



ATCO LTD.
FINANCIAL INFORMATION

FOR THE THREE MONTHS ENDED MARCH 31, 2025

2025 FIRST QUARTER FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

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ATCO LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2025

This Management's Discussion and Analysis (MD&A) is meant to help readers understand key operational and financial events that influenced the results of ATCO Ltd. (ATCO, our, we, us, or the Company) during the three months ended March 31, 2025.

This MD&A was prepared as of May 6, 2025, and should be read with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2025. Additional information, including the Company's previous MD&A (2024 MD&A), Annual Information Form (2024 AIF), and audited consolidated financial statements for the year ended December 31, 2024, is available on SEDAR+ at www.sedarplus.ca. Information contained in the 2024 MD&A is not discussed in this MD&A if it remains substantially unchanged.

The Company is controlled by Sentgraf Enterprises Ltd. and its controlling share owner, the Southern family. The Company includes controlling positions in Canadian Utilities Limited (Canadian Utilities or CU) (52.5 per cent ownership), ATCO Structures & Logistics Ltd. (ATCO Structures & Logistics) (100 per cent ownership), ATCO Land and Development Ltd. (ATCO Land and Development) (100 per cent ownership), ASHCOR Technologies Ltd. (Ashcor) (100 per cent ownership), ATCO Energy Ltd. (ATCO Energy) (100 per cent ownership), and Fresh Bites Inc. (Fresh Bites) (100 per cent ownership). The Company also has an equity investment in Neltume Ports S.A. (Neltume Ports) (40 per cent ownership). Throughout this MD&A, the Company's earnings attributable to Class I and Class II Shares and adjusted earnings are presented after non-controlling interests.

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

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PERFORMANCE OVERVIEW

FINANCIAL METRICS

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

	Three Months Ended March 31		
<i>(\$ millions, except per share data and outstanding shares)</i>	2025	2024	Change
Key Financial Metrics			
Revenues	1,411	1,324	87
Adjusted earnings (loss) ⁽¹⁾	160	148	12
Structures & Logistics ⁽¹⁾	27	25	2
ATCO Investments ⁽¹⁾	11	5	6
Canadian Utilities Limited ⁽¹⁾			
ATCO Energy Systems ⁽¹⁾	122	116	6
ATCO EnPower ⁽¹⁾	6	4	2
ATCO Australia ⁽¹⁾	7	6	1
Canadian Utilities Financing & Other ⁽¹⁾	(13)	(8)	(5)
Adjusted earnings (\$ per share) ⁽²⁾	1.43	1.32	0.11
Earnings attributable to Class I and Class II Shares	144	147	(3)
Earnings attributable to Class I and Class II Shares (\$ per share)	1.28	1.31	(0.03)
Diluted earnings attributable to Class I and Class II Shares (\$ per share)	1.28	1.31	(0.03)
Total assets	27,102	25,347	1,755
Long-term debt	11,554	10,932	622
Class I and Class II Share owners' equity	4,729	4,508	221
Cash dividends declared per Class I and Class II Share (cents per share)	50.45	48.98	1.47
Cash flows from operating activities	757	554	203
Capital investment ⁽³⁾	463	350	113
Capital expenditures	459	348	111
Other Financial Metrics			
Weighted average Class I and Class II Shares outstanding (<i>thousands</i>):			
Basic	112,254	112,159	95
Diluted	112,505	112,179	326

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

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

REVENUES

Revenues in the first quarter of 2025 were \$1,411 million, \$87 million higher than the same period in 2024 mainly due to ATCO Structures' higher workforce housing sale activity in Australia, growth in the regulated rate base in ATCO Energy Systems, and stronger seasonal spreads in natural gas storage services in ATCO EnPower. Revenues were partially offset by decreased commodity prices in ATCO Energy, a decrease in 2025 return on equity (ROE) in ATCO Energy Systems, and the completion of efficiency carryforward mechanism (ECM) funding in 2024 for Electricity Distribution and Natural Gas Distribution.

ADJUSTED EARNINGS ⁽¹⁾

Our adjusted earnings in the first quarter of 2025 were \$160 million or \$1.43 per share, compared to \$148 million or \$1.32 per share for the same period in 2024.

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

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 \$144 million in the first quarter of 2025, \$3 million lower compared to the same period in 2024. Earnings attributable to Class I and Class II Shares include timing adjustments related to rate-regulated activities, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items are not included in adjusted earnings.

More information on these and other items is included in the "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" section of this MD&A.

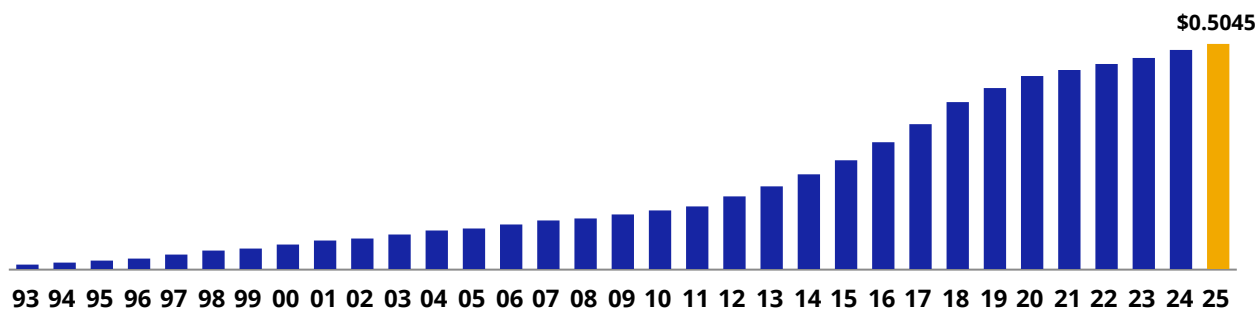
CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities were \$757 million in the first quarter of 2025, \$203 million higher than the same period in 2024. This increase was mainly due to the timing of certain revenues and expenses in ATCO Structures, ATCO Investments, and ATCO Energy Systems.

COMMON SHARE DIVIDENDS

Dividends paid to Class I and Class II Share owners totaled \$57 million in the first quarter of 2025. On April 10, 2025, the Board of Directors declared a second quarter dividend of 50.45 cents per share or \$2.02 on an annualized basis. ATCO expects to continue to grow its dividends consistent with the sustainable growth of its investments.

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



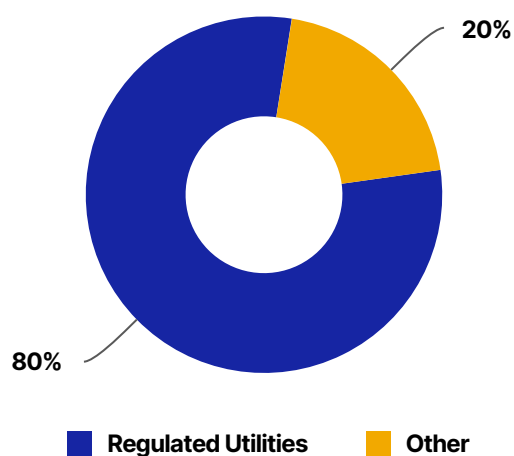
⁽¹⁾ Total of segments measure. See "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Class I and Class II Shares" in this MD&A.

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 \$463 million in the first quarter of 2025 was \$113 million higher compared to the same period in 2024 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including the Yellowhead Pipeline Project (Yellowhead) in Natural Gas Transmission and the Central East Transfer-Out Project (CETO) in Electricity Transmission, increased capital spending on rental fleet additions in ATCO Structures, largely in the US, and the Atlas Carbon Storage Hub project in ATCO EnPower.

Capital expenditures, a GAAP measure reported in accordance with IFRS, include additions to property, plant and equipment and intangibles as well as interest capitalized during construction. Total capital expenditures of \$459 million in the first quarter of 2025 were \$111 million higher compared to the same period in 2024 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

**Capital Expenditures for the
Three Months Ended March 31, 2025**



Capital expenditures in Canadian Utilities' Regulated Utilities accounted for 80 per cent of the total in the first quarter of 2025. The remaining 20 per cent was primarily related to ATCO Structures' continued expansion of its space rentals fleet, largely in the US, and capital spending within ATCO EnPower, largely related to the Atlas Carbon Storage Hub project and sustaining capital.

⁽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' 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 \$291 million in the first quarter of 2025 were \$62 million higher than the same period in 2024 mainly due to higher workforce housing sale activity in Australia and additional ATCO Frontec revenues from new camp projects in both Canada and the US.

ADJUSTED EARNINGS

	Three Months Ended March 31		
(\$ millions)	2025	2024	Change
ATCO Structures ⁽¹⁾	26	24	2
ATCO Frontec ⁽¹⁾	1	1	—
Total Structures & Logistics ⁽²⁾	27	25	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 Structures & Logistics adjusted earnings of \$27 million in the first quarter of 2025 were \$2 million higher than the same period in 2024. Higher adjusted earnings were mainly due to ATCO Structures' strong base business performance driven by increased workforce housing sale activity in Australia and improved space rentals fleet performance in most geographies.

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

ATCO STRUCTURES

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

ATCO Structures' adjusted earnings of \$26 million in the first quarter of 2025 were \$2 million higher than the same period in 2024 mainly due to ATCO Structures' strong base business performance driven by increased workforce housing sale activity in Australia and improved space rentals fleet performance in most geographies.

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

	Three Months Ended		
	2025	2024	March 31
	2025	2024	Change
Global Space Rentals			
Number of units	25,453	24,229	5%
Average utilization (%)	74	73	1%
Average rental rate (\$ per month)	803	775	4%
Global Workforce Housing			
Number of units	2,407	2,744	(12%)
Average utilization (%)	59	58	1%
Average rental rate (\$ per month)	1,392	1,279	9%

Rental Fleet

Space Rentals

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

Workforce Housing

ATCO Structures is focused on maintaining the optimized level and mix of workforce housing fleet in Canada and the US following the sale of under-utilized assets in the prior year. Strong demand for workforce housing products in Australia has driven fleet growth in the region.

ATCO STRUCTURES RECENT DEVELOPMENTS

In the first quarter of 2025, ATCO Structures grew its market presence through organic strategic initiatives and investment in the base business, particularly in space rentals. This included expansion and optimization of the global rental fleet, and the addition of a new operating location in Canada. Awarded contracts, such as those listed below, illustrate the diversity of geographies and industries that ATCO Structures services and contribute to the resiliency of its growth.

Canada

Energy Administration Building

ATCO Structures was awarded a \$23 million contract to design and supply a 72-module, three-storey administration building for a nuclear generation station in Central Canada. Production will commence in the third quarter of 2025 with final turnover scheduled for the end of 2026.

Mining Accommodation Camp

ATCO Structures was awarded a \$7 million contract to supply and install a 148-person accommodation camp in support of uranium exploration in Northern Saskatchewan. The camp comprises existing fleet assets and is expected to be fully delivered by the third quarter of 2025.

Infrastructure Project

ATCO Structures was awarded a \$9 million contract to supply, deliver and install 58 space rentals units in support of an urban infrastructure expansion project in Central Canada. Manufacturing is scheduled for the second quarter of 2025. Delivery of units will occur in multiple stages that are expected to commence in the second quarter of 2025. Final delivery is anticipated in the first quarter of 2026.

Cultural Centre Project

ATCO Structures was awarded a \$6 million contract to supply and deliver a permanent modular 26-unit, 2-storey building that will contribute offices, amenity space and accommodation suites to a cultural centre project in Northern Canada. Manufacturing is expected to commence in the second quarter of 2025 and conclude in the third quarter of 2025. Final delivery is anticipated by the third quarter of 2025.

United States

Data Centre

ATCO Structures was awarded a \$3 million rental contract for 25 space rentals units for a data centre in Alabama. The 33-month contract term commenced in the first quarter of 2025. This is the second contract supporting this data centre, bringing the total value awarded to \$6 million.

US Navy

ATCO Structures was awarded a \$5 million contract to supply and deliver 30 standalone modular office units for use by the US Navy. Manufacturing for these units is underway, and final delivery is anticipated by the third quarter of 2025.

Australia

Mining Operations

ATCO Structures executed a \$7 million contract to supply a 42-unit, 300-person accommodation camp in support of mining operations in New South Wales, Australia. The camp comprises existing fleet assets and was handed over in the first quarter of 2025.

ATCO FRONTTEC

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

ATCO Fronttec adjusted earnings of \$1 million in the first quarter of 2025 were comparable to the same period in 2024.

ATCO FRONTTEC RECENT DEVELOPMENTS

Polar Over-the-Horizon Radar Contract

In March 2025, the Government of Canada awarded Inuvialuit Fronttec Services (IFS), a joint venture partnership between ATCO Fronttec and Inuvialuit Development Corporation (IDC), a contract to design, build, install and operate a new radar defence system in the Northwest Territories. The \$49 million contract commenced on March 28, 2025, with a term of two years and potential for three additional one-year options. IDC holds 51 per cent ownership in the IFS joint venture.



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

REVENUES

Including intersegment eliminations, ATCO Investments' revenues of \$35 million in the first quarter of 2025 were \$31 million higher than the same period in 2024 mainly due to additional revenues from ATCO Energy which was acquired from Canadian Utilities in the third quarter of 2024, and increased volume and pricing at Ashcor's facilities.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended		
	2025	2024	Change
Investments			
Neltume Ports	8	5	3
Other Investments ⁽¹⁾	5	(2)	7
Total Investments ⁽¹⁾	13	3	10
ATCO Corporate & Other ⁽¹⁾	(2)	2	(4)
Total ATCO Investments ⁽²⁾	11	5	6

(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 \$11 million in the first quarter of 2025 were \$6 million higher than the same period in 2024 mainly due to additional earnings from ATCO Energy which was acquired in the third quarter of 2024, and favourable cargo mix and improved margins across operations within Neltume Ports' portfolio.

Neltume Ports

Neltume Ports is a port operator and developer with a diversified portfolio of 18 multi-purpose, bulk cargo and container port facilities and 5 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil and the US.

Neltume Ports' adjusted earnings of \$8 million in the first quarter of 2025 were \$3 million higher than the same period in 2024 mainly due to favourable cargo mix and improved margins across operations within the portfolio of ports.

Other Investments

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

Adjusted earnings of \$5 million in the first quarter of 2025 were \$7 million higher than the same period in 2024 mainly due to additional earnings from ATCO Energy which was acquired from Canadian Utilities in the third quarter of 2024.

ATCO Corporate and Other

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

Adjusted earnings in the first quarter of 2025 were \$4 million lower than the same period in 2024 mainly due to higher interest expenses.

RECENT DEVELOPMENTS

In 2025, ATCO simplified its operating segment structure by combining the Neltume Ports and ATCO Corporate & Other segments into a single ATCO Investments segment. Previously, Neltume Ports and ATCO Corporate & Other, which then included ATCO Land and Development, Ashcor, ATCO Energy, and Fresh Bites, had been reported separately. Comparative amounts for prior periods have been reclassified to reflect this change in reportable operating segments.

Ashcor

On January 6, 2025, Ashcor announced an agreement with Consumers Energy to extract and repurpose impounded coal ash from the soon to be retired J.H. Campbell Generating Complex, located near Holland, Michigan. This project represents Ashcor's first RAM™ facility in the US. Construction of the facility is expected to begin in the second quarter of 2025 with operations anticipated to begin early 2027. The operational life of the project is expected to be approximately twenty years.

ATCO Land and Development

Viva Homes by ATCO (Viva Homes)

In March 2025, the Company introduced ATCO Land and Development's new venture, Viva Homes. This venture is working in the attainable housing space with a strategy of bringing high-quality, cost-competitive housing to the market through the utilization of advanced modular construction processes and ATCO's development expertise. This housing strategy will support the national need for attainable housing options and provide government, agency and market owners with a turnkey housing solution at an expedited pace to conventional on-site construction. Viva Homes has two upcoming projects in Calgary, Alberta in the communities of Arbour Lake and Forest Lawn, which are expected to break ground in the second and third quarters of 2025, respectively.

Canadian Utilities

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

ATCO ENERGY SYSTEMS

REVENUES

ATCO Energy Systems revenues of \$926 million in the first quarter of 2025 were \$39 million higher than the same period in 2024. Higher revenues were mainly due to growth in rate base and higher flow-through revenues in Natural Gas Distribution. Revenues were partially offset by a decrease in ROE following the annual update of the AUC approved ROE formula which set the 2025 ROE at 8.97 per cent compared to the 2024 rate of 9.28 per cent, and the completion of ECM funding of up to 0.5 per cent additional ROE in 2024 for Electricity Distribution and Natural Gas Distribution.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended		
	2025	2024	March 31 Change
Electricity			
Electricity Distribution ⁽¹⁾	22	21	1
Electricity Transmission ⁽¹⁾	24	24	—
International Electricity Operations ⁽¹⁾	8	7	1
Total Electricity ⁽¹⁾	54	52	2
Natural Gas			
Natural Gas Distribution ⁽¹⁾	54	52	2
Natural Gas Transmission ⁽¹⁾	14	12	2
Total Natural Gas ⁽¹⁾	68	64	4
Total ATCO Energy Systems ⁽²⁾	122	116	6

(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 \$122 million in the first quarter of 2025 were \$6 million higher than the same period in 2024 mainly due to growth in rate base and cost efficiencies. Higher earnings were partially offset by a decrease in 2025 ROE which is set at 8.97 per cent compared to the 2024 rate of 9.28 per cent, and the completion of ECM funding of up to 0.5 per cent additional ROE in 2024 for Electricity Distribution and Natural Gas Distribution.

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

Electricity Distribution

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

Electricity Distribution adjusted earnings of \$22 million in the first quarter of 2025 were \$1 million higher than the same period in 2024 mainly due to growth in rate base and cost efficiencies, partially offset by the completion of ECM funding in 2024 and lower ROE in 2025.

Electricity Transmission

Electricity Transmission provides electricity transmission mainly in Northern and Central East Alberta, and in the Lloydminster area of Saskatchewan. 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 \$24 million in the first quarter of 2025 were comparable to the same period in 2024.

International Electricity Operations

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

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

International Electricity Operations adjusted earnings of \$8 million in the first quarter of 2025 were \$1 million higher than the same period in 2024 mainly due to favourable foreign exchange rates.

Natural Gas Distribution

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

Natural Gas Distribution adjusted earnings of \$54 million in the first quarter of 2025 were \$2 million higher than the same period in 2024 mainly due to growth in rate base and cost efficiencies, partially offset by the completion of ECM funding in 2024 and lower ROE in 2025.

Natural Gas Transmission

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

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

ATCO ENERGY SYSTEMS RECENT DEVELOPMENTS

Utility Infrastructure Projects

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

- Yellowhead consists of approximately 230 kilometres of high-pressure natural gas pipeline and is on-track for construction to commence in 2026, subject to both AUC and Company approvals. As part of the regulatory application process that establishes the need for the Yellowhead natural gas project, the oral argument and reply portion of the needs application took place in March 2025. A decision is expected in the second or third quarter of 2025. As well, we continue to progress discussions on Indigenous ownership in the pipeline.
- CETO consists of a 135-km 240kV transmission line, of which Electricity Transmission is building 85-km of the transmission line and AltaLink LP is constructing the remaining 50-km. Electricity Transmission began construction in the third quarter of 2024, completed the winter season construction in the first quarter of 2025, and will begin fall

season construction in the third quarter of 2025. CETO will support renewable energy integration in Alberta and transport electricity in the counties of Red Deer, Lacombe and Stettler, supplying more than 1,500 megawatts of electricity to Alberta's grid.

ATCO ENERGY SYSTEMS REGULATORY DEVELOPMENTS

Common Matters

Third Generation Performance Based Regulation (PBR3) Decision Permission to Appeal

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

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

Second Generation Performance Based Regulation (PBR2) Re-openers

In June 2023, the AUC initiated a proceeding for Electricity Distribution and Natural Gas Distribution as the re-opener clause was triggered by both utilities in 2022, the final year of PBR2. The PBR2 reopener thresholds were triggered as a result of both utilities' earnings being either +/- 500 basis points from the approved ROE in one year or +/- 300 basis points from the approved ROE in two consecutive years. On May 22, 2024, the AUC issued its decision and advanced to the second phase of the proceeding. We expect to receive a decision on this second phase by the end of May 2025.

ATCO Gas and ATCO Electric were the only utilities in Alberta to lower rates in 2023 due to efficiencies being passed onto customers. Similar to the first generation of PBR, the increase in earnings in the second generation of PBR was a direct result of management's response to the incentive to implement efficiency improvements. As such, the Company filed a Permission to Appeal with the Alberta Court of Appeal. The Permission to Appeal on the Re-Opener Phase I Decision was heard by the Alberta Court of Appeal on October 31, 2024 and a favourable ruling on the Permission to Appeal was received December 10, 2024. The Appeal is now scheduled to be heard in the fourth quarter of 2025. Based on the positions advanced in these submissions, we do not anticipate any impact to earnings as a result of this proceeding.

ATCO ENPOWER

REVENUES

ATCO EnPower revenues of \$98 million in the first quarter of 2025 were \$7 million higher compared to the same period in 2024 mainly due to stronger seasonal spreads in natural gas storage services.

ADJUSTED EARNINGS

(\$ millions)	Three Months Ended		
	2025	2024	March 31 Change
Electricity Generation ⁽¹⁾	(1)	(1)	—
Storage & Industrial Water ⁽¹⁾	7	5	2
Total ATCO EnPower ⁽²⁾	6	4	2

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

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

ATCO EnPower adjusted earnings of \$6 million in the first quarter of 2025 were \$2 million higher than the same period in 2024 mainly due to stronger seasonal spreads in natural gas storage services, partially offset by lower capture pricing realized at the Forty Mile Wind facility.

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

Electricity Generation

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

Electricity Generation adjusted earnings in the first quarter of 2025 were comparable to the same period in 2024.

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

	Three Months Ended March 31		
	2025	2024	Change
Capacity Share ^{(1) (2)} (MW)	390	359	31
Average Availability (%)	98	87	11
Generation (MWh)	233,454	220,997	12,457
Wind	201,274	192,175	9,099
Solar	28,563	28,789	(226)
Hydroelectric	3,617	33	3,584
% Merchant	26	21	5
% PPA	74	79	(5)
Average Realized Price (\$/MWh)	77	84	(7)

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

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

Merchant generation increased as a proportion of our portfolio compared to the same period in 2024 due to higher generation at our hydroelectric facility and the uprate at the Forty Mile facility increasing merchant generation volumes. Wind generation in the first quarter of 2025 was higher than the first quarter of 2024 due to improved performance at the Adelaide facility. While the Forty Mile facility saw improved availability and higher capacity as a result of the successful uprate completed in the fourth quarter of 2024, generation continues to be impacted by lower Alberta fleet capacity and grid curtailments in the quarter. Solar generation in the first quarter of 2025 was comparable to the same period in 2024. Increased generation resulting from the uprates achieved at the Barlow and Deerfoot facilities in the third quarter of 2024 and improved availability at the Empress facility were offset by unfavourable weather conditions experienced in the quarter. We also saw improved generation at our hydroelectric facility which was impacted by lower reservoir and river flow levels in the first quarter of 2024.

The average realized price related to the renewable portfolio decreased from an average of \$84 per MWh in the first quarter of 2024 to an average of \$77 per MWh in the first quarter of 2025. This is mainly due to the fact that the average pool price for solar and wind in Alberta for January and February 2025 has been 45 to 85 per cent below the average price for the comparable months in 2024.

Storage & Industrial Water

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

Storage & Industrial Water adjusted earnings of \$7 million in the first quarter of 2025 were \$2 million higher compared to the same period in 2024 mainly due to stronger seasonal spreads in natural gas storage services.

ATCO AUSTRALIA

REVENUES

ATCO Australia revenues of \$57 million in the first quarter of 2025 were \$4 million higher than the same period in 2024 mainly due to increased rates in ATCO Gas Australia, and revenues from the previously completed Early Contract works under the South Australia Hydrogen Jobs Plan project in ATCO Power Australia.

ADJUSTED EARNINGS

	Three Months Ended March 31		
(\$ millions)	2025	2024	Change
ATCO Gas Australia ⁽¹⁾	6	5	1
ATCO Power Australia ⁽¹⁾	1	1	—
Total ATCO Australia ⁽²⁾	7	6	1

(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 \$7 million in the first quarter of 2025 were \$1 million higher than the same period in 2024 mainly due to higher rates in ATCO Gas Australia as a result of moving into the new five-year Access Arrangement that commenced January 1, 2025, and operating efficiencies.

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 \$6 million in the first quarter of 2025 were \$1 million higher than the same period in 2024 mainly due to higher rates, and operating efficiencies.

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 in the first quarter of 2025 were comparable to the same period in 2024.

RECENT DEVELOPMENTS

South Australian Hydrogen Jobs Plan

On February 20, 2025, the government of Australia confirmed that the South Australian Hydrogen Jobs Plan project has been deferred. ATCO Australia continues to work with the Office of Hydrogen Power South Australia to assess the impacts while concluding the previous Early Contract works initiated for the project.

CANADIAN UTILITIES FINANCING & OTHER

Canadian Utilities Financing & Other includes the global corporate head office in Calgary, Canada, and CU Inc. and Canadian Utilities preferred share dividends and financing expenses.

REVENUES

Including intersegment eliminations, Canadian Utilities Financing & Other revenues of \$4 million in the first quarter of 2025 were \$56 million lower compared to the same period in 2024 mainly due to the decreased revenue contribution from ATCO Energy which was transferred to ATCO in the third quarter of 2024.

ADJUSTED EARNINGS

	Three Months Ended		
	March 31		
(\$ millions)	2025	2024	Change
Canadian Utilities Financing & Other ⁽¹⁾	(13)	(8)	(5)

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

Including intersegment eliminations, Canadian Utilities Financing & Other adjusted earnings in the first quarter of 2025 were \$5 million lower compared to the same period in 2024 mainly due the decreased earnings contribution from ATCO Energy which was transferred to ATCO Ltd. in the third quarter of 2024.

RECENT DEVELOPMENTS

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

SUSTAINABILITY

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

SUSTAINABILITY REPORTING

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

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

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

The 2024 Sustainability Report, ESG Datasheet, materiality assessment, 2024 highlights, and other disclosures are available on our website at www.atco.com.

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

Prorogation of Parliament, Resignation of the Prime Minister and Election

On January 6, 2025, Prime Minister Justin Trudeau announced his resignation as Liberal Party leader and Prime Minister, prompting the prorogation of Parliament until March 24, 2025. Mark Carney, former Bank of Canada governor, won the Liberal leadership race and was sworn in as Prime Minister on March 14, 2025 forming the 30th Canadian Ministry.

On March 23, 2025, Mr. Carney requested the dissolution of Parliament, scheduling a federal election for April 28, 2025, earlier than the fixed date of October 20, 2025, due to global political instability, notably US trade threats. He cited the need for a “strong and clear mandate” to deal with these external pressures.

US Tariffs on Canada

On March 4, 2025, US President Donald Trump imposed 25 per cent tariffs on Canadian goods (with the exception of energy and potash, which were at 10 per cent), citing national security and drug trafficking, particularly fentanyl, concerns. On March 12, 2025, 25 per cent tariffs were added on Canadian steel and aluminum, impacting Canada as the largest supplier to the US. A 25 per cent tariff on foreign-made automobiles, effective April 3, 2025, affects Canada’s auto sector, though exemptions apply for USMCA-compliant goods (goods that meet the rule of origin established by the US – Mexico – Canada Agreement).

The Federal Consumer Carbon Price (Fuel Charge)

The federal consumer carbon price (fuel charge) in Canada was eliminated as of April 1, 2025, along with the requirement for provinces and territories to maintain a consumer-facing carbon price. This ended the system where fuels like gasoline and natural gas were taxed based on their carbon content, with rebates (Canada Carbon Rebate) paid out to offset costs for households. The final rebate payments to households were issued in April 2025.

However, industrial carbon pricing for large emitters remains in place. The federal industrial carbon price under the Output-Based Pricing System (OBPS) in 2025 increased to \$95 per tonne of CO₂ equivalent, based on the scheduled annual \$15 increase toward \$170 by 2030. This applies to large industrial emitters exceeding sector-specific emissions limits, with provinces able to use their own equivalent systems or the federal OBPS.

Canada Federal Election

On April 28, 2025, the Liberal Party secured a victory in the 2025 Canadian federal election. This outcome marks a significant continuation of the Liberal Party’s governance, with Mark Carney leading a fourth consecutive mandate for the Liberals and their third minority government. With 169 seats across the legislature, just 3 seats shy of the 172 needed for a majority, Carney’s government will need the support of another party to pass legislation. Support from any one of the NDP, Bloc Quebecois, or Conservative parties would allow them to pass bills. With Bloc Quebecois losing seats and the NDP having lost their leader and official party status, navigating the House of Commons committee process will be more complicated.

The Liberal’s campaign committed to making Canada the “world’s leading superpower, in both clean and conventional energy”. Their approach is defined by three objectives: energy security, trade diversification and long-term competitiveness. One of the government’s challenges will be how to deal with the existing regulatory impediments to these objectives.

ALBERTA

Update and Refined Scope on the Restructured Energy Market (REM)

Alberta Electric System Operator (AESO) stakeholder engagement sessions for REM, including the AESO’s Market Pathways initiative, began in October 2023. Over the many sessions held, stakeholders had expressed concerns about the extent of proposed changes. On April 4, 2025, the AESO provided a stakeholder update on the REM during a CEO Roundtable Breakfast. Based on stakeholder feedback, the AESO scaled back the REM design, dropping the proposed day-ahead commitment market and day-ahead energy scheduling market to focus on day-ahead market for reliability products.

The AESO responded by narrowing the focus to streamline implementation while maintaining market stability. This update reflects the AESO’s commitment to balancing stakeholder input with the REM’s goals of ensuring a reliable, affordable, and sustainable electricity system. Future stakeholder engagement is required, and this may push rule approval into early 2026.

Bill 52: Energy and Utilities Statutes Amendment Act, 2025

Energy and Utilities Statutes Amendment Act, 2025 was introduced into the Alberta legislature on April 10, 2025. This constitutes “first reading” in legislative terms and if passed, the changes will roll out on various dates, with temporary measures in place. Below are some of the highlights of the proposed Act:

- **Hydrogen Blending:** Enables blending hydrogen into the natural gas distribution system for residential and commercial heating, supporting new technologies while prioritizing safety and reliability.
- **Restructured Energy Market:** Implements a legislative framework to allow for a new market structure by 2027, introducing a day-ahead reliability market to ensure consistent power availability and reduce grid alerts.
- **Transmission Policy Updates:** Formalizes changes in transmission policy indicated previously by the removal of zero congestion as a legislative requirement for the AESO and adding new legislative criteria that the AESO is “expected to maximize economic efficiency” when considering “system expansions and enhancements”.
- **Power Market Reliability:** Updates power market rules to meet growing demand, stabilize utility bills, and encourage investment in the energy sector.
- **Inter-Jurisdictional Connectivity:** Streamlines processes to connect with other regions, reducing red tape for infrastructure improvements.

OTHER EXPENSES AND INCOME

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

	Three Months Ended March 31		
(\$ millions)	2025	2024	Change
Operating costs	765	682	83
Depreciation and amortization	209	199	10
Earnings from investment in associate company	8	5	3
Earnings from investment in joint ventures	21	20	1
Net finance costs	119	113	6
Income tax expense	77	80	(3)

OPERATING COSTS

Operating costs, which are total costs and expenses less depreciation and amortization, increased by \$83 million in the first quarter of 2025 compared to the same period in 2024. Higher operating costs were mainly due to increased material costs due to higher project activity in ATCO Structures, higher flow-through expense in Natural Gas Distribution for third party franchise and transmission fees, restructuring costs, and the recognition of transition costs related to activities to shift the managed information technology (IT) services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. Increased costs were partially offset by lower prices for retail electricity and higher unrealized and realized gains on derivative financial instruments in ATCO Energy.

DEPRECIATION AND AMORTIZATION

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

EARNINGS FROM INVESTMENT IN ASSOCIATE COMPANY

Earnings from investment in associate company relate to our 40 per cent ownership interest in Neltume Ports, a port operator and developer with a diversified portfolio of 18 multi-purpose, bulk cargo and container port facilities and 5 port operation services. The business is located primarily in Chile with additional operations in Uruguay, Argentina, Brazil and the US.

Earnings from investment in associate company in the first quarter of 2025 were \$3 million higher than the same period in 2024 mainly due to favourable cargo mix and improved margins across operations within the portfolio of ports.

EARNINGS FROM INVESTMENT IN JOINT VENTURES

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

Earnings from investment in joint ventures in the first quarter of 2025 were \$1 million higher than the same period in 2024 mainly due to favourable foreign exchange rates for LUMA Energy.

NET FINANCE COSTS

Net finance costs increased by \$6 million in the first quarter of 2025 compared to the same period in 2024 mainly due to lower interest income primarily resulting from lower interest rates in 2025 on cash investments.

INCOME TAX EXPENSE

Income taxes were lower by \$3 million in the first quarter of 2025 compared to the same period in 2024 due to lower IFRS earnings before income taxes.

LIQUIDITY AND CAPITAL RESOURCES

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

CREDIT RATINGS

The following table shows the credit ratings assigned to ATCO, Canadian Utilities, CU Inc. and ATCO Gas Australia Pty Ltd (ATCO Gas Australia) at March 31, 2025.

	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⁾ a BBB+ issuer and senior unsecured debt credit rating with a positive outlook.

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

On February 20, 2025, Fitch Ratings affirmed its 'BBB+' issuer rating and stable outlook on ATCO and its 'A-' issuer rating with a stable outlook on both Canadian Utilities and CU Inc.

On February 27, 2025, S&P Global Ratings revised Canadian Utilities' subsidiary ATCO Gas Australia's 'BBB+' issuer credit rating with a stable outlook to a 'BBB+' issuer credit rating with a positive outlook.

LINES OF CREDIT

At March 31, 2025, ATCO and its subsidiaries had the following lines of credit.

<i>(\$ millions)</i>	Total	Used	Available
Long-term committed	3,577	1,512	2,065
Uncommitted	715	304	411
Total	4,292	1,816	2,476

Of the \$4,292 million in total lines of credit, \$715 million was in the form of uncommitted credit facilities with no set maturity date. The other \$3,577 million in credit lines was committed with maturities between 2026 and 2028, and may be extended at the option of the lenders.

Of the \$1,816 million in lines of credit used, \$651 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 of the renewable energy portfolio acquisition in ATCO EnPower, 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 March 31, 2025, the Company's cash position was \$140 million. This represents an increase in the first quarter of 2025 of \$48 million compared to the same period in 2024 and an increase of \$46 million from December 31, 2024. Major movements are outlined in the following table:

<i>(\$ millions)</i>	Three Months Ended		
	2025	2024	March 31
	2025	2024	Change
Cash position, beginning of period	94	288	(194)
Cash from (used in):			
Operating activities	757	554	203
Investing activities	(430)	(377)	(53)
Financing activities	(283)	(371)	88
Foreign currency translation	2	(2)	4
Cash position, end of the period	140	92	48

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

Operating Activities

Cash flows from operating activities were \$757 million in the first quarter of 2025, \$203 million higher than the same period in 2024 mainly due to the timing of certain revenues and expenses in ATCO Structures, ATCO Investments, and ATCO Energy Systems.

Investing Activities

Cash flows used in investing activities were \$430 million in the first quarter of 2025, \$53 million higher than the same period in 2024 mainly due to increased capital expenditures related to ongoing system upgrades and growth projects for new customers in the Regulated Utilities, capital spending on rental fleet additions in ATCO Structures, and ongoing development projects in ATCO EnPower. Increases were partially offset by the timing of settlement of accounts payable for capital projects.

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

Cash Used for Capital Investment and Capital Expenditures

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

(\$ millions)	Three Months Ended		
	2025	2024	March 31 Change
Structures & Logistics	51	29	22
ATCO Investments	7	3	4
	58	32	26
Canadian Utilities			
ATCO Energy Systems			
Electricity	191	150	41
Natural Gas	154	131	23
	345	281	64
ATCO EnPower	30	14	16
ATCO Australia	21	16	5
CU Financing & Other	5	5	—
Canadian Utilities Total Capital Expenditures ^{(1) (2)}	401	316	85
ATCO Total Capital Expenditures	459	348	111
Capital Expenditures in joint ventures			
ATCO Energy Systems			
Electricity	—	1	(1)
ATCO EnPower	1	1	—
Business Combination			
Structures & Logistics	3	—	3
Canadian Utilities Total Capital Investment ⁽³⁾	402	318	84
ATCO Total Capital Investment ⁽³⁾	463	350	113

(1) Includes additions to property, plant and equipment, and intangibles as well as \$5 million (2024 - \$3 million) of capitalized interest during construction for the first quarter of 2025.

(2) Includes \$25 million for the first quarter of 2025 (2024 - \$22 million) of capital expenditures, mainly in ATCO Energy Systems, that were funded with the assistance of customer contributions and government grants.

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

Total capital investment of \$463 million in the first quarter of 2025 was \$113 million higher compared to the same period in 2024 mainly due to increased spending related to ongoing system upgrades and growth projects in the Regulated Utilities, including Yellowhead in Natural Gas Transmission and CETO in Electricity Transmission, increased capital spending on rental fleet additions in ATCO Structures, largely in the US, and the Atlas Carbon Storage Hub project in ATCO EnPower.

Total capital expenditures of \$459 million in the first quarter of 2025 were \$111 million higher compared to the same period in 2024 mainly due to the factors outlined above. Capital expenditures in joint ventures and business combinations are excluded from capital expenditures.

Financing Activities

Cash flows used in financing activities were \$283 million in the first quarter of 2025, \$88 million lower than the same period in 2024 mainly due to a higher net repayment of debt in the first quarter of 2024.

Information pertaining to financing activities is summarized below.

Debt Issuances

In March 2025, CU Inc., a wholly owned subsidiary of Canadian Utilities, borrowed \$18 million from its \$155 million non-revolving unsecured amortizing credit facility to support the construction of CETO within ATCO Energy System's Electricity Transmission business. The fixed interest rate is set at 2.17 per cent, and quarterly repayments, which will commence once the project reaches commercial operations, are expected to continue until June 30, 2056.

Dividends and Common Shares

We have increased our common share dividend each year since 1993, a 32-year track record. Dividends paid to Class I Share and Class II Share owners totaled \$57 million in the first quarter of 2025.

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

Normal Course Issuer Bid (NCIB)

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

On March 13, 2024, ATCO commenced an NCIB to purchase up to 1,994,677 outstanding Class I Shares. This bid expired on March 12, 2025. During this period, no shares were purchased.

On March 13, 2025, ATCO commenced an NCIB to purchase up to 1,996,301 outstanding Class I Shares. The bid will expire on March 12, 2026. To date, no shares have been purchased.

Base Shelf Prospectus - Canadian Utilities

On September 14, 2023, Canadian Utilities filed a short-form base shelf prospectus that permits it to issue Class A non-voting shares, preferred shares and debt securities, over the 25-month life of the prospectus. As of May 5, 2025, no securities had been issued under the prospectus.

SHARE CAPITAL

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

At May 5, 2025, we had outstanding 99,987,617 Class I Shares, 12,424,987 Class II Shares, and options to purchase 2,658,874 Class I Shares.

CLASS I NON-VOTING SHARES AND CLASS II VOTING SHARES

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

Of the 10,200,000 Class I Shares authorized for grant of options under our stock option plan, 7,270,400 Class I Shares were available for issuance at March 31, 2025. Options may be granted to officers and key employees of the Company and its subsidiaries at an exercise price equal to the weighted average of the trading price of the shares on the 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 June 30, 2023 through March 31, 2025.

(\$ millions, except for per share data)	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Revenues	1,112	1,116	1,390	1,411
Earnings attributable to Class I and Class II Shares	52	93	138	144
Earnings per Class I and Class II Share (\$)	0.46	0.83	1.23	1.28
Diluted earnings per Class I and Class II Share (\$)	0.46	0.83	1.23	1.28
Adjusted earnings per Class I and Class II Share (\$) ⁽¹⁾	0.86	0.81	1.30	1.43
Adjusted earnings (loss) ⁽²⁾				
Structures & Logistics ⁽²⁾	29	26	24	27
ATCO Investments ⁽²⁾	5	12	15	11
Canadian Utilities ⁽²⁾				
ATCO Energy Systems ⁽²⁾	59	49	109	122
ATCO EnPower ⁽²⁾	10	7	2	6
ATCO Australia ⁽²⁾	9	8	2	7
Canadian Utilities Financing & Other ⁽²⁾	(16)	(11)	(6)	(13)
Total adjusted earnings ⁽²⁾	96	91	146	160
(\$ millions, except for per share data)	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenues	1,104	1,058	1,221	1,324
Earnings attributable to Class I and Class II Shares	79	91	95	147
Earnings per Class I and Class II Share (\$)	0.70	0.80	0.85	1.31
Diluted earnings per Class I and Class II Share (\$)	0.70	0.80	0.85	1.31
Adjusted earnings per Class I and Class II Share (\$) ⁽¹⁾	0.77	0.71	1.13	1.32
Adjusted earnings (loss) ⁽²⁾				
Structures & Logistics ⁽²⁾	26	28	14	25
ATCO Investments ⁽²⁾	8	8	11	5
Canadian Utilities ⁽²⁾				
ATCO Energy Systems ⁽²⁾	51	47	94	116
ATCO EnPower ⁽²⁾	4	4	8	4
ATCO Australia ⁽²⁾	8	9	6	6
Canadian Utilities Financing & Other ⁽²⁾	(10)	(15)	(6)	(8)
Total adjusted earnings ⁽²⁾	87	81	127	148

(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 Neltime Ports, and in Canadian Utilities, the timing of utility regulatory decisions, and the seasonal nature of demand for natural gas and electricity.

ADJUSTED EARNINGS

Adjusted earnings in the second quarter of 2024 were higher compared to the same period in 2023 mainly due to ATCO Structures' increased space rentals activity in most geographies and improved workforce housing trade sale performance, growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, and higher interest income earned on corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and lower realized pricing on our assets with merchant exposure in ATCO EnPower.

Adjusted earnings in the third quarter of 2024 were higher compared to the same period in 2023 mainly due to ATCO Structures' increased space rentals activity in most geographies and improved workforce housing trade sale performance, growth in rate base and an increase in ROE in ATCO Energy Systems' businesses, and higher interest income earned on

corporate investments. Higher adjusted earnings were partially offset by the impact of inflation indexing in ATCO Australia, and ATCO Frontec's provision regarding the potential collectability of a customer's receivables.

Adjusted earnings in the fourth quarter of 2024 were higher mainly due to ATCO Structures' strong base business performance driven by increased space rentals activity in most geographies and improved workforce housing trade sale performance in Canada, the US and Australia, ATCO Energy Systems' growth in rate base and increase in ROE, and stronger seasonal spreads in natural gas storage services at ATCO EnPower. Higher adjusted earnings were partially offset by lower realized pricing at the renewable facilities and a non-recurring recovery received in the fourth quarter of 2023 in ATCO EnPower's Storage & Industrial Water business, and the impact of inflation indexing in ATCO Australia.

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

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 second quarter of 2023, the Company recognized an impairment of \$4 million (after-tax and non-controlling interests) relating to certain electricity generation assets in Electricity Transmission. These assets had been removed from service as it was determined that they no longer had any remaining value.
- In the fourth quarter of 2023, the Company recognized an impairment of \$19 million (after-tax and non-controlling interests) mainly related to certain computer software assets which are not expected to be used in the Company.
- In the fourth quarter of 2023, the Company accrued income taxes and interest of \$15 million relating to the 2009-2016 reassessment notices received from the Portuguese Tax Authority.
- In 2024, the Company recorded restructuring costs of \$23 million (after-tax and non-controlling interests) in the second quarter, \$6 million (after-tax and non-controlling interests) in the third quarter, and \$4 million (after-tax and non-controlling interests) in the fourth quarter, mainly related to staff reductions and associated severance costs.
- In the second quarter of 2024, the Company recorded a \$4 million (after-tax and non-controlling interests) reduction to earnings related to an AUC enforcement decision on two historical matters the Electric Transmission business had self-reported to AUC Enforcement staff.
- In the third quarter of 2024, the transfer of ownership of ATCO Energy from Canadian Utilities to ATCO was completed. Canadian Utilities recorded a loss of \$14 million (\$7 million after non-controlling interests) which is eliminated on consolidation with ATCO.
- In the first quarter of 2025, the Company recorded restructuring costs of \$8 million (after-tax and non-controlling interests) mainly related to staff reductions and associated severance costs.
- In the first quarter of 2025, the Company recognized IT transition costs of \$5 million (after-tax and non-controlling interests). The transition costs were primarily related to activities to shift the managed IT services from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams.

OTHER FINANCIAL AND NON-GAAP MEASURES

This MD&A should be read with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2025. The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 Interim Financial Reporting using accounting policies consistent with IFRS as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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

Total of Segments Measures

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

Consolidated adjusted earnings (loss) and adjusted earnings (loss) for each of 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 period in 2024 have been calculated using the same composition and are disclosed alongside the current total of segments measures in this MD&A. A reconciliation of the total of segments measures with total earnings (loss) attributable to Class I and Class II Shares is presented in this MD&A.

Non-GAAP Financial Measures

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

All references to capital investment, references to 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, ATCO Gas Australia, ATCO Power Australia, Electricity Generation, and Storage & Industrial Water, and references to adjusted EBITDA for ATCO Structures and ATCO EnPower are non-GAAP financial measures, as defined in NI 52-112.

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

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

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

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

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

Non-GAAP Ratio

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

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

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

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

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

(\$ millions)

2025	ATCO Ltd.							ATCO Consolidated
	Structures & Logistics	ATCO Investments	Canadian Utilities Limited				Consolidated	
ATCO Energy Systems			ATCO EnPower	ATCO Australia	CU Financing & Other			
2024								
Revenues	291	35	926	98	57	4	1,085	1,411
	229	4	887	91	53	60	1,091	1,324
Adjusted earnings (loss)	27	11	122	6	7	(13)	122	160
	25	5	116	4	6	(8)	118	148
Restructuring	—	(1)	(5)	(1)	(1)	—	(7)	(8)
	—	—	—	—	—	—	—	—
Transition of managed IT services	—	(1)	(4)	—	—	—	(4)	(5)
	—	—	—	—	—	—	—	—
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	—	(5)	—	1	—	—	1	(4)
	—	—	—	2	—	4	6	6
Rate-regulated activities	—	—	6	—	(4)	—	2	2
	—	—	(1)	—	(3)	—	(4)	(4)
IT Common Matters decision	—	—	(1)	—	—	—	(1)	(1)
	—	—	(3)	—	—	—	(3)	(3)
Earnings (loss) attributable to Class I and Class II Shares	27	4	118	6	2	(13)	113	144
	25	5	112	6	3	(4)	117	147

RESTRUCTURING

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

TRANSITION OF MANAGED IT SERVICES

The Company recognized IT transition costs of \$5 million (after-tax and non-controlling interests) in the first quarter of 2025. The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and are expected to be substantially complete by the second quarter of 2025. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

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

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

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

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

RATE-REGULATED ACTIVITIES

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

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

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the US as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

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

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

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

(\$ millions)	Three Months Ended		
	2025	2024	Change
Additional revenues billed in current period			
Future removal and site restoration costs ⁽¹⁾	17	16	1
Impact of colder temperatures ⁽²⁾	—	3	(3)
Revenues to be billed in future periods			
Deferred income taxes ⁽³⁾	(19)	(17)	(2)
Impact of inflation on rate base ⁽⁴⁾	(3)	(3)	—
Settlement of regulatory decisions and other items			
Other ⁽⁵⁾	7	(3)	10
	2	(4)	6

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

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

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

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

(5) In the three months ended March 31, 2025, Natural Gas Distribution recorded an increase in earnings of \$8 million (after-tax and non-controlling interests) related to recoveries from customers related to the settlement of load balancing and weather deferral account balances.

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 first quarter of 2025 was \$1 million (after-tax and non-controlling interests) (2024 - \$3 million (after-tax and non-controlling interests)).

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

ATCO Structures & Logistics

In the case of the ATCO Structures & Logistics business unit, each non-GAAP financial measure (specifically, adjusted earnings for each of ATCO Structures and ATCO Frontec) is the same as earnings attributable to Class I and Class II Shares, with no reconciling items applicable.

ATCO Investments

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

		Three Months Ended March 31			
(\$ millions)					
2025	2024	ATCO Ltd.			
		Investments		ATCO Investments	
		Nelume Ports	Other Investments	Consolidated Investments	ATCO Corporate & Other
Adjusted earnings (loss)	8	5	13	(2)	11
	5	(2)	3	2	5
Restructuring	—	—	—	(1)	(1)
	—	—	—	—	—
Transition of managed IT services	—	(1)	(1)	—	(1)
	—	—	—	—	—
Unrealized losses on mark-to-market forward and swap commodity contracts	—	(5)	(5)	—	(5)
	—	—	—	—	—
Earnings (loss) attributable to Class I and Class II Shares	8	(1)	7	(3)	4
	5	(2)	3	2	5

ATCO Energy Systems

The following table reconciles adjusted earnings for the ATCO Energy Systems business unit to the directly comparable financial measure, earnings attributable to Class I and Class II Shares.

		Three Months Ended March 31						
(\$ millions)								
2025	2024	Canadian Utilities Limited						
		Electricity			Natural Gas			ATCO Energy Systems
		Electricity Distribution	Electricity Transmission	International Electricity	Consolidated Electricity	Natural Gas Distribution	Natural Gas Transmission	Consolidated Natural Gas
Adjusted earnings	22	24	8	54	54	14	68	122
	21	24	7	52	52	12	64	116
Restructuring	(2)	(1)	—	(3)	(1)	(1)	(2)	(5)
	—	—	—	—	—	—	—	—
Transition of managed IT services	(2)	—	—	(2)	(2)	—	(2)	(4)
	—	—	—	—	—	—	—	—
Rate-regulated activities	—	(4)	—	(4)	12	(2)	10	6
	(7)	(3)	—	(10)	8	1	9	(1)
IT Common Matters decision	(1)	—	—	(1)	—	—	—	(1)
	(1)	(1)	—	(2)	(1)	—	(1)	(3)
Earnings attributable to Class I and Class II Shares	17	19	8	44	63	11	74	118
	13	20	7	40	59	13	72	112

ATCO EnPower

The following table reconciles adjusted earnings for the ATCO EnPower business unit to the directly comparable financial measure, earnings attributable to Class I and Class II shares.

(\$ millions)		Three Months Ended March 31		
2025	Canadian Utilities Limited			
2024	Electricity Generation	Storage & Industrial Water	ATCO EnPower	
Adjusted earnings (loss)	(1)	7	6	
	(1)	5	4	
Restructuring	—	(1)	(1)	
	—	—	—	
Unrealized gains on mark-to-market forward and swap commodity contracts	1	—	1	
	2	—	2	
Earnings attributable to Class I and Class II Shares	—	6	6	
	1	5	6	

ATCO Australia

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

(\$ millions)		Three Months Ended March 31		
2025	Canadian Utilities Limited			
2024	ATCO Gas Australia	ATCO Power Australia	ATCO Australia	
Adjusted earnings	6	1	7	
	5	1	6	
Restructuring	(1)	—	(1)	
	—	—	—	
Rate-regulated activities	(4)	—	(4)	
	(3)	—	(3)	
Earnings attributable to Class I and Class II Shares	1	1	2	
	2	1	3	

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
March 31

(\$ millions)

2025	ATCO Ltd.							ATCO Consolidated
	Structures & Logistics	ATCO Investments	Canadian Utilities Limited				Consolidated	
ATCO Energy Systems			ATCO EnPower	ATCO Australia	CU Financing & Other			
2024								
Capital Investment	54	7	345	31	21	5	402	463
	29	3	282	15	16	5	318	350
Capital Expenditures in joint ventures	—	—	—	(1)	—	—	(1)	(1)
	—	—	(1)	(1)	—	—	(2)	(2)
Business combinations ⁽¹⁾	(3)	—	—	—	—	—	—	(3)
	—	—	—	—	—	—	—	—
Capital Expenditures	51	7	345	30	21	5	401	459
	29	3	281	14	16	5	316	348

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

OTHER FINANCIAL INFORMATION

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this MD&A includes, but is not limited to, references to: strategic plans; emissions reductions; growth and expansion plans and opportunities; the expected timing of commencement, completion or commercial operations of activities, contracts and projects; the expected term of contracts; the impact or benefits of contracts, including economic and other benefits for the Company and its partners and counterparties; expected inflation; the payment of dividends and expected dividend growth; expectations regarding ATCO Structures' and ATCO Frontec's various projects, including timing expectations for manufacturing commencement, construction, mobilization, final turnover, delivery, operations, and completion; the resiliency of ATCO Structures' growth; the expected timing for construction of Ashcor's first RAM™ facility in the US, commencement of operations, and the operational life of the project; ATCO Land and Development's housing strategy helping to meet the national need for attainable housing; the timing of Viva Homes' projects; the continuation of LUMA Energy's operations under the Supplemental Agreement; the transition to year one under the Operation and Maintenance Agreement after PREPA's

bankruptcy is resolved; the anticipated size and specifications of the Yellowhead project, the anticipated timing for and number of regulatory applications and decisions, and the expected timing for commencement of construction of the project; expectations regarding the CETO project, including the anticipated size, capacity and benefits of the project; expectations regarding the PBR2 reopener appeal, including timing expectations and scope of the appeal; ATCO Australia's continuing assessment of the impacts resulting from the deferral of the South Australian Hydrogen Jobs Plan; the anticipated timing for substantial completion of the transition of managed IT services; the expected impact of new legislation; the expected timing and impact of policy and regulatory decisions and new policy and regulatory announcements; and the Company's liquidity, capital resources, contractual financial obligations and other commitments, and debt repayment plans.

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

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

determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see the "Business Risks and Risk Management" section in the 2024 MD&A.

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

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

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's audited consolidated financial statements for the year ended December 31, 2024, unaudited interim consolidated financial statements for the three months ended March 31, 2025, and most recent Annual Information Form dated February 26, 2025, 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

AESO means Alberta Electric System Operator.

AUC means the Alberta Utilities Commission.

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

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

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

Company means ATCO Ltd. and, unless the context otherwise requires, includes its subsidiaries and joint arrangements.

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

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

ECM means efficiency carry-over mechanism.

ESG means Environmental, Social and Governance.

GAAP means Canadian generally accepted accounting principles.

GHG means greenhouse gas.

IFRS means International Financial Reporting Standards.

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

PPA means Power Purchase Agreement.

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

ROE means return on equity.

APPENDIX 1: SUPPLEMENTAL NON-AUDITED FINANCIAL INFORMATION

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

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

SUPPLEMENTAL INFORMATION

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure.⁽¹⁾ 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⁽²⁾ for the first quarter of 2025 and 2024. Adjusted earnings for ATCO Structures in the first quarter of 2025 were the same as earnings attributable to Class I and Class II Shares, with no reconciling items applicable.

(\$ millions)	Three Months Ended	
	2025	2024
Adjusted Earnings ⁽¹⁾	26	24
Add:		
Interest expense	4	3
Income tax	9	9
Depreciation and amortization	23	19
Total Adjusted EBITDA⁽¹⁾	62	55

(1) Non-GAAP financial measures.

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

⁽²⁾ Adjusted earnings (loss) are defined as earnings (loss) attributable to 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 table reconciles adjusted EBITDA for the ATCO EnPower business unit to adjusted earnings (loss) ⁽¹⁾ for the first quarter of 2025 and 2024. A reconciliation of adjusted earnings (loss) 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 March 31		
	Canadian Utilities Limited		
2025	Electricity Generation	Storage & Industrial Water	ATCO EnPower
2024			
Adjusted earnings (loss) ⁽¹⁾	(1)	7	6
	(1)	5	4
<i>Add:</i>			
Interest expense	3	—	3
	3	1	4
Income tax expense	—	2	2
	—	2	2
Depreciation and amortization	5	3	8
	5	2	7
Total Adjusted EBITDA ⁽¹⁾	7	12	19
	7	10	17

⁽¹⁾ Non-GAAP financial measures.

⁽¹⁾ 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.

ATCOTM



ATCO LTD.

**INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2025

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CONSOLIDATED STATEMENTS OF EARNINGS

		Three Months Ended March 31	
<i>(millions of Canadian Dollars except per share data)</i>	Note	2025	2024
Revenues	4	1,411	1,324
Costs and expenses			
Salaries, wages and benefits	3	(185)	(152)
Energy transmission and transportation		(87)	(78)
Plant and equipment maintenance		(59)	(58)
Fuel costs		(46)	(43)
Purchased power		(56)	(69)
Materials and consumables		(166)	(116)
Depreciation and amortization		(209)	(199)
Franchise fees		(106)	(99)
Property and other taxes		(22)	(22)
Derivative financial instruments gains	10	33	23
Other	3	(71)	(68)
		(974)	(881)
Earnings from investment in associate company		8	5
Earnings from investment in joint ventures		21	20
Operating profit		466	468
Interest income		17	21
Interest expense		(136)	(134)
Net finance costs		(119)	(113)
Earnings before income taxes		347	355
Income tax expense		(77)	(80)
Earnings for the period		270	275
Earnings attributable to:			
Class I and Class II Shares		144	147
Non-controlling interests		126	128
		270	275
Earnings per Class I and Class II Share	5	\$1.28	\$1.31
Diluted earnings per Class I and Class II Share	5	\$1.28	\$1.31

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31	
<i>(millions of Canadian Dollars)</i>	2025	2024
Earnings for the period	270	275
Other comprehensive income (loss), net of income taxes		
<i>Items that will not be reclassified to earnings:</i>		
Re-measurement of retirement benefits ⁽¹⁾	(6)	3
<i>Items that are or may be reclassified subsequently to earnings:</i>		
Cash flow hedges ⁽²⁾	(2)	(28)
Foreign currency translation adjustment ⁽³⁾	12	6
Share of other comprehensive income in associate company ⁽³⁾	1	–
Share of other comprehensive income of joint ventures ⁽³⁾	–	1
	11	(21)
Other comprehensive income (loss)	5	(18)
Comprehensive income for the period	275	257
Comprehensive income attributable to:		
Class I and Class II Shares	147	145
Non-controlling interests	128	112
	275	257

(1) Net of income taxes of \$2 million for the three months ended March 31, 2025 (2024 - \$(1) million).

(2) Net of income taxes of nil for the three months ended March 31, 2025 (2024 - \$9 million).

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

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

		March 31	December 31
(millions of Canadian Dollars)	Note	2025	2024
ASSETS			
Current assets			
Cash and cash equivalents		611	374
Marketable securities		346	339
Accounts receivable and contract assets		906	1,018
Finance lease receivables		13	13
Inventories		162	155
Prepaid expenses and other current assets		216	246
		2,254	2,145
Non-current assets			
Property, plant and equipment	6	22,046	21,788
Intangibles		1,081	1,076
Retirement benefit asset		50	59
Right-of-use assets		150	137
Goodwill		244	244
Investment in joint ventures		267	261
Investment in associate company		499	510
Finance lease receivables		109	112
Deferred income tax assets		96	91
Other assets		306	301
Total assets		27,102	26,724
LIABILITIES			
Current liabilities			
Bank indebtedness		471	280
Accounts payable and accrued liabilities		994	1,062
Lease liabilities		24	23
Provisions and other current liabilities		113	113
Long-term debt	7	79	77
		1,681	1,555
Non-current liabilities			
Deferred income tax liabilities		2,328	2,288
Retirement benefit obligations		248	248
Customer contributions		2,099	2,088
Lease liabilities		137	125
Other liabilities		282	236
Long-term debt	7	11,475	11,474
Total liabilities		18,250	18,014
EQUITY			
Class I and Class II Share owners' equity			
Class I and Class II shares	8	200	191
Contributed surplus		17	17
Retained earnings		4,505	4,423
Accumulated other comprehensive income		7	1
		4,729	4,632
Non-controlling interests		4,123	4,078
Total equity		8,852	8,710
Total liabilities and equity		27,102	26,724

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(millions of Canadian Dollars)</i>	Note	Class I and Class II Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total	Non- Controlling Interests	Total Equity
December 31, 2023		187	14	4,216	6	4,423	4,075	8,498
Earnings for the period		–	–	147	–	147	128	275
Other comprehensive loss		–	–	–	(2)	(2)	(16)	(18)
Gains on retirement benefits transferred to retained earnings		–	–	2	(2)	–	–	–
Shares issued	8	–	–	–	–	–	10	10
Dividends ⁽¹⁾	8	–	–	(55)	–	(55)	(80)	(135)
Other		1	–	(6)	–	(5)	7	2
March 31, 2024		188	14	4,304	2	4,508	4,124	8,632
December 31, 2024		191	17	4,423	1	4,632	4,078	8,710
Earnings for the period		–	–	144	–	144	126	270
Other comprehensive income		–	–	–	3	3	2	5
Losses on retirement benefits transferred to retained earnings		–	–	(4)	4	–	–	–
Shares issued	8	8	–	–	–	8	3	11
Dividends	8	–	–	(57)	–	(57)	(82)	(139)
Share-based compensation		1	–	–	–	1	–	1
Other		–	–	(1)	(1)	(2)	(4)	(6)
March 31, 2025		200	17	4,505	7	4,729	4,123	8,852

(1) For the three months ended March 31, 2024, dividends paid to non-controlling interests of \$80 million in Canadian Utilities Limited include \$10 million of dividends paid through the issuance of Class A shares under its dividend reinvestment program (DRIP). Canadian Utilities Limited suspended its DRIP on July 11, 2024.

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three Months Ended March 31	
<i>(millions of Canadian Dollars)</i>	Note	2025	2024
Operating activities			
Earnings for the period		270	275
Adjustments to reconcile earnings to cash flows from operating activities	9	433	394
Changes in non-cash working capital		54	(115)
Cash flows from operating activities		757	554
Investing activities			
Additions to property, plant and equipment		(433)	(319)
Additions to intangibles		(21)	(26)
Acquisition, net of cash acquired	11	(3)	–
Investment in marketable securities		(4)	(4)
Changes in non-cash working capital		19	(14)
Other		12	(14)
Cash flows used in investing activities		(430)	(377)
Financing activities			
Issue of long-term debt	7	46	46
Repayment of long-term debt	7	(54)	(154)
Repayment of lease liabilities		(8)	(6)
Issue of Class I Shares	8	8	–
Issue of shares by subsidiary company		3	–
Dividends paid to Class I and Class II Share owners	8	(57)	(55)
Dividends paid to non-controlling interests		(82)	(70)
Interest paid		(138)	(132)
Other		(1)	–
Cash flows used in financing activities		(283)	(371)
Increase (decrease) in cash position		44	(194)
Foreign currency translation		2	(2)
Beginning of period		94	288
End of period ⁽¹⁾	9	140	92

(1) Cash position includes \$14 million which is not available for general use by the Company (2024 - \$15 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

MARCH 31, 2025

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

1. THE COMPANY AND ITS OPERATIONS

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

ATCO Ltd. is engaged in the following business activities:

- Structures & Logistics (workforce and residential housing, innovative modular facilities, construction, site support services, workforce lodging services, facility operations and maintenance, defence operations services, and disaster and emergency management services);
- Neltume Ports (ports and transportation logistics) (included in ATCO Investments);
- Retail Energy (electricity and natural gas retail sales, and home maintenance solutions) (included in ATCO Investments). For the period from January 1, 2024 until the date of transfer on August 1, 2024, Retail Energy activities were conducted in Canadian Utilities Limited's Financing & Other; and
- Canadian Utilities Limited, including:
 - ATCO Energy Systems (electricity and natural gas transmission and distribution, and international electricity operations);
 - ATCO EnPower (energy storage, electricity generation, industrial water solutions, and cleaner fuels); and
 - ATCO Australia (natural gas distribution and electricity generation operations).

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

The unaudited interim consolidated financial statements include the accounts of ATCO Ltd. and its subsidiaries. The statements also include the accounts of the Company's investments in joint arrangements and an associate company. In these financial statements, "the Company" means ATCO Ltd., its subsidiaries, joint arrangements and the associate company.

Principal operating subsidiaries are:

- Canadian Utilities Limited (52.5 per cent owned) and its subsidiaries; and
- ATCO Structures & Logistics Ltd. and its subsidiaries.

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2024, prepared according to IFRS Accounting Standards.

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

The Board of Directors (Board) authorized these unaudited interim consolidated financial statements for issue on May 6, 2025.

BASIS OF MEASUREMENT

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

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

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

USE OF JUDGMENTS AND ESTIMATES

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

3. SEGMENTED INFORMATION

SEGMENT DESCRIPTIONS AND PRINCIPAL OPERATING ACTIVITIES

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

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

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

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

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

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

SEGMENT INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2025

Results by operating segment for the three months ended March 31 are shown below:

2025		Canadian Utilities Limited								
2024	Structures & Logistics	ATCO Investments	ATCO Energy Systems ⁽¹⁾	ATCO EnPower	ATCO Australia	Financing & Other ⁽²⁾	CU Elims	Total	ATCO Elims	ATCO Total
Revenues - external	291	71	926	65	57	1	-	1,049	-	1,411
	229	7	887	58	53	90	-	1,088	-	1,324
Revenues - intersegment	-	5	-	33	-	7	(4)	36	(41)	-
	-	4	-	33	-	11	(41)	3	(7)	-
Revenues	291	76	926	98	57	8	(4)	1,085	(41)	1,411
	229	11	887	91	53	101	(41)	1,091	(7)	1,324
Operating (expenses) income ⁽³⁾	(226)	(73)	(407)	(64)	(32)	(8)	4	(507)	41	(765)
	(173)	(4)	(386)	(57)	(32)	(78)	41	(512)	7	(682)
Depreciation and amortization	(24)	(4)	(151)	(13)	(14)	(3)	-	(181)	-	(209)
	(20)	(3)	(145)	(14)	(14)	(3)	-	(176)	-	(199)
Earnings from investment in associate company	-	8	-	-	-	-	-	-	-	8
	-	5	-	-	-	-	-	-	-	5
Earnings from investment in joint ventures	-	-	16	3	2	-	-	21	-	21
	1	-	14	3	2	-	-	19	-	20
Net finance costs	(4)	(4)	(92)	(8)	(8)	(3)	-	(111)	-	(119)
	(3)	(4)	(92)	(7)	(3)	(4)	-	(106)	-	(113)
Earnings (loss) before income taxes	37	3	292	16	5	(6)	-	307	-	347
	34	5	278	16	6	16	-	316	-	355
Income tax (expense) recovery	(10)	1	(63)	(4)	(1)	-	-	(68)	-	(77)
	(9)	-	(62)	(4)	(1)	(4)	-	(71)	-	(80)
Earnings (loss) for the period	27	4	229	12	4	(6)	-	239	-	270
	25	5	216	12	5	12	-	245	-	275
Adjusted earnings (loss)	27	11	122	6	7	(13)	-	122	-	160
	25	5	116	4	6	(8)	-	118	-	148
Total assets ⁽⁴⁾	1,507	1,854	19,747	2,323	1,562	749	(263)	24,118	(377)	27,102
	1,501	1,714	19,628	2,287	1,543	579	(250)	23,787	(278)	26,724
Capital expenditures ⁽⁵⁾	51	7	345	30	21	5	-	401	-	459
	29	3	281	14	16	5	-	316	-	348

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) In the first quarter of 2025, Canadian Utilities Limited's Corporate & Other segment was renamed to Financing & Other.

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

(4) 2024 comparatives are at December 31, 2024.

(5) Includes additions to property, plant and equipment, intangibles and \$5 million of interest capitalized during construction for the three months ended March 31, 2025 (2024 - \$3 million).

Results of the operating segments included in ATCO Energy Systems (AES) for the three months ended March 31 are shown below:

2025	ATCO Energy Systems			
2024	Electricity	Natural Gas	AES Elims	Total
Revenues - external	371	555	–	926
	364	523	–	887
Revenues - intersegment	2	–	(2)	–
	3	1	(4)	–
Revenues	373	555	(2)	926
	367	524	(4)	887
Operating expenses ⁽¹⁾	(139)	(270)	2	(407)
	(140)	(250)	4	(386)
Depreciation and amortization	(86)	(65)	–	(151)
	(83)	(62)	–	(145)
Earnings from investment in joint ventures	16	–	–	16
	14	–	–	14
Net finance costs	(58)	(34)	–	(92)
	(57)	(35)	–	(92)
Earnings before income taxes	106	186	–	292
	101	177	–	278
Income tax expense	(20)	(43)	–	(63)
	(21)	(41)	–	(62)
Earnings for the period	86	143	–	229
	80	136	–	216
Adjusted earnings	54	68	–	122
	52	64	–	116
Total assets	11,500	8,247	–	19,747
	11,477	8,152	(1)	19,628
Capital expenditures ⁽²⁾	191	154	–	345
	150	131	–	281

Elims - Intersegment Eliminations

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

(2) Includes additions to property, plant and equipment, intangibles and \$5 million of interest capitalized during construction for the three months ended March 31, 2025 (2024 - \$3 million).

ADJUSTED EARNINGS

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

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

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

The reconciliation of adjusted earnings and earnings for the three months ended March 31 is shown below:

2025	Canadian Utilities Limited								ATCO Total
	2024	Structures & Logistics	ATCO Investments	ATCO Energy Systems	ATCO EnPower	ATCO Australia	Financing & Other	Total	
Adjusted earnings (loss)	27	11	122	6	7	(13)	122	160	
	25	5	116	4	6	(8)	118	148	
Restructuring	-	(1)	(5)	(1)	(1)	-	(7)	(8)	
	-	-	-	-	-	-	-	-	
Transition of managed IT services	-	(1)	(4)	-	-	-	(4)	(5)	
	-	-	-	-	-	-	-	-	
Unrealized (losses) gains on mark-to-market forward and swap commodity contracts	-	(5)	-	1	-	-	1	(4)	
	-	-	-	2	-	4	6	6	
Rate-regulated activities	-	-	6	-	(4)	-	2	2	
	-	-	(1)	-	(3)	-	(4)	(4)	
IT Common Matters decision	-	-	(1)	-	-	-	(1)	(1)	
	-	-	(3)	-	-	-	(3)	(3)	
Earnings (loss) attributable to Class I and Class II Shares	27	4	118	6	2	(13)	113	144	
	25	5	112	6	3	(4)	117	147	
Earnings attributable to non-controlling interests								126	
								128	
Earnings for the period								270	
								275	

The reconciliation of adjusted earnings and earnings for the operating segments included in ATCO Energy Systems for the three months ended March 31 are shown below:

2025	ATCO Energy Systems		
	2024	Electricity	Natural Gas
Adjusted earnings	54	68	122
	52	64	116
Restructuring	(3)	(2)	(5)
	-	-	-
Transition of IT managed services	(2)	(2)	(4)
	-	-	-
Rate-regulated activities	(4)	10	6
	(10)	9	(1)
IT Common Matters decision	(1)	-	(1)
	(2)	(1)	(3)
Earnings attributable to Class I and Class II Shares	44	74	118
	40	72	112

Restructuring

In the three months ended March 31, 2025, the Company recorded restructuring costs of \$8 million (after-tax and non-controlling interests (NCI)) that were mainly related to staff reductions and associated severance costs. This restructuring is a continuation of the restructuring activities that commenced in 2024. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

Transition of managed IT services

In the three months ended March 31, 2025, the Company recognized transition costs of \$5 million (after-tax and NCI). The transition costs were primarily related to activities to shift from a single-vendor service provider to a hybrid model of multiple new vendors and internal teams. The transition activities commenced on January 1, 2025 and are expected to be substantially complete by the second quarter of 2025. As these costs are not in the normal course of business, they have been excluded from adjusted earnings.

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

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

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

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

Rate-regulated activities

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

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

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulator's decisions on revenues.

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

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

For the three months ended March 31, the significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS Accounting Standards are as follows:

	2025	2024
<i>Additional revenues billed in current period</i>		
Future removal and site restoration costs ⁽¹⁾	17	16
Impact of colder temperatures ⁽²⁾	-	3
<i>Revenues to be billed in future periods</i>		
Deferred income taxes ⁽³⁾	(19)	(17)
Impact of inflation on rate base ⁽⁴⁾	(3)	(3)
<i>Settlement of regulatory decisions and other items</i>		
Other ⁽⁵⁾	7	(3)
	2	(4)

(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 the three months ended March 31, 2025, ATCO Gas Distribution recorded an increase in earnings of \$8 million (after-tax and NCI) related to recoveries from customers related to the settlement of load balancing and weather deferral account balances.

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 months ended March 31, 2025 was \$1 million (after-tax and NCI) (2024 - \$3 million (after-tax and NCI)).

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

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

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

Elims = Intersegment Eliminations

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

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

4. REVENUES

The Company disaggregates revenues based on the nature of revenue streams. The disaggregation of revenues by each operating segment for the three months ended March 31 is shown below:

2025		ATCO Energy Systems							Total	
2024	Structures & Logistics	ATCO Investments ⁽¹⁾	Electricity ⁽³⁾	Natural Gas ⁽³⁾	Total	ATCO EnPower	ATCO Australia ⁽⁴⁾	CU Financing & Other ⁽¹⁾⁽²⁾	Total	
Revenue Streams										
Rendering of Services										
Distribution services	–	–	164	361	525	–	45	–	570	
	–	–	153	337	490	–	39	–	529	
Transmission services	–	–	167	92	259	–	–	–	259	
	–	–	167	90	257	–	–	–	257	
Modular structures - services	74	–	–	–	–	–	–	–	74	
	59	–	–	–	–	–	–	–	59	
Logistics and facility operations and maintenance services	25	–	–	–	–	–	–	–	25	
	24	–	–	–	–	–	–	–	24	
Lodging and support	30	–	–	–	–	–	–	–	30	
	27	–	–	–	–	–	–	–	27	
Customer contributions	–	–	9	6	15	–	1	–	16	
	–	–	9	6	15	–	2	–	17	
Franchise fees	–	–	10	96	106	–	–	–	106	
	–	–	10	89	99	–	–	–	99	
Retail electricity and natural gas services	–	56	–	–	–	–	–	–	56	
	–	–	–	–	–	–	–	90	90	
Storage and industrial water	–	–	–	–	–	29	–	–	29	
	–	–	–	–	–	22	–	–	22	
Total rendering of services	129	56	350	555	905	29	46	–	1,165	
	110	–	339	522	861	22	41	90	1,124	
Sale of Goods										
Electricity generation and delivery	–	–	–	–	–	21	2	–	23	
	–	–	–	–	–	22	2	–	24	
Commodity sales	–	7	–	–	–	8	–	–	15	
	–	5	–	–	–	7	–	–	12	
Modular structures - goods	109	–	–	–	–	–	–	–	109	
	72	–	–	–	–	–	–	–	72	
Total sale of goods	109	7	–	–	–	29	2	–	147	
	72	5	–	–	–	29	2	–	108	
Lease income										
Finance lease	–	–	1	–	1	–	2	–	3	
	–	–	–	–	–	1	2	–	3	
Operating lease	51	–	–	–	–	–	–	–	51	
	46	–	–	–	–	–	–	–	46	
Total lease income	51	–	1	–	1	–	2	–	54	
	46	–	–	–	–	1	2	–	49	
Other ⁽⁵⁾										
	2	8	20	–	20	7	7	1	45	
	1	2	25	1	26	6	8	–	43	
Total	291	71	371	555	926	65	57	1	1,411	
	229	7	364	523	887	58	53	90	1,324	

(1) For the period from January 1, 2024 until the date of transfer on August 1, 2024 to ATCO Ltd., Retail Energy business activities were reported in the CU Financing & Other segment. For the three months ended March 31, 2025, \$51 million of unbilled revenue from retail electricity and natural gas energy services is reported in ATCO Investments segment (2024 - \$59 million reported in CU Financing & Other segment). At March 31, 2025, \$51 million of the unbilled revenue is included in ATCO Investments' accounts receivable and contract assets (2024 - \$59 million included in CU Financing & Other).

(2) In the first quarter of 2025, Canadian Utilities Limited's Corporate & Other segment was renamed to Financing & Other.

(3) For the three months ended March 31, 2025, Electricity and Natural Gas segments include \$122 million of unbilled revenue (2024 - \$126 million). At March 31, 2025, \$122 million of the unbilled revenue is included in accounts receivable and contract assets (2024 - \$126 million).

- (4) For the three months ended March 31, 2025, ATCO Australia segment includes \$23 million of unbilled revenue (2024 - \$20 million). At March 31, 2025, \$23 million of the unbilled revenue is included in accounts receivable and contract assets (2024 - \$20 million).
- (5) Other revenues include revenues generated from electricity and natural gas infrastructure installation services, management fees from joint ventures, facility charge agreements and maintenance services rendered to certain customers.

5. EARNINGS PER SHARE

Earnings per Class I Non-Voting (Class I) and Class II Voting (Class II) Share are calculated by dividing the earnings attributable to Class I and Class II Shares by the weighted average shares outstanding. Diluted earnings per share are calculated using the treasury stock method, which reflects the potential exercise of stock options on the weighted average Class I and Class II Shares outstanding.

The earnings and average number of shares used to calculate earnings per share for the three months ended March 31 are as follows:

	2025	2024
Average shares		
Weighted average shares outstanding	112,254,473	112,158,878
Effect of dilutive stock options	250,834	20,468
Weighted average dilutive shares outstanding	112,505,307	112,179,346
Earnings for earnings per share calculation		
Earnings for the period	270	275
Non-controlling interests	(126)	(128)
Earnings attributable to Class I and Class II Shares	144	147
Earnings and diluted earnings per Class I and Class II Share		
Earnings per Class I and Class II Share	\$1.28	\$1.31
Diluted earnings per Class I and Class II Share	\$1.28	\$1.31

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, 2024	24,269	1,560	1,138	844	1,083	989	29,883
Additions	11	–	–	381	43	5	440
Transfers	200	22	7	(254)	–	25	–
Retirements and disposals	(25)	–	–	–	(33)	(15)	(73)
Foreign exchange rate adjustment	18	3	2	1	3	2	29
Changes to asset retirement costs	–	9	–	–	–	–	9
March 31, 2025	24,473	1,594	1,147	972	1,096	1,006	30,288
Accumulated depreciation							
December 31, 2024	6,671	287	293	–	320	524	8,095
Depreciation	139	12	6	–	16	16	189
Retirements and disposals	(25)	–	–	–	(14)	(12)	(51)
Foreign exchange rate adjustment	5	1	–	–	1	2	9
March 31, 2025	6,790	300	299	–	323	530	8,242
Net book value							
December 31, 2024	17,598	1,273	845	844	763	465	21,788
March 31, 2025	17,683	1,294	848	972	773	476	22,046

The additions to property, plant and equipment included \$5 million of interest capitalized during construction for the three months ended March 31, 2025 (2024 - \$2 million).

7. LONG-TERM DEBT

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

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

8. CLASS I AND CLASS II SHARES

ISSUED AND OUTSTANDING

At March 31, 2025, there were 99,986,617 (December 31, 2024 - 99,810,591) Class I shares and 12,424,987 (December 31, 2024 - 12,424,987) Class II shares outstanding. In addition, there were 2,659,874 options to purchase Class I shares outstanding at March 31, 2025, under the Company's stock option plan (December 31, 2024 - 2,837,650).

For the three months ended March 31, 2025, 176,026 stock options (2024 - nil) were exercised, resulting in the issuance of an additional 176,026 Class I shares (2024 - nil) for proceeds of \$8 million (2024 - nil).

DIVIDENDS

The Company declared and paid cash dividends of \$0.5045 per Class I and Class II share for the three months ended March 31, 2025 (2024 - \$0.4898). The Company's policy is to pay dividends quarterly on its Class I and Class II shares. The payment of any dividend is at the discretion of the Board and depends on the financial condition of the Company and other factors.

On April 10, 2025, the Company declared a second quarter dividend of \$0.5045 per Class I and Class II share, payable on June 30, 2025 to share owners of record as of May 29, 2025.

NORMAL COURSE ISSUER BID

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

For the three months ended March 31, 2025, no Class I shares were purchased (2024 - no Class I shares were purchased).

9. CASH FLOW INFORMATION

ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

Adjustments to reconcile earnings to cash flows from operating activities for the three months ended March 31 are summarized below.

	2025	2024
Depreciation and amortization	209	199
Earnings from investment in associate company	(8)	(5)
Dividends received from associate company	17	–
Earnings from investment in joint ventures	(21)	(20)
Dividends and distributions received from investment in joint ventures	19	19
Income tax expense	77	80
Unrealized losses (gains) on derivative financial instruments	3	(14)
Contributions by customers for extensions to plant	25	22
Amortization of customer contributions	(16)	(17)
Net finance costs	119	113
Income taxes paid	(30)	(23)
Interest received	14	18
Other	25	22
	433	394

CASH POSITION

Cash position at March 31 is comprised of:

	2025	2024
Cash	575	74
Short-term investments	22	29
Restricted cash ⁽¹⁾	14	15
Cash and cash equivalents	611	118
Bank indebtedness ⁽²⁾	(471)	(26)
	140	92

(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 using statistical techniques to derive period-end forward curves using unobservable inputs or extrapolation from spot or forward prices in certain commodity contracts (Level 3).

FINANCIAL INSTRUMENTS MEASURED AT AMORTIZED COST

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

Recurring Measurements	March 31, 2025		December 31, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Finance lease receivables	122	143	125	145
Long-term advances due from joint venture ⁽¹⁾	35	34	35	33
Financial Liabilities				
Long-term debt	11,554	11,220	11,551	11,184

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Marketable securities

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

Derivative financial instruments

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

- interest rate swaps for the purpose of limiting interest rate risk on the variable future cash flows of long-term debt;
- foreign currency forward contracts for the purpose of limiting exposure to exchange rate fluctuations; and
- natural gas and power forward sale and purchase contracts for the purpose of limiting exposure to electricity and natural gas market price movements.

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

	Level 2			Level 3		Total Fair Value of Derivatives
	Subject to Hedge Accounting			Subject to Hedge Accounting ⁽¹⁾	Not Subject to Hedge Accounting ⁽²⁾	
Recurring Measurements	Interest Rate Swaps	Commodities ⁽¹⁾	Foreign Currency Forward Contracts	Commodities		
March 31, 2025						
Financial Assets						
Prepaid expenses and other current assets	2	3	–	–	62	67
Other assets	4	1	–	142	60	207
Financial Liabilities						
Provisions and other current liabilities	1	43	–	–	–	44
Other liabilities	6	47	–	–	–	53
December 31, 2024						
Financial Assets						
Prepaid expenses and other current assets	4	4	1	–	66	75
Other assets	7	1	–	131	61	200
Financial Liabilities						
Provisions and other current liabilities	1	50	–	–	–	51
Other liabilities	4	40	–	–	–	44

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

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

A reconciliation of the changes in the Company's derivative financial instruments classified as Level 3 for the three months ended March 31, 2025 is as follows:

	Subject to Hedge Accounting	Not Subject to Hedge Accounting	Total
December 31, 2024 ⁽¹⁾	131	127	258
Settlement of derivative contracts	(5)	(35)	(40)
Gains recognized in earnings	2	30	32
Gains recognized in other comprehensive income	14	–	14
March 31, 2025 ⁽¹⁾	142	122	264

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

For the three months ended March 31, the following realized and unrealized gains and losses on derivative financial instruments were recognized in the unaudited interim consolidated statements of earnings:

	2025			2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Realized gains (losses)						
Revenues	–	3	3	–	1	1
Fuel costs	(11)	–	(11)	(6)	–	(6)
Purchased power	(10)	–	(10)	12	–	12
Derivative financial instruments ⁽¹⁾	(1)	37	36	1	8	9
Interest expense	2	–	2	21	–	21
	(20)	40	20	28	9	37
Unrealized (losses) gains						
Derivative financial instruments ⁽¹⁾	–	(3)	(3)	–	14	14
Total	(20)	37	17	28	23	51

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

Notional and maturity summary

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

Notional value and maturity	Subject to Hedge Accounting				Not Subject to Hedge Accounting	
	Interest Rate Swaps	Natural Gas ⁽¹⁾	Power ⁽²⁾	Foreign Currency Forward Contracts	Natural Gas ⁽¹⁾	Power ⁽²⁾
March 31, 2025						
Purchases ⁽³⁾	–	27,989,435	3,048,829	–	–	–
Sales ⁽³⁾	–	662,828	9,339,636	–	23,207,351	2,837,505
Currency						
Canadian dollars	201	–	–	–	–	–
Australian dollars	757	–	–	–	–	–
U.S. dollars	–	–	–	17	–	–
Maturity	2025-2036	2025-2030	2025-2038	2025	2025-2029	2025-2029
December 31, 2024						
Purchases ⁽³⁾	–	34,422,975	3,191,402	–	–	–
Sales ⁽³⁾	–	580,162	9,513,570	–	25,484,562	2,797,128
Currency						
Canadian dollars	204	–	–	–	–	–
Australian dollars	757	–	–	–	–	–
U.S. dollars	–	–	–	26	–	–
Maturity	2025-2036	2025-2030	2025-2038	2025	2025-2029	2025-2029

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

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

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

11. BUSINESS COMBINATION

ACQUISITION OF NRB LIMITED

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