares (\$ per share)	<b>0.57</b>	0.46	0.11	<b>1.85</b>	1.77	0.08
Total assets	<b>26,799</b>	25,515	1,284	<b>26,799</b>	25,515	1,284
Long-term debt	<b>11,790</b>	10,939	851	<b>11,790</b>	10,939	851
Class I and Class II Share owners' equity	<b>4,730</b>	4,508	222	<b>4,730</b>	4,508	222
Cash dividends declared per Class I and Class II Share (cents per share)	<b>50.45</b>	48.98	1.47	<b>100.90</b>	97.96	2.94
Cash flows from operating activities	<b>513</b>	564	(51)	<b>1,270</b>	1,118	152
Capital investment <sup>(4)</sup>	<b>443</b>	365	78	<b>906</b>	715	191
Capital expenditures	<b>441</b>	364	77	<b>900</b>	712	188
<b>Other Financial Metrics</b>						
Weighted average Class I and Class II Shares outstanding (thousands):						
Basic	<b>112,472</b>	112,159	313	<b>112,364</b>	112,159	205
Diluted	<b>112,856</b>	112,186	670	<b>112,679</b>	112,195	484

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

(2) In 2025, ATCO Ltd. simplified its operating segment structure by combining the Neltume Ports and ATCO Corporate & Other segments into a single ATCO Investments segment. Previously, Neltume Ports and ATCO Corporate & Other had been reported separately. Comparative amounts for prior periods have been reclassified to reflect this change in reportable operating segments.

(3) Non-GAAP ratio (as defined in NI 52-112). The most directly comparable measure reported in accordance with IFRS is Earnings Attributable to Class I non-voting and Class II voting shares (\$ per share). See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

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

## REVENUES

Revenues in the second quarter of 2025 were \$1,158 million, \$46 million higher than the same period in 2024 mainly due to ATCO Structures' higher workforce housing sale activity in Australia and Chile and increased permanent modular construction activity in Canada, growth in the regulated rate base in ATCO Energy Systems, and stronger seasonal spreads in natural gas storage services in ATCO EnPower. Revenues were partially offset by a decrease in 2025 return on equity (ROE) in ATCO Energy Systems, and the completion of efficiency carryforward mechanism (ECM) funding in 2024 for Electricity Distribution and Natural Gas Distribution.

## ADJUSTED EARNINGS <sup>(1)</sup>

Our adjusted earnings in the second quarter of 2025 were \$101 million or \$0.90 per share, compared to \$96 million or \$0.86 per share for the same period in 2024.

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

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

## EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

Earnings attributable to Class I and Class II Shares were \$64 million in the second quarter of 2025, \$12 million higher compared to the same period in 2024. 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.

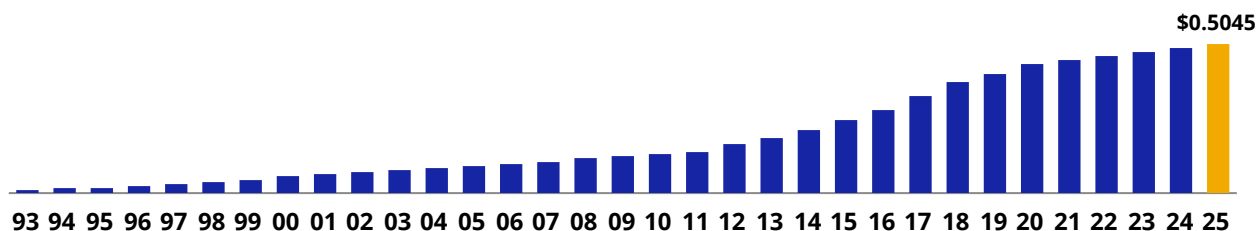
## CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities were \$513 million in the second quarter of 2025, \$51 million lower than the same period in 2024. This decrease was mainly due to the timing of collections of receivables, partially offset by increased earnings within ATCO Energy Systems, ATCO Structures, and ATCO Australia.

## COMMON SHARE DIVIDENDS

Dividends paid to Class I and Class II Share owners totaled \$56 million in the second quarter of 2025. On July 10, 2025, the Board of Directors declared a third quarter dividend of 50.45 cents per share or \$2.02 on an annualized basis. ATCO expects to continue to grow its dividends consistent with the sustainable growth of its investments.

**Quarterly Dividend Rate 1993 - 2025  
(dollars per share)**



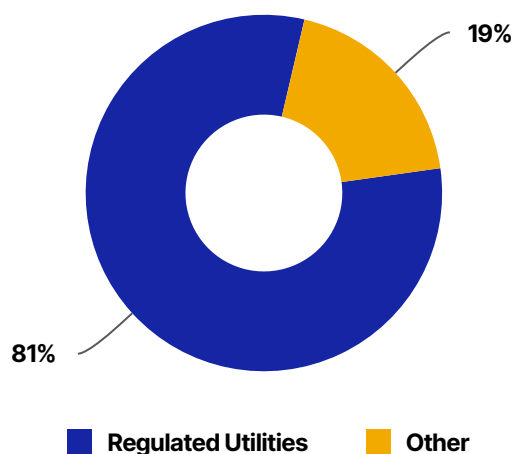
<sup>(1)</sup> Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

## CAPITAL INVESTMENT <sup>(1)</sup> AND CAPITAL EXPENDITURES

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Total capital investment of \$443 million and \$906 million in the second quarter and first six months of 2025 was \$78 million and \$191 million higher compared to the same periods in 2024 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including the Yellowhead Pipeline Project (Yellowhead) in Natural Gas Transmission and the Central East Transfer-Out Project (CETO) in Electricity Transmission, increased capital spending on rental fleet additions in ATCO Structures, largely in the US, and the Atlas Carbon Storage Hub project in ATCO EnPower.

Capital expenditures, a GAAP measure reported in accordance with IFRS, include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of \$441 million and \$900 million in the second quarter and first six months of 2025 were \$77 million and \$188 million higher compared to the same periods in 2024 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

**Capital Expenditures for the Six Months Ended June 30, 2025**



Capital expenditures in Canadian Utilities' Regulated Utilities accounted for 81 per cent of the total in the first six months of 2025. The remaining 19 per cent was primarily related to ATCO Structures' continued expansion of its space rentals fleet, largely in the US, and capital spending within ATCO EnPower, largely related to the Atlas Carbon Storage Hub project and sustaining capital.

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

# BUSINESS UNIT PERFORMANCE



ATCO Structures & Logistics' activities are conducted through two complementary businesses: ATCO Structures and ATCO Frontec. ATCO Structures designs, builds and delivers products to service the essential need for housing and shelter around the globe. ATCO Frontec provides operational support services to government, defence and commercial clients.

## REVENUES

ATCO Structures & Logistics revenues of \$273 million and \$564 million in the second quarter and first six months of 2025 were \$31 million and \$93 million higher than the same periods in 2024 mainly due to ATCO Structures' higher workforce housing sale activity in Australia and Chile, higher permanent modular construction activity in Canada, including housing, following the acquisition of NRB Limited (NRB) in the third quarter of 2024, and higher space rental leasing activity in the US and Canada. Higher revenues were partially offset by ATCO Structures' lower workforce housing sale activity in the US and lower space rental sale activity in Australia.

## ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>ATCO Structures<sup>(1)</sup></b>	<b>32</b>	30	2	<b>58</b>	54	4
<b>ATCO Frontec<sup>(1)</sup></b>	<b>—</b>	(1)	1	<b>1</b>	—	1
<b>Total ATCO Structures &amp; Logistics<sup>(2)</sup></b>	<b>32</b>	29	3	<b>59</b>	54	5

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO Structures & Logistics adjusted earnings of \$32 million and \$59 million in the second quarter and first six months of 2025 were \$3 million and \$5 million higher than the same periods in 2024. Higher adjusted earnings were mainly due to ATCO Structures' strong base business performance driven by increased workforce housing sale activity in Australia and Chile, increased permanent modular construction activity in Canada, increased space rental leasing activity in the US and Canada, and realized operating efficiencies within ATCO Frontec. Higher earnings were partially offset by ATCO Structures' lower workforce housing sale activity in the US and lower space rental sale activity in Australia.

Detailed information about the activities and financial results of the ATCO Structures & Logistics businesses is provided in the following sections.

## ATCO STRUCTURES

ATCO Structures manufactures, sells and leases space rental products, transportable workforce housing, and modular residential housing. 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. Residential housing manufactures and sells pre-fabricated, modular single- and multi-family homes.

ATCO Structures' adjusted earnings of \$32 million and \$58 million in the second quarter and first six months of 2025 were \$2 million and \$4 million higher than the same periods in 2024 mainly due to ATCO Structures' strong base business performance driven by increased workforce housing sale activity in Australia and Chile, increased permanent modular construction activity in Canada, and increased space rental leasing activity in the US and Canada. Higher earnings were partially offset by lower workforce housing sale activity in the US, and lower space rental sale activity in Australia.

The following table compares ATCO Structures' rental fleet for the second quarter and first six months of 2025 and 2024.

	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>Global Space Rentals</b>						
Number of units	<b>25,799</b>	24,462	5%	<b>25,799</b>	24,462	5%
Average utilization (%)	<b>75</b>	74	1%	<b>75</b>	73	2%
Average rental rate (\$ per month)	<b>813</b>	790	3%	<b>808</b>	782	3%
<b>Global Workforce Housing</b>						
Number of units	<b>2,393</b>	2,657	(10%)	<b>2,393</b>	2,657	(10%)
Average utilization (%)	<b>57</b>	60	(3%)	<b>58</b>	59	(1%)
Average rental rate (\$ per month)	<b>1,353</b>	1,382	(2%)	<b>1,373</b>	1,331	3%

## Rental Fleet

### Space Rentals

ATCO Structures continues to invest capital in Canada, the US and Australia to capture market share and execute its expansion strategy for its sustainable base business. ATCO Structures has increased the number of units on rent and realized higher average rental rates due to sustained higher demand for its space rentals fleet in these regions. Utilization follows a cyclical pattern with the North American construction season driving increased activity in the summer months. Current utilization levels ensure there is a mix of fleet available that is suitable for servicing the demands of a larger customer base.

### Workforce Housing

ATCO Structures is focused on maintaining the optimized level and mix of workforce housing fleet in Canada and the US. Strong demand for workforce housing product in Australia has driven fleet growth in the region. In line with the strategic expansion into housing shelter solutions, ATCO Structures introduced *Abode by ATCO*, which are rapidly deployable modular units with integrated amenities. These are intended to address urgent housing needs, particularly within vulnerable communities, including transitional housing, accommodations for those displaced by natural disasters, and facilities for seasonal workers.



## ATCO STRUCTURES RECENT DEVELOPMENTS

In the second quarter of 2025, ATCO Structures continued growing its market presence through organic strategic initiatives and investment in the base business, particularly in space rentals. This included expansion and optimization of the global rental fleet, and the addition of a new manufacturing facility in Australia. The introduction of *Abode by ATCO* expanded residential shelter offerings. Awarded contracts, such as those summarized below, illustrate the diversity of geographies and industries that ATCO Structures services and contribute to the resilience of its growth. These highlighted projects represent awards during the period and do not comprise all activity during the quarter.

### Canada

ATCO Structures was awarded three contracts to provide space rental, workforce housing, and permanent modular construction solutions supporting mining operations in Western Canada, air transportation in Central Canada, and for a women's transitional centre in Northern Canada. These noted awards total \$21 million and include sale and lease contracts.

## **United States**

ATCO Structures was awarded a Multiple Award Schedule contract by the US General Services Administration (GSA), enabling the sale of products and services to the US government directly through the GSA. Projects previously executed through GSA-certified contractors can now be bid on by and awarded directly to ATCO Structures.

ATCO Structures was awarded three contracts to provide space rental solutions, including highly-customized special-purpose complexes supporting traditional and nuclear power generation, and lithium mining operations. These awards comprise 85 modular units and total \$19 million.

## **Australia**

Manufacturing capabilities in Queensland were expanded with the addition of a new manufacturing location in Brisbane. This new location will alleviate capacity constraints in the region, enabling planned fleet expansion in Australia, and provide capacity to meet demand for infrastructure projects related to preparations for the 2032 Olympics in Brisbane.

ATCO Structures was awarded a \$22 million contract to relocate accommodations, central facilities, supporting infrastructure and equipment from a mine site to expand an existing accommodation camp, both located in the Pilbara region of Western Australia. The contract also includes provision for newly manufactured facilities that will be tied into existing services. This is the second award related to the relocation and expansion of this camp, bringing the total value of works awarded to \$34 million. ATCO Structures continues to prioritize the execution of previously disclosed workforce housing projects.

## **ATCO FRONTTEC**

ATCO Fronttec provides facility operations and maintenance services, workforce lodging and support services, defence operations services, and disaster and emergency management services.

ATCO Fronttec's adjusted earnings in the second quarter and first six months of 2025 were \$1 million higher than the same periods in 2024 mainly due to realized operating efficiencies and additional earnings from the Polar Over-the-Horizon Radar project. Higher earnings were partially offset by decreased client work requests and occupancy at the BC Hydro Site C camp.

## **ATCO FRONTTEC RECENT DEVELOPMENTS**

### **Mining Operations Award**

In the second quarter of 2025, Fronttec commenced mobilization for the operation of an existing 500-bed facility. This \$47 million three-year contract is in support of mining operations located in British Columbia, Canada.

# ATCO Investments



ATCO Investments incorporates our 40 per cent equity investment in Neltume Ports, and our wholly owned subsidiaries ATCO Land and Development, Ashcor, ATCO Energy, and Fresh Bites. ATCO Investments also includes ATCO Corporate & Other which contains the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses.

## REVENUES

Including intersegment eliminations, ATCO Investments' revenues of \$43 million and \$78 million in the second quarter and first six months of 2025 were \$33 million and \$64 million higher than the same periods in 2024 mainly due to additional revenues from ATCO Energy which was acquired from Canadian Utilities in the third quarter of 2024.

## ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>Investments</b>						
Neltume Ports	7	6	1	15	11	4
Other Investments <sup>(1)</sup>	5	2	3	10	—	10
<b>Total Investments <sup>(1)</sup></b>	<b>12</b>	<b>8</b>	<b>4</b>	<b>25</b>	<b>11</b>	<b>14</b>
ATCO Corporate & Other <sup>(1)</sup>	(6)	(3)	(3)	(8)	(1)	(7)
<b>Total ATCO Investments <sup>(2)</sup></b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>17</b>	<b>10</b>	<b>7</b>

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

Including intersegment eliminations, ATCO Investments' adjusted earnings of \$6 million and \$17 million in the second quarter and first six months of 2025 were \$1 million and \$7 million higher than the same periods in 2024 mainly due to additional earnings from ATCO Energy which was acquired in the third quarter of 2024, and favourable cargo mix and improved margins across operations within Neltume Ports' portfolio, partially offset by higher net interest expenses in ATCO Corporate & Other.

## Neltume Ports

Neltume Ports is a port operator and developer with a diversified portfolio of 17 multi-purpose, bulk cargo and container port facilities and 5 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil and the US.

Neltume Ports' adjusted earnings of \$7 million and \$15 million in the second quarter and first six months of 2025 were \$1 million and \$4 million higher than the same periods in 2024 mainly due to favourable cargo mix and improved margins across operations within the portfolio of ports.

## **Other Investments**

Other Investments includes ATCO Land & Development, Ashcor, ATCO Energy, and Fresh Bites. ATCO Land and Development is a commercial real estate business that holds investments for sale, lease or development. Ashcor is a company engaged in the recycling and marketing of ash, a waste byproduct of electricity generation. ATCO Energy provides retail electricity and natural gas services, home products, home maintenance services and professional home advice in Alberta, and includes our retail food services brand Blue Flame Kitchen. Fresh Bites is a food service company.

Adjusted earnings of \$5 million and \$10 million in the second quarter and first six months of 2025 were \$3 million and \$10 million higher than the same periods in 2024 mainly due to additional earnings from ATCO Energy which was acquired from Canadian Utilities in the third quarter of 2024. ATCO Energy's earnings were higher compared to the same periods in 2024 mainly due to increased commodity margins.

## **ATCO Corporate and Other**

ATCO Corporate & Other contains the global corporate head office in Calgary, Canada, ATCO licensing fees received, and financing expenses.

Adjusted earnings in the second quarter and first six months of 2025 were \$3 million and \$7 million lower than the same periods in 2024 mainly due to higher net interest expenses.

## **RECENT DEVELOPMENTS**

### **Neltume Ports**

#### ***Vancouver Bulk Terminal Joint Venture***

In May 2025, Vancouver Bulk Terminal, a joint venture between Neltume Ports and Nautilus International Holding Corporation, held a groundbreaking ceremony to mark the commencement of construction for the soda ash export bulk facility at Terminal 2 within the Port of Vancouver, Washington. This facility will have the capacity to export 3 million tonnes of soda ash annually and will support soda ash volumes from Solvay's Green River, Wyoming operations while providing additional export capacity to the North American soda ash industry. Soda ash plays a key role in the manufacturing of glass used for buildings, solar panels, containers, and vehicles. It is also vital for the production of lithium used in electric vehicle batteries and other electronics, and a fundamental ingredient in everyday items such as detergents, pharmaceuticals, and baking soda. The upgraded terminal is expected to be operational by late 2026.

#### ***Automobile International Terminal, LLC (AIT)***

On June 16, 2025, Neltume sold its 50 per cent interest in AIT to its 50/50 joint venture partner Terminal Zarate US, Inc. who now maintains full 100 per cent ownership of the port located in Mobile, Alabama.

# Canadian Utilities

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

## ATCO Energy Systems

### REVENUES

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

### ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2025	2024	Change	2025	2024	Change
<b>Electricity</b>						
Electricity Distribution <sup>(1)</sup>	19	14	5	41	35	6
Electricity Transmission <sup>(1)</sup>	23	26	(3)	47	50	(3)
International Electricity Operations <sup>(1)</sup>	7	7	—	15	14	1
<b>Total Electricity <sup>(1)</sup></b>	<b>49</b>	<b>47</b>	<b>2</b>	<b>103</b>	<b>99</b>	<b>4</b>
<b>Natural Gas</b>						
Natural Gas Distribution <sup>(1)</sup>	(3)	—	(3)	51	52	(1)
Natural Gas Transmission <sup>(1)</sup>	14	12	2	28	24	4
<b>Total Natural Gas <sup>(1)</sup></b>	<b>11</b>	<b>12</b>	<b>(1)</b>	<b>79</b>	<b>76</b>	<b>3</b>
<b>Total ATCO Energy Systems <sup>(2)</sup></b>	<b>60</b>	<b>59</b>	<b>1</b>	<b>182</b>	<b>175</b>	<b>7</b>

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO Energy Systems' adjusted earnings of \$60 million and \$182 million in the second quarter and first six months of 2025 were \$1 million and \$7 million higher than the same periods in 2024 mainly due to growth in rate base and cost efficiencies. Higher earnings were partially offset by a decrease in 2025 ROE which is set at 8.97 per cent compared to the 2024 rate of 9.28 per cent, and the completion of ECM funding of up to 0.5 per cent additional ROE in 2024 for Electricity Distribution and Natural Gas Distribution.

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

## **Electricity Distribution**

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

Electricity Distribution adjusted earnings of \$19 million and \$41 million in the second quarter and first six months of 2025 were \$5 million and \$6 million higher than the same periods in 2024 mainly due to growth in rate base and the timing of cost efficiencies, partially offset by the completion of ECM funding in 2024 and lower ROE in 2025.

## **Electricity Transmission**

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

Electricity Transmission adjusted earnings of \$23 million and \$47 million in the second quarter and first six months of 2025 were \$3 million lower than the same periods in 2024 mainly due to lower ROE in 2025.

## **International Electricity Operations**

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

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

International Electricity Operations adjusted earnings of \$7 million in the second quarter of 2025 were comparable to the same period in 2024.

International Electricity Operations adjusted earnings of \$15 million in the first six months of 2025 were \$1 million higher than the same period in 2024 mainly due to favourable foreign exchange rates and higher management fees as a result of inflation adjustments.

## **Natural Gas Distribution**

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

Natural Gas Distribution adjusted earnings in the second quarter and first six months of 2025 were \$3 million and \$1 million lower than the same periods in 2024 mainly due to the completion of ECM funding in 2024 and lower ROE in 2025, partially offset by growth in rate base and cost efficiencies.

## **Natural Gas Transmission**

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

Natural Gas Transmission adjusted earnings of \$14 million and \$28 million in the second quarter and first six months of 2025 were \$2 million and \$4 million higher than the same periods in 2024 mainly due to growth in rate base and cost efficiencies, partially offset by lower ROE in 2025.

## **ATCO ENERGY SYSTEMS RECENT DEVELOPMENTS**

### **Utility Infrastructure Projects**

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

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

expected in the third quarter of 2025. In addition, we continue to pursue equity partnership arrangements with Indigenous partners.

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

## **ATCO ENERGY SYSTEMS REGULATORY DEVELOPMENTS**

### **Common Matters**

#### ***Second Generation Performance Based Regulation (PBR2) Re-openers***

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

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

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

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

## ATCO EnPower

### REVENUES

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

### ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>Electricity Generation</b> <sup>(1)</sup>	(2)	4	(6)	(3)	3	(6)
<b>Storage &amp; Industrial Water</b> <sup>(1)</sup>	8	6	2	15	11	4
<b>Total ATCO EnPower</b> <sup>(2)</sup>	6	10	(4)	12	14	(2)

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO EnPower adjusted earnings of \$6 million and \$12 million in the second quarter and first six months of 2025 were \$4 million and \$2 million lower than the same periods in 2024 mainly due to lower compensation related to turbine availability guarantees at the Forty Mile wind facility, and lower generation and capture pricing realized at the Forty Mile Wind facility. Lower earnings were partially offset by stronger seasonal spreads in natural gas storage services.

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

### Electricity Generation

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

Electricity Generation adjusted earnings in the second quarter and first six months of 2025 were \$6 million lower compared to the same periods in 2024 mainly due to lower compensation related to turbine availability guarantees at the Forty Mile wind facility, and lower generation and capture pricing realized at the Forty Mile Wind facility.

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

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

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

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

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

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

### Storage & Industrial Water

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

Storage & Industrial Water adjusted earnings of \$8 million and \$15 million in the second quarter and first six months of 2025 were \$2 million and \$4 million higher compared to the same periods in 2024 mainly due to stronger seasonal spreads in natural gas storage services.

## ATCO Australia

### REVENUES

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

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

### ADJUSTED EARNINGS

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>ATCO Gas Australia</b> <sup>(1)</sup>	<b>10</b>	8	2	<b>16</b>	13	3
<b>ATCO Power Australia</b> <sup>(1)</sup>	<b>1</b>	1	—	<b>2</b>	2	—
<b>Total ATCO Australia</b> <sup>(2)</sup>	<b>11</b>	9	2	<b>18</b>	15	3

(1) Non-GAAP financial measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

ATCO Australia adjusted earnings of \$11 million and \$18 million in the second quarter and first six months of 2025 were \$2 million and \$3 million higher than the same periods in 2024 mainly due to higher rates in ATCO Gas Australia as a result of moving into AA6.

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

## ATCO Gas Australia

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

ATCO Gas Australia adjusted earnings of \$10 million and \$16 million in the second quarter and first six months of 2025 were \$2 million and \$3 million higher than the same periods in 2024 mainly due to higher rates as a result of moving into AA6.

## ATCO Power Australia

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

ATCO Power Australia adjusted earnings of \$1 million and \$2 million in the second quarter and first six months of 2025 were comparable to the same periods in 2024.

## Canadian Utilities Financing & Other

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

### REVENUES

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

### ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2025	2024	Change	2025	2024	Change
<b>Canadian Utilities Financing &amp; Other</b> <sup>(1)</sup>	<b>(14)</b>	(16)	2	<b>(27)</b>	(24)	(3)

(1) Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

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

Including intersegment eliminations, Financing & Other adjusted earnings in the first six months of 2025 were \$3 million lower compared to the same period in 2024 mainly due the decreased earnings contribution from ATCO Energy which was transferred to ATCO in the third quarter of 2024, and the timing of certain expenses.

### RECENT DEVELOPMENTS

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

## POLICY AND REGULATORY UPDATES

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

### CANADA

#### Canada's New Prime Minister, Mark Carney

On April 28, 2025, the Liberal Party secured a victory in the 2025 Canadian federal election. Mark Carney's campaign committed to making Canada the "world's leading superpower, in both clean and conventional energy". Their approach is defined by three objectives: energy security, trade diversification and long-term competitiveness. Post election, the Prime

Minister pledged to focus on addressing economic challenges, housing, defense, energy, trade, and affordability, particularly in response to US President Donald Trump's trade tariffs and threats.

### **Environmental Claims and the Competition Act**

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

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

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

### **US Tariffs on Canada**

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

## **ALBERTA**

### **Federal Carbon Tax Elimination**

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

### **Update on the Restructured Energy Market (REM)**

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

### **Bill 52: Energy and Utilities Statutes Amendment Act, 2025**

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

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

Alberta announced on May 12, 2025, an indefinite freeze of its industrial carbon price under the TIER Regulation at \$95 per tonne. This decision halts the planned escalation to \$110 per tonne in 2026 and the further increase to \$170 per tonne by 2030, as originally outlined with the Greenhouse Gas Pollution Pricing Act (GGPPA). The freeze aims to preserve the competitiveness of Alberta's industries, particularly in sectors like oil and gas, amid concerns over potential US tariffs and broader economic uncertainty. By freezing the price of carbon under the TIER Regulation to \$95 per CO<sub>2</sub>e tonne, it is uncertain whether the TIER Regulation will continue to be deemed equivalent to the GGPPA – and consequently, whether the federal government will require facilities in Alberta to comply with the emission pricing scheme under the GGPPA.

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

## Large Load Integration on Alberta's Electricity Grid

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

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

## Alberta and Ontario Memorandums of Understanding (MOU)

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

## Update on the Transmission Regulation

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

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

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

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

## SUSTAINABILITY

Within 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 and responsible manner to meet the needs of society today and for generations to come while delivering safe, reliable and affordable services.

### SUSTAINABILITY REPORTING

Our 2024 Sustainability Report, which was published on May 7, 2025, focuses on the following material topics:

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

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

The 2024 Sustainability Report, ESG Datasheet, materiality assessment, 2024 highlights, and other disclosures are available on our website at [www.atco.com](http://www.atco.com).

## OTHER EXPENSES AND INCOME

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

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Operating costs	<b>694</b>	697	(3)	<b>1,459</b>	1,379	80
Depreciation and amortization	<b>211</b>	201	10	<b>420</b>	400	20
Earnings from investment in associate company	<b>7</b>	6	1	<b>15</b>	11	4
Earnings from investment in joint ventures	<b>19</b>	17	2	<b>40</b>	37	3
Net finance costs	<b>117</b>	112	5	<b>236</b>	225	11
Income tax expense	<b>32</b>	30	2	<b>109</b>	110	(1)

## **OPERATING COSTS**

Operating costs, which are total costs and expenses less depreciation and amortization, decreased by \$3 million in the second quarter of 2025 compared to the same period in 2024. Lower operating costs were mainly due to lower prices for retail electricity in ATCO Energy, and higher restructuring costs incurred in the second quarter of 2024, partially offset by increased material costs due to higher project activity in ATCO Structures.

Operating costs, which are total costs and expenses less depreciation and amortization, increased by \$80 million in the first six months of 2025 compared to the same period in 2024. Higher operating costs were mainly due to increased material costs due to higher project activity in ATCO Structures, higher flow-through expense in Natural Gas Distribution for third-party franchise and transmission fees, and the recognition of transition costs related to activities to shift the managed information technology (IT) services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. Increased costs were partially offset by lower prices for retail electricity in ATCO Energy, and higher restructuring costs incurred in the second quarter of 2024.

## **DEPRECIATION AND AMORTIZATION**

Depreciation and amortization increased by \$10 million and \$20 million in the second quarter and first six months of 2025 compared to the same periods in 2024 mainly due to ongoing capital investment in the Regulated Utilities, and ATCO Structures' increase in global rental fleet assets.

## **EARNINGS FROM INVESTMENT IN ASSOCIATE COMPANY**

Earnings from investment in associate company relate to our 40 per cent ownership interest in Neltume Ports, a port operator and developer with a diversified portfolio of 17 multi-purpose, bulk cargo and container port facilities and 5 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil and the US.

Earnings from investment in associate company in the second quarter and first six months of 2025 were \$1 million and \$4 million higher than the same periods in 2024 mainly due to favourable cargo mix and improved margins across operations within 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; electricity operations in the Northwest Territories including Naka Power Utilities (NWT) and Naka Power Utilities (Yellowknife); LUMA Energy electricity operations and maintenance in Puerto Rico; and the Strathcona Storage Limited Partnership, which operates hydrocarbon storage facilities at the ATCO Heartland Energy Centre near Fort Saskatchewan, Alberta.

Earnings from investment in joint ventures in the second quarter and first six months of 2025 were \$2 million and \$3 million higher than the same periods in 2024 mainly due to favourable foreign exchange rates and higher management fees as a result of inflation adjustments for LUMA Energy, and additional earnings from the Polar Over-the-Horizon Radar project and realized operating efficiencies within ATCO Frontec's joint ventures.

## **NET FINANCE COSTS**

Net finance costs increased by \$5 million and \$11 million in the second quarter and first six months of 2025 compared to the same periods in 2024 mainly due to lower interest income primarily resulting from lower interest rates in 2025 on cash investments.

## **INCOME TAX EXPENSE**

Income taxes were higher by \$2 million in the second quarter of 2025 compared to the same period in 2024 mainly due to higher IFRS earnings before income taxes, partially offset by investment tax credits and previously unrecognized deferred income taxes.

Income taxes were lower by \$1 million in the first six months of 2025 compared to the same period in 2024, primarily due to investment tax credits and previously unrecognized deferred income taxes and tax differences arising from equity earnings.

# LIQUIDITY AND CAPITAL RESOURCES

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

## CREDIT RATINGS

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

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

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

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

## LINES OF CREDIT

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

(\$ millions)	Total	Used	Available
Long-term committed	<b>3,563</b>	1,210	2,353
Uncommitted	<b>715</b>	240	475
Total	<b>4,278</b>	1,450	2,828

Of the \$4,278 million in total lines of credit, \$715 million was in the form of uncommitted credit facilities with no set maturity date. The other \$3,563 million in credit lines was committed with maturities between 2026 and 2028, and may be extended at the option of the lenders.

Of the \$1,450 million in lines of credit used, \$642 million was related to ATCO Gas Australia. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia's term debt financing needs. The majority of the remaining usage is related to the funding needs in ATCO EnPower, the issuance of Canadian Utilities' letters of credit, short-term funding within CU Inc. to bridge to the annual long-term debenture issuance, and ATCO Structures & Logistics' expansion of its global rental fleet and working capital needs on workforce housing projects.

## CONSOLIDATED CASH FLOWS

At June 30, 2025, the Company's cash position was \$191 million. This represents an increase of \$161 million compared to the cash position at June 30, 2024. Cash movements for the second quarter and first six months of 2025 and 2024 are outlined in the following table:

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
Cash position, beginning of period	140	92	48	94	288	(194)
Cash from (used in):						
Operating activities	513	564	(51)	1,270	1,118	152
Investing activities	(447)	(345)	(102)	(877)	(722)	(155)
Financing activities	(17)	(282)	265	(300)	(653)	353
Foreign currency translation	2	1	1	4	(1)	5
Cash position, end of the period	191	30	161	191	30	161

The opening cash position of \$140 million in the second quarter of 2025 was \$48 million higher compared to the opening cash position for the second quarter of 2024 mainly due to the timing of debt issuances.

The opening cash position of \$94 million in the first six months of 2025 was \$194 million lower compared to the opening cash position for the first six months of 2024 mainly due to funding of capital projects throughout 2024.

### Operating Activities

Cash flows from operating activities were \$513 million in the second quarter of 2025, \$51 million lower than the same period in 2024 mainly due to the timing of collections of receivables, partially offset by increased earnings within ATCO Energy Systems, ATCO Structures, and ATCO Australia.

Cash flows from operating activities were \$1,270 million in the first six months of 2025, \$152 million higher than the same period in 2024 mainly due to the timing of settlements of accounts payables and increased earnings within ATCO Energy Systems, ATCO Structures, and ATCO Australia.

### Investing Activities

Cash flows used in investing activities were \$447 million and \$877 million in the second quarter and first six months of 2025, \$102 million and \$155 million higher than the same periods in 2024 mainly due to increased capital expenditures related to ongoing system upgrades and growth projects for new customers in the Regulated Utilities, capital spending on rental fleet additions in ATCO Structures, and ongoing development projects in ATCO EnPower. Increases in the first six months of 2025 were partially offset by the timing of settlement of accounts payable for capital projects.

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

### Cash Used for Capital Investment and Capital Expenditures

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

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>ATCO Structures &amp; Logistics</b>	<b>52</b>	40	12	<b>103</b>	69	34
<b>ATCO Investments</b>	<b>7</b>	2	5	<b>14</b>	5	9
	<b>59</b>	42	17	<b>117</b>	74	43
<b>Canadian Utilities</b>						
<b>ATCO Energy Systems</b>						
Electricity	<b>146</b>	147	(1)	<b>337</b>	297	40
Natural Gas	<b>192</b>	136	56	<b>346</b>	267	79
	<b>338</b>	283	55	<b>683</b>	564	119
<b>ATCO EnPower</b>	<b>15</b>	15	—	<b>45</b>	29	16
<b>ATCO Australia</b>	<b>24</b>	22	2	<b>45</b>	38	7
<b>CU Financing &amp; Other</b>	<b>5</b>	2	3	<b>10</b>	7	3
<b>Canadian Utilities Total Capital Expenditures</b> <sup>(1)(2)</sup>	<b>382</b>	322	60	<b>783</b>	638	145
<b>ATCO Total Capital Expenditures</b>	<b>441</b>	364	77	<b>900</b>	712	188
<b>Capital Expenditures in joint ventures</b>						
<b>ATCO Energy Systems</b>						
Electricity	<b>1</b>	—	1	<b>1</b>	1	—
<b>ATCO EnPower</b>	<b>1</b>	1	—	<b>2</b>	2	—
<b>Business Combination</b>						
<b>ATCO Structures &amp; Logistics</b>	<b>—</b>	—	—	<b>3</b>	—	3
<b>Canadian Utilities Total Capital Investment</b> <sup>(3)</sup>	<b>384</b>	323	61	<b>786</b>	641	145
<b>ATCO Total Capital Investment</b> <sup>(3)</sup>	<b>443</b>	365	78	<b>906</b>	715	191

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

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

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

Total capital investment of \$443 million and \$906 million in the second quarter and first six months of 2025 was \$78 million and \$191 million higher compared to the same periods in 2024 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead in Natural Gas Transmission and CETO in Electricity Transmission, increased capital spending on rental fleet additions in ATCO Structures, largely in the US, and the Atlas Carbon Storage Hub project in ATCO EnPower.

Total capital expenditures of \$441 million and \$900 million in the second quarter and first six months of 2025 were \$77 million and \$188 million higher compared to the same periods in 2024 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

## Financing Activities

Cash flows used in financing activities were \$17 million and \$300 million in the second quarter and first six months of 2025, \$265 million and \$353 million lower compared to the same periods in 2024 mainly due to increased debt issuances related to growth projects for new customers in the Regulated Utilities and other project activities, and higher net repayment of debt in the first quarter of 2024.

Information pertaining to financing activities is summarized below.

### Debt Issuances

In May 2025, ATCO Ltd. issued \$250 million of 3.878 per cent senior unsecured notes maturing on May 27, 2030. The proceeds from the issuance were used to repay outstanding indebtedness under its extendible revolving credit facilities that bear interest at Canadian Overnight Repo Rate Average (CORRA) plus an applicable margin.

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

### **Dividends and Common Shares**

We have increased our common share dividend each year since 1993, a 32-year track record. Dividends paid to Class I Share and Class II Share owners totalled \$56 million and \$113 million in the second quarter and first six months of 2025.

On July 10, 2025, the Board of Directors declared a second quarter dividend of 50.45 cents per share. The payment of any dividend is at the discretion of the Board of Directors and depends on our financial condition and other factors.

### **Normal Course Issuer Bid (NCIB)**

We believe that, from time to time, the market price of our Class 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 13, 2025, ATCO commenced an NCIB to purchase up to 1,996,301 outstanding Class I Shares. The bid will expire on March 12, 2026. To date, no shares have been purchased.

### **Base Shelf Prospectus - Canadian Utilities**

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

## **SHARE CAPITAL**

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

At July 29, 2025, we had outstanding 100,101,492 Class I Shares, 12,424,987 Class II Shares, and options to purchase 2,538,999 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, 7,276,400 Class I Shares were available for issuance at June 30, 2025. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

# QUARTERLY INFORMATION

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

(\$ millions, except for per share data)	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues	1,116	1,390	1,411	<b>1,158</b>
Earnings attributable to Class I and Class II Shares	93	138	144	<b>64</b>
Earnings per Class I and Class II Share (\$)	0.83	1.23	1.28	<b>0.57</b>
Diluted earnings per Class I and Class II Share (\$)	0.83	1.23	1.28	<b>0.57</b>
Adjusted earnings per Class I and Class II Share (\$) <sup>(1)</sup>	0.81	1.30	1.43	<b>0.90</b>
Adjusted earnings (loss) <sup>(2)</sup>				
ATCO Structures & Logistics <sup>(2)</sup>	26	24	27	<b>32</b>
ATCO Investments <sup>(2)</sup>	12	15	11	<b>6</b>
Canadian Utilities <sup>(2)</sup>				
ATCO Energy Systems <sup>(2)</sup>	49	109	122	<b>60</b>
ATCO EnPower <sup>(2)</sup>	7	2	6	<b>6</b>
ATCO Australia <sup>(2)</sup>	8	2	7	<b>11</b>
Canadian Utilities Financing & Other <sup>(2)</sup>	(11)	(6)	(13)	<b>(14)</b>
Total adjusted earnings <sup>(2)</sup>	91	146	160	<b>101</b>
(\$ millions, except for per share data)	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Revenues	1,058	1,221	1,324	1,112
Earnings attributable to Class I and Class II Shares	91	95	147	52
Earnings per Class I and Class II Share (\$)	0.80	0.85	1.31	0.46
Diluted earnings per Class I and Class II Share (\$)	0.80	0.85	1.31	0.46
Adjusted earnings per Class I and Class II Share (\$) <sup>(1)</sup>	0.71	1.13	1.32	0.86
Adjusted earnings (loss) <sup>(2)</sup>				
ATCO Structures & Logistics <sup>(2)</sup>	28	14	25	29
ATCO Investments <sup>(2)</sup>	8	11	5	5
Canadian Utilities <sup>(2)</sup>				
ATCO Energy Systems <sup>(2)</sup>	47	94	116	59
ATCO EnPower <sup>(2)</sup>	4	8	4	10
ATCO Australia <sup>(2)</sup>	9	6	6	9
Canadian Utilities Financing & Other <sup>(2)</sup>	(15)	(6)	(8)	(16)
Total adjusted earnings <sup>(2)</sup>	81	127	148	96

(1) Non-GAAP ratio. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

(2) Total of segments measures. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

Our financial results for the previous eight quarters reflect the cyclical demand for workforce housing and seasonality with our 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 third quarter of 2024 were higher compared to the same period in 2023 mainly due to ATCO Structures' increased space rentals activity in most geographies and improved workforce housing trade sale performance, growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, and higher interest income earned on corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and ATCO Frontec's provision regarding the potential collectability of a customer's receivables.

Adjusted earnings in the fourth quarter of 2024 were higher compared to the same period in 2023 mainly due to ATCO Structures' strong base business performance driven by increased space rentals activity in most geographies and improved workforce housing trade sale performance in Canada, the US and Australia, ATCO Energy Systems' growth in rate base and

an increase in ROE, and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher adjusted earnings were partially offset by lower realized pricing at the renewable facilities and a non-recurring recovery received in the fourth quarter of 2023 in ATCO EnPower's Storage & Industrial Water business, and the impact of inflation indexing in ATCO Australia.

Adjusted earnings in the first quarter of 2025 were higher compared to the same period in 2024 mainly due to ATCO Structures' strong base business performance driven by increased workforce housing sale activity in Australia and improved space rentals fleet performance in most geographies, growth in rate base in ATCO Energy Systems' businesses, and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, and completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution.

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

### **EARNINGS ATTRIBUTABLE TO 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 fourth quarter of 2023, the Company recognized an impairment of \$19 million (after-tax and non-controlling interests) mainly related to certain computer software assets which are not expected to be used in the Company.
- In the fourth quarter of 2023, the Company accrued income taxes and interest of \$15 million relating to the 2009-2016 reassessment notices received from the Portuguese Tax Authority.
- In 2024, the Company recorded restructuring costs of \$23 million (after-tax and non-controlling interests) in the second quarter, \$6 million (after-tax and non-controlling interests) in the third quarter, and \$4 million (after-tax and non-controlling interests) in the fourth quarter, mainly related to staff reductions and associated severance costs.
- In the second quarter of 2024, the Company recorded a \$4 million (after-tax and non-controlling interests) reduction to earnings related to an AUC enforcement decision on two historical matters the Electric Transmission business had self-reported to AUC Enforcement staff.
- In the third quarter of 2024, the transfer of ownership of ATCO Energy from Canadian Utilities to ATCO was completed. Canadian Utilities recorded a loss of \$14 million (\$7 million after non-controlling interests) which is eliminated on consolidation with ATCO.
- In the first quarter of 2025, the Company recorded restructuring costs of \$8 million (after-tax and non-controlling interests) mainly related to staff reductions and associated severance costs.
- In the first and second quarters of 2025, the Company recognized IT transition costs of \$5 million (after-tax and non-controlling interests) and \$3 million (after-tax and non-controlling interests), respectively. The transition costs were primarily related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.

# OTHER FINANCIAL AND NON-GAAP MEASURES

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

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

## TOTAL OF SEGMENTS MEASURES

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

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

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

## NON-GAAP FINANCIAL MEASURES

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

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

Adjusted earnings (loss) are defined as earnings (loss) 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 (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.

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

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

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

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

#### **NON-GAAP RATIO**

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

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

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

Adjusted earnings (loss) are earnings (loss) 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 (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.

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

The following tables reconcile adjusted earnings (loss) to the directly measurable financial measure, earnings (loss) attributable to Class I and Class II shares.

Three Months Ended  
June 30

(\$ millions)

2025 2024	ATCO Ltd.							ATCO Consolidated
	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Consolidated	
Revenues	<b>273</b>	<b>43</b>	<b>708</b>	<b>71</b>	<b>60</b>	<b>3</b>	<b>842</b>	<b>1,158</b>
	242	10	703	69	62	26	860	1,112
Adjusted earnings (loss)	<b>32</b>	<b>6</b>	<b>60</b>	<b>6</b>	<b>11</b>	<b>(14)</b>	<b>63</b>	<b>101</b>
	29	5	59	10	9	(16)	62	96
Restructuring	—	—	—	—	—	—	—	—
	(4)	—	(17)	(1)	(1)	—	(19)	(23)
Transition of managed IT services	<b>(1)</b>	—	<b>(1)</b>	<b>(1)</b>	—	—	<b>(2)</b>	<b>(3)</b>
	—	—	—	—	—	—	—	—
Unrealized losses on mark-to-market forward and swap commodity contracts	—	<b>(21)</b>	—	<b>(1)</b>	—	—	<b>(1)</b>	<b>(22)</b>
	—	—	—	—	—	(11)	(11)	(11)
Rate-regulated activities	—	—	<b>(5)</b>	—	<b>(6)</b>	—	<b>(11)</b>	<b>(11)</b>
	—	—	—	—	(4)	—	(4)	(4)
IT Common Matters decision	—	—	—	—	—	—	—	—
	—	—	(2)	—	—	—	(2)	(2)
ATCO Electric settlement	—	—	—	—	—	—	—	—
	—	—	(4)	—	—	—	(4)	(4)
Other	—	—	—	<b>(1)</b>	—	—	<b>(1)</b>	<b>(1)</b>
	—	—	—	—	—	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	<b>31</b>	<b>(15)</b>	<b>54</b>	<b>3</b>	<b>5</b>	<b>(14)</b>	<b>48</b>	<b>64</b>
	25	5	36	9	4	(27)	22	52

(\$ millions)

2025	ATCO Ltd.							ATCO Consolidated
	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Consolidated	
2024								
Revenues	<b>564</b>	<b>78</b>	<b>1,634</b>	<b>169</b>	<b>117</b>	<b>7</b>	<b>1,927</b>	<b>2,569</b>
	471	14	1,590	160	115	86	1,951	2,436
Adjusted earnings (loss)	<b>59</b>	<b>17</b>	<b>182</b>	<b>12</b>	<b>18</b>	<b>(27)</b>	<b>185</b>	<b>261</b>
	54	10	175	14	15	(24)	180	244
Restructuring	<b>—</b>	<b>(1)</b>	<b>(5)</b>	<b>(1)</b>	<b>(1)</b>	<b>—</b>	<b>(7)</b>	<b>(8)</b>
	(4)	—	(17)	(1)	(1)	—	(19)	(23)
Transition of managed IT services	<b>(1)</b>	<b>(1)</b>	<b>(5)</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>(6)</b>	<b>(8)</b>
	—	—	—	—	—	—	—	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	<b>—</b>	<b>(26)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(26)</b>
	—	—	—	2	—	(7)	(5)	(5)
Rate-regulated activities	<b>—</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>(10)</b>	<b>—</b>	<b>(9)</b>	<b>(9)</b>
	—	—	(1)	—	(7)	—	(8)	(8)
IT Common Matters decision	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>(1)</b>
	—	—	(5)	—	—	—	(5)	(5)
ATCO Electric settlement	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
	—	—	(4)	—	—	—	(4)	(4)
Other	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>(1)</b>
	—	—	—	—	—	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	<b>58</b>	<b>(11)</b>	<b>172</b>	<b>9</b>	<b>7</b>	<b>(27)</b>	<b>161</b>	<b>208</b>
	50	10	148	15	7	(31)	139	199

## RESTRUCTURING

The Company recorded restructuring costs of nil and \$8 million (after-tax and non-controlling interests) in the second quarter and first six months of 2025 (2024 - \$23 million and \$23 million (after-tax and non-controlling interests)), mainly related to staff reductions and associated severance costs. This restructuring is a continuation of the restructuring activities commenced in 2024. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

## TRANSITION OF MANAGED IT SERVICES

The Company recognized IT transition costs of \$3 million and \$8 million (after-tax and non-controlling interests) in the second quarter and first six months of 2025. The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and will be completed in 2025. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

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

The Company's electricity generation and electricity and natural gas retail businesses enter 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 fixed-price swap commodity contracts where hedge accounting is not applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss related to both the electricity generation business and retail business are recognized in the ATCO EnPower and ATCO Investments segments, respectively.

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

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

## RATE-REGULATED ACTIVITIES

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

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

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

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

Timing Adjustment	Items	RRA Treatment	IFRS Treatment
<b>Additional revenues billed in current period</b>	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.
<b>Revenues to be billed in future periods</b>	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.
<b>Regulatory decisions received</b>	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize earnings from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS Accounting Standards.
<b>Settlement of regulatory decisions and other items</b>	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes earnings when customer rates are changed and amounts are recovered or refunded to customers through future billings.

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

(\$ millions)	Three Months Ended June 30			Six Months Ended June 30		
	2025	2024	Change	2025	2024	Change
<b>Additional revenues billed in current period</b>						
Future removal and site restoration costs <sup>(1)</sup>	17	17	—	34	33	1
Impact of colder temperatures <sup>(2)</sup>	—	—	—	—	2	(2)
<b>Revenues to be billed in future periods</b>						
Deferred income taxes <sup>(3)</sup>	(17)	(16)	(1)	(36)	(33)	(3)
Impact of warmer temperatures <sup>(2)</sup>	(4)	(1)	(3)	(4)	—	(4)
Impact of inflation on rate base <sup>(4)</sup>	(3)	(2)	(1)	(6)	(5)	(1)
<b>Settlement of regulatory decisions and other items</b>						
Other	(4)	(2)	(2)	3	(5)	8
	(11)	(4)	(7)	(9)	(8)	(1)

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

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

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

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

## IT COMMON MATTERS DECISION

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings for the second quarter and first six months of 2025 was nil and \$1 million (after-tax and non-controlling interests) (2024 - \$2 million and \$5 million (after-tax and non-controlling interests)).

## ATCO ELECTRIC SETTLEMENT

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

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

**ATCO Structures & Logistics**

The following tables reconcile adjusted earnings (loss) for the ATCO Structures & Logistics business unit to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II shares.

Three Months Ended  
June 30

(\$ millions)

2025	ATCO Ltd.		
	Structures	Frontec	ATCO Structures & Logistics
2024			
Adjusted earnings (loss)	<b>32</b>	—	<b>32</b>
	30	(1)	29
Restructuring	—	—	—
	(1)	(3)	(4)
Transition of managed IT services	<b>(1)</b>	—	<b>(1)</b>
	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	<b>31</b>	—	<b>31</b>
	29	(4)	25

Six Months Ended  
June 30

(\$ millions)

2025	ATCO Ltd.		
	Structures	Frontec	ATCO Structures & Logistics
2024			
Adjusted earnings	<b>58</b>	<b>1</b>	<b>59</b>
	54	—	54
Restructuring	—	—	—
	(1)	(3)	(4)
Transition of managed IT services	<b>(1)</b>	—	<b>(1)</b>
	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	<b>57</b>	<b>1</b>	<b>58</b>
	53	(3)	50

## ATCO Investments

The following tables reconcile adjusted earnings (loss) for the ATCO Investments to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II Shares.

Three Months Ended  
June 30

(\$ millions)

2025	ATCO Ltd.				
	Investments			ATCO Corporate & Other	ATCO Investments
	Nettime Ports	Other Investments	Consolidated Investments		
2024					
Adjusted earnings (loss)	7	5	12	(6)	6
	6	2	8	(3)	5
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(21)	(21)	—	(21)
	—	—	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	7	(16)	(9)	(6)	(15)
	6	2	8	(3)	5

Six Months Ended  
June 30

(\$ millions)

2025	ATCO Ltd.				
	Investments			ATCO Corporate & Other	ATCO Investments
	Nettime Ports	Other Investments	Consolidated Investments		
2024					
Adjusted earnings (loss)	15	10	25	(8)	17
	11	—	11	(1)	10
Restructuring	—	—	—	(1)	(1)
	—	—	—	—	—
Transition of managed IT services	—	(1)	(1)	—	(1)
	—	—	—	—	—
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(26)	(26)	—	(26)
	—	—	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	15	(17)	(2)	(9)	(11)
	11	—	11	(1)	10

## ATCO Energy Systems

The following tables reconcile adjusted earnings (loss) for the ATCO Energy Systems business unit to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II Shares.

Three Months Ended  
June 30

(\$ millions)

2025 2024	Canadian Utilities Limited							
	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
Adjusted earnings (loss)	<b>19</b>	<b>23</b>	<b>7</b>	<b>49</b>	<b>(3)</b>	<b>14</b>	<b>11</b>	<b>60</b>
	14	26	7	47	—	12	12	59
Restructuring	—	—	—	—	—	—	—	—
	(4)	(3)	—	(7)	(8)	(2)	(10)	(17)
Transition of managed IT services	—	—	—	—	<b>(1)</b>	—	<b>(1)</b>	<b>(1)</b>
	—	—	—	—	—	—	—	—
Rate-regulated activities	<b>(5)</b>	<b>(1)</b>	—	<b>(6)</b>	<b>2</b>	<b>(1)</b>	<b>1</b>	<b>(5)</b>
	(1)	(1)	—	(2)	5	(3)	2	—
IT Common Matters decision	—	—	—	—	—	—	—	—
	(1)	—	—	(1)	(1)	—	(1)	(2)
ATCO Electric settlement	—	—	—	—	—	—	—	—
	—	(4)	—	(4)	—	—	—	(4)
Earnings (loss) attributable to Class I and Class II Shares	<b>14</b>	<b>22</b>	<b>7</b>	<b>43</b>	<b>(2)</b>	<b>13</b>	<b>11</b>	<b>54</b>
	8	18	7	33	(4)	7	3	36

Six Months Ended  
June 30

(\$ millions)

2025 2024	Canadian Utilities Limited							
	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas	
Adjusted earnings	<b>41</b>	<b>47</b>	<b>15</b>	<b>103</b>	<b>51</b>	<b>28</b>	<b>79</b>	<b>182</b>
	35	50	14	99	52	24	76	175
Restructuring	<b>(2)</b>	<b>(1)</b>	—	<b>(3)</b>	<b>(1)</b>	<b>(1)</b>	<b>(2)</b>	<b>(5)</b>
	(4)	(3)	—	(7)	(8)	(2)	(10)	(17)
Transition of managed IT services	<b>(2)</b>	—	—	<b>(2)</b>	<b>(3)</b>	—	<b>(3)</b>	<b>(5)</b>
	—	—	—	—	—	—	—	—
Rate-regulated activities	<b>(5)</b>	<b>(5)</b>	—	<b>(10)</b>	<b>14</b>	<b>(3)</b>	<b>11</b>	<b>1</b>
	(8)	(4)	—	(12)	13	(2)	11	(1)
IT Common Matters decision	<b>(1)</b>	—	—	<b>(1)</b>	—	—	—	<b>(1)</b>
	(2)	(1)	—	(3)	(2)	—	(2)	(5)
ATCO Electric settlement	—	—	—	—	—	—	—	—
	—	(4)	—	(4)	—	—	—	(4)
Earnings attributable to Class I and Class II Shares	<b>31</b>	<b>41</b>	<b>15</b>	<b>87</b>	<b>61</b>	<b>24</b>	<b>85</b>	<b>172</b>
	21	38	14	73	55	20	75	148

## ATCO EnPower

The following tables reconcile adjusted earnings (loss) for the ATCO EnPower business unit to the directly comparable financial measure, earnings (loss) attributable to Class I and Class II shares.

		Three Months Ended June 30		
(\$ millions)		Canadian Utilities Limited		
2025	2024	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)		(2)	8	6
		4	6	10
Restructuring		—	—	—
		—	(1)	(1)
Transition of managed IT services		—	(1)	(1)
		—	—	—
Unrealized losses on mark-to-market forward and swap commodity contracts		(1)	—	(1)
		—	—	—
Other		(1)	—	(1)
		—	—	—
Earnings (loss) attributable to Class I and Class II Shares		(4)	7	3
		4	5	9

		Six Months Ended June 30		
(\$ millions)		Canadian Utilities Limited		
2025	2024	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)		(3)	15	12
		3	11	14
Restructuring		—	(1)	(1)
		—	(1)	(1)
Transition of managed IT services		—	(1)	(1)
		—	—	—
Unrealized gains on mark-to-market forward and swap commodity contracts		—	—	—
		2	—	2
Other		(1)	—	(1)
		—	—	—
Earnings (loss) attributable to Class I and Class II Shares		(4)	13	9
		5	10	15

## ATCO Australia

The following tables reconcile adjusted earnings for the ATCO Australia business unit to the directly comparable financial measure, earnings attributable to Class I and Class II shares.

<i>(\$ millions)</i>		Three Months Ended June 30		
<b>2025</b>	Canadian Utilities Limited			
2024	ATCO Gas Australia	ATCO Power Australia	ATCO Australia	
Adjusted earnings	10	1	11	
	8	1	9	
Restructuring	—	—	—	
	(1)	—	(1)	
Rate-regulated activities	(6)	—	(6)	
	(4)	—	(4)	
Earnings attributable to Class I and Class II Shares	4	1	5	
	3	1	4	

<i>(\$ millions)</i>		Six Months Ended June 30		
<b>2025</b>	Canadian Utilities Limited			
2024	ATCO Gas Australia	ATCO Power Australia	ATCO Australia	
Adjusted earnings	16	2	18	
	13	2	15	
Restructuring	(1)	—	(1)	
	(1)	—	(1)	
Rate-regulated activities	(10)	—	(10)	
	(7)	—	(7)	
Earnings attributable to Class I and Class II Shares	5	2	7	
	5	2	7	

# RECONCILIATION OF CAPITAL INVESTMENT TO CAPITAL EXPENDITURES

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

Three Months Ended  
June 30

(\$ millions)

2025	ATCO Ltd.							ATCO Consolidated
	ATCO Structures & Logistics	ATCO Investments	Canadian Utilities Limited				Consolidated	
ATCO Energy Systems			ATCO EnPower	ATCO Australia	CU Financing & Other			
2024								
Capital Investment	52	7	339	16	24	5	384	443
	40	2	283	16	22	2	323	365
Capital Expenditures in joint ventures	—	—	(1)	(1)	—	—	(2)	(2)
	—	—	—	(1)	—	—	(1)	(1)
Capital Expenditures	52	7	338	15	24	5	382	441
	40	2	283	15	22	2	322	364

Six Months Ended  
June 30

(\$ millions)

2025	ATCO Ltd.							ATCO Consolidated
	ATCO Structures & Logistics	ATCO Investments	Canadian Utilities Limited				Consolidated	
ATCO Energy Systems			ATCO EnPower	ATCO Australia	CU Financing & Other			
2024								
Capital Investment	106	14	684	47	45	10	786	906
	69	5	565	31	38	7	641	715
Capital Expenditures in joint ventures	—	—	(1)	(2)	—	—	(3)	(3)
	—	—	(1)	(2)	—	—	(3)	(3)
Business combinations <sup>(1)</sup>	(3)	—	—	—	—	—	—	(3)
	—	—	—	—	—	—	—	—
Capital Expenditures	103	14	683	45	45	10	783	900
	69	5	564	29	38	7	638	712

(1) The ATCO Structures & Logistics business combination refers to the acquisition of NRB Limited in August 2024 and the final adjustment completed in the first quarter of 2025.

# OTHER FINANCIAL INFORMATION

## INTERNAL CONTROL OVER FINANCIAL REPORTING

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

## FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this MD&A includes, but is not limited to, references to: the payment of dividends and expected dividend growth; strategic and growth plans and opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; expectations regarding ATCO Structures' and ATCO Frontec's various projects, including *Abode by ATCO* and the resiliency of ATCO Structures' growth; the construction of a soda ash export bulk facility at Terminal 2 within the Port of Vancouver, Washington, the export capacity expected when construction is complete and the expected operational date of the facility; the continuation of LUMA Energy's operations under the Supplemental Agreement; the transition to year one under the Operations and Maintenance Agreement after PREPA's bankruptcy is resolved; expectations regarding Yellowhead, including the anticipated size and specifications of the project, the anticipated total investment in the project, the anticipated timing for and number of regulatory applications and decisions, the expected timing for commencement of construction of the project, and expectations regarding equity partnership arrangements with Indigenous partners on the project; expectations regarding CETO, including the anticipated size, capacity and benefits of the project, the anticipated timing for fall season construction and energization of the project, and the anticipated total investment in the project; expectations regarding the PBR2 re-opener proceedings, including timing expectations, scope of the proceedings, and anticipated outcomes; the expected impact of new legislation; the expected timing and impact of policy and regulatory decisions and new policy and regulatory announcements; and the Company's liquidity, capital resources, contractual financial obligations and other commitments.

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

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things: risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws and regulations and the interpretation and manner of enforcement of such laws and regulations; changes to government policies; regulatory decisions; competitive factors in the industries in which the Company operates; evolving market or economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, infrastructure, and future

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

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

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

## **ADDITIONAL INFORMATION**

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

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

# GLOSSARY

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

**AESO** means Alberta Electric System Operator.

**AUC** means the Alberta Utilities Commission.

**Class 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 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 ATCO Energy Systems. These contributions are made when the estimated revenue is less than the cost of providing service.

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

**ECM** means efficiency carry-over mechanism.

**GAAP** means Canadian generally accepted accounting principles.

**IFRS** means International Financial Reporting Standards.

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

**PPA** means Power Purchase Agreement.

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

**ROE** means return on equity.

# APPENDIX 1: SUPPLEMENTAL NON-AUDITED FINANCIAL INFORMATION

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

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

## SUPPLEMENTAL INFORMATION

### Adjusted EBITDA

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

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

### ATCO Structures

The following table reconciles adjusted EBITDA for ATCO Structures to adjusted earnings<sup>(2)</sup> for the second quarter and first six months of 2025 and 2024. A reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Class I And Class II Shares" in this MD&A.

(\$ millions)	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Adjusted Earnings <sup>(1)</sup>	32	30	58	54
Add:				
Interest expense	4	3	8	6
Income tax	11	11	20	20
Depreciation and amortization	23	20	46	39
<b>Total Adjusted EBITDA<sup>(1)</sup></b>	<b>70</b>	<b>64</b>	<b>132</b>	<b>119</b>

(1) Non-GAAP financial measures.

<sup>(1)</sup> Non-GAAP financial measure as defined in NI 52-112.

<sup>(2)</sup> Adjusted earnings (loss) are defined as earnings (loss) 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 (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.

## ATCO EnPower

The following tables reconcile adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings <sup>(1)</sup> for the second quarter and first six months of 2025 and 2024. A reconciliation of adjusted earnings to earnings attributable to Class I and Class II Shares is presented in the "Reconciliation Of Adjusted Earnings To Earnings Attributable To Class I And Class II Shares" in this MD&A.

(\$ millions)	Three Months Ended June 30		
	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
2024			
Adjusted earnings (loss) <sup>(1)</sup>	(2)	8	6
	4	6	10
<i>Add:</i>			
Interest expense	4	1	5
	4	—	4
Income tax expense	—	2	2
	2	1	3
Depreciation and amortization	4	2	6
	4	3	7
<b>Total Adjusted EBITDA <sup>(1)</sup></b>	<b>6</b>	<b>13</b>	<b>19</b>
	14	10	24

(1) Non-GAAP financial measure.

(\$ millions)	Six Months Ended June 30		
	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
2024			
Adjusted earnings (loss) <sup>(1)</sup>	(3)	15	12
	3	11	14
<i>Add:</i>			
Interest expense	7	1	8
	7	1	8
Income tax expense	—	4	4
	2	3	5
Depreciation and amortization	9	5	14
	9	5	14
<b>Total Adjusted EBITDA <sup>(1)</sup></b>	<b>13</b>	<b>25</b>	<b>38</b>
	21	20	41

(1) Non-GAAP financial measures.

<sup>(1)</sup> Adjusted earnings (loss) are defined as earnings (loss) 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 (loss) also exclude one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations.



**ATCO**<sup>TM</sup>



**ATCO LTD.**

**INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**(UNAUDITED)**

**FOR THE SIX MONTHS ENDED JUNE 30, 2025**

# TABLE OF CONTENTS

	Page
<b>Consolidated Statements of Earnings</b> .....	48
<b>Consolidated Statements of Comprehensive Income</b> .....	49
<b>Consolidated Balance Sheets</b> .....	50
<b>Consolidated Statements of Changes in Equity</b> .....	51
<b>Consolidated Statements of Cash Flows</b> .....	52
<b>Notes to Consolidated Financial Statements</b>	
<b>General Information</b>	
1. The Company and its Operations.....	53
2. Basis of Presentation.....	53
<b>Information on Financial Performance</b>	
3. Segmented Information.....	54
4. Revenues.....	67
5. Earnings per Share.....	69
<b>Information on Financial Position</b>	
6. Property, Plant and Equipment.....	69
7. Long-Term Debt.....	70
8. Class I and Class II Shares.....	70
<b>Information on Cash Flow</b>	
9. Cash Flow Information.....	71
<b>Risk</b>	
10. Financial Instruments.....	72
<b>Group Structure</b>	
11. Business Combination.....	76

# CONSOLIDATED STATEMENTS OF EARNINGS

(millions of Canadian Dollars except per share data)	Note	Three Months Ended June 30		Six Months Ended June 30	
		2025	2024	2025	2024
<b>Revenues</b>	4	<b>1,158</b>	1,112	<b>2,569</b>	2,436
<b>Costs and expenses</b>					
Salaries, wages and benefits	3	(170)	(218)	(355)	(370)
Energy transmission and transportation		(87)	(78)	(174)	(156)
Plant and equipment maintenance		(67)	(67)	(126)	(125)
Fuel costs		(21)	(22)	(67)	(65)
Purchased power		(44)	(45)	(100)	(114)
Materials and consumables		(142)	(119)	(308)	(235)
Depreciation and amortization		(211)	(201)	(420)	(400)
Franchise fees		(69)	(68)	(175)	(167)
Property and other taxes		(22)	(21)	(44)	(43)
Derivative financial instruments gains (losses)	10	(8)	(2)	25	21
Other	3	(64)	(57)	(135)	(125)
		<b>(905)</b>	(898)	<b>(1,879)</b>	(1,779)
<b>Earnings from investment in associate company</b>		<b>7</b>	6	<b>15</b>	11
<b>Earnings from investment in joint ventures</b>		<b>19</b>	17	<b>40</b>	37
<b>Operating profit</b>		<b>279</b>	237	<b>745</b>	705
Interest income		17	23	34	44
Interest expense		(134)	(135)	(270)	(269)
<b>Net finance costs</b>		<b>(117)</b>	(112)	<b>(236)</b>	(225)
<b>Earnings before income taxes</b>		<b>162</b>	125	<b>509</b>	480
<b>Income tax expense</b>		<b>(32)</b>	(30)	<b>(109)</b>	(110)
<b>Earnings for the period</b>		<b>130</b>	95	<b>400</b>	370
<b>Earnings attributable to:</b>					
Class I and Class II Shares		64	52	208	199
Non-controlling interests		66	43	192	171
		<b>130</b>	95	<b>400</b>	370
<b>Earnings per Class I and Class II Share</b>	5	<b>\$0.57</b>	\$0.46	<b>\$1.85</b>	\$1.77
<b>Diluted earnings per Class I and Class II Share</b>	5	<b>\$0.57</b>	\$0.46	<b>\$1.85</b>	\$1.77

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30		Six Months Ended June 30	
(millions of Canadian Dollars)	2025	2024	2025	2024
<b>Earnings for the period</b>	<b>130</b>	95	<b>400</b>	370
<b>Other comprehensive (loss) income, net of income taxes</b>				
<i>Items that will not be reclassified to earnings:</i>				
Re-measurement of retirement benefits <sup>(1)</sup>	<b>31</b>	–	<b>25</b>	3
<i>Items that are or may be reclassified subsequently to earnings:</i>				
Cash flow hedges <sup>(2)</sup>	<b>(2)</b>	(19)	<b>(4)</b>	(47)
Foreign currency translation adjustment <sup>(3)</sup>	<b>(45)</b>	18	<b>(33)</b>	24
Share of other comprehensive income in associate company <sup>(3)</sup>	–	–	<b>1</b>	–
Share of other comprehensive (loss) income of joint ventures <sup>(3)</sup>	<b>(3)</b>	4	<b>(3)</b>	5
	<b>(50)</b>	3	<b>(39)</b>	(18)
<b>Other comprehensive (loss) income</b>	<b>(19)</b>	3	<b>(14)</b>	(15)
<b>Comprehensive income for the period</b>	<b>111</b>	98	<b>386</b>	355
<b>Comprehensive income attributable to:</b>				
Class I and Class II Shares	<b>49</b>	59	<b>196</b>	204
Non-controlling interests	<b>62</b>	39	<b>190</b>	151
	<b>111</b>	98	<b>386</b>	355

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

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

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

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# CONSOLIDATED BALANCE SHEETS

		June 30	December 31
(millions of Canadian Dollars)	Note	2025	2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		440	374
Marketable securities		345	339
Accounts receivable and contract assets		631	1,018
Finance lease receivables		13	13
Inventories		191	155
Prepaid expenses and other current assets		212	246
		<b>1,832</b>	2,145
<b>Non-current assets</b>			
Property, plant and equipment	6	22,198	21,788
Intangibles		1,098	1,076
Retirement benefit asset		79	59
Right-of-use assets		148	137
Goodwill		244	244
Investment in joint ventures		265	261
Investment in associate company		486	510
Finance lease receivables		105	112
Deferred income tax assets		91	91
Other assets		253	301
<b>Total assets</b>		<b>26,799</b>	26,724
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank indebtedness		249	280
Accounts payable and accrued liabilities		710	1,062
Lease liabilities		25	23
Provisions and other current liabilities		95	113
Long-term debt	7	56	77
		<b>1,135</b>	1,555
<b>Non-current liabilities</b>			
Deferred income tax liabilities		2,356	2,288
Retirement benefit obligations		238	248
Customer contributions		2,125	2,088
Lease liabilities		135	125
Other liabilities		231	236
Long-term debt	7	11,734	11,474
<b>Total liabilities</b>		<b>17,954</b>	18,014
<b>EQUITY</b>			
<b>Class I and Class II Share owners' equity</b>			
Class I and Class II shares	8	206	191
Contributed surplus		17	17
Retained earnings		4,530	4,423
Accumulated other comprehensive (loss) income		(23)	1
		<b>4,730</b>	4,632
<b>Non-controlling interests</b>		<b>4,115</b>	4,078
<b>Total equity</b>		<b>8,845</b>	8,710
<b>Total liabilities and equity</b>		<b>26,799</b>	26,724

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) Income	Total	Non- Controlling Interests	Total Equity
December 31, 2023		187	14	4,216	6	4,423	4,075	8,498
Earnings for the period		–	–	199	–	199	171	370
Other comprehensive income (loss)		–	–	–	5	5	(20)	(15)
Gains on retirement benefits transferred to retained earnings		–	–	3	(3)	–	–	–
Shares issued <sup>(1)</sup>	8	–	–	–	–	–	19	19
Dividends <sup>(1)</sup>	8	–	–	(110)	–	(110)	(160)	(270)
Changes in ownership interest in subsidiary company <sup>(2)</sup>		–	–	(12)	–	(12)	12	–
Other		1	1	–	1	3	–	3
June 30, 2024		188	15	4,296	9	4,508	4,097	8,605
December 31, 2024		191	17	4,423	1	4,632	4,078	8,710
Earnings for the period		–	–	208	–	208	192	400
Other comprehensive loss		–	–	–	(12)	(12)	(2)	(14)
Gains on retirement benefits transferred to retained earnings		–	–	13	(13)	–	–	–
Shares issued	8	13	–	–	–	13	9	22
Dividends	8	–	–	(113)	–	(113)	(163)	(276)
Share-based compensation		2	–	–	–	2	–	2
Other		–	–	(1)	1	–	1	1
June 30, 2025		206	17	4,530	(23)	4,730	4,115	8,845

(1) For the six months ended June 30, 2024, dividends paid to non-controlling interests of \$160 million include \$19 million of dividends paid by Canadian Utilities Limited through the issuance of Class A shares under its dividend reinvestment program. Effective July 11, 2024, Canadian Utilities Limited suspended its dividend reinvestment program.

(2) The changes in ownership interest in subsidiary company are related to Canadian Utilities Limited's dividend reinvestment 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	
		2025	2024	2025	2024
<b>Operating activities</b>					
Earnings for the period		130	95	400	370
Adjustments to reconcile earnings to cash flows from operating activities	9	411	399	844	793
Changes in non-cash working capital		(28)	70	26	(45)
<b>Cash flows from operating activities</b>		<b>513</b>	<b>564</b>	<b>1,270</b>	<b>1,118</b>
<b>Investing activities</b>					
Additions to property, plant and equipment		(398)	(335)	(831)	(654)
Proceeds on disposal of property, plant and equipment		8	–	8	–
Additions to intangibles		(35)	(25)	(56)	(51)
Acquisition, net of cash acquired	11	–	–	(3)	–
Investment in joint ventures		(2)	(2)	(2)	(2)
Investment in marketable securities		(6)	(4)	(10)	(8)
Changes in non-cash working capital		(31)	(26)	(12)	(40)
Other		17	47	29	33
<b>Cash flows used in investing activities</b>		<b>(447)</b>	<b>(345)</b>	<b>(877)</b>	<b>(722)</b>
<b>Financing activities</b>					
Issue of long-term debt	7	835	194	881	240
Repayment of long-term debt	7	(580)	(209)	(634)	(363)
Repayment of lease liabilities		(8)	(5)	(16)	(11)
Issue of shares by subsidiary company		6	–	9	–
Issue of Class I Shares	8	5	–	13	–
Dividends paid to Class I and Class II Share owners	8	(56)	(55)	(113)	(110)
Dividends paid to non-controlling interests		(81)	(71)	(163)	(141)
Interest paid		(133)	(136)	(271)	(268)
Other		(5)	–	(6)	–
<b>Cash flows used in financing activities</b>		<b>(17)</b>	<b>(282)</b>	<b>(300)</b>	<b>(653)</b>
<b>Increase (decrease) in cash position</b>		<b>49</b>	<b>(63)</b>	<b>93</b>	<b>(257)</b>
Foreign currency translation		2	1	4	(1)
Beginning of period		140	92	94	288
<b>End of period <sup>(1)</sup></b>	9	<b>191</b>	<b>30</b>	<b>191</b>	<b>30</b>

(1) Cash position includes \$24 million which is not available for general use by the Company (2024 - \$11 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2025

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

## 1. THE COMPANY AND ITS OPERATIONS

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);
- Neltume Ports (ports and transportation logistics) (included in ATCO Investments);
- Retail Energy (electricity and natural gas retail sales, and home maintenance solutions) (included in ATCO Investments). For the period from January 1, 2024 until the date of transfer on August 1, 2024, Retail Energy activities were conducted in Canadian Utilities Limited's Financing & Other; and
- Canadian Utilities Limited, including:
  - ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations);
  - ATCO EnPower (energy storage, electricity generation, industrial water solutions, and cleaner fuels); and
  - ATCO Australia (natural gas distribution and electricity generation operations).

Commencing in 2025, Canadian Utilities Limited renamed its Corporate & Other segment to Financing & Other to reflect its remaining primary activities, which include corporate financing, headquarters and support functions. Furthermore, the Company simplified its operating segment structure by combining the Neltume Ports and ATCO Ltd.'s Corporate & Other segments into a newly-formed ATCO Investments operating segment (see Note 3).

The unaudited interim consolidated financial statements include the accounts of ATCO Ltd. and its subsidiaries. The statements also include the accounts of the Company's investments in joint arrangements and an 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 (52.5 per cent owned) and its subsidiaries; and
- ATCO Structures & Logistics Ltd. 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 as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024, prepared according to IFRS Accounting Standards.

The unaudited interim consolidated financial statements are prepared following the same accounting policies used in the Company's most recent annual consolidated financial statements, except for income taxes and the change in reportable

segments. In interim periods, income taxes are accrued using an estimate of the annualized effective tax rate applied to year-to-date earnings.

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

### **BASIS OF MEASUREMENT**

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

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

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

### **USE OF JUDGMENTS AND ESTIMATES**

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

## **3. SEGMENTED INFORMATION**

### **SEGMENT DESCRIPTIONS AND PRINCIPAL OPERATING ACTIVITIES**

The Company's operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is comprised of the Chief Executive Officer, and the other members of the Executive Committee.

The accounting policies applied by the segments are the same as those applied by the Company, except for those used in the calculation of adjusted earnings. Intersegment transactions are measured at the exchange amount, as agreed to by the related parties.

Commencing in 2025, the Company simplified its operating segment structure by combining the Neltume Ports and ATCO Ltd.'s Corporate & Other segments into a newly-formed ATCO Investments operating segment. The change in reportable segment had no impact to the Company's previously reported historical consolidated balance sheets and the consolidated statements of earnings, comprehensive income, cash flows and changes in equity. Comparative segment results previously reported have been reclassified to reflect this change in the reportable operating segments.

Management has determined that the operating subsidiaries in the reportable segments below share similar economic characteristics, as such, they have been aggregated.

The descriptions and principal operating activities of the realigned segments are as follows:

<b>Structures &amp; Logistics</b>		The Structures & Logistics segment includes ATCO Structures & Logistics. This segment offers 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.	
<b>ATCO Investments</b>		The ATCO Investments segment includes the Company's 40 per cent equity interest in Neltume Ports S.A., a business that operates seventeen port facilities and five port operation services businesses located in Chile, Uruguay, Argentina, Brazil and the United States; ATCO Energy, a retail electricity and natural gas business, and a home maintenance solution provider; ATCO Land and Development, a business that holds commercial real estate for sale, lease and development; Ashcor, a business engaged in the recycling and marketing of ash, a waste byproduct of electricity generation; and Fresh Bites, a business engaged in food services. ATCO Investments also includes ATCO Ltd.'s corporate financing, headquarters and support functions.	
<b>Canadian Utilities Limited</b>	<b>ATCO Energy Systems</b>	<b>Electricity</b>	The ATCO Energy Systems (Electricity) segment includes ATCO Electric, which provides regulated electricity transmission and distribution services in northern and central east Alberta, the Yukon, the Northwest Territories and in the Lloydminster area of Saskatchewan, and the Company's 50 per cent ownership interest in LUMA Energy, LLC, which provides international electricity operations.
		<b>Natural Gas</b>	The ATCO Energy Systems (Natural Gas) segment includes ATCO Gas and ATCO Pipelines. These businesses provide integrated natural gas transmission and distribution services throughout Alberta and in the Lloydminster area of Saskatchewan.
	<b>ATCO EnPower</b>		The ATCO EnPower segment includes ATCO Renewables and ATCO Next Energy. These businesses provide electricity generation, natural gas storage, industrial water solutions and related infrastructure development throughout Alberta, the Northwest Territories, Ontario, Mexico and Chile.
	<b>ATCO Australia</b>		The ATCO Australia segment includes ATCO Gas Australia, which provides regulated natural gas distribution services in Western Australia, and ATCO Power Australia, which provides electricity generation.
	<b>Financing &amp; Other</b>		Financing & Other includes Canadian Utilities Limited's corporate financing, headquarters and support functions. In the first quarter of 2025, the Corporate & Other segment was renamed Financing & Other to reflect its primary business activities.

## SEGMENT INFORMATION FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2025

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

2025		Canadian Utilities Limited								
2024	Structures & Logistics	ATCO Investments	ATCO Energy Systems <sup>(1)</sup>	ATCO EnPower	ATCO Australia	Financing & Other <sup>(2)</sup>	CU Elims	Total	ATCO Elims	ATCO Total
Revenues - external	<b>273</b>	<b>54</b>	<b>708</b>	<b>62</b>	<b>60</b>	<b>1</b>	<b>-</b>	<b>831</b>	<b>-</b>	<b>1,158</b>
	242	13	703	59	62	33	-	857	-	1,112
Revenues - intersegment	<b>-</b>	<b>7</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>6</b>	<b>(4)</b>	<b>11</b>	<b>(18)</b>	<b>-</b>
	-	4	-	10	-	10	(17)	3	(7)	-
Revenues	<b>273</b>	<b>61</b>	<b>708</b>	<b>71</b>	<b>60</b>	<b>7</b>	<b>(4)</b>	<b>842</b>	<b>(18)</b>	<b>1,158</b>
	242	17	703	69	62	43	(17)	860	(7)	1,112
Operating (expenses) income <sup>(3)</sup>	<b>(203)</b>	<b>(81)</b>	<b>(356)</b>	<b>(41)</b>	<b>(23)</b>	<b>(12)</b>	<b>4</b>	<b>(428)</b>	<b>18</b>	<b>(694)</b>
	(185)	(13)	(391)	(32)	(31)	(69)	17	(506)	7	(697)
Depreciation and amortization	<b>(24)</b>	<b>(5)</b>	<b>(151)</b>	<b>(13)</b>	<b>(16)</b>	<b>(2)</b>	<b>-</b>	<b>(182)</b>	<b>-</b>	<b>(211)</b>
	(21)	(2)	(148)	(12)	(14)	(4)	-	(178)	-	(201)
Earnings from investment in associate company	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>
	-	6	-	-	-	-	-	-	-	6
Earnings from investment in joint ventures	<b>-</b>	<b>-</b>	<b>15</b>	<b>3</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>19</b>
	1	-	12	3	1	-	-	16	-	17
Net finance costs	<b>(4)</b>	<b>(3)</b>	<b>(92)</b>	<b>(9)</b>	<b>(7)</b>	<b>(2)</b>	<b>-</b>	<b>(110)</b>	<b>-</b>	<b>(117)</b>
	(3)	(3)	(91)	(7)	(3)	(5)	-	(106)	-	(112)
Earnings (loss) before income taxes	<b>42</b>	<b>(21)</b>	<b>124</b>	<b>11</b>	<b>15</b>	<b>(9)</b>	<b>-</b>	<b>141</b>	<b>-</b>	<b>162</b>
	34	5	85	21	15	(35)	-	86	-	125
Income tax (expense) recovery	<b>(11)</b>	<b>6</b>	<b>(20)</b>	<b>(3)</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>(27)</b>	<b>-</b>	<b>(32)</b>
	(9)	-	(17)	(4)	(6)	6	-	(21)	-	(30)
Earnings (loss) for the period	<b>31</b>	<b>(15)</b>	<b>104</b>	<b>8</b>	<b>11</b>	<b>(9)</b>	<b>-</b>	<b>114</b>	<b>-</b>	<b>130</b>
	25	5	68	17	9	(29)	-	65	-	95
Adjusted earnings (loss)	<b>32</b>	<b>6</b>	<b>60</b>	<b>6</b>	<b>11</b>	<b>(14)</b>	<b>-</b>	<b>63</b>	<b>-</b>	<b>101</b>
	29	5	59	10	9	(16)	-	62	-	96
Capital expenditures <sup>(4)</sup>	<b>52</b>	<b>7</b>	<b>338</b>	<b>15</b>	<b>24</b>	<b>5</b>	<b>-</b>	<b>382</b>	<b>-</b>	<b>441</b>
	40	2	283	15	22	2	-	322	-	364

### Elims - Intersegment Eliminations

- (1) Includes the collective results of the Electricity and the Natural Gas operating segments. Details of the results by operating segment included in ATCO Energy Systems are disclosed below.
- (2) Commencing in 2025, Canadian Utilities Limited's Corporate & Other segment was renamed to Financing & Other.
- (3) Includes total costs and expenses, excluding depreciation and amortization expense.
- (4) Includes additions to property, plant and equipment, intangibles and \$8 million of interest capitalized during construction for the three months ended June 30, 2025 (2024 - \$4 million).

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

2025		Canadian Utilities Limited								
2024	Structures & Logistics	ATCO Investments	ATCO Energy Systems <sup>(1)</sup>	ATCO EnPower	ATCO Australia	Financing & Other <sup>(2)</sup>	CU Elims	Total	ATCO Elims	ATCO Total
Revenues - external	<b>564</b>	<b>125</b>	<b>1,634</b>	<b>127</b>	<b>117</b>	<b>2</b>	<b>-</b>	<b>1,880</b>	<b>-</b>	<b>2,569</b>
	471	20	1,590	117	115	123	-	1,945	-	2,436
Revenues - intersegment	<b>-</b>	<b>12</b>	<b>-</b>	<b>42</b>	<b>-</b>	<b>13</b>	<b>(8)</b>	<b>47</b>	<b>(59)</b>	<b>-</b>
	-	8	-	43	-	21	(58)	6	(14)	-
Revenues	<b>564</b>	<b>137</b>	<b>1,634</b>	<b>169</b>	<b>117</b>	<b>15</b>	<b>(8)</b>	<b>1,927</b>	<b>(59)</b>	<b>2,569</b>
	471	28	1,590	160	115	144	(58)	1,951	(14)	2,436
Operating (expenses) income <sup>(3)</sup>	<b>(429)</b>	<b>(154)</b>	<b>(763)</b>	<b>(105)</b>	<b>(55)</b>	<b>(20)</b>	<b>8</b>	<b>(935)</b>	<b>59</b>	<b>(1,459)</b>
	(358)	(17)	(777)	(89)	(63)	(147)	58	(1,018)	14	(1,379)
Depreciation and amortization	<b>(48)</b>	<b>(9)</b>	<b>(302)</b>	<b>(26)</b>	<b>(30)</b>	<b>(5)</b>	<b>-</b>	<b>(363)</b>	<b>-</b>	<b>(420)</b>
	(41)	(5)	(293)	(26)	(28)	(7)	-	(354)	-	(400)
Earnings from investment in associate company	<b>-</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>
	-	11	-	-	-	-	-	-	-	11
Earnings from investment in joint ventures	<b>-</b>	<b>-</b>	<b>31</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>40</b>
	2	-	26	6	3	-	-	35	-	37
Net finance costs	<b>(8)</b>	<b>(7)</b>	<b>(184)</b>	<b>(17)</b>	<b>(15)</b>	<b>(5)</b>	<b>-</b>	<b>(221)</b>	<b>-</b>	<b>(236)</b>
	(6)	(7)	(183)	(14)	(6)	(9)	-	(212)	-	(225)
Earnings (loss) before income taxes	<b>79</b>	<b>(18)</b>	<b>416</b>	<b>27</b>	<b>20</b>	<b>(15)</b>	<b>-</b>	<b>448</b>	<b>-</b>	<b>509</b>
	68	10	363	37	21	(19)	-	402	-	480
Income tax (expense) recovery	<b>(21)</b>	<b>7</b>	<b>(83)</b>	<b>(7)</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>(95)</b>	<b>-</b>	<b>(109)</b>
	(18)	-	(79)	(8)	(7)	2	-	(92)	-	(110)
Earnings (loss) for the period	<b>58</b>	<b>(11)</b>	<b>333</b>	<b>20</b>	<b>15</b>	<b>(15)</b>	<b>-</b>	<b>353</b>	<b>-</b>	<b>400</b>
	50	10	284	29	14	(17)	-	310	-	370
Adjusted earnings (loss)	<b>59</b>	<b>17</b>	<b>182</b>	<b>12</b>	<b>18</b>	<b>(27)</b>	<b>-</b>	<b>185</b>	<b>-</b>	<b>261</b>
	54	10	175	14	15	(24)	-	180	-	244
Total assets <sup>(4)</sup>	<b>1,497</b>	<b>1,773</b>	<b>19,652</b>	<b>2,282</b>	<b>1,536</b>	<b>657</b>	<b>(249)</b>	<b>23,878</b>	<b>(349)</b>	<b>26,799</b>
	1,501	1,714	19,628	2,287	1,543	579	(250)	23,787	(278)	26,724
Capital expenditures <sup>(5)</sup>	<b>103</b>	<b>14</b>	<b>683</b>	<b>45</b>	<b>45</b>	<b>10</b>	<b>-</b>	<b>783</b>	<b>-</b>	<b>900</b>
	69	5	564	29	38	7	-	638	-	712

*Elims - Intersegment Eliminations*

- (1) Includes the collective results of the Electricity and the Natural Gas operating segments. Details of the results by operating segment included in ATCO Energy Systems are disclosed below.
- (2) Commencing in 2025, Canadian Utilities Limited's Corporate & Other segment was renamed to Financing & Other.
- (3) Includes total costs and expenses, excluding depreciation and amortization expense.
- (4) 2024 comparatives are at December 31, 2024.
- (5) Includes additions to property, plant and equipment, intangibles and \$13 million of interest capitalized during construction for the six months ended June 30, 2025 (2024 - \$7 million).

Results of the operating segments included in ATCO Energy Systems (AES) for the three months ended June 30 are shown below:

2025	ATCO Energy Systems			
2024	Electricity	Natural Gas	AES Elims	Total
Revenues - external	<b>352</b>	<b>356</b>	–	<b>708</b>
	344	359	–	703
Revenues - intersegment	<b>1</b>	<b>1</b>	<b>(2)</b>	–
	3	–	(3)	–
Revenues	<b>353</b>	<b>357</b>	<b>(2)</b>	<b>708</b>
	347	359	(3)	703
Operating expenses <sup>(1)</sup>	<b>(129)</b>	<b>(229)</b>	<b>2</b>	<b>(356)</b>
	(142)	(252)	3	(391)
Depreciation and amortization	<b>(84)</b>	<b>(67)</b>	–	<b>(151)</b>
	(84)	(64)	–	(148)
Earnings from investment in joint ventures	<b>15</b>	–	–	<b>15</b>
	12	–	–	12
Net finance costs	<b>(56)</b>	<b>(36)</b>	–	<b>(92)</b>
	(57)	(34)	–	(91)
Earnings before income taxes	<b>99</b>	<b>25</b>	–	<b>124</b>
	76	9	–	85
Income tax expense	<b>(15)</b>	<b>(5)</b>	–	<b>(20)</b>
	(15)	(2)	–	(17)
Earnings for the period	<b>84</b>	<b>20</b>	–	<b>104</b>
	61	7	–	68
Adjusted earnings	<b>49</b>	<b>11</b>	–	<b>60</b>
	47	12	–	59
Capital expenditures <sup>(2)</sup>	<b>146</b>	<b>192</b>	–	<b>338</b>
	147	136	–	283

*Elims - Intersegment Eliminations*

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

(2) Includes additions to property, plant and equipment, intangibles and \$7 million of interest capitalized during construction for the three months ended June 30, 2025 (2024 - \$3 million).

Results of the operating segments included in ATCO Energy Systems (AES) for the six months ended June 30 are shown below:

2025	ATCO Energy Systems			
2024	Electricity	Natural Gas	AES Elims	Total
Revenues - external	723	911	–	1,634
	708	882	–	1,590
Revenues - intersegment	3	1	(4)	–
	6	1	(7)	–
Revenues	726	912	(4)	1,634
	714	883	(7)	1,590
Operating expenses <sup>(1)</sup>	(268)	(499)	4	(763)
	(282)	(502)	7	(777)
Depreciation and amortization	(170)	(132)	–	(302)
	(167)	(126)	–	(293)
Earnings from investment in joint ventures	31	–	–	31
	26	–	–	26
Net finance costs	(114)	(70)	–	(184)
	(114)	(69)	–	(183)
Earnings before income taxes	205	211	–	416
	177	186	–	363
Income tax expense	(35)	(48)	–	(83)
	(36)	(43)	–	(79)
Earnings for the period	170	163	–	333
	141	143	–	284
Adjusted earnings	103	79	–	182
	99	76	–	175
Total assets <sup>(2)</sup>	11,556	8,096	–	19,652
	11,477	8,152	(1)	19,628
Capital expenditures <sup>(3)</sup>	337	346	–	683
	297	267	–	564

*Elims - Intersegment Eliminations*

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

(2) 2024 comparatives are at December 31, 2024.

(3) Includes additions to property, plant and equipment, intangibles and \$12 million of interest capitalized during construction for the six months ended June 30, 2025 (2024 - \$6 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 CODM to assess segment performance and allocate resources. Other accounts in the unaudited interim consolidated financial statements have not been adjusted as they are not used by the CODM for those purposes.

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

2025		Canadian Utilities Limited							
2024	Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Total	ATCO Total	
Adjusted earnings (loss)	<b>32</b>	<b>6</b>	<b>60</b>	<b>6</b>	<b>11</b>	<b>(14)</b>	<b>63</b>	<b>101</b>	
	29	5	59	10	9	(16)	62	96	
Restructuring	-	-	-	-	-	-	-	-	
	(4)	-	(17)	(1)	(1)	-	(19)	(23)	
Transition of managed IT services	<b>(1)</b>	-	<b>(1)</b>	<b>(1)</b>	-	-	<b>(2)</b>	<b>(3)</b>	
	-	-	-	-	-	-	-	-	
Unrealized losses on mark-to-market forward and swap commodity contracts	-	<b>(21)</b>	-	<b>(1)</b>	-	-	<b>(1)</b>	<b>(22)</b>	
	-	-	-	-	-	(11)	(11)	(11)	
Rate-regulated activities	-	-	<b>(5)</b>	-	<b>(6)</b>	-	<b>(11)</b>	<b>(11)</b>	
	-	-	-	-	(4)	-	(4)	(4)	
ATCO Electric settlement	-	-	-	-	-	-	-	-	
	-	-	(4)	-	-	-	(4)	(4)	
IT Common Matters decision	-	-	-	-	-	-	-	-	
	-	-	(2)	-	-	-	(2)	(2)	
Other	-	-	-	<b>(1)</b>	-	-	<b>(1)</b>	<b>(1)</b>	
	-	-	-	-	-	-	-	-	
Earnings (loss) attributable to Class I and Class II Shares	<b>31</b>	<b>(15)</b>	<b>54</b>	<b>3</b>	<b>5</b>	<b>(14)</b>	<b>48</b>	<b>64</b>	
	25	5	36	9	4	(27)	22	52	
Earnings attributable to non-controlling interests								<b>66</b>	43
Earnings for the period								<b>130</b>	95

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

2025	Canadian Utilities Limited							ATCO Total
	Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Total	
2024								
Adjusted earnings (loss)	<b>59</b>	<b>17</b>	<b>182</b>	<b>12</b>	<b>18</b>	<b>(27)</b>	<b>185</b>	<b>261</b>
	54	10	175	14	15	(24)	180	244
Restructuring	<b>–</b>	<b>(1)</b>	<b>(5)</b>	<b>(1)</b>	<b>(1)</b>	<b>–</b>	<b>(7)</b>	<b>(8)</b>
	(4)	–	(17)	(1)	(1)	–	(19)	(23)
Transition of managed IT services	<b>(1)</b>	<b>(1)</b>	<b>(5)</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>(6)</b>	<b>(8)</b>
	–	–	–	–	–	–	–	–
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	<b>–</b>	<b>(26)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(26)</b>
	–	–	–	2	–	(7)	(5)	(5)
Rate-regulated activities	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>(10)</b>	<b>–</b>	<b>(9)</b>	<b>(9)</b>
	–	–	(1)	–	(7)	–	(8)	(8)
ATCO Electric settlement	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
	–	–	(4)	–	–	–	(4)	(4)
IT Common Matters decision	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>(1)</b>
	–	–	(5)	–	–	–	(5)	(5)
Other	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>–</b>	<b>–</b>	<b>(1)</b>	<b>(1)</b>
	–	–	–	–	–	–	–	–
Earnings (loss) attributable to Class I and Class II Shares	<b>58</b>	<b>(11)</b>	<b>172</b>	<b>9</b>	<b>7</b>	<b>(27)</b>	<b>161</b>	<b>208</b>
	50	10	148	15	7	(31)	139	199
Earnings attributable to non-controlling interests								<b>192</b>
								171
Earnings for the period								<b>400</b>
								370

The reconciliation of adjusted earnings and earnings for the operating segments included in ATCO Energy Systems for the three months ended June 30 are shown below:

2025	ATCO Energy Systems		
	Electricity	Natural Gas	Total
2024			
Adjusted earnings	<b>49</b>	<b>11</b>	<b>60</b>
	47	12	59
Restructuring	–	–	–
	(7)	(10)	(17)
Transition of IT managed services	–	<b>(1)</b>	<b>(1)</b>
	–	–	–
Rate-regulated activities	<b>(6)</b>	<b>1</b>	<b>(5)</b>
	(2)	2	–
ATCO Electric settlement	–	–	–
	(4)	–	(4)
IT Common Matters decision	–	–	–
	(1)	(1)	(2)
Earnings attributable to Class I and Class II Shares	<b>43</b>	<b>11</b>	<b>54</b>
	33	3	36

The reconciliation of adjusted earnings and earnings for the operating segments included in ATCO Energy Systems for the six months ended June 30 are shown below:

2025	ATCO Energy Systems		
	Electricity	Natural Gas	Total
2024			
Adjusted earnings	<b>103</b>	<b>79</b>	<b>182</b>
	99	76	175
Restructuring	<b>(3)</b>	<b>(2)</b>	<b>(5)</b>
	(7)	(10)	(17)
Transition of IT managed services	<b>(2)</b>	<b>(3)</b>	<b>(5)</b>
	–	–	–
Rate-regulated activities	<b>(10)</b>	<b>11</b>	<b>1</b>
	(12)	11	(1)
ATCO Electric settlement	–	–	–
	(4)	–	(4)
IT Common Matters decision	<b>(1)</b>	–	<b>(1)</b>
	(3)	(2)	(5)
Earnings attributable to Class I and Class II Shares	<b>87</b>	<b>85</b>	<b>172</b>
	73	75	148

### **Restructuring**

In the three and six months ended June 30, 2025, the Company recorded restructuring costs of nil and \$8 million (after-tax and non-controlling interests (NCI)) (2024 - \$23 million (after-tax and NCI) and \$23 million (after-tax and NCI)) that were mainly related to staff reductions and associated severance costs. This restructuring is a continuation of the restructuring activities that commenced in 2024. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

### **Transition of managed IT services**

In the three and six months ended June 30, 2025, the Company recognized IT transition costs of \$3 million (after-tax and NCI) and \$8 million (after-tax and NCI). The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and are expected to be substantially complete in 2025. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

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

The Company's electricity generation and electricity and natural gas retail businesses enter 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 fixed-price swap commodity contracts where hedge accounting is not applied, together with reclassifications of unrealized gains or losses from other comprehensive income or loss related to both the electricity generation business and retail business are recognized in the ATCO EnPower and ATCO Investments segments, respectively.

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

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

### **Rate-regulated activities**

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

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

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

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

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

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

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

ATCO Electric Distribution and ATCO Gas were the only utilities in Alberta to lower rates in 2023 due to efficiencies being passed onto customers. The after-the-fact requirement to track cost efficiencies at a granular level is inconsistent with the Performance Based Regulation principles and past AUC decisions. As ATCO Electric Distribution and ATCO Gas continue to pursue appeals of both the Phase I and Phase II Decisions of the PBR2 Re-opener proceeding, and the Company believes it will

more likely than not succeed on appeal, no impact to Adjusted Earnings has been recognized for the quarter ended June 30, 2025 related to the PBR2 Re-opener decisions.

### Rate-regulated activities - Timing Adjustments

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

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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
<i>Additional revenues billed in current period</i>				
Future removal and site restoration costs <sup>(1)</sup>	17	17	34	33
Impact of colder temperatures <sup>(2)</sup>	–	–	–	2
<i>Revenues to be billed in future periods</i>				
Deferred income taxes <sup>(3)</sup>	(17)	(16)	(36)	(33)
Impact of warmer temperatures <sup>(2)</sup>	(4)	(1)	(4)	–
Impact of inflation on rate base <sup>(4)</sup>	(3)	(2)	(6)	(5)
<i>Settlement of regulatory decisions and other items</i>				
Other	(4)	(2)	3	(5)
	<b>(11)</b>	<b>(4)</b>	<b>(9)</b>	<b>(8)</b>

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

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

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

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

**ATCO Electric settlement**

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

In the three and six months ended June 30, 2024, the Company recognized costs of \$4 million (after-tax and NCI) related to ATCO Electric's settlement application. These costs were comprised of the administrative penalty, refund to customers and legal and other costs related to the settlement agreement. As these costs are not in the normal course of business, they were excluded from adjusted earnings.

**IT Common Matters decision**

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings in the three and six months ended June 30, 2025 was nil and \$1 million (after-tax and NCI) (2024 - \$2 million (after-tax and NCI) and \$5 million (after-tax and NCI)).

## SEGMENT INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Results by operating segment for the year ended December 31 reflecting the change in segments are shown below:

2023	Canadian Utilities Limited									ATCO Elims	ATCO Total
	Structures & Logistics	ATCO Investments	ATCO Energy Systems <sup>(1)</sup>	ATCO EnPower	ATCO Australia	Financing & Other	CU Elims	Total			
Revenues - external	<b>1,114</b>	<b>133</b>	<b>3,071</b>	<b>236</b>	<b>241</b>	<b>147</b>	<b>-</b>	<b>3,695</b>	<b>-</b>	<b>4,942</b>	
	926	34	2,968	272	225	316	-	3,781	-	4,741	
Revenues - intersegment	<b>-</b>	<b>20</b>	<b>-</b>	<b>77</b>	<b>-</b>	<b>37</b>	<b>(67)</b>	<b>47</b>	<b>(67)</b>	<b>-</b>	
	-	16	-	74	-	68	(127)	15	(31)	-	
Revenues	<b>1,114</b>	<b>153</b>	<b>3,071</b>	<b>313</b>	<b>241</b>	<b>184</b>	<b>(67)</b>	<b>3,742</b>	<b>(67)</b>	<b>4,942</b>	
	926	50	2,968	346	225	384	(127)	3,796	(31)	4,741	
Operating (expenses) income <sup>(1)</sup>	<b>(884)</b>	<b>(1)</b>	<b>(1,513)</b>	<b>(178)</b>	<b>(144)</b>	<b>(280)</b>	<b>67</b>	<b>(2,048)</b>	<b>67</b>	<b>(2,866)</b>	
	(720)	(24)	(1,453)	(218)	(150)	(122)	127	(1,816)	31	(2,529)	
Depreciation, amortization and impairment	<b>(87)</b>	<b>(13)</b>	<b>(587)</b>	<b>(54)</b>	<b>(58)</b>	<b>(12)</b>	<b>-</b>	<b>(711)</b>	<b>-</b>	<b>(811)</b>	
	(77)	(9)	(608)	(47)	(53)	(17)	-	(725)	-	(811)	
Earnings from investment in associate company	<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	
	-	22	-	-	-	-	-	-	-	22	
Earnings from investment in joint ventures	<b>-</b>	<b>-</b>	<b>57</b>	<b>11</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>73</b>	<b>-</b>	<b>73</b>	
	6	-	50	10	6	-	-	66	-	72	
Net finance costs	<b>(15)</b>	<b>(15)</b>	<b>(371)</b>	<b>(31)</b>	<b>(14)</b>	<b>(16)</b>	<b>-</b>	<b>(432)</b>	<b>-</b>	<b>(462)</b>	
	(16)	(12)	(359)	(25)	(13)	(9)	-	(406)	-	(434)	
Earnings (loss) before income taxes	<b>128</b>	<b>148</b>	<b>657</b>	<b>61</b>	<b>30</b>	<b>(124)</b>	<b>-</b>	<b>624</b>	<b>-</b>	<b>900</b>	
	119	27	598	66	15	236	-	915	-	1,061	
Income tax (expense) recovery	<b>(34)</b>	<b>(22)</b>	<b>(135)</b>	<b>(13)</b>	<b>(8)</b>	<b>23</b>	<b>-</b>	<b>(133)</b>	<b>-</b>	<b>(189)</b>	
	(44)	-	(121)	(15)	(5)	(57)	-	(198)	-	(242)	
Earnings (loss) for the year	<b>94</b>	<b>126</b>	<b>522</b>	<b>48</b>	<b>22</b>	<b>(101)</b>	<b>-</b>	<b>491</b>	<b>-</b>	<b>711</b>	
	75	27	477	51	10	179	-	717	-	819	
Adjusted earnings (loss)	<b>104</b>	<b>37</b>	<b>333</b>	<b>23</b>	<b>25</b>	<b>(41)</b>	<b>-</b>	<b>340</b>	<b>-</b>	<b>481</b>	
	90	27	302	24	32	(43)	-	315	-	432	
Total assets	<b>1,501</b>	<b>1,714</b>	<b>19,628</b>	<b>2,287</b>	<b>1,543</b>	<b>579</b>	<b>(250)</b>	<b>23,787</b>	<b>(278)</b>	<b>26,724</b>	
	1,283	1,186	18,619	2,340	1,557	896	(254)	23,158	(269)	25,358	
Capital expenditures <sup>(2)</sup>	<b>182</b>	<b>27</b>	<b>1,399</b>	<b>104</b>	<b>89</b>	<b>19</b>	<b>-</b>	<b>1,611</b>	<b>-</b>	<b>1,820</b>	
	198	28	1,130	139	83	8	-	1,360	-	1,586	

Elims = Intersegment Eliminations

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

(2) Includes additions to property, plant and equipment, intangibles and \$16 million of interest capitalized during construction for the year ended December 31, 2024 (2023 - \$21 million).

## 4. REVENUES

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

2025		ATCO Energy Systems							Total	
2024	Structures & Logistics	ATCO Investments <sup>(1)</sup>	Electricity <sup>(3)</sup>	Natural Gas <sup>(3)</sup>	Total	ATCO EnPower	ATCO Australia <sup>(4)</sup>	CU Financing & Other <sup>(1)(2)</sup>	Total	
<b>Revenue Streams</b>										
<b>Rendering of Services</b>										
Distribution services	–	–	149	195	344	–	53	–	397	
	–	–	136	202	338	–	46	–	384	
Transmission services	–	–	167	91	258	–	–	–	258	
	–	–	167	89	256	–	–	–	256	
Modular structures - services	87	–	–	–	–	–	–	–	87	
	60	–	–	–	–	–	–	–	60	
Logistics and facility operations and maintenance services	25	–	–	–	–	–	–	–	25	
	21	–	–	–	–	–	–	–	21	
Lodging and support	24	–	–	–	–	–	–	–	24	
	29	–	–	–	–	–	–	–	29	
Customer contributions	–	–	8	6	14	–	–	–	14	
	–	–	10	5	15	–	–	–	15	
Franchise fees	–	–	10	59	69	–	–	–	69	
	–	–	10	58	68	–	–	–	68	
Retail electricity and natural gas services	–	36	–	–	–	–	–	–	36	
	–	–	–	–	–	–	–	30	30	
Storage and industrial water	–	–	–	–	–	27	–	–	27	
	–	–	–	–	–	25	–	–	25	
<b>Total rendering of services</b>	<b>136</b>	<b>36</b>	<b>334</b>	<b>351</b>	<b>685</b>	<b>27</b>	<b>53</b>	<b>–</b>	<b>937</b>	
	110	–	323	354	677	25	46	30	888	
<b>Sale of Goods</b>										
Electricity generation and delivery	–	–	–	–	–	16	2	–	18	
	–	–	–	–	–	22	3	–	25	
Commodity sales	–	9	–	–	–	11	–	–	20	
	–	9	–	–	–	7	–	–	16	
Modular structures - goods	82	–	–	–	–	–	–	–	82	
	81	–	–	–	–	–	–	–	81	
<b>Total sale of goods</b>	<b>82</b>	<b>9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>27</b>	<b>2</b>	<b>–</b>	<b>120</b>	
	81	9	–	–	–	29	3	–	122	
<b>Lease income</b>										
Finance lease	–	–	1	–	1	–	1	–	2	
	–	–	–	–	–	1	2	–	3	
Operating lease	53	–	–	–	–	–	–	–	53	
	49	–	–	–	–	–	–	–	49	
<b>Total lease income</b>	<b>53</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>1</b>	<b>–</b>	<b>55</b>	
	49	–	–	–	–	1	2	–	52	
<b>Other<sup>(5)</sup></b>										
	2	9	17	5	22	8	4	1	46	
	2	4	21	5	26	4	11	3	50	
<b>Total</b>	<b>273</b>	<b>54</b>	<b>352</b>	<b>356</b>	<b>708</b>	<b>62</b>	<b>60</b>	<b>1</b>	<b>1,158</b>	
	242	13	344	359	703	59	62	33	1,112	

(1) For the period from January 1, 2024 until the date of transfer on August 1, 2024 to ATCO Ltd., Retail Energy business activities were reported in the CU Financing & Other segment. For the three months ended June 30, 2025, \$33 million of unbilled revenue from retail electricity and natural gas energy services is reported in ATCO Investments segment (2024 - \$33 million reported in CU Financing & Other segment).

(2) Commencing in 2025, Canadian Utilities Limited's Corporate & Other segment was renamed to Financing & Other.

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

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

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

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

2025	ATCO Energy Systems									
	2024	Structures & Logistics	ATCO Investments <sup>(1)</sup>	Electricity <sup>(3)</sup>	Natural Gas <sup>(3)</sup>	Total	ATCO EnPower	ATCO Australia <sup>(4)</sup>	CU Financing & Other <sup>(1)(2)</sup>	Total
<b>Revenue Streams</b>										
<b>Rendering of Services</b>										
Distribution services	–	–	313	556	869	–	98	–	967	
	–	–	289	539	828	–	85	–	913	
Transmission services	–	–	334	183	517	–	–	–	517	
	–	–	334	179	513	–	–	–	513	
Modular structures - services	161	–	–	–	–	–	–	–	161	
	119	–	–	–	–	–	–	–	119	
Logistics and facility operations and maintenance services	50	–	–	–	–	–	–	–	50	
	45	–	–	–	–	–	–	–	45	
Lodging and support	54	–	–	–	–	–	–	–	54	
	56	–	–	–	–	–	–	–	56	
Customer contributions	–	–	17	12	29	–	1	–	30	
	–	–	19	11	30	–	2	–	32	
Franchise fees	–	–	20	155	175	–	–	–	175	
	–	–	20	147	167	–	–	–	167	
Retail electricity and natural gas services	–	92	–	–	–	–	–	–	92	
	–	–	–	–	–	–	–	120	120	
Storage and industrial water	–	–	–	–	–	56	–	–	56	
	–	–	–	–	–	47	–	–	47	
Total rendering of services	265	92	684	906	1,590	56	99	–	2,102	
	220	–	662	876	1,538	47	87	120	2,012	
<b>Sale of Goods</b>										
Electricity generation and delivery	–	–	–	–	–	37	4	–	41	
	–	–	–	–	–	44	5	–	49	
Commodity sales	–	16	–	–	–	19	–	–	35	
	–	14	–	–	–	14	–	–	28	
Modular structures - goods	191	–	–	–	–	–	–	–	191	
	153	–	–	–	–	–	–	–	153	
Total sale of goods	191	16	–	–	–	56	4	–	267	
	153	14	–	–	–	58	5	–	230	
<b>Lease income</b>										
Finance lease	–	–	2	–	2	–	3	–	5	
	–	–	–	–	–	2	4	–	6	
Operating lease	104	–	–	–	–	–	–	–	104	
	95	–	–	–	–	–	–	–	95	
Total lease income	104	–	2	–	2	–	3	–	109	
	95	–	–	–	–	2	4	–	101	
<b>Other<sup>(5)</sup></b>	4	17	37	5	42	15	11	2	91	
	3	6	46	6	52	10	19	3	93	
<b>Total</b>	564	125	723	911	1,634	127	117	2	2,569	
	471	20	708	882	1,590	117	115	123	2,436	

(1) For the period from January 1, 2024 until the date of transfer on August 1, 2024 to ATCO Ltd., Retail Energy business activities were reported in the CU Financing & Other segment. For the six months ended June 30, 2025, \$33 million of unbilled revenue from retail electricity and natural gas energy services is reported in ATCO Investments segment (2024 - \$33 million reported in CU Financing & Other segment). At June 30, 2025, \$33 million of the unbilled revenue is included in ATCO Investments' accounts receivable and contract assets (2024 - \$33 million included in CU Financing & Other).

(2) Commencing in 2025, Canadian Utilities Limited's Corporate & Other segment was renamed to Financing & Other.

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

- (4) For the six months ended June 30, 2025, ATCO Australia segment includes \$29 million of unbilled revenue (2024 - \$25 million). At June 30, 2025, \$29 million of the unbilled revenue is included in accounts receivable and contract assets (2024 - \$25 million).
- (5) Other revenues include revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

## 5. EARNINGS PER SHARE

Earnings per Class 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 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	
	2025	2024	2025	2024
<b>Average shares</b>				
Weighted average shares outstanding	112,472,125	112,158,878	112,363,900	112,158,878
Effect of dilutive stock options	384,364	27,255	315,043	36,381
Weighted average dilutive shares outstanding	112,856,489	112,186,133	112,678,943	112,195,259
<b>Earnings for earnings per share calculation</b>				
Earnings for the period	130	95	400	370
Non-controlling interests	(66)	(43)	(192)	(171)
Earnings attributable to Class I and Class II Shares	64	52	208	199
<b>Earnings and diluted earnings per Class I and Class II Share</b>				
Earnings per Class I and Class II Share	\$0.57	\$0.46	\$1.85	\$1.77
Diluted earnings per Class I and Class II Share	\$0.57	\$0.46	\$1.85	\$1.77

## 6. PROPERTY, PLANT AND EQUIPMENT

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

	Utility Transmission & Distribution	Energy Generation & Storage	Land and Buildings	Construction Work-in- Progress	Rental Assets	Other	Total
<b>Cost</b>							
December 31, 2024	24,269	1,560	1,138	844	1,083	989	29,883
Additions	–	–	–	755	86	5	846
Transfers	451	24	9	(525)	–	41	–
Retirements and disposals	(50)	–	(6)	–	(44)	(37)	(137)
Foreign exchange rate adjustment	(7)	4	–	(1)	(21)	–	(25)
Changes to asset retirement costs	–	(7)	–	–	–	(1)	(8)
June 30, 2025	24,663	1,581	1,141	1,073	1,104	997	30,559
<b>Accumulated depreciation</b>							
December 31, 2024	6,671	287	293	–	320	524	8,095
Depreciation	279	23	13	–	31	33	379
Retirements and disposals	(50)	–	(5)	–	(19)	(34)	(108)
Foreign exchange rate adjustment	(2)	1	–	–	(5)	1	(5)
June 30, 2025	6,898	311	301	–	327	524	8,361
<b>Net book value</b>							
December 31, 2024	17,598	1,273	845	844	763	465	21,788
June 30, 2025	17,765	1,270	840	1,073	777	473	22,198

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

## 7. LONG-TERM DEBT

### CORPORATE LONG-TERM DEBT ISSUANCES AND REPAYMENTS

#### **ATCO Ltd.**

In May 2025, ATCO Ltd. issued \$250 million of 3.878 per cent senior unsecured notes maturing on May 27, 2030. The proceeds from the issuance were used to repay outstanding indebtedness under its extendible revolving credit facilities that bear interest at Canadian Overnight Repo Rate Average (CORRA) plus an applicable margin.

#### **Canadian Utilities Limited**

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

#### **CU Inc.**

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

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

### SUBSIDIARIES LONG-TERM DEBT ISSUANCES AND REPAYMENTS

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

## 8. CLASS I AND CLASS II SHARES

### ISSUED AND OUTSTANDING

At June 30, 2025, there were 100,096,492 (December 31, 2024 - 99,810,591) Class I shares and 12,424,987 (December 31, 2024 - 12,424,987) Class II shares outstanding. In addition, there were 2,543,999 options to purchase Class I shares outstanding at June 30, 2025, under the Company's stock option plan (December 31, 2024 - 2,837,650).

For the three and six months ended June 30, 2025, 109,875 and 285,901 stock options (2024 - nil) were exercised, resulting in the issuance of an additional 109,875 and 285,901 Class I shares (2024 - nil) for proceeds of \$5 million and \$13 million (2024 - nil).

### DIVIDENDS

The Company declared and paid cash dividends of \$0.5045 and \$1.0090 per Class I and Class II share for the three and six months ended June 30, 2025 (2024 - \$0.4898 and \$0.9796). 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 10, 2025, the Company declared a third quarter dividend of \$0.5045 per Class I and Class II share, payable on September 30, 2025 to share owners of record as of September 4, 2025.

## NORMAL COURSE ISSUER BID

On March 13, 2025, the Company began a normal course issuer bid (NCIB) to purchase up to 1,996,301 outstanding Class I shares. The bid will expire on March 12, 2026. The prior year NCIB to purchase up to 1,994,677 outstanding Class I shares began on March 13, 2024 and expired on March 12, 2025.

During the six months ended June 30, 2025, no Class I shares were purchased (2024 - no Class I shares were purchased).

## 9. CASH FLOW INFORMATION

### ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Depreciation and amortization	211	201	420	400
Earnings from investment in associate company	(7)	(6)	(15)	(11)
Dividends received from associate company	-	16	17	16
Earnings from investment in joint ventures	(19)	(17)	(40)	(37)
Dividends and distributions received from investment in joint ventures	23	22	42	41
Income tax expense	32	30	109	110
Unrealized losses on derivative financial instruments	29	24	32	10
Contributions by customers for extensions to plant	43	39	68	61
Amortization of customer contributions	(14)	(15)	(30)	(32)
Net finance costs	117	112	236	225
Income taxes paid	(20)	(23)	(49)	(46)
Interest received	17	22	31	40
Other	(1)	(6)	23	16
	411	399	844	793

### CASH POSITION

Cash position at June 30 is comprised of:

	2025	2024
Cash	409	278
Short-term investments	7	6
Restricted cash <sup>(1)</sup>	24	11
Cash and cash equivalents	440	295
Bank indebtedness <sup>(2)</sup>	(249)	(265)
	191	30

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

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

## 10. 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
<b>Measured at Amortized Cost</b>	
Cash and cash equivalents, accounts receivable and contract assets, bank indebtedness and accounts payable and accrued liabilities	Assumed to approximate carrying value due to their short-term nature.
Finance lease receivables	Determined using a risk-adjusted interest rate to discount future cash receipts (Level 2).
Long-term debt and long-term advances due from joint venture	Determined using quoted market prices for the same or similar issues. Where the market prices are not available, fair values are estimated using discounted cash flow analysis based on the Company's current borrowing rate for similar borrowing arrangements (Level 2).
<b>Measured at Fair Value</b>	
Marketable securities	Determined using quoted market prices for the same or similar securities or alternative pricing sources and models with inputs validated by publicly available market providers (Level 2).
Interest rate swaps	Determined using interest rate forward rate yield curves at period-end (Level 2).
Foreign currency contracts	Determined using quoted forward exchange rates at period-end (Level 2).
Commodity contracts	Determined using 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 or forward prices in certain commodity contracts (Level 3).

## FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

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

Recurring Measurements	June 30, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Finance lease receivables	118	137	125	145
Long-term advances due from joint venture <sup>(1)</sup>	35	33	35	33
<b>Financial Liabilities</b>				
Long-term debt	11,790	11,340	11,551	11,184

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

## FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

### Marketable securities

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

### Derivative financial instruments

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

- interest rate swaps for the purpose of limiting interest rate risk on the variable future cash flows of long-term debt;
- foreign currency forward contracts for the purpose of limiting exposure to exchange rate fluctuations; and
- natural gas and power forward 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:

	Level 2			Level 3		Total Fair Value of Derivatives
	Subject to Hedge Accounting			Subject to Hedge Accounting <sup>(1)</sup>	Not Subject to Hedge Accounting <sup>(2)</sup>	
Recurring Measurements	Interest Rate Swaps	Commodities <sup>(1)</sup>	Foreign Currency Forward Contracts	Commodities		
<b>June 30, 2025</b>						
<b>Financial Assets</b>						
Prepaid expenses and other current assets	–	4	–	–	55	59
Other assets	–	5	–	114	39	158
<b>Financial Liabilities</b>						
Provisions and other current liabilities	3	37	–	–	–	40
Other liabilities	7	25	–	–	–	32
<b>December 31, 2024</b>						
<b>Financial Assets</b>						
Prepaid expenses and other current assets	4	4	1	–	66	75
Other assets	7	1	–	131	61	200
<b>Financial Liabilities</b>						
Provisions and other current liabilities	1	50	–	–	–	51
Other liabilities	4	40	–	–	–	44

(1) Derivative financial instruments that are subject to hedge accounting are related to Canadian Utilities Limited's renewable virtual power purchase agreements (PPAs) in its electricity generation business (Level 3) (reported in ATCO EnPower operating segment) and the Company's supply contracts in its retail electricity and natural gas business (Level 2) (reported in ATCO Investments operating segment). Under the PPAs, Canadian Utilities Limited will receive a fixed price per megawatt hour (MWh) and pay the settled price per MWh from the Alberta Electric System Operator (AESO) as well as deliver the related renewable energy credits to the PPA counterparty customers. The energy components of the PPAs were designated as cash flow hedges for accounting purposes.

(2) Derivative financial instruments that are not subject to hedge accounting are related to customer contracts in the Company's retail electricity and natural gas business (Level 3) (reported in ATCO Investments operating segment).

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

	Subject to Hedge Accounting	Not Subject to Hedge Accounting	Total
December 31, 2024 <sup>(1)</sup>	131	127	258
Settlement of derivative contracts	(11)	(53)	(64)
Gains recognized in earnings	1	20	21
Losses recognized in other comprehensive income	(7)	–	(7)
June 30, 2025 <sup>(1)</sup>	114	94	208

(1) Net financial (liabilities) assets classified as Level 3 at end of the period.

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

	2025			2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>Realized gains (losses)</b>						
Revenues	–	3	3	–	4	4
Fuel costs	(7)	–	(7)	(10)	–	(10)
Purchased power	(5)	–	(5)	(6)	–	(6)
Derivative financial instruments <sup>(1)</sup>	–	21	21	(4)	26	22
Interest expense	1	–	1	(9)	–	(9)
	(11)	24	13	(29)	30	1
<b>Unrealized losses</b>						
Derivative financial instruments <sup>(1)</sup>	–	(29)	(29)	–	(24)	(24)
<b>Total</b>	<b>(11)</b>	<b>(5)</b>	<b>(16)</b>	<b>(29)</b>	<b>6</b>	<b>(23)</b>

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

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

	2025			2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>Realized gains (losses)</b>						
Revenues	–	6	6	–	5	5
Fuel costs	(18)	–	(18)	2	–	2
Purchased power	(15)	–	(15)	(12)	–	(12)
Derivative financial instruments <sup>(1)</sup>	(1)	58	57	(3)	34	31
Interest expense	3	–	3	12	–	12
	(31)	64	33	(1)	39	38
<b>Unrealized losses</b>						
Derivative financial instruments <sup>(1)</sup>	–	(32)	(32)	–	(10)	(10)
<b>Total</b>	<b>(31)</b>	<b>32</b>	<b>1</b>	<b>(1)</b>	<b>29</b>	<b>28</b>

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

## Notional and maturity summary

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

Notional value and maturity	Subject to Hedge Accounting				Not Subject to Hedge Accounting	
	Interest Rate Swaps	Natural Gas <sup>(1)</sup>	Power <sup>(2)</sup>	Foreign Currency Forward Contracts	Natural Gas <sup>(1)</sup>	Power <sup>(2)</sup>
<b>June 30, 2025</b>						
Purchases <sup>(3)</sup>	–	26,331,920	2,971,741	–	–	–
Sales <sup>(3)</sup>	–	691,164	9,160,605	–	23,934,979	2,765,598
Currency						
Canadian dollars	196	–	–	–	–	–
Australian dollars	754	–	–	–	–	–
U.S. dollars	–	–	–	18	–	–
Mexican pesos	–	–	–	20	–	–
Maturity	2025-2036	2025-2030	2025-2038	2025	2025-2030	2025-2030
<b>December 31, 2024</b>						
Purchases <sup>(3)</sup>	–	34,422,975	3,191,402	–	–	–
Sales <sup>(3)</sup>	–	580,162	9,513,570	–	25,484,562	2,797,128
Currency						
Canadian dollars	204	–	–	–	–	–
Australian dollars	757	–	–	–	–	–
U.S. dollars	–	–	–	26	–	–
Maturity	2025-2036	2025-2030	2025-2038	2025	2025-2029	2025-2029

(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.

## 11. BUSINESS COMBINATION

### ACQUISITION OF NRB LIMITED

In March 2025, ATCO Structures & Logistics Ltd., a subsidiary of the Company, finalized the working capital adjustment related to the 2024 acquisition of NRB Limited. The adjustment resulted in a \$3 million increase to the purchase price, bringing the total cash consideration to \$43 million.