



ATCO LTD.

FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2026

2026 SECOND QUARTER FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

TABLE OF CONTENTS

Management’s Discussion and Analysis	2
Unaudited Interim Consolidated Financial Statements	44



ATCO LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2026

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

This MD&A was prepared as of July 27, 2026, and should be read with the Company's unaudited interim consolidated financial statements for the six months ended June 30, 2026. Additional information, including the Company's previous MD&As, Annual Information Form, and audited consolidated financial statements for the year ended December 31, 2025, is available on SEDAR+ at www.sedarplus.ca. Information contained in the 2025 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family. The Company includes controlling positions in Canadian Utilities Limited (Canadian Utilities or CU) (52.4 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), and ATCO Energy Ltd. (ATCO Energy) (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	17
Canadian Utilities Financing & Other	18
Policy and Regulatory Updates	18
Other Expenses and Income	19
Liquidity and Capital Resources	21
Share Capital	24
Quarterly Information	25
Other Financial and Non-GAAP Measures	27
Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares	28
Reconciliation of Capital Investment to Capital Expenditures	37
Other Financial Information	38
Glossary	41
Appendix 1: Supplemental Non-Audited Financial Information	42

PERFORMANCE OVERVIEW

FINANCIAL METRICS

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

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions, except per share data and outstanding shares)	2026	2025	Change	2026	2025	Change
Key Financial Metrics						
Revenues	1,319	1,158	161	2,745	2,569	176
Adjusted earnings (loss) ⁽¹⁾	114	101	13	279	261	18
ATCO Structures & Logistics ⁽¹⁾	35	32	3	63	59	4
ATCO Investments ⁽¹⁾	5	6	(1)	15	17	(2)
Canadian Utilities Limited ⁽¹⁾						
ATCO Energy Systems ⁽¹⁾	64	60	4	193	182	11
ATCO EnPower ⁽¹⁾	8	6	2	14	12	2
ATCO Australia ⁽¹⁾	18	11	7	29	18	11
Canadian Utilities Financing & Other ⁽¹⁾	(16)	(14)	(2)	(35)	(27)	(8)
Adjusted earnings (\$ per share) ⁽²⁾	1.01	0.90	0.11	2.48	2.33	0.15
Earnings attributable to Class I and Class II Shares	88	64	24	240	208	32
Earnings attributable to Class I and Class II Shares (\$ per share)	0.78	0.57	0.21	2.13	1.85	0.28
Diluted earnings attributable to Class I and Class II Shares (\$ per share)	0.78	0.57	0.21	2.12	1.85	0.27
Total assets	27,961	26,799	1,162	27,961	26,799	1,162
Long-term debt	12,785	11,790	995	12,785	11,790	995
Class I and Class II Share owners' equity	4,755	4,730	25	4,755	4,730	25
Cash dividends declared per Class I and Class II Share (cents per share)	51.96	50.45	1.51	103.92	100.90	3.02
Cash flows from operating activities	679	513	166	1,408	1,270	138
Capital investment ⁽³⁾	489	443	46	908	906	2
Capital expenditures	486	441	45	904	900	4
Other Financial Metrics						
Weighted average Class I and Class II Shares outstanding (thousands):						
Basic	112,513	112,472	41	112,471	112,364	107
Diluted	113,547	112,856	691	113,398	112,679	719

(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) 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.

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

REVENUES

Revenues in the second quarter of 2026 were \$1,319 million, \$161 million higher than the same period in 2025 mainly due to additional revenues from the Stibnite Gold project, increased space rentals activity, and permanent modular construction sales in ATCO Structures, as well as increased customer rates and higher foreign exchange in ATCO Gas Australia. Revenues were also positively impacted by higher flow through revenues in Natural Gas Distribution and Electricity Distribution, growth in rate base in ATCO Energy Systems' businesses, and stronger seasonal spreads in natural gas storage services in ATCO EnPower.

ADJUSTED EARNINGS ⁽¹⁾

Adjusted earnings in the second quarter of 2026 were \$114 million or \$1.01 per share, compared to \$101 million or \$0.90 per share for the same period in 2025.

Higher adjusted earnings in the second quarter of 2026 were mainly due to increased space rentals activity and earnings from the Stibnite Gold project in ATCO Structures, and the impact of inflation indexing on rate base and increased customer rates in ATCO Gas Australia. Higher adjusted earnings were also due to growth in rate base in ATCO Energy Systems' businesses, and year-to-date recognition of final 2026 rates in Electricity Transmission following the Alberta Utilities Commission's (AUC) decision in the second quarter of 2026 approving the Negotiated Settlement Agreement (NSA) relating to the 2026-2027 General Tariff Application (GTA).

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 \$88 million in the second quarter of 2026, \$24 million higher compared to the same period in 2025. 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.

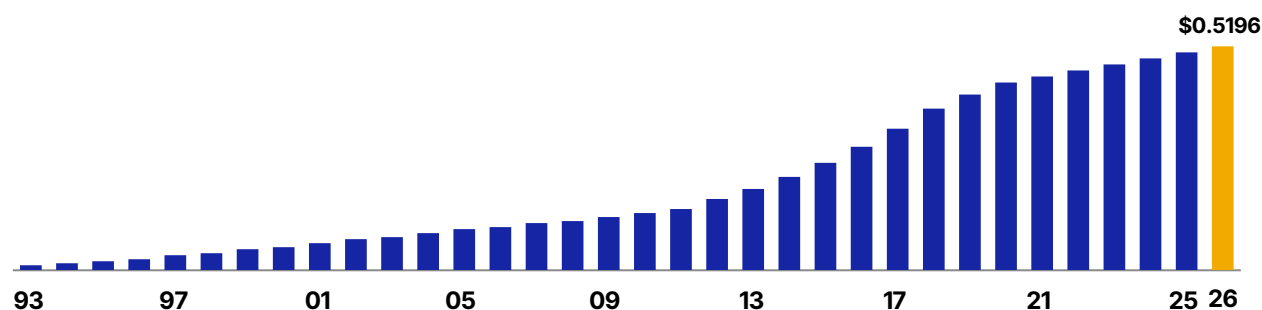
CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities were \$679 million in the second quarter of 2026, \$166 million higher than the same period in 2025. This increase was mainly due to higher earnings within most business units, and increased customer receipts due to colder weather and higher customer rates in Natural Gas Distribution, partially offset by the timing of working capital.

COMMON SHARE DIVIDENDS

Dividends paid to Class I and Class II Share owners totalled \$58 million in the second quarter of 2026. On July 9, 2026, the Board of Directors declared a third quarter dividend of 51.96 cents per share or \$2.08 on an annualized basis. ATCO expects to continue to grow its dividends consistent with the sustainable growth of its investments.

Quarterly Dividend Rate 1993 - 2026
(dollars per share)



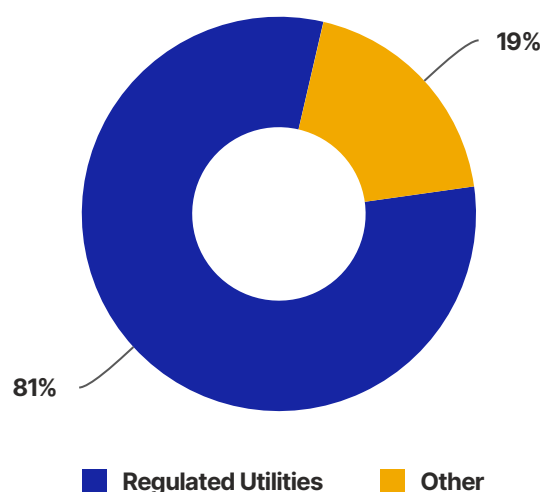
⁽¹⁾ Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

CAPITAL INVESTMENT ⁽¹⁾ AND CAPITAL EXPENDITURES

Capital investment is a non-GAAP financial measure defined as cash used for capital expenditures, business combinations, and cash used in the Company's share of capital expenditures in joint ventures. Total capital investment of \$489 million in the second quarter of 2026 was \$46 million higher compared to the same period in 2025 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including the Yellowhead Pipeline Project (Yellowhead Pipeline) in Natural Gas Transmission, and increased capital spending in ATCO Structures on space rental fleet additions, and ATCO Investments' project development. Higher capital investment was partially offset by the completion of the Central East Transfer-Out Project (CETO), and timing of capital maintenance projects and infrastructure upgrades in Electricity Transmission, and decreased capital spend in ATCO EnPower.

Capital expenditures, a GAAP measure reported in accordance with IFRS, includes additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of \$486 million in the second quarter of 2026 were \$45 million higher compared to the same period in 2025 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

**Capital Expenditures for the
Three Months Ended June 30, 2026**



Capital expenditures in Canadian Utilities' Regulated Utilities accounted for 81 per cent of the total in the second quarter of 2026. The remaining capital expenditures were primarily related to ATCO Structures' continued expansion of its space rentals fleet, and capital spending within ATCO Investments and ATCO EnPower.

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

BUSINESS UNIT PERFORMANCE

ATCO Structures & Logistics

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 \$367 million and \$674 million in the second quarter and first six months of 2026 were \$94 million and \$110 million higher than the same periods in 2025 mainly due to ATCO Structures' additional revenues from the Stibnite Gold project, which commenced in the fourth quarter of 2025, increased space rentals activity, and permanent modular construction sales. These increases were partially offset by lower workforce housing sales in Australia, Canada and Chile.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
ATCO Structures⁽¹⁾	36	32	4	63	58	5
ATCO Frontec⁽¹⁾	(1)	—	(1)	—	1	(1)
Total ATCO Structures & Logistics⁽²⁾	35	32	3	63	59	4

(1) Non-GAAP financial measures. The most directly comparable measure reported in accordance with IFRS is Earnings Attributable to Class I non-voting and Class II voting shares. Adjusted earnings is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to 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 \$35 million and \$63 million in the second quarter and first six months of 2026 were \$3 million and \$4 million higher than the same periods in 2025 mainly due to ATCO Structures' earnings from the Stibnite Gold project, increased space rentals activity, and permanent modular construction sales. Higher adjusted earnings were partially offset by ATCO Structures' lower workforce housing sales in Australia, Canada and Chile, and the scheduled closure of ATCO Frontec's BC Hydro Site C camp in the first quarter of 2026.

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

ATCO STRUCTURES

ATCO Structures operates three business lines: Space Rentals, Workforce Housing, and Permanent Modular Construction. Space Rentals provides prefabricated, transportable spaces such as modular complexes, mobile offices, kiosks, storage, and sanitary solutions that support construction, manufacturing, industrial operations, education, and healthcare. Workforce Housing provides modular accommodation solutions designed for industrial and remote worksites supporting natural

resources, large-scale infrastructure development, and defence. Permanent Modular Construction serves both commercial and residential markets, providing modular buildings for education, healthcare, hospitality, sports and recreation, and residential solutions across the housing continuum, including single- and multi-family homes. ATCO Structures operates through two commercial streams: Sales, which encompasses sales of product and service offerings to customers across all three business lines; and Leasing, which includes leasing both Space Rentals and Workforce Housing products to customers.

ATCO Structures' adjusted earnings of \$36 million and \$63 million in the second quarter and first six months of 2026 were \$4 million and \$5 million higher than the same periods in 2025 mainly due to ATCO Structures' earnings from the Stibnite Gold project, increased space rentals activity globally, and permanent modular construction sales primarily in Canada and the US. Higher adjusted earnings were partially offset by lower workforce housing sales activity from projects in Australia, Canada and Chile, and increased operating costs supporting expansion of the business.

The following table compares ATCO Structures' rental fleet for the second quarter and first six months of 2026 and 2025.

	Three Months Ended June 30			Six Months Ended June 30		
	2026	2025	Change	2026	2025	Change
Global Space Rentals						
Number of units	27,167	25,799	5%	27,167	25,799	5%
Average utilization (%)	78	75	3%	77	75	2%
Average rental rate (\$ per month)	896	813	10%	879	808	9%
Global Workforce Housing						
Number of units	1,919	2,393	(20%)	1,919	2,393	(20%)
Average utilization (%)	60	57	3%	59	58	1%
Average rental rate (\$ per month)	1,331	1,353	(2%)	1,321	1,373	(4%)

Rental Fleet

Space Rentals

ATCO Structures has increased its global space rentals fleet through increased capital investment in Canada, the US and Australia to capture market share and execute its expansion strategy for sustainable base business. ATCO Structures has increased the number of units on rent and realized higher average rental rates due to sustained demand from existing customers and growth in the customer base from newer branches in these regions. The demand is underpinned by strong general construction activity as well as projects across Canada, the US and Australia that support mining, energy, natural resource, technology and public infrastructure development. Utilization rates have improved while growing the number of units in the rental fleet through targeted investment to strengthen market position in regions with ongoing activity.

Workforce Housing

ATCO Structures is focused on maintaining the optimized level and mix of workforce housing fleet in Canada, the USA and Australia, which includes targeted investment to tailor fleet mix and expand fleet offerings in strategic locations to meet the current and anticipated market demand. During the quarter, there was heightened customer demand for new manufactured and used fleet products for purchase. The workforce housing market responds to both the capital spending cycle and development activity in various industries, primarily in remote locations where workforce accommodation is not readily available. As a result, workforce housing products tend to move in large tranches and ATCO Structures aims to strategically position its fleet in response to the short-term cycle ebbs and flows.

ATCO Structures Recent Developments

In the second quarter of 2026, ATCO Structures continued growing its market presence through organic strategic initiatives and investment, particularly in space rentals. This included expansion and optimization of the global rental fleet.

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 or newly awarded contracts during the quarter.

Beyond the projects detailed below, ATCO Structures also received notices of award and limited notices to proceed for early-stage work, including infrastructure planning and camp design services, for energy development and energy infrastructure

projects in Western Canada and Western Australia. The contracts are anticipated to commence in 2026 and have a combined contract value of over \$80 million. The contracts below include \$87 million that follow limited notices to proceed received in the first quarter of 2026.

Canada

ATCO Structures was awarded contracts to provide space rental, workforce housing, and permanent modular construction solutions supporting mining projects in Western Canada, modular fleet providers and public infrastructure development in Central Canada, and housing in Northern Canada. These awards comprise over 365 modular units and total \$89 million in sale contracts.

United States

ATCO Structures was previously awarded a \$179 million contract by Perpetua Resources Corp. to supply and install a 1,052-person dormitory lodge and office facilities in support of the Stibnite Gold project located near Yellow Pine, Idaho. In the second quarter of 2026, manufacturing progressed in line with the original schedule. Site work is anticipated to commence in the third quarter of 2026 with the first handover milestone anticipated in the fourth quarter of 2026.

ATCO Structures was awarded contracts to provide space rental and workforce housing solutions supporting data centre construction in Texas, Oklahoma and Idaho, nuclear power generation in Idaho, gold mining in Nevada, and modular fleet providers across the continental US. These awards comprise over 250 modular units and total \$23 million in sale and lease contracts.

Australia

ATCO Structures was awarded a \$57 million sale contract to provide a workforce housing solution in support of a mining project in Western Australia. This award comprises over 160 units.

ATCO FRONTEC

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

ATCO Frontec's adjusted earnings in the second quarter and first six months of 2026 were \$1 million lower than the same periods in 2025 mainly due to the scheduled closure of the BC Hydro Site C camp in the first quarter of 2026.

ATCO Frontec Recent Developments

Defence Construction Canada Award

As defence spending begins to flow into Northern Canada, ATCO Frontec received a Defence Construction Canada contract to install and operate a temporary camp during the third quarter of 2026. The contract is in support of Operation Nanook, a Canadian Armed Forces' operation comprised of activities designed to exercise the defence of Canada and to secure northern regions, and will provide accommodations and services for up to 375 personnel in the community of Resolute Bay, Nunavut.

ATCO Investments

ATCO Investments incorporates our 40 per cent equity investment in Neltume Ports, and our wholly-owned subsidiaries ATCO Land and Development, Ashcor, and ATCO Energy. 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 \$38 million and \$73 million in the second quarter and first six months of 2026 were \$5 million lower than the same periods in 2025 mainly due to decreased commodity prices in ATCO Energy and decreased volume and pricing at Ashcor facilities.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
Investments						
Neltume Ports	6	7	(1)	13	15	(2)
Other Investments ⁽¹⁾	6	5	1	13	10	3
Total Investments ⁽¹⁾	12	12	—	26	25	1
ATCO Corporate & Other ⁽¹⁾	(7)	(6)	(1)	(11)	(8)	(3)
Total ATCO Investments ⁽²⁾	5	6	(1)	15	17	(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.

Including intersegment eliminations, ATCO Investments' adjusted earnings of \$5 million and \$15 million in the second quarter and first six months of 2026 were \$1 million and \$2 million lower than the same periods in 2025 mainly due to changes in cargo mix and operating margins in Neltume Ports, the impact of foreign exchange rates, and higher share-based compensation expense related to an increase in ATCO's share price in ATCO Corporate & Other. Lower adjusted earnings are partially offset by lower plant operating costs in Ashcor, and lower net interest expense 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 6 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil, Guatemala, and the US.

Neltume Ports' adjusted earnings of \$6 million and \$13 million in the second quarter and first six months of 2026 were \$1 million and \$2 million lower than the same periods in 2025 mainly due to changes in cargo mix and operating margins, and the impact of foreign exchange rates in the first quarter of 2026.

Other Investments

Other Investments includes ATCO Land and Development, Ashcor, and ATCO Energy. 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.

Other Investments' adjusted earnings of \$6 million and \$13 million in the second quarter and first six months of 2026 were \$1 million and \$3 million higher than the same periods in 2025 mainly due to lower plant operating costs at Ashcor's Battle River site, and increased commodity margins at ATCO Energy.

ATCO Corporate & Other

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

ATCO Corporate & Other's adjusted earnings in the second quarter and first six months of 2026 were \$1 million and \$3 million lower than the same periods in 2025 mainly due to higher share-based compensation expense related to an increase in ATCO's share price, partially offset by lower net interest expense.

RECENT DEVELOPMENTS

Other Investments

Grays Bay Road and Port Project

In the second quarter of 2026, the Government of Canada announced that the Grays Bay Road and Port Project (GBRP) was identified as a candidate for designation under the Building Canada Act. Designation under the Building Canada Act could provide greater regulatory certainty and approval timelines for GBRP, while supporting continued consultation with Indigenous and community groups.

In the first quarter of 2026, ATCO announced our approximately \$10 million of staged investment for 40 per cent ownership in West Kitikmeot Resources Corp. (WKR). Backed by significant Inuit ownership, WKR is the sole proponent developing the Grays Bay Road and Port Project (GBRP), a critical infrastructure project consisting of a greenfield deepwater port with access to the Northwest Passage shipping corridor, a 230-kilometre all-season road leading inland, and a 6,000-foot airstrip. GBRP development is planned in multiple phases, with an expected in-service date of 2035 for the full project.

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

ATCO Energy Systems

REVENUES

ATCO Energy Systems revenues of \$760 million and \$1,680 million in the second quarter and first six months of 2026 were \$52 million and \$46 million higher than the same periods in 2025. Higher revenues were mainly due to higher flow-through revenues in Natural Gas Distribution and Electricity Distribution, and growth in rate base. Higher revenues in the first six months of 2026 were partially offset by refunds to customers of Electricity Distribution and Natural Gas Distribution over the September 1, 2025 to February 28, 2026 period, resulting from the AUC's Second Generation Performance Based Regulation (PBR2) re-opener Phase II decision rendered in the second quarter of 2025. The Company was granted leave to appeal this decision, which was heard by the Alberta Court of Appeal on April 16, 2026.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
Electricity						
Electricity Distribution ⁽¹⁾	18	19	(1)	42	41	1
Electricity Transmission ⁽¹⁾	26	23	3	50	47	3
International Electricity Operations ⁽¹⁾	8	7	1	15	15	—
Total Electricity ⁽¹⁾	52	49	3	107	103	4
Natural Gas						
Natural Gas Distribution ⁽¹⁾	(3)	(3)	—	56	51	5
Natural Gas Transmission ⁽¹⁾	15	14	1	30	28	2
Total Natural Gas ⁽¹⁾	12	11	1	86	79	7
Total ATCO Energy Systems ⁽²⁾	64	60	4	193	182	11

(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 \$64 million and \$193 million in the second quarter and first six months of 2026 were \$4 million and \$11 million higher than the same periods in 2025 mainly due to growth in rate base. Adjusted earnings in the second quarter were also higher due to Electricity Transmission's 2026-2027 GTA negotiated settlement decision received from the AUC and the year-to-date recognition of final 2026 rates of which \$3 million relates to the first quarter of 2026. In the first six months of 2026, higher earnings were also due to lower income tax expense due to the March 2026 enactment of Bill C-15 (Budget 2025 Implementation Act, No. 1) (Bill C-15), which reinstated the Accelerated Investment

Incentive and increased deductibility of eligible property acquired after 2024 and available for use before 2030. Higher adjusted earnings were partially offset by Natural Gas Transmission's 2026-2028 General Rate Application (GRA) which was approved by the AUC and included cost efficiencies in prior periods that are being passed on to customers.

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

Electricity Distribution

Electricity Distribution provides regulated electricity distribution and distributed generation mainly in northern and central east Alberta, the Yukon, the Northwest Territories, and in the Lloydminster area of Saskatchewan.

Electricity Distribution adjusted earnings of \$18 million in the second quarter of 2026 were \$1 million lower than the same period in 2025 mainly due to timing of cost efficiencies, partially offset by growth in rate base.

Electricity Distribution adjusted earnings of \$42 million in the first six months of 2026 were \$1 million higher than the same period in 2025 mainly due to growth in rate base, and lower income tax expense due to the March 2026 enactment of Bill C-15. Higher adjusted earnings were partially offset by timing of cost efficiencies.

Electricity Transmission

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

Electricity Transmission adjusted earnings of \$26 million and \$50 million in the second quarter and first six months of 2026 were \$3 million higher than the same periods in 2025 mainly due to growth in rate base. Adjusted earnings in the second quarter were also higher due to Electricity Transmission's 2026-2027 GTA negotiated settlement decision received from the AUC and the year-to-date recognition of final 2026 rates of which \$3 million relates to the first quarter of 2026.

International Electricity Operations

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

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

International Electricity Operations adjusted earnings of \$8 million in the second quarter of 2026 were \$1 million higher than the same period in 2025 mainly due to higher management fees as a result of inflation adjustments, partially offset by lower foreign exchange rates.

International Electricity Operations adjusted earnings of \$15 million in the first six months of 2026 were comparable to the same period in 2025.

Natural Gas Distribution

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

Natural Gas Distribution adjusted earnings in the second quarter of 2026 were comparable to the same period in 2025.

Natural Gas Distribution adjusted earnings in the first six months of 2026 were \$5 million higher than the same period in 2025 mainly due to growth in rate base and lower income tax expense due to the March 2026 enactment of Bill C-15.

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 \$15 million and \$30 million in the second quarter and first six months of 2026 were \$1 million and \$2 million higher than the same periods in 2025 mainly due to growth in rate base and lower income tax

expense due to the March 2026 enactment of Bill C-15. Higher adjusted earnings were partially offset by the 2026-2028 GRA which was approved by the AUC and included cost efficiencies in prior periods that are being passed on to customers.

ATCO ENERGY SYSTEMS RECENT DEVELOPMENTS

Utility Infrastructure Projects

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

- Yellowhead Pipeline consists of approximately 235 kilometres of high-pressure natural gas pipeline with the projected spend estimated at \$2.9 billion based on a Class III estimate with an expected accuracy of +/-20 per cent. In the third quarter of 2025, the AUC approved the Need Assessment Application for the project, and on July 17, 2026, the AUC approved the facility application. With these two key regulatory filings approved, construction is now set to begin effective immediately. All major pipeline and compressor contracts, including supply and materials, have been awarded and the pipeline is 100 per cent contracted with customers. The Yellowhead Pipeline will support Alberta's continued economic growth, industrial expansion and rising energy demand.

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

- In June 2026, ATCO and AltaLink L.P. announced the successful completion and energization of CETO. CETO consists of a 135-km 240kV transmission line, of which Electricity Transmission built 85-km of the transmission line and AltaLink L.P. constructed the remaining 50-km. Electricity Transmission's 85-km of the transmission line was energized on June 26, 2026, and was completed ahead of project schedule, below expected project spend, and with zero lost time injuries. CETO supports renewable energy integration in Alberta and transports electricity in the counties of Red Deer, Lacombe and Stettler, supplying more than 1,500 megawatts of electricity to Alberta's grid.

Funding Strategy

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

ATCO ENERGY SYSTEMS REGULATORY DEVELOPMENTS

Natural Gas Transmission

2026-2028 General Rate Application (GRA)

On September 22, 2025, ATCO Pipelines filed its GRA with the AUC to establish its revenue requirement for 2026-2028. Increases over the three-year period are largely related to Yellowhead Pipeline. In January 2026, ATCO Pipelines and interveners reached a Negotiated Settlement Agreement (NSA) in principle, except for IT operations and maintenance (O&M) costs and other certain matters excluded from negotiations by the AUC.

On July 2, 2026, the AUC issued a decision for the excluded matters from the NSA. The decision approved a depreciation expense placeholder, IT O&M costs, established a capital deferral account to manage uncertainties for Yellowhead Pipeline, and granted 100 per cent of construction work in progress for Yellowhead Pipeline in rate base for 2026 (\$53 million) and 2027 (\$44 million) as a temporary credit relief measure during construction.

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

Yellowhead Pipeline Project Facility Application

On July 17, 2026, the AUC approved ATCO Pipelines' Facility Application for the approximately \$2.9 billion Yellowhead Pipeline project as filed. The approval confirms that the project is in the public interest, authorizes construction and operation of the facilities, and resolves key matters related to routing, land access, environmental impacts, Indigenous engagement, and stakeholder concerns. The decision represents a significant regulatory milestone and enables ATCO Pipelines to proceed with project execution, with construction expected to begin effective immediately.

Electricity Transmission

2026-2027 General Tariff Application (GTA)

On November 21, 2025, Electricity Transmission filed its GTA with the AUC to establish its revenue requirement for 2026 and 2027. In June 2026, Electricity Transmission and interveners reached a comprehensive NSA, which was approved by the AUC on July 3, 2026. In rendering its decision to approve the NSA, the AUC excluded three line-move capital projects, which will be adjudicated separately. The NSA reflects modest tariff increases of less than 1 per cent in 2026 and 2027. The adjusted earnings impact of the decision was \$7 million in the second quarter of 2026, of which half related to the first quarter of 2026.

ATCO EnPower

REVENUES

ATCO EnPower revenues of \$76 million and \$175 million in the second quarter and first six months of 2026 were \$5 million and \$6 million higher than the same periods in 2025 mainly due to stronger seasonal spreads in natural gas storage services, higher generation at the Veracruz hydro facility in Mexico, and higher third party sales of emissions credits.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
Electricity Generation ⁽¹⁾	(1)	(2)	1	(3)	(3)	—
Storage & Industrial Water ⁽¹⁾	9	8	1	17	15	2
Total ATCO EnPower ⁽²⁾	8	6	2	14	12	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 \$8 million and \$14 million in the second quarter and first six months of 2026 were \$2 million higher than the same periods in 2025 mainly due to stronger seasonal spreads in natural gas storage services, and higher generation at the Veracruz hydro facility in Mexico. Higher earnings in the quarter were partially offset by lower carbon pricing recognized for emissions credits generated, lower compensation related to turbine availability guarantees at the Forty Mile wind facility, and lower overall capture pricing.

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

Electricity Generation

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

Electricity Generation adjusted earnings in the second quarter and first six months of 2026 were comparable to the same periods in 2025.

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

	Three Months Ended June 30			Six Months Ended June 30		
	2026	2025	Change	2026	2025	Change
Capacity Share ⁽¹⁾ ⁽²⁾ (MW)	409	390	19	409	390	19
Generation (MWh)	254,538	233,564	20,974	465,742	467,018	(1,276)
Wind	151,503	144,334	7,169	322,370	345,608	(23,238)
Solar	63,031	64,939	(1,908)	93,703	93,502	201
Hydroelectric	38,903	24,291	14,612	44,526	27,908	16,618
Natural Gas	1,101	—	1,101	5,143	—	5,143
% Merchant	37	33	4	33	30	3
% PPA ⁽³⁾	63	67	(4)	67	70	(3)
Average Realized Price (\$/MWh)	67	71	(4)	71	74	(3)

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

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

(3) PPA means Power Purchase Agreement.

The average realized price related to the generation portfolio of \$67 per MWh and \$71 per MWh in the second quarter and first six months of 2026 was lower compared to \$71 per MWh and \$74 per MWh in the second quarter and first six months of 2025. This is mainly due to declines in merchant pricing from the comparable periods in 2025.

Wind generation for the second quarter of 2026 was higher than the same period in 2025 due to higher average wind speed at both Forty Mile wind and Adelaide facilities. The Forty Mile wind facility continues to be affected by monthly grid curtailments of approximately 40 per cent caused by transmission system constraints in the southeast portion of Alberta resulting from inadequate transmission infrastructure and grid deficiencies leading to unprecedented levels of curtailment in the region. The Alberta Electric System Operator's (AESO) unequal curtailment practices also continue to benefit Renewable Energy Program (REP) facilities at the expense of non-REP generators in the area. Proposed incumbent protection mechanisms have not yet been finalized. ATCO EnPower continues to pursue all remedies associated with this situation through engagement and continues to evaluate options to secure a resolution.

Solar generation in the second quarter of 2026 was lower than the same period in 2025 driven in part due to wet weather conditions experienced during June at the Barlow, Deerfoot and Empress solar facilities. There was improved generation in the second quarter of 2026 at the hydroelectric facility compared to the same period in 2025 as reservoir levels remain elevated, supported by strong basin-wide snowpack, high precipitation, and mild weather. Natural gas generation in the second quarter of 2026 was higher than the same period in 2025 due to the fourth quarter 2025 acquisition of the Elmworth generating station.

Storage & Industrial Water

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

Storage & Industrial Water adjusted earnings of \$9 million and \$17 million in the second quarter and first six months of 2026 were \$1 million and \$2 million higher than the same periods in 2025 mainly due to stronger seasonal spreads in natural gas storage services.

ATCO Australia

REVENUES

ATCO Australia revenues of \$75 million and \$137 million in the second quarter and first six months of 2026 were \$15 million and \$20 million higher than the same periods in 2025 mainly due to increased customer rates in ATCO Gas Australia, and higher foreign exchange rates. Revenues for the first six months of 2026 were partially offset by the revenues received in the first quarter of 2025 from the South Australia Hydrogen Jobs Plan project in ATCO Power Australia.

ADJUSTED EARNINGS

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
ATCO Gas Australia ⁽¹⁾	17	10	7	27	16	11
ATCO Power Australia ⁽¹⁾	1	1	—	2	2	—
Total ATCO Australia ⁽²⁾	18	11	7	29	18	11

(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 \$18 million and \$29 million in the second quarter and first six months of 2026 were \$7 million and \$11 million higher than the same periods in 2025 mainly due to the impact of inflation indexing on rate base, higher foreign exchange rates, and higher customer rates in ATCO Gas Australia.

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

ATCO Gas Australia

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

ATCO Gas Australia adjusted earnings of \$17 million and \$27 million in the second quarter and first six months of 2026 were \$7 million and \$11 million higher than the same periods in 2025 mainly due to the impact of inflation indexing on rate base, higher foreign exchange rates, and higher customer rates.

Australia inflation indexing in 2026 currently reflects an inflation assumption of 4.2 per cent, of which 2.1 per cent has been recognized in the first six months. In 2025, Australia inflation indexing reflected a full year inflation of 3.4 per cent, of which 1.4 per cent was recognized for the first six months of 2025. The impact of inflation on rate base is added to the rate base annually and is reflected in customer rates in future periods through the recovery of depreciation. Customer rates are adjusted annually through a mechanism, which adjusts the approved rates in real dollars for actual inflation.

ATCO Power Australia

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

ATCO Power Australia adjusted earnings of \$1 million and \$2 million in the second quarter and first six months of 2026 were comparable to the same periods in 2025.

RECENT DEVELOPMENTS

Osborne Power Purchase Agreement (PPA) Extension

In June 2026, ATCO Australia executed an extension to the Osborne PPA with Origin Energy Electricity Limited. The extension commences January 2028 and extends until December 2035, with five one-year options that enable further extensions to December 2040. The extension of the PPA is subject to a condition precedent on the land lease which is expected to be met in the second half of 2026.

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 \$6 million in the second quarter and first six months of 2026 were comparable to the same periods in 2025.

ADJUSTED EARNINGS (LOSS)

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
Canadian Utilities Financing & Other ⁽¹⁾	(16)	(14)	(2)	(35)	(27)	(8)

(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 loss in the second quarter and first six months of 2026 was \$2 million and \$8 million higher than the same periods in 2025 mainly due to increased interest expense on the debt issuance in the third quarter of 2025 related to the pre-funding of the Yellowhead Pipeline investment, and higher share-based compensation expense related to an increase in Canadian Utilities' share price, partially offset by higher interest income.

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

AFFORDABLE HOUSING

On June 18, 2026, legislation supporting the federal government's housing affordability agenda advanced the implementation of housing supply measures, including approximately \$1.7 billion in funding for provinces and territories through Bill C-26, the *Improving Housing Supply Act*. The funding is intended to support permitting, servicing, and other housing-enabling infrastructure initiatives designed to accelerate residential development and address housing shortages across Canada.

CANADA-ALBERTA ENERGY COOPERATION FRAMEWORK

On May 15, 2026, Canada and Alberta announced an Implementation Agreement supporting the Canada-Alberta Memorandum of Understanding (Implementation Agreement) on energy development and climate policy. The agreement establishes a framework for collaboration on industrial carbon pricing, electricity system growth, methane emission reductions and major project development. Governments also continued work on a coordinated environmental and impact assessment framework intended to streamline review processes for major energy and infrastructure projects.

ALBERTA

INDUSTRIAL CARBON PRICING FRAMEWORK

The Implementation Agreement provides additional clarity regarding Alberta's long-term industrial carbon pricing framework under the Technology Innovation and Emissions Reduction (TIER) system, including a defined carbon price pathway intended to provide greater certainty for industry and investors while supporting emissions reduction objectives.

On July 2, 2026, the Oil Sands Alliance and the governments of Canada and Alberta signed a non-binding memorandum of understanding supporting carbon capture and storage, industrial decarbonization, and long-term investment in emissions-reduction initiatives, further reinforcing the policy direction.

While these agreements provide additional policy certainty and support continued alignment on industrial emissions reduction objectives, aspects of the framework remain subject to further development and implementation, including elements of the industrial carbon pricing framework and related investment support mechanisms. The final design of these measures may influence compliance costs, investment decisions, and industrial competitiveness. ATCO continues to monitor developments and assess potential implications for its businesses and customers.

CLEAN ELECTRICITY REGULATIONS

The Implementation Agreement confirms that Alberta's obligations under the federal Clean Electricity Regulations will remain suspended while governments develop an alternative framework for the province's electricity sector. The agreement follows concerns raised by Alberta, including legal proceedings related to the application of the regulations on electricity reliability, affordability, and future investment. ATCO continues to monitor policy and regulatory developments as governments advance implementation of the framework.

ACCELERATING MAJOR PROJECT ASSESSMENTS

On June 23, 2026, Canada and Alberta signed a final Cooperation Agreement on Environmental and Impact Assessment, formalizing a coordinated approach to the review of major projects. The agreement supports the "one project, one review" objective by reducing duplication between federal and provincial assessment processes while maintaining environmental oversight and Indigenous consultation requirements. The framework is intended to improve regulatory clarity and support more efficient approvals for major energy, utility, transportation, and infrastructure projects.

OTHER EXPENSES AND INCOME

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

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
Operating costs	778	694	84	1,532	1,459	73
Depreciation and amortization	226	211	15	445	420	25
Earnings from investment in associate company	6	7	(1)	13	15	(2)
Earnings from investment in joint ventures	20	19	1	42	40	2
Net finance costs	130	117	13	259	236	23
Income tax expense	49	32	17	130	109	21

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation and amortization, increased by \$84 million and \$73 million in the second quarter and first six months of 2026 compared to the same periods in 2025. Increased operating costs were mainly due to increased material costs due to higher project activity in ATCO Structures, higher expenses in Natural Gas Distribution for third party franchise fees, and increased purchased power expenses in ATCO Electric Yukon. Increased operating costs were partially offset by higher unrealized and realized gains on derivative financial instruments in ATCO Energy, and non-recurring costs incurred in 2025 associated with restructuring activities and transition costs related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased by \$15 million and \$25 million in the second quarter and first six months of 2026 compared to the same periods in 2025 mainly due to ongoing capital investments in the Regulated Utilities, and ATCO Structures' increase in global space 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 6 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil, Guatemala, and the US.

Earnings from investment in associate company in the second quarter and first six months of 2026 were \$1 million and \$2 million lower than the same periods in 2025 mainly due to changes in cargo mix and operating margins, and the impact of foreign exchange rates in the first quarter of 2026.

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); 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. It also includes certain ATCO Frontec ownership interests in joint ventures holding facilities operations and maintenance contracts.

Earnings from investment in joint ventures in the second quarter and first six months of 2026 were \$1 million and \$2 million higher than the same periods in 2025 mainly due to additional earnings from joint ventures within the ATCO Frontec business.

NET FINANCE COSTS

Net finance costs increased by \$13 million and \$23 million in the second quarter and first six months of 2026 compared to the same periods in 2025 mainly due to additional debt issued to fund ongoing capital investment.

INCOME TAX EXPENSE

Income taxes increased by \$17 million and \$21 million in the second quarter and first six months of 2026 compared to the same periods in 2025 mainly due to higher IFRS earnings before income taxes, and the impact of previously unrecognized deferred income taxes recorded in the prior year.

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, 2026.

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

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

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

On June 24, 2026, Morningstar DBRS affirmed its 'A (high)' long-term corporate credit rating and stable outlook on Canadian Utilities' subsidiary, CU Inc.

On July 15, 2026, Morningstar DBRS affirmed its 'A (low)' long-term corporate credit rating and stable outlook on ATCO Ltd. and its 'A' long-term corporate credit rating and stable outlook on Canadian Utilities Limited.

LINES OF CREDIT

At June 30, 2026, ATCO and its subsidiaries had the following lines of credit.

(\$ millions)	Total	Used	Available
Long-term committed	3,849	1,129	2,720
Uncommitted	743	206	537
Total	4,592	1,335	3,257

Of the \$4,592 million in total lines of credit, \$743 million was in the form of uncommitted credit facilities with no set maturity date. The other \$3,849 million in credit lines was committed with maturities between 2027 and 2031, and may be extended at the option of the lenders.

Of the \$1,335 million in lines of credit used, \$731 million was related to ATCO Gas Australia. Long-term committed credit lines are used to satisfy all of ATCO Gas Australia's term debt financing needs. The majority of the remaining usage is related to the funding needs in ATCO EnPower and CU Inc., the issuance of Canadian Utilities' letters of credit, and ATCO Structures & Logistics' expansion of its global rental fleet and working capital needs on workforce housing projects.

CONSOLIDATED CASH FLOWS

At June 30, 2026, the Company's cash position was \$610 million. This represents an increase of \$419 million compared to the cash position as of June 30, 2025. Cash movements for the second quarter and first six months of 2026 and 2025 are outlined in the following table:

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
Cash position, beginning of period	699	140	559	977	94	883
Cash from (used in):						
Operating activities	679	513	166	1,408	1,270	138
Investing activities	(427)	(447)	20	(875)	(877)	2
Financing activities	(336)	(17)	(319)	(897)	(300)	(597)
Foreign currency translation	(5)	2	(7)	(3)	4	(7)
Cash position, end of the period	610	191	419	610	191	419

The opening cash position of \$699 million and \$977 million in the second quarter and first six months of 2026 was \$559 million and \$883 million higher compared to the opening cash position for the second quarter and first six months of 2025 mainly due to increased issuance of long-term debt and Canadian Utilities' equity preferred shares related to growth projects for new customers in the Regulated Utilities.

Operating Activities

Cash flows from operating activities were \$679 million in the second quarter of 2026, \$166 million higher than the same period in 2025. This increase was mainly due to higher earnings within most business units, and increased customer receipts due to colder weather and higher customer rates in Natural Gas Distribution, partially offset by the timing of working capital.

Cash flows from operating activities were \$1,408 million in the first six months of 2026, \$138 million higher than the same period in 2025. This increase was mainly due to higher earnings within most business units, and lower income taxes paid in Natural Gas Distribution mainly due to a prior year tax refund received. Increases were partially offset by the timing of working capital.

Investing Activities

Cash flows used in investing activities were \$427 million and \$875 million in the second quarter and first six months of 2026, \$20 million and \$2 million lower than the same periods in 2025 mainly due to the timing of capital projects and settlements related to accounts payable for capital projects in the Regulated Utilities and ATCO EnPower, partially offset by higher spend in ATCO Structures for ongoing expansion of the space rental fleet.

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 2026 and 2025 are shown in the following table.

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
ATCO Structures & Logistics	58	52	6	113	103	10
ATCO Investments	25	7	18	35	14	21
	83	59	24	148	117	31
Canadian Utilities						
ATCO Energy Systems						
Electricity	146	146	—	297	337	(40)
Natural Gas	222	192	30	379	346	33
	368	338	30	676	683	(7)
ATCO EnPower	10	15	(5)	30	45	(15)
ATCO Australia	25	24	1	49	45	4
CU Financing & Other	—	5	(5)	1	10	(9)
Canadian Utilities Total Capital Expenditures ^{(1) (2)}	403	382	21	756	783	(27)
ATCO Total Capital Expenditures	486	441	45	904	900	4
Capital Expenditures in joint ventures						
ATCO Energy Systems						
Electricity	1	1	—	1	1	—
ATCO EnPower	2	1	1	3	2	1
Business Combinations						
ATCO Structures & Logistics	—	—	—	—	3	(3)
Canadian Utilities Total Capital Investment ⁽³⁾	406	384	22	760	786	(26)
ATCO Total Capital Investment ⁽³⁾	489	443	46	908	906	2

(1) Includes additions to property, plant and equipment, and intangibles as well as \$11 million and \$20 million (2025 - \$8 million and \$13 million) of capitalized interest during construction for the second quarter and first six months of 2026.

(2) Includes \$27 million and \$70 million for the second quarter and first six months of 2026 (2025 - \$43 million and \$68 million) of capital expenditures, mainly in ATCO Energy Systems, that were funded with the assistance of customer contributions.

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

Total capital investment of \$489 million and \$908 million in the second quarter and first six months of 2026 was \$46 million and \$2 million higher compared to the same periods in 2025 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead Pipeline in Natural Gas Transmission, increased capital spending in ATCO Structures on space rental fleet additions, and ATCO Investments' project development. Higher capital investment was partially offset by the completion of CETO and timing of capital maintenance projects and infrastructure upgrades in Electricity Transmission, and decreased capital spend in ATCO EnPower.

Total capital expenditures of \$486 million and \$904 million in the second quarter and first six months of 2026 were \$45 million and \$4 million higher compared to the same periods in 2025 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 \$336 million and \$897 million in the second quarter and first six months of 2026, \$319 million and \$597 million higher compared to the same periods in 2025 mainly due to lower issuances of long-term debt, and higher repayment of debt in Canadian Utilities and CU Inc. in the first quarter of 2026.

Information pertaining to financing activities is summarized below.

Dividends and Common Shares

We have increased our common share dividend each year since 1993, a 33-year track record. Dividends paid to Class I Share and Class II Share owners totalled \$58 million and \$117 million in the second quarter and first six months of 2026.

On July 9, 2026, the Board of Directors declared a third quarter dividend of 51.96 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, 2026, ATCO commenced an NCIB to purchase up to 2,017,264 outstanding Class I Shares. The bid will expire on March 12, 2027. To date, no shares have been purchased.

SHARE CAPITAL

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

At July 27, 2026, we had outstanding 100,985,167 Class I Shares, 11,542,320 Class II Shares, and options to purchase 2,862,341 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 6,570,950 Class I Shares were available for issuance at June 30, 2026. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The vesting provisions and exercise period (which cannot exceed 10 years) are determined at the time of grant.

QUARTERLY INFORMATION

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

(\$ millions, except for per share data)	Q3 2025	Q4 2025	Q1 2026	Q2 2026
Revenues	1,184	1,390	1,426	1,319
Earnings (loss) attributable to Class I and Class II Shares	85	(143)	152	88
Earnings (loss) per Class I and Class II Share (\$)	0.76	(1.27)	1.35	0.78
Diluted earnings (loss) per Class I and Class II Share (\$)	0.75	(1.27)	1.34	0.78
Adjusted earnings per Class I and Class II Share (\$) ⁽¹⁾	0.91	1.37	1.47	1.01
Adjusted earnings (loss) ⁽²⁾				
ATCO Structures & Logistics ⁽²⁾	32	30	28	35
ATCO Investments ⁽²⁾	13	22	10	5
Canadian Utilities ⁽²⁾				
ATCO Energy Systems ⁽²⁾	53	102	129	64
ATCO EnPower ⁽²⁾	9	2	6	8
ATCO Australia ⁽²⁾	14	4	11	18
Canadian Utilities Financing & Other ⁽²⁾	(18)	(6)	(19)	(16)
Total adjusted earnings ⁽²⁾	103	154	165	114
(\$ millions, except for per share data)	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Revenues	1,116	1,390	1,411	1,158
Earnings attributable to Class I and Class II Shares	93	138	144	64
Earnings per Class I and Class II Share (\$)	0.83	1.23	1.28	0.57
Diluted earnings per Class I and Class II Share (\$)	0.83	1.23	1.28	0.57
Adjusted earnings per Class I and Class II Share (\$) ⁽¹⁾	0.81	1.30	1.43	0.90
Adjusted earnings (loss) ⁽²⁾				
ATCO Structures & Logistics ⁽²⁾	26	24	27	32
ATCO Investments ⁽²⁾	12	15	11	6
Canadian Utilities ⁽²⁾				
ATCO Energy Systems ⁽²⁾	49	109	122	60
ATCO EnPower ⁽²⁾	7	2	6	6
ATCO Australia ⁽²⁾	8	2	7	11
Canadian Utilities Financing & Other ⁽²⁾	(11)	(6)	(13)	(14)
Total adjusted earnings ⁽²⁾	91	146	160	101

(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 2025 were higher than the same period in 2024 mainly due to ATCO Frontec's realized operating efficiencies, ATCO Structures' increased space rental sale and leasing activity in Canada and the US and permanent modular construction activity in Canada, growth in rate base in ATCO Energy Systems' businesses, and higher customer rates in ATCO Gas Australia as a result of moving into a new Access Arrangement (AA6). Higher adjusted earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, and the completion of efficiency carryforward mechanism (ECM) funding in 2024 for Electricity Distribution and Natural Gas Distribution. Additionally, higher adjusted earnings were partially offset by lower interest income earned, the timing of certain expenses, and decreased earnings contribution from ATCO Energy, which was transferred to ATCO on August 1, 2024.

Adjusted earnings in the fourth quarter of 2025 were higher than the same period in 2024 mainly due to ATCO Structures' increased sale and leasing activity in Canada and the US, permanent modular construction activity in the US, and favourable cargo mix and improved margins across operations within Neltume Ports' portfolio. Higher adjusted earnings were also due to growth in rate base in ATCO Energy Systems' businesses, and higher customer rates in ATCO Gas Australia as a result of moving into AA6. Higher earnings were partially offset by a decrease in 2025 ROE in ATCO Energy Systems, and the completion of ECM funding in 2024 for Electricity Distribution and Natural Gas Distribution. Additionally, higher earnings were partially offset by higher net finance costs.

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

Adjusted earnings in the second quarter of 2026 were higher than the same period in 2025 mainly due to increased space rentals activity and earnings from the Stibnite Gold project in ATCO Structures, and the impact of inflation indexing on rate base and increased customer rates in ATCO Gas Australia. Higher adjusted earnings were also due to growth in rate base in ATCO Energy Systems' businesses, and year-to-date recognition of final 2026 rates in Electricity Transmission following the AUC's decision in the second quarter of 2026 approving the NSA relating to the 2026-2027 GTA.

EARNINGS ATTRIBUTABLE TO CLASS I AND CLASS II SHARES

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

- In the third quarter of 2024, fourth quarter of 2024, and first quarter of 2025, the Company recorded restructuring costs of \$6 million (after-tax and non-controlling interests), \$4 million (after-tax and non-controlling interests), and \$8 million (after-tax and non-controlling interests), respectively, mainly related to staff reductions and associated severance costs. Restructuring costs incurred in 2025 were a continuation of restructuring activities commenced in 2024.
- In 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 each of the four quarters of 2025, the Company recognized IT transition costs of \$5 million (after-tax and non-controlling interests), \$3 million (after-tax and non-controlling interests), \$1 million (after-tax and non-controlling interests) and \$2 million (after-tax and non-controlling interests), respectively. The transition activities commenced on January 1, 2025 and concluded in the fourth quarter of 2025. The transition costs were primarily related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.
- In the fourth quarter of 2025, the Company recognized asset impairments and write-offs of \$253 million (after-tax and non-controlling interests) mainly related to the Alberta Renewables Portfolio in ATCO EnPower that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies, and certain hydrogen assets in Natural Gas Distribution which were impaired due to the uncertainty of utility hydrogen regulations. In addition, ATCO Gas Australia recognized an impairment related to the phasing out of an aging liquefied petroleum gas distribution network in Albany, Western Australia due to large sections of the system nearing the end of their service life.

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, 2026. The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 Interim Financial Reporting using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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

TOTAL OF SEGMENTS MEASURES

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

Consolidated adjusted earnings (loss) and adjusted earnings (loss) for each of ATCO 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 2025 have been calculated using the same composition and are disclosed alongside the current total of segments measures in this MD&A. A reconciliation of the total of segments measures with total earnings (loss) attributable to 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 (inclusive of Electricity Generation and Storage & Industrial Water) are non-GAAP financial measures, as defined in NI 52-112.

Adjusted Earnings

Adjusted earnings (loss) are defined as earnings (loss) attributable to 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 taking into account a more likely than not recognition threshold for rate regulated activities. Adjusted earnings (loss) are presented in Note 3 of the unaudited interim consolidated financial statements.

Adjusted earnings (loss) are most directly comparable to earnings (loss) attributable to Class I and Class II Shares. Adjusted earnings (loss) is not a standardized financial measure under the reporting framework used to prepare our financial statements. Adjusted earnings (loss) may not be comparable to similar financial measures disclosed by other issuers. Management's view is that adjusted earnings (loss) are a key measure of segment earnings (loss) that are used to assess

segment performance and allocate resources and allow for a more effective analysis of operating performance and trends. For investors, adjusted earnings (loss) may provide value as they exclude items that are not in the normal course of business and, as such, provide insight as to earnings (loss) resulting from the issuer's usual course of business. For further information, a "Reconciliation of Adjusted Earnings to Earnings attributable to Class I and Class II Shares" is presented in this MD&A.

Capital Investment

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

Adjusted EBITDA

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

NON-GAAP RATIO

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

Adjusted earnings (loss) (\$ per share) is a non-GAAP ratio, as defined in NI 52-112. Adjusted earnings (loss) per Class I and Class II Share is 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 comparable financial measure, earnings (loss) attributable to Class I and Class II shares.

(\$ millions)		Three Months Ended June 30						
2026	ATCO Ltd.							ATCO Total
2025	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Total	
Revenues	367	38	760	76	75	3	914	1,319
	273	43	708	71	60	3	842	1,158
Adjusted earnings (loss)	35	5	64	8	18	(16)	74	114
	32	6	60	6	11	(14)	63	101
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(9)	—	—	—	—	—	(9)
	—	(21)	—	(1)	—	—	(1)	(22)
Rate-regulated activities	—	—	(7)	—	(9)	—	(16)	(16)
	—	—	(5)	—	(6)	—	(11)	(11)
IT Common Matters decision	—	—	(1)	—	—	—	(1)	(1)
	—	—	—	—	—	—	—	—
Transition of managed IT services	—	—	—	—	—	—	—	—
	(1)	—	(1)	(1)	—	—	(2)	(3)
Other	—	—	—	—	—	—	—	—
	—	—	—	(1)	—	—	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	35	(4)	56	8	9	(16)	57	88
	31	(15)	54	3	5	(14)	48	64

(\$ millions)

2026	ATCO Ltd.							ATCO Total
2025	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Total	
Revenues	674	73	1,680	175	137	6	1,998	2,745
	564	78	1,634	169	117	7	1,927	2,569
Adjusted earnings (loss)	63	15	193	14	29	(35)	201	279
	59	17	182	12	18	(27)	185	261
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(2)	—	—	—	—	—	(2)
	—	(26)	—	—	—	—	—	(26)
Rate-regulated activities	—	—	(19)	—	(16)	—	(35)	(35)
	—	—	1	—	(10)	—	(9)	(9)
IT Common Matters decision	—	—	(2)	—	—	—	(2)	(2)
	—	—	(1)	—	—	—	(1)	(1)
Transition of managed IT services	—	—	—	—	—	—	—	—
	(1)	(1)	(5)	(1)	—	—	(6)	(8)
Restructuring	—	—	—	—	—	—	—	—
	—	(1)	(5)	(1)	(1)	—	(7)	(8)
Other	—	—	—	—	—	—	—	—
	—	—	—	(1)	—	—	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	63	13	172	14	13	(35)	164	240
	58	(11)	172	9	7	(27)	161	208

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, or due to hedge ineffectiveness where hedge accounting is 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 Senior Management Team, consisting of the Chief Executive Officer (CEO) and other members of the Executive Committee, believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts from the determination of adjusted earnings (loss) provides a better representation of operating results for the Company's operations.

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

RATE-REGULATED ACTIVITIES

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

IFRS 20, Regulatory Assets and Regulatory Liabilities (IFRS 20), was issued in May 2026 and is effective for annual periods starting January 1, 2029. The Company is in the process of evaluating IFRS 20 and given the Company has not yet adopted this accounting standard, the Regulated Utilities continue to be unable to recognize regulatory assets and regulatory liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, for IFRS purposes, the Regulated Utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design.

Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

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

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

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

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

	Three Months Ended June 30			Six Months Ended June 30		
(\$ millions)	2026	2025	Change	2026	2025	Change
Additional revenues billed in current period						
Future removal and site restoration costs ⁽¹⁾	20	17	3	40	34	6
Impact of colder temperatures ⁽²⁾	1	—	1	—	—	—
Revenues to be billed in future periods						
Deferred income taxes ⁽³⁾	(20)	(17)	(3)	(48)	(36)	(12)
Impact of warmer temperatures ⁽²⁾	—	(4)	4	(4)	(4)	—
Impact of inflation on rate base ⁽⁴⁾	(8)	(3)	(5)	(12)	(6)	(6)
Settlement of regulatory decisions and other items						
PBR2 re-opener proceeding refund to customers ⁽⁵⁾	—	—	—	(11)	—	(11)
Other ⁽⁶⁾	(9)	(4)	(5)	—	3	(3)
	(16)	(11)	(5)	(35)	(9)	(26)

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

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

(5) In connection with the PBR2 re-opener decision rendered by the AUC on May 28, 2025, Electricity Distribution and Natural Gas Distribution refunded \$5 million (after-tax and non-controlling interests) and \$6 million (after-tax and non-controlling interests), respectively, to customers for the six months ended June 30, 2026 (2025 - nil). Combined with the amounts refunded to customers for the year ended December 31, 2025, Electricity Distribution and Natural Gas Distribution have now refunded the total amount that was directed by the AUC in the PBR2 re-opener decision, which was \$15 million (after-tax and non-controlling interests) (\$35 million before tax and non-controlling interests) for Electricity Distribution and \$15 million (after-tax and non-controlling interests) (\$36 million before tax and non-controlling interests) for Natural Gas Distribution.

(6) The three months ended June 30, 2026 includes a decrease in earnings for the period of \$5 million (after-tax and non-controlling interests) for Electricity Transmission related to the 2026-2027 General Tariff Application Negotiated Settlement Agreement and for Natural Gas Transmission related to the 2026-2028 General Rate Application decision.

IT COMMON MATTERS DECISION

Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings. The amount excluded from adjusted earnings in the second quarter and first six months of 2026 was \$1 million and \$2 million (after-tax and non-controlling interests) (2025 - nil and \$1 million (after-tax and non-controlling interests)).

TRANSITION OF MANAGED IT SERVICES

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

RESTRUCTURING

In the first six months of 2025, the Company recorded restructuring costs of \$8 million (after-tax and non-controlling interests) that were mainly related to staff reductions and associated severance costs. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

SEGMENTED RECONCILIATION OF ADJUSTED EARNINGS TO EARNINGS ATTRIBUTABLE TO 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.

(\$ millions)		Three Months Ended June 30	
2026	ATCO Ltd.		
2025			
	Structures	Frontec	ATCO Structures & Logistics
Adjusted earnings (loss)	36	(1)	35
	32	—	32
Transition of managed IT services	—	—	—
	(1)	—	(1)
Earnings (loss) attributable to Class I and Class II Shares	36	(1)	35
	31	—	31

(\$ millions)		Six Months Ended June 30	
2026	ATCO Ltd.		
2025			
	Structures	Frontec	ATCO Structures & Logistics
Adjusted earnings	63	—	63
	58	1	59
Transition of managed IT services	—	—	—
	(1)	—	(1)
Earnings attributable to Class I and Class II Shares	63	—	63
	57	1	58

ATCO Investments

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

(\$ millions)				Three Months Ended June 30	
2026	ATCO Ltd.				
2025	Investments				ATCO Investments
	Neltume Ports	Other Investments	Total Investments	ATCO Corporate & Other	
Adjusted earnings (loss)	6	6	12	(7)	5
	7	5	12	(6)	6
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(9)	(9)	—	(9)
	—	(21)	(21)	—	(21)
(Loss) earnings attributable to Class I and Class II Shares	6	(3)	3	(7)	(4)
	7	(16)	(9)	(6)	(15)

(\$ millions)

2026	ATCO Ltd.				
2025	Investments			ATCO Corporate & Other	ATCO Investments
	Neltume Ports	Other Investments	Total Investments		
Adjusted earnings (loss)	13	13	26	(11)	15
	15	10	25	(8)	17
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(2)	(2)	—	(2)
	—	(26)	(26)	—	(26)
Transition of managed IT services	—	—	—	—	—
	—	(1)	(1)	—	(1)
Restructuring	—	—	—	—	—
	—	—	—	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	13	11	24	(11)	13
	15	(17)	(2)	(9)	(11)

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.

(\$ millions)

2026	Canadian Utilities Limited							
2025	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity Operations	Total Electricity	Natural Gas Distribution	Natural Gas Transmission	Total Natural Gas	
Adjusted earnings (loss)	18	26	8	52	(3)	15	12	64
	19	23	7	49	(3)	14	11	60
Rate-regulated activities	(8)	(7)	—	(15)	12	(4)	8	(7)
	(5)	(1)	—	(6)	2	(1)	1	(5)
IT Common Matters decision	—	—	—	—	(1)	—	(1)	(1)
	—	—	—	—	—	—	—	—
Transition of managed IT services	—	—	—	—	—	—	—	—
	—	—	—	—	(1)	—	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	10	19	8	37	8	11	19	56
	14	22	7	43	(2)	13	11	54

Six Months Ended
June 30

(\$ millions)

2026	Canadian Utilities Limited							
2025	Electricity				Natural Gas			ATCO Energy Systems
	Electricity Distribution	Electricity Transmission	International Electricity Operations	Total Electricity	Natural Gas Distribution	Natural Gas Transmission	Total Natural Gas	
Adjusted earnings	42	50	15	107	56	30	86	193
	41	47	15	103	51	28	79	182
Rate-regulated activities	(15)	(10)	—	(25)	12	(6)	6	(19)
	(5)	(5)	—	(10)	14	(3)	11	1
IT Common Matters decision	(1)	—	—	(1)	(1)	—	(1)	(2)
	(1)	—	—	(1)	—	—	—	(1)
Transition of managed IT services	—	—	—	—	—	—	—	—
	(2)	—	—	(2)	(3)	—	(3)	(5)
Restructuring	—	—	—	—	—	—	—	—
	(2)	(1)	—	(3)	(1)	(1)	(2)	(5)
Earnings attributable to Class I and Class II Shares	26	40	15	81	67	24	91	172
	31	41	15	87	61	24	85	172

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)

2026	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)	(1)	9	8
	(2)	8	6
Unrealized losses on mark-to-market forward and swap commodity contracts	—	—	—
	(1)	—	(1)
Transition of managed IT services	—	—	—
	—	(1)	(1)
Other	—	—	—
	(1)	—	(1)
Earnings (loss) attributable to Class I and Class II Shares	(1)	9	8
	(4)	7	3

Six Months Ended
June 30

(\$ millions)

2026	Canadian Utilities Limited		
2025			
	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss)	(3)	17	14
	(3)	15	12
Transition of managed IT services	—	—	—
	—	(1)	(1)
Restructuring	—	—	—
	—	(1)	(1)
Other	—	—	—
	(1)	—	(1)
Earnings (loss) attributable to Class I and Class II Shares	(3)	17	14
	(4)	13	9

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.

Three Months Ended
June 30

(\$ millions)

2026	Canadian Utilities Limited		
2025			
	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings	17	1	18
	10	1	11
Rate-regulated activities	(9)	—	(9)
	(6)	—	(6)
Earnings attributable to Class I and Class II Shares	8	1	9
	4	1	5

Six Months Ended
June 30

(\$ millions)

2026	Canadian Utilities Limited		
2025			
	ATCO Gas Australia	ATCO Power Australia	ATCO Australia
Adjusted earnings	27	2	29
	16	2	18
Rate-regulated activities	(16)	—	(16)
	(10)	—	(10)
Restructuring	—	—	—
	(1)	—	(1)
Earnings attributable to Class I and Class II Shares	11	2	13
	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)								
2026	ATCO Ltd.							ATCO Total
2025	Canadian Utilities Limited							
	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Total	
Capital Investment	58	25	369	12	25	—	406	489
	52	7	339	16	24	5	384	443
Capital expenditures in joint ventures	—	—	(1)	(2)	—	—	(3)	(3)
	—	—	(1)	(1)	—	—	(2)	(2)
Capital Expenditures	58	25	368	10	25	—	403	486
	52	7	338	15	24	5	382	441

(\$ millions)								Six Months Ended June 30
2026	ATCO Ltd.							ATCO Total
2025	Canadian Utilities Limited							
	ATCO Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	CU Financing & Other	Total	
Capital Investment	113	35	677	33	49	1	760	908
	106	14	684	47	45	10	786	906
Capital expenditures in joint ventures	—	—	(1)	(3)	—	—	(4)	(4)
	—	—	(1)	(2)	—	—	(3)	(3)
Business combination ⁽¹⁾	—	—	—	—	—	—	—	—
	(3)	—	—	—	—	—	—	(3)
Capital Expenditures	113	35	676	30	49	1	756	904
	103	14	683	45	45	10	783	900

(1) The business combination refers to ATCO Structures & Logistics' acquisition of NRB Limited in the third quarter of 2024 and the final working capital 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, 2026 requires that the Company disclose in the interim MD&A any changes in the Company's internal controls over financial reporting (ICFR) that occurred during the period that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Company confirms that no such changes were identified in the Company's ICFR during the three months beginning on April 1, 2026 and ending on June 30, 2026.

ADOPTION OF AMENDED ACCOUNTING STANDARDS

Agreements referencing nature-dependent electricity

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

Settlement by electronic payments

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

IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

Regulatory assets and regulatory liabilities

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

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

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this MD&A includes, but is not limited to, references to: the Company's strategic plans and investment strategy; the payment of dividends and dividend growth; expected growth, expansion and diversification opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term or expiry of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; the size, storage, building, generation or transmission capacity expected from business units, assets and projects; expectations regarding ATCO Structures' various projects, including the Stibnite Gold project; expectations regarding ATCO Frontec's various projects, including as a result of the Defence Construction Canada award; the anticipated size, specifications and incremental natural gas delivery capacity of Yellowhead Pipeline, the anticipated capital spend on Yellowhead Pipeline and expected accuracy of the estimate, and expected timing for commencement of construction and bringing Yellowhead Pipeline on-stream; expectations regarding Yellowhead Pipeline's funding structure, including sources of equity and debt funding for the project and potential Indigenous equity participation on the project; expectations regarding CETO, including the anticipated

benefits of the project; expectations regarding the Company's funding strategy for ATCO Energy Systems' regulated debt and equity requirements, including anticipated debenture issuances over the five year (2026-2030) capital expenditure plan, cash flow from operations, \$0.7 billion financed in 2025, and an additional \$0.8 billion in capital securities to be raised, and common equity not being required to fund the regulated utility growth; the satisfaction of conditions precedent to, and the anticipated term of, the extended Osborne PPA; the expected impact of new legislation; the expected impact of IFRS Accounting Standards issued but not yet adopted, including IFRS 20; the expected timing and impact of policy and regulatory decisions and announcements; and the Company's liquidity, capital resources, contractual financial obligations and other commitments.

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

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things: risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws and regulations and the interpretation and manner of enforcement of such laws and regulations; changes to government policies; regulatory decisions; competitive factors in the industries in which the Company operates; evolving market or economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, infrastructure, and future demand for resources; the development and execution of projects, including development projects not proceeding on schedule or at all, or at currently estimated budgets; the availability of financing sources for development projects on acceptable terms; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; potential cancellation, termination, default, non-compliance, or breach of contract by contract counterparties; the risk that payments owed may not be collected or received in a timely manner, or at all; risks associated with potential litigation proceedings; potential damage to our brand and/or reputation that may result from a failure to perform, or from factors outside of our control, or negative publicity related to significant projects, investments, operations or activities; the risk of operational disruptions, outages, or force majeure events; the occurrence of unexpected events such as fires, extreme weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; global pandemics; the imposition of or changes to existing customs duties, tariffs or other trade restrictions; geopolitical tensions and wars; risks associated with operating in international jurisdictions; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the "Business Risks and Risk Management" section in the 2025 MD&A.

This MD&A may contain information that constitutes future-oriented financial information or financial outlook information, all of which are subject to the same assumptions, risk factors, limitations and qualifications set forth above. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise or inaccurate and, as such, undue reliance should not be placed on such future-oriented financial information or financial outlook information. The Company's actual results, performance and achievements could differ materially from those expressed in, or implied by, such future-oriented financial information or financial outlook information.

The Company has included such information in order to provide readers with a more complete perspective on its future operations and its current expectations relating to its future performance. Such information may not be appropriate for other purposes and readers are cautioned that such information should not be used for purposes other than those for which it has been disclosed herein. Future-oriented financial information or financial outlook information contained herein was made as of the date of this MD&A.

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

ADDITIONAL INFORMATION

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

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

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.

ESG means Environmental, Social and Governance.

GAAP means Canadian generally accepted accounting principles.

GRA means general rate application.

GTA means general tariff application.

IFRS means International Financial Reporting Standards.

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

PBR means Performance Based Regulation.

PPA means Power Purchase Agreement.

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

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 ⁽¹⁾ is a non-GAAP financial measure. 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 ^{(1) (2)} for the second quarter and first six months of 2026 and 2025. 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.

	Three Months Ended June 30		Six Months Ended June 30	
(\$ millions)	2026	2025	2026	2025
Adjusted Earnings ^{(1) (2)}	36	32	63	58
Add:				
Interest expense	6	4	10	8
Income tax	13	11	22	20
Depreciation and amortization	27	23	52	46
Total Adjusted EBITDA ⁽¹⁾	82	70	147	132

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

⁽²⁾ 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 ⁽¹⁾ for the ATCO EnPower business unit to adjusted earnings (loss) ^{(1) (2)} for the second quarter and first six months of 2026 and 2025. 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	
2026	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss) ^{(1) (2)}	(1)	9	8
	(2)	8	6
Add:			
Interest expense	5	—	5
	4	1	5
Income tax expense	(1)	3	2
	—	2	2
Depreciation and amortization	4	2	6
	4	2	6
Total Adjusted EBITDA ⁽¹⁾	7	14	21
	6	13	19

(\$ millions)		Six Months Ended June 30	
2026	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
Adjusted earnings (loss) ^{(1) (2)}	(3)	17	14
	(3)	15	12
Add:			
Interest expense	8	1	9
	7	1	8
Income tax expense	(1)	5	4
	—	4	4
Depreciation and amortization	9	4	13
	9	5	14
Total Adjusted EBITDA ⁽¹⁾	13	27	40
	13	25	38

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

⁽²⁾ 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 LTD.
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

(UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2026

TABLE OF CONTENTS

	Page
Consolidated Statements of Earnings	46
Consolidated Statements of Comprehensive Income	47
Consolidated Balance Sheets	48
Consolidated Statements of Changes in Equity	49
Consolidated Statements of Cash Flows	50
Notes to Consolidated Financial Statements	
General Information	
1. The Company and its Operations	51
2. Basis of Presentation	51
Information on Financial Performance	
3. Segmented Information	53
4. Revenues	62
5. Earnings per Share	64
Information on Financial Position	
6. Property, Plant and Equipment	64
7. Long-Term Debt	65
8. Class I and Class II Shares	65
Information on Cash Flow	
9. Cash Flow Information	66
Risk	
10. Financial Instruments	67

CONSOLIDATED STATEMENTS OF EARNINGS

		Three Months Ended June 30		Six Months Ended June 30		
(millions of Canadian Dollars except per share data)		Note	2026	2025	2026	2025
Revenues	4		1,319	1,158	2,745	2,569
Costs and expenses						
Salaries, wages and benefits	3		(177)	(170)	(357)	(355)
Energy transmission and transportation			(85)	(87)	(172)	(174)
Plant and equipment maintenance			(71)	(67)	(126)	(126)
Fuel costs			(22)	(21)	(74)	(67)
Purchased power			(55)	(44)	(121)	(100)
Materials and consumables			(223)	(142)	(398)	(308)
Depreciation and amortization			(226)	(211)	(445)	(420)
Franchise fees			(78)	(69)	(184)	(175)
Property and other taxes			(23)	(22)	(45)	(44)
Derivative financial instruments gains (losses)	10		15	(8)	63	25
Other			(59)	(64)	(118)	(135)
			(1,004)	(905)	(1,977)	(1,879)
Earnings from investment in associate company			6	7	13	15
Earnings from investment in joint ventures			20	19	42	40
Operating profit			341	279	823	745
Interest income			17	17	36	34
Interest expense			(147)	(134)	(295)	(270)
Net finance costs			(130)	(117)	(259)	(236)
Earnings before income taxes			211	162	564	509
Income tax expense			(49)	(32)	(130)	(109)
Earnings for the period			162	130	434	400
Earnings attributable to:						
Class I and Class II Shares			88	64	240	208
Non-controlling interests			74	66	194	192
			162	130	434	400
Earnings per Class I and Class II Share	5		\$0.78	\$0.57	\$2.13	\$1.85
Diluted earnings per Class I and Class II Share	5		\$0.78	\$0.57	\$2.12	\$1.85

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)	2026	2025	2026	2025
Earnings for the period	162	130	434	400
Other comprehensive income (loss), net of income taxes				
<i>Items that will not be reclassified to earnings:</i>				
Re-measurement of retirement benefits ⁽¹⁾	53	31	56	25
<i>Items that are or may be reclassified subsequently to earnings:</i>				
Cash flow hedges ⁽²⁾	(1)	(2)	2	(4)
Foreign currency translation adjustment ⁽³⁾	47	(45)	93	(33)
Share of other comprehensive income in associate company ⁽³⁾	–	–	1	1
Share of other comprehensive income (loss) of joint ventures ⁽³⁾	3	(3)	3	(3)
	49	(50)	99	(39)
Other comprehensive income (loss)	102	(19)	155	(14)
Comprehensive income for the period	264	111	589	386
Comprehensive income attributable to:				
Class I and Class II Shares	166	49	343	196
Non-controlling interests	98	62	246	190
	264	111	589	386

(1) Net of income taxes (recovery) of \$(15) million and \$(16) million for the three and six months ended June 30, 2026 (2025 - \$(9) million and \$(7) million).

(2) Net of income taxes (recovery) of nil and \$(1) million for the three and six months ended June 30, 2026 (2025 - \$2 million and \$2 million).

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

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

		June 30	December 31
(millions of Canadian Dollars)	Note	2026	2025
ASSETS			
Current assets			
Cash and cash equivalents		625	1,004
Marketable securities		360	353
Accounts receivable and contract assets		751	835
Finance lease receivables		16	14
Inventories		157	146
Prepaid expenses and other current assets		331	274
		2,240	2,626
Non-current assets			
Property, plant and equipment	6	22,955	22,420
Intangibles		1,156	1,094
Right-of-use assets		179	162
Goodwill		124	124
Retirement benefit asset		113	51
Investment in joint ventures		275	268
Investment in associate company		517	501
Finance lease receivables		94	99
Deferred income tax assets		130	119
Other assets		178	204
Total assets		27,961	27,668
LIABILITIES			
Current liabilities			
Bank indebtedness		15	27
Accounts payable and accrued liabilities		935	936
Lease liabilities		27	28
Provisions and other current liabilities		87	87
Long-term debt	7	34	377
		1,098	1,455
Non-current liabilities			
Deferred income tax liabilities		2,504	2,381
Retirement benefit obligations		230	235
Customer contributions		2,209	2,165
Lease liabilities		165	147
Other liabilities		327	284
Long-term debt	7	12,751	12,652
Total liabilities		19,284	19,319
EQUITY			
Class I and Class II Share owners' equity			
Class I and Class II shares	8	221	215
Contributed surplus		18	16
Retained earnings		4,465	4,313
Accumulated other comprehensive income (loss)		51	(22)
		4,755	4,522
Non-controlling interests		3,922	3,827
Total equity		8,677	8,349
Total liabilities and equity		27,961	27,668

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 Income (Loss)	Total	Non- Controlling Interests	Total Equity
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
December 31, 2025		215	16	4,313	(22)	4,522	3,827	8,349
Earnings for the period		–	–	240	–	240	194	434
Other comprehensive income		–	–	–	103	103	52	155
Gains on retirement benefits transferred to retained earnings		–	–	31	(31)	–	–	–
Shares issued	8	5	–	–	–	5	9	14
Dividends	8	–	–	(117)	–	(117)	(165)	(282)
Share-based compensation		1	2	–	–	3	1	4
Changes in ownership interest in subsidiary company		–	–	(4)	–	(4)	4	–
Other		–	–	2	1	3	–	3
June 30, 2026		221	18	4,465	51	4,755	3,922	8,677

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended June 30		Six Months Ended June 30	
(millions of Canadian Dollars)	Note	2026	2025	2026	2025
Operating activities					
Earnings for the period		162	130	434	400
Adjustments to reconcile earnings to cash flows from operating activities	9	466	411	956	844
Changes in non-cash working capital		51	(28)	18	26
Cash flows from operating activities		679	513	1,408	1,270
Investing activities					
Additions to property, plant and equipment		(427)	(398)	(794)	(831)
Proceeds on disposal of property, plant and equipment		4	8	8	8
Additions to intangibles		(48)	(35)	(90)	(56)
Acquisition, net of cash acquired		–	–	–	(3)
Investment in joint ventures		(1)	(2)	(3)	(2)
Investment in marketable securities		(3)	(6)	(8)	(10)
Changes in non-cash working capital		39	(31)	6	(12)
Other		9	17	6	29
Cash flows used in investing activities		(427)	(447)	(875)	(877)
Financing activities					
Issue of long-term debt	7	180	835	192	881
Repayment of long-term debt	7	(203)	(580)	(497)	(634)
Repayment of lease liabilities		(10)	(8)	(19)	(16)
Issue of Class A Shares by subsidiary company		3	6	9	9
Issue of Class I Shares	8	1	5	5	13
Dividends paid to Class I and Class II Share owners	8	(58)	(56)	(117)	(113)
Dividends paid to non-controlling interests		(83)	(81)	(165)	(163)
Interest paid		(162)	(133)	(301)	(271)
Other		(4)	(5)	(4)	(6)
Cash flows used in financing activities		(336)	(17)	(897)	(300)
(Decrease) increase in cash position		(84)	49	(364)	93
Foreign currency translation		(5)	2	(3)	4
Beginning of period		699	140	977	94
End of period ⁽¹⁾	9	610	191	610	191

(1) Cash position includes \$21 million which is not available for general use by the Company (2025 - \$24 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

JUNE 30, 2026

(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); 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);
 - ATCO Australia (natural gas distribution and electricity generation operations); and
 - Financing & Other (corporate financing, headquarters and support functions).

The unaudited interim consolidated financial statements include the accounts of ATCO Ltd., its subsidiaries, and the accounts of its 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 (52.4 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 (IFRS) as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2025, prepared according to IFRS Accounting Standards.

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

The Board of Directors (Board) authorized these unaudited interim consolidated financial statements for issue on July 28, 2026.

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.

USE OF JUDGMENTS AND ESTIMATES

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

ADOPTION OF AMENDED ACCOUNTING STANDARDS

Agreements referencing nature-dependent electricity

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

Settlement by electronic payments

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

IFRS ACCOUNTING STANDARDS NOT YET ADOPTED

Regulatory assets and regulatory liabilities

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

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

3. SEGMENTED INFORMATION

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

2026		Canadian Utilities Limited								
2025	Structures & Logistics	ATCO Investments	ATCO Energy Systems ⁽¹⁾	ATCO EnPower	ATCO Australia	Financing & Other	CU Elims	Total	ATCO Elims	ATCO Total
Revenues - external	367	51	760	66	75	–	–	901	–	1,319
	273	54	708	62	60	1	–	831	–	1,158
Revenues - intersegment	–	6	–	10	–	7	(4)	13	(19)	–
	–	7	–	9	–	6	(4)	11	(18)	–
Revenues	367	57	760	76	75	7	(4)	914	(19)	1,319
	273	61	708	71	60	7	(4)	842	(18)	1,158
Operating expenses ⁽²⁾	(290)	(60)	(371)	(37)	(31)	(12)	4	(447)	19	(778)
	(203)	(81)	(356)	(41)	(23)	(12)	4	(428)	18	(694)
Depreciation and amortization	(27)	(5)	(165)	(12)	(16)	(1)	–	(194)	–	(226)
	(24)	(5)	(151)	(13)	(16)	(2)	–	(182)	–	(211)
Earnings from investment in associate company	–	6	–	–	–	–	–	–	–	6
	–	7	–	–	–	–	–	–	–	7
Earnings from investment in joint ventures	1	–	16	2	1	–	–	19	–	20
	–	–	15	3	1	–	–	19	–	19
Net finance costs	(4)	(4)	(94)	(8)	(9)	(11)	–	(122)	–	(130)
	(4)	(3)	(92)	(9)	(7)	(2)	–	(110)	–	(117)
Earnings (loss) before income taxes	47	(6)	146	21	20	(17)	–	170	–	211
	42	(21)	124	11	15	(9)	–	141	–	162
Income tax (expense) recovery	(12)	2	(32)	(5)	(5)	3	–	(39)	–	(49)
	(11)	6	(20)	(3)	(4)	–	–	(27)	–	(32)
Earnings (loss) for the period	35	(4)	114	16	15	(14)	–	131	–	162
	31	(15)	104	8	11	(9)	–	114	–	130
Adjusted earnings (loss)	35	5	64	8	18	(16)	–	74	–	114
	32	6	60	6	11	(14)	–	63	–	101
Capital expenditures ⁽³⁾	58	25	368	10	25	–	–	403	–	486
	52	7	338	15	24	5	–	382	–	441

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) Includes total costs and expenses, excluding depreciation and amortization expense.
- (3) Includes additions to property, plant and equipment, intangibles and \$11 million of interest capitalized during construction for the three months ended June 30, 2026 (2025 - \$8 million).

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

2026		Canadian Utilities Limited								
2025	Structures & Logistics	ATCO Investments	ATCO Energy Systems ⁽¹⁾	ATCO EnPower	ATCO Australia	Financing & Other	CU Elims	Total	ATCO Elims	ATCO Total
Revenues - external	671	120	1,680	137	137	-	-	1,954	-	2,745
	564	125	1,634	127	117	2	-	1,880	-	2,569
Revenues - intersegment	3	13	-	38	-	14	(8)	44	(60)	-
	-	12	-	42	-	13	(8)	47	(59)	-
Revenues	674	133	1,680	175	137	14	(8)	1,998	(60)	2,745
	564	137	1,634	169	117	15	(8)	1,927	(59)	2,569
Operating expenses ⁽²⁾	(530)	(115)	(770)	(101)	(60)	(24)	8	(947)	60	(1,532)
	(429)	(154)	(763)	(105)	(55)	(20)	8	(935)	59	(1,459)
Depreciation and amortization	(52)	(10)	(323)	(25)	(30)	(5)	-	(383)	-	(445)
	(48)	(9)	(302)	(26)	(30)	(5)	-	(363)	-	(420)
Earnings from investment in associate company	-	13	-	-	-	-	-	-	-	13
	-	15	-	-	-	-	-	-	-	15
Earnings from investment in joint ventures	2	-	33	4	3	-	-	40	-	42
	-	-	31	6	3	-	-	40	-	40
Net finance costs	(9)	(7)	(188)	(16)	(18)	(21)	-	(243)	-	(259)
	(8)	(7)	(184)	(17)	(15)	(5)	-	(221)	-	(236)
Earnings (loss) before income taxes	85	14	432	37	32	(36)	-	465	-	564
	79	(18)	416	27	20	(15)	-	448	-	509
Income tax (expense) recovery	(22)	(1)	(95)	(9)	(8)	5	-	(107)	-	(130)
	(21)	7	(83)	(7)	(5)	-	-	(95)	-	(109)
Earnings (loss) for the period	63	13	337	28	24	(31)	-	358	-	434
	58	(11)	333	20	15	(15)	-	353	-	400
Adjusted earnings (loss)	63	15	193	14	29	(35)	-	201	-	279
	59	17	182	12	18	(27)	-	185	-	261
Total assets ⁽³⁾	1,753	1,964	20,545	1,834	1,736	749	(265)	24,599	(355)	27,961
	1,628	1,874	20,179	1,841	1,601	1,172	(257)	24,536	(370)	27,668
Capital expenditures ⁽⁴⁾	113	35	676	30	49	1	-	756	-	904
	103	14	683	45	45	10	-	783	-	900

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) Includes total costs and expenses, excluding depreciation and amortization expense.
- (3) 2025 comparatives are at December 31, 2025.
- (4) Includes additions to property, plant and equipment, intangibles and \$20 million of interest capitalized during construction for the six months ended June 30, 2026 (2025 - \$13 million).

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

2026	ATCO Energy Systems			
2025	Electricity	Natural Gas	AES Elims	Total
Revenues - external	362	398	–	760
	352	356	–	708
Revenues - intersegment	8	2	(10)	–
	1	1	(2)	–
Revenues	370	400	(10)	760
	353	357	(2)	708
Operating expenses ⁽¹⁾	(141)	(240)	10	(371)
	(129)	(229)	2	(356)
Depreciation and amortization	(94)	(71)	–	(165)
	(84)	(67)	–	(151)
Earnings from investment in joint ventures	16	–	–	16
	15	–	–	15
Net finance costs	(57)	(37)	–	(94)
	(56)	(36)	–	(92)
Earnings before income taxes	94	52	–	146
	99	25	–	124
Income tax expense	(19)	(13)	–	(32)
	(15)	(5)	–	(20)
Earnings for the period	75	39	–	114
	84	20	–	104
Adjusted earnings	52	12	–	64
	49	11	–	60
Capital expenditures ⁽²⁾	146	222	–	368
	146	192	–	338

Elims - Intersegment Eliminations

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

(2) Includes additions to property, plant and equipment, intangibles and \$9 million of interest capitalized during construction for the three months ended June 30, 2026 (2025 - \$7 million).

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

2026	ATCO Energy Systems			
2025	Electricity	Natural Gas	AES Elims	Total
Revenues - external	736	944	–	1,680
	723	911	–	1,634
Revenues - intersegment	11	3	(14)	–
	3	1	(4)	–
Revenues	747	947	(14)	1,680
	726	912	(4)	1,634
Operating expenses ⁽¹⁾	(284)	(500)	14	(770)
	(268)	(499)	4	(763)
Depreciation and amortization	(182)	(141)	–	(323)
	(170)	(132)	–	(302)
Earnings from investment in joint ventures	33	–	–	33
	31	–	–	31
Net finance costs	(114)	(74)	–	(188)
	(114)	(70)	–	(184)
Earnings before income taxes	200	232	–	432
	205	211	–	416
Income tax expense	(40)	(55)	–	(95)
	(35)	(48)	–	(83)
Earnings for the period	160	177	–	337
	170	163	–	333
Adjusted earnings	107	86	–	193
	103	79	–	182
Total assets ⁽²⁾	11,941	8,606	(2)	20,545
	11,753	8,428	(2)	20,179
Capital expenditures ⁽³⁾	297	379	–	676
	337	346	–	683

Elims - Intersegment Eliminations

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

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

(3) Includes additions to property, plant and equipment, intangibles and \$18 million of interest capitalized during construction for the six months ended June 30, 2026 (2025 - \$12 million).

ADJUSTED EARNINGS

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

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

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

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

2026		Canadian Utilities Limited						
2025	Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Total	ATCO Total
Adjusted earnings (loss)	35	5	64	8	18	(16)	74	114
	32	6	60	6	11	(14)	63	101
Unrealized losses on mark-to-market forward and swap commodity contracts	-	(9)	-	-	-	-	-	(9)
	-	(21)	-	(1)	-	-	(1)	(22)
Rate-regulated activities	-	-	(7)	-	(9)	-	(16)	(16)
	-	-	(5)	-	(6)	-	(11)	(11)
IT Common Matters decision	-	-	(1)	-	-	-	(1)	(1)
	-	-	-	-	-	-	-	-
Transition of managed IT services	-	-	-	-	-	-	-	-
	(1)	-	(1)	(1)	-	-	(2)	(3)
Other	-	-	-	-	-	-	-	-
	-	-	-	(1)	-	-	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	35	(4)	56	8	9	(16)	57	88
	31	(15)	54	3	5	(14)	48	64
Earnings attributable to non-controlling interests								74
								66
Earnings for the period								162
								130

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

2026		Canadian Utilities Limited						
2025	Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Total	ATCO Total
Adjusted earnings (loss)	63	15	193	14	29	(35)	201	279
	59	17	182	12	18	(27)	185	261
Unrealized losses on mark-to-market forward and swap commodity contracts	–	(2)	–	–	–	–	–	(2)
	–	(26)	–	–	–	–	–	(26)
Rate-regulated activities	–	–	(19)	–	(16)	–	(35)	(35)
	–	–	1	–	(10)	–	(9)	(9)
IT Common Matters decision	–	–	(2)	–	–	–	(2)	(2)
	–	–	(1)	–	–	–	(1)	(1)
Transition of managed IT services	–	–	–	–	–	–	–	–
	(1)	(1)	(5)	(1)	–	–	(6)	(8)
Restructuring	–	–	–	–	–	–	–	–
	–	(1)	(5)	(1)	(1)	–	(7)	(8)
Other	–	–	–	–	–	–	–	–
	–	–	–	(1)	–	–	(1)	(1)
Earnings (loss) attributable to Class I and Class II Shares	63	13	172	14	13	(35)	164	240
	58	(11)	172	9	7	(27)	161	208
Earnings attributable to non-controlling interests								194
								192
Earnings for the period								434
								400

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:

2026		ATCO Energy Systems		
2025		Electricity	Natural Gas	Total
Adjusted earnings		52	12	64
		49	11	60
Rate-regulated activities		(15)	8	(7)
		(6)	1	(5)
IT Common Matters decision		–	(1)	(1)
		–	–	–
Transition of IT managed services		–	–	–
		–	(1)	(1)
Earnings attributable to Class I and Class II Shares		37	19	56
		43	11	54

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:

2026 2025	ATCO Energy Systems		
	Electricity	Natural Gas	Total
Adjusted earnings	107	86	193
	103	79	182
Rate-regulated activities	(25)	6	(19)
	(10)	11	1
IT Common Matters decision	(1)	(1)	(2)
	(1)	–	(1)
Transition of managed IT services	–	–	–
	(2)	(3)	(5)
Restructuring	–	–	–
	(3)	(2)	(5)
Earnings attributable to Class I and Class II Shares	81	91	172
	87	85	172

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, or due to hedge ineffectiveness where hedge accounting is 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 Senior Management Team believes that removal of the unrealized gains and losses on mark-to-market forward and swap commodity contracts from the determination of adjusted earnings 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), ATCO Gas, ATCO Pipelines and ATCO Gas Australia are collectively referred to as the Regulated Utilities.

IFRS 20, Regulatory Assets and Regulatory Liabilities (IFRS 20), was issued in May 2026 and is effective for annual periods starting January 1, 2029. The Company is in the process of evaluating IFRS 20 and given the Company has not yet adopted this accounting standard, the Regulated Utilities continue to be unable to recognize regulatory assets and regulatory liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, for IFRS purposes, the Regulated Utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design. Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

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

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

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

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

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
<i>Additional revenues billed in current period</i>				
Future removal and site restoration costs ⁽¹⁾	20	17	40	34
Impact of colder temperatures ⁽²⁾	1	–	–	–
<i>Revenues to be billed in future periods</i>				
Deferred income taxes ⁽³⁾	(20)	(17)	(48)	(36)
Impact of warmer temperatures ⁽²⁾	–	(4)	(4)	(4)
Impact of inflation on rate base ⁽⁴⁾	(8)	(3)	(12)	(6)
<i>Settlement of regulatory decisions and other items</i>				
PBR2 re-opener proceeding refund to customers ⁽⁵⁾	–	–	(11)	–
Other ⁽⁶⁾	(9)	(4)	–	3
	(16)	(11)	(35)	(9)

(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.

(5) In connection with the Second Generation Performance Based Regulation (PBR2) re-opener decision rendered by the Alberta Utilities Commission (AUC) on May 28, 2025, ATCO Electric Distribution and ATCO Gas Distribution refunded \$5 million (after-tax and non-controlling interests (NCI)) and \$6 million (after-tax and NCI), respectively, to customers for the six months ended June 30, 2026 (2025 - nil). Combined with the amounts refunded to customers for the year ended December 31, 2025, ATCO Electric Distribution and ATCO Gas Distribution have now refunded the total amount that was directed by the AUC in

the PBR2 re-opener decision, which was \$15 million (after-tax and NCI) (\$35 million before tax and NCI) for ATCO Electric Distribution and \$15 million (after-tax and NCI) (\$36 million before tax and NCI) for ATCO Gas Distribution.

- (6) The three months ended June 30, 2026 includes a decrease in earnings for the period of \$5 million (after-tax and NCI) for ATCO Electric Transmission related to the 2026-2027 General Tariff Application Negotiated Settlement Agreement and for ATCO Gas Transmission related to the 2026-2028 General Rate Application decision.

IT Common Matters decision

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

Transition of managed IT services

For 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 were substantially complete at December 31, 2025. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

Restructuring

For the three and six months ended June 30, 2025, the Company recorded restructuring costs of nil and \$8 million (after-tax and NCI) that were mainly related to staff reductions and associated severance costs. As these costs were not in the normal course of business, they were excluded from adjusted earnings.

4. REVENUES

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

2026	ATCO Energy Systems								
2025	Structures & Logistics	ATCO Investments ⁽¹⁾	Electricity ⁽²⁾	Natural Gas ⁽²⁾	Total	ATCO EnPower	ATCO Australia ⁽³⁾	CU Financing & Other	Total
Revenue Streams									
Rendering of Services									
Distribution services	–	–	155	224	379	–	67	–	446
	–	–	149	195	344	–	53	–	397
Transmission services	–	–	167	93	260	–	–	–	260
	–	–	167	91	258	–	–	–	258
Modular structures - services	93	–	–	–	–	–	–	–	93
	87	–	–	–	–	–	–	–	87
Logistics and facility operations and maintenance services	14	–	–	–	–	–	–	–	14
	25	–	–	–	–	–	–	–	25
Lodging and support	34	–	–	–	–	–	–	–	34
	24	–	–	–	–	–	–	–	24
Customer contributions	–	–	9	6	15	–	1	–	16
	–	–	8	6	14	–	–	–	14
Franchise fees	–	–	11	67	78	–	–	–	78
	–	–	10	59	69	–	–	–	69
Retail electricity and natural gas services	–	36	–	–	–	–	–	–	36
	–	36	–	–	–	–	–	–	36
Storage and industrial water	–	–	–	–	–	30	–	–	30
	–	–	–	–	–	27	–	–	27
Total rendering of services	141	36	342	390	732	30	68	–	1,007
	136	36	334	351	685	27	53	–	937
Sale of Goods									
Electricity generation and delivery	–	–	–	–	–	21	4	–	25
	–	–	–	–	–	16	2	–	18
Commodity sales	–	8	–	–	–	8	–	–	16
	–	9	–	–	–	11	–	–	20
Modular structures - goods	163	–	–	–	–	–	–	–	163
	82	–	–	–	–	–	–	–	82
Total sale of goods	163	8	–	–	–	29	4	–	204
	82	9	–	–	–	27	2	–	120
Lease income									
Finance lease	–	–	1	–	1	–	1	–	2
	–	–	1	–	1	–	1	–	2
Operating lease	61	–	–	–	–	–	–	–	61
	53	–	–	–	–	–	–	–	53
Total lease income	61	–	1	–	1	–	1	–	63
	53	–	1	–	1	–	1	–	55
Other ⁽⁴⁾	2	7	19	8	27	7	2	–	45
	2	9	17	5	22	8	4	1	46
Total	367	51	362	398	760	66	75	–	1,319
	273	54	352	356	708	62	60	1	1,158

(1) For the three months ended June 30, 2026, ATCO Investments segment includes \$10 million of unbilled revenue from retail electricity and natural gas energy services (2025 - \$14 million).

(2) For the three months ended June 30, 2026, Electricity and Natural Gas segments include \$102 million of unbilled revenue (2025 - \$91 million).

(3) For the three months ended June 30, 2026, ATCO Australia segment includes \$34 million of unbilled revenue (2025 - \$29 million).

(4) Other revenues of \$45 million (2025 - \$46 million) include third party revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

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

2026		ATCO Energy Systems							
2025	Structures & Logistics	ATCO Investments ⁽¹⁾	Electricity ⁽²⁾	Natural Gas ⁽²⁾	Total	ATCO EnPower	ATCO Australia ⁽³⁾	CU Financing & Other	Total
Revenue Streams									
Rendering of Services									
Distribution services	–	–	322	571	893	–	121	–	1,014
	–	–	313	556	869	–	98	–	967
Transmission services	–	–	334	187	521	–	–	–	521
	–	–	334	183	517	–	–	–	517
Modular structures - services	168	–	–	–	–	–	–	–	168
	161	–	–	–	–	–	–	–	161
Logistics and facility operations and maintenance services	42	–	–	–	–	–	–	–	42
	50	–	–	–	–	–	–	–	50
Lodging and support	54	–	–	–	–	–	–	–	54
	54	–	–	–	–	–	–	–	54
Customer contributions	–	–	19	12	31	–	1	–	32
	–	–	17	12	29	–	1	–	30
Franchise fees	–	–	21	163	184	–	–	–	184
	–	–	20	155	175	–	–	–	175
Retail electricity and natural gas services	–	92	–	–	–	–	–	–	92
	–	92	–	–	–	–	–	–	92
Storage and industrial water	–	–	–	–	–	58	–	–	58
	–	–	–	–	–	56	–	–	56
Total rendering of services	264	92	696	933	1,629	58	122	–	2,165
	265	92	684	906	1,590	56	99	–	2,102
Sale of Goods									
Electricity generation and delivery	–	–	–	–	–	41	4	–	45
	–	–	–	–	–	37	4	–	41
Commodity sales	–	15	–	–	–	22	–	–	37
	–	16	–	–	–	19	–	–	35
Modular structures - goods	284	–	–	–	–	–	–	–	284
	191	–	–	–	–	–	–	–	191
Total sale of goods	284	15	–	–	–	63	4	–	366
	191	16	–	–	–	56	4	–	267
Lease income									
Finance lease	–	–	2	–	2	–	3	–	5
	–	–	2	–	2	–	3	–	5
Operating lease	118	–	–	–	–	–	–	–	118
	104	–	–	–	–	–	–	–	104
Total lease income	118	–	2	–	2	–	3	–	123
	104	–	2	–	2	–	3	–	109
Other ⁽⁴⁾									
	5	13	38	11	49	16	8	–	91
	4	17	37	5	42	15	11	2	91
Total	671	120	736	944	1,680	137	137	–	2,745
	564	125	723	911	1,634	127	117	2	2,569

(1) For the six months ended June 30, 2026, ATCO Investments segment includes \$10 million of unbilled revenue from retail electricity and natural gas energy services (2025 - \$14 million). At June 30, 2026, \$10 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - \$14 million).

(2) For the six months ended June 30, 2026, Electricity and Natural Gas segments include \$102 million of unbilled revenue (2025 - \$91 million). At June 30, 2026, \$102 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - \$91 million).

(3) For the six months ended June 30, 2026, ATCO Australia segment includes \$34 million of unbilled revenue (2025 - \$29 million). At June 30, 2026, \$34 million of the unbilled revenue is included in accounts receivable and contract assets (2025 - \$29 million).

(4) Other revenues of \$91 million (2025 - \$91 million) include third party revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

5. EARNINGS PER SHARE

Earnings per Class 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	
	2026	2025	2026	2025
Average shares				
Weighted average shares outstanding	112,512,989	112,472,125	112,471,368	112,363,900
Effect of dilutive stock options	1,033,534	384,364	926,886	315,043
Weighted average dilutive shares outstanding	113,546,523	112,856,489	113,398,254	112,678,943
Earnings for earnings per share calculation				
Earnings for the period	162	130	434	400
Non-controlling interests	(74)	(66)	(194)	(192)
Earnings attributable to Class I and Class II Shares	88	64	240	208
Earnings and diluted earnings per Class I and Class II Share				
Earnings per Class I and Class II Share	\$0.78	\$0.57	\$2.13	\$1.85
Diluted earnings per Class I and Class II Share	\$0.78	\$0.57	\$2.12	\$1.85

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
Cost							
December 31, 2025	25,351	1,622	1,149	1,059	1,138	1,033	31,352
Additions	32	1	2	680	96	15	826
Transfers	557	8	43	(635)	9	18	–
Retirements and disposals	(39)	–	(8)	–	(45)	(23)	(115)
Foreign exchange rate adjustment	130	7	8	6	39	7	197
Changes to asset retirement costs	–	3	–	–	–	–	3
June 30, 2026	26,031	1,641	1,194	1,110	1,237	1,050	32,263
Accumulated depreciation							
December 31, 2025	7,198	557	301	–	327	549	8,932
Depreciation	296	21	13	–	34	35	399
Retirements and disposals	(39)	–	(2)	–	(18)	(22)	(81)
Foreign exchange rate adjustment	38	2	2	–	9	7	58
June 30, 2026	7,493	580	314	–	352	569	9,308
Net book value							
December 31, 2025	18,153	1,065	848	1,059	811	484	22,420
June 30, 2026	18,538	1,061	880	1,110	885	481	22,955

The additions to property, plant and equipment included \$14 million of interest capitalized during construction for the six months ended June 30, 2026 (2025 - \$10 million).

7. LONG-TERM DEBT

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 unsecured extendible revolving credit facilities.

Canadian Utilities Limited

In January 2026, Canadian Utilities Limited repaid \$150 million of long-term debt under its unsecured extendible revolving credit facility.

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.

CU Inc.

In January 2026, CU Inc. repaid \$125 million of long-term debt under an unsecured extendible revolving credit facility. In June 2025, CU Inc. borrowed \$240 million from the unsecured extendible revolving credit facility.

Subsidiaries

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

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

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

Project finance

At June 30, 2026 and December 31, 2025, Deerfoot Barlow Solar Limited Partnership, an indirect subsidiary of Canadian Utilities Limited, was not in compliance with the long-term debt covenant requiring a minimum projected debt service coverage ratio of 1.00 for its amortizing non-revolving credit facility (Deerfoot Barlow Solar Project Finance Debt) and obtained a waiver from the lender. The total outstanding balance of the loan subjected to this waiver is \$52 million at June 30, 2026 and \$53 million at December 31, 2025.

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

8. CLASS I AND CLASS II SHARES

ISSUED AND OUTSTANDING

At June 30, 2026, there were 100,985,167 (December 31, 2025 - 100,854,833) Class I shares and 11,542,320 (December 31, 2025 - 11,542,320) Class II shares outstanding. In addition, there were 2,862,341 options to purchase Class I shares outstanding at June 30, 2026, under the Company's stock option plan (December 31, 2025 - 2,992,675).

For the three and six months ended June 30, 2026, 28,250 and 130,334 (2025 - 109,875 and 285,901) stock options were exercised, resulting in the issuance of an additional 28,250 and 130,334 (2025 - 109,875 and 285,901) Class I shares for proceeds of \$1 million and \$5 million (2025 - \$5 million and \$13 million).

DIVIDENDS

The Company declared and paid cash dividends of \$0.5196 and \$1.0392 per Class I and Class II share for the three and six months ended June 30, 2026 (2025 - \$0.5045 and \$1.0090). The Company's policy is to pay dividends quarterly on its Class I and Class II shares. The payment and amount of any quarterly dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On July 9, 2026, the Company declared a third quarter dividend of \$0.5196 per Class I and Class II share, payable on September 30, 2026 to share owners of record as of September 3, 2026.

NORMAL COURSE ISSUER BID

On March 13, 2026, the Company began a normal course issuer bid (NCIB) to purchase up to 2,017,264 outstanding Class I shares. The bid will expire on March 12, 2027. The prior year NCIB to purchase up to 1,996,301 outstanding Class I shares began on March 13, 2025 and expired on March 12, 2026.

For the three and six months ended June 30, 2026, no Class I shares were purchased (2025 - 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	
	2026	2025	2026	2025
Depreciation and amortization	226	211	445	420
Earnings from investment in associate company	(6)	(7)	(13)	(15)
Dividends received from associate company	–	–	17	17
Earnings from investment in joint ventures	(20)	(19)	(42)	(40)
Dividends and distributions received from joint ventures	21	23	42	42
Income tax expense	49	32	130	109
Unrealized losses on derivative financial instruments	11	29	2	32
Contributions by customers for extensions to plant	27	43	70	68
Amortization of customer contributions	(16)	(14)	(32)	(30)
Net finance costs	130	117	259	236
Income taxes paid	(15)	(20)	(26)	(49)
Interest received	16	17	33	31
Other	43	(1)	71	23
	466	411	956	844

CASH POSITION

Cash position at June 30 is comprised of:

	2026	2025
Cash	567	409
Short-term investments	37	7
Restricted cash ⁽¹⁾	21	24
Cash and cash equivalents	625	440
Bank indebtedness ⁽²⁾	(15)	(249)
	610	191

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

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

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

Recurring Measurements	June 30, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Finance lease receivables	110	123	113	128
Long-term advances due from joint venture ⁽¹⁾	33	31	33	31
Financial Liabilities				
Long-term debt	12,785	12,223	13,029	12,469

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Marketable securities

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

Derivative financial instruments

The Company's derivative financial instruments 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		
	Subject to Hedge Accounting			Not Subject to Hedge Accounting	Subject to Hedge Accounting ⁽¹⁾	Not Subject to Hedge Accounting ⁽²⁾	
Recurring Measurements	Interest Rate Swaps	Foreign Currency Forward Contracts	Commodities ⁽¹⁾		Commodities ⁽¹⁾		Total Fair Value of Derivatives
June 30, 2026							
Financial Assets							
Prepaid expenses and other current assets	6	6	4	–	–	62	78
Other assets	12	–	8	–	44	23	87
Financial Liabilities							
Provisions and other current liabilities	1	1	50	–	–	–	52
Other liabilities	3	–	21	–	–	–	24
December 31, 2025							
Financial Assets							
Prepaid expenses and other current assets	2	1	3	1	–	57	64
Other assets	14	–	2	–	45	30	91
Financial Liabilities							
Provisions and other current liabilities	1	1	39	1	–	–	42
Other liabilities	4	–	18	–	–	–	22

(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 the ATCO EnPower operating segment) and the Company's supply contracts in its retail electricity and natural gas business (Level 2) (reported in the 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 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 the 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, 2026 is as follows:

	Subject to Hedge Accounting	Not Subject to Hedge Accounting	Total
December 31, 2025	45	87	132
Settlement of derivative contracts	(12)	(62)	(74)
Gains recognized in earnings	–	60	60
Losses recognized in other comprehensive income	11	–	11
June 30, 2026 ⁽¹⁾	44	85	129

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:

	2026			2025		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	1	5	6	–	3	3
Fuel costs	(4)	–	(4)	(7)	–	(7)
Purchased power	(13)	–	(13)	(5)	–	(5)
Derivative financial instruments ⁽¹⁾	(1)	27	26	–	21	21
Interest expense	1	–	1	1	–	1
	(16)	32	16	(11)	24	13
Unrealized losses						
Derivative financial instruments ⁽¹⁾	–	(11)	(11)	–	(29)	(29)
Total	(16)	21	5	(11)	(5)	(16)

(1) Realized and unrealized derivative financial instruments gains (losses) are included in the derivative financial instruments gains (losses) financial statement line item 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:

	2026			2025		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	1	8	9	–	6	6
Fuel costs	(15)	–	(15)	(18)	–	(18)
Purchased power	(27)	–	(27)	(15)	–	(15)
Derivative financial instruments ⁽¹⁾	(1)	66	65	(1)	58	57
Interest expense	2	–	2	3	–	3
	(40)	74	34	(31)	64	33
Unrealized losses						
Derivative financial instruments ⁽¹⁾	–	(2)	(2)	–	(32)	(32)
Total	(40)	72	32	(31)	32	1

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

Notional value and maturity summary

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

Notional value and maturity	Subject to Hedge Accounting				Not Subject to Hedge Accounting	
	Interest Rate Swaps	Natural Gas ⁽¹⁾	Power ⁽²⁾	Foreign Currency Forward Contracts	Natural Gas ⁽¹⁾	Power ⁽²⁾
June 30, 2026						
Purchases ⁽³⁾	–	16,457,200	3,337,164	–	–	88,340
Sales ⁽³⁾	–	1,672,619	6,496,862	–	17,545,400	2,182,758
Currency						
Canadian dollars	183	–	–	–	–	–
Australian dollars	767	–	–	–	–	–
U.S. dollars	–	–	–	150	–	–
Maturity	2026-2036	2026-2031	2026-2038	2026-2027	2026-2031	2026-2031
December 31, 2025						
Purchases ⁽³⁾	–	22,535,100	2,778,354	–	–	175,200
Sales ⁽³⁾	–	741,093	6,813,553	–	21,639,991	2,499,840
Currency						
Canadian dollars	192	–	–	–	–	–
Australian dollars	771	–	–	–	–	–
U.S. dollars	–	–	–	174	–	–
Maturity	2026-2036	2026-2030	2026-2038	2026-2027	2026-2030	2026-2030

(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 in the contracts.

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