Condensed Consolidated Interim Financial Statements of

# EPCOR UTILITIES INC.

(Unaudited)

Six months ended June 30, 2026 and 2025

# EPCOR UTILITIES INC.

Condensed Consolidated Interim Financial Statements (unaudited)

Six months ended June 30, 2026 and 2025

# EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Comprehensive Income
(Unaudited, in millions of Canadian dollars)

Three and six months ended June 30, 2026 and 2025

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Revenues (note 4) | $ 653 | $ 743 | $ 1,300 | $ 1,539 |
| Operating expenses: | | | | |
| Energy purchases and system access fees | 62 | 36 | 157 | 149 |
| Other raw materials and operating charges | 89 | 178 | 154 | 395 |
| Staff costs and employee benefits expenses | 114 | 109 | 223 | 222 |
| Depreciation and amortization | 123 | 116 | 245 | 231 |
| Franchise fees and property taxes | 50 | 48 | 100 | 93 |
| Other administrative expenses | 40 | 29 | 76 | 60 |
| | 478 | 516 | 955 | 1,150 |
| Operating income | 175 | 227 | 345 | 389 |
| Loss on disposal of assets | - | (6) | - | (6) |
| Finance expenses | (56) | (52) | (112) | (105) |
| Income before income taxes | 119 | 169 | 233 | 278 |
| Income tax expense | (8) | (18) | (14) | (24) |
| Net income | 111 | 151 | 219 | 254 |
| Other comprehensive income (loss): | | | | |
| Items that may subsequently be reclassified to net income: | | | | |
| Foreign exchange (loss) gain on U.S. denominated debt designated as a hedge of net investment in foreign operations | (11) | 13 | (13) | 16 |
| Unrealized loss on derivative financial instruments designated as hedges of net investment in foreign operations | (1) | - | (5) | (1) |
| Reclassification of losses on cash flow hedges to net income | (1) | (1) | (1) | (1) |
| Unrealized gain (loss) on derivative financial instruments designated as cash flow hedges[1] | 5 | 5 | (22) | 5 |
| Unrealized gain (loss) on foreign currency translation | 64 | (68) | 73 | (81) |
| Other comprehensive income (loss) | 56 | (51) | 32 | (62) |
| Comprehensive income | $ 167 | $ 100 | $ 251 | $ 192 |

1 For the three and six months ended June 30, 2026, net of income tax expense of $1 million (2025 - $1 million) and income tax recovery of $7 million (2025 - income tax expense of $1 million), respectively.

The accompanying notes are an integral part of these condensed consolidated interim financial statements

# EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited, in millions of Canadian dollars)

June 30, 2026 and December 31, 2025

| | 2026 | 2025 |
|---|---|---|
| Assets | | |
| Current assets: | | |
| Cash | $ 59 | $ 83 |
| Trade and other receivables | 546 | 586 |
| Inventories | 33 | 34 |
| Other financial assets | 14 | 17 |
| | 652 | 720 |
| Non-current assets: | | |
| Other financial assets | 518 | 523 |
| Deferred tax assets | 41 | 43 |
| Property, plant and equipment | 15,866 | 15,204 |
| Intangible assets and goodwill | 544 | 521 |
| | 16,969 | 16,291 |
| Total assets | $ 17,621 | $ 17,011 |
| | | |
| Liabilities and equity | | |
| Current liabilities: | | |
| Trade and other payables | $ 544 | $ 674 |
| Loans and borrowings (note 5) | 509 | 167 |
| Deferred revenue | 131 | 127 |
| Provisions | 30 | 52 |
| Other liabilities | 114 | 41 |
| | 1,328 | 1,061 |
| Non-current liabilities: | | |
| Loans and borrowings (note 5) | 5,114 | 5,117 |
| Deferred revenue | 5,527 | 5,365 |
| Deferred tax liabilities | 101 | 96 |
| Provisions | 219 | 148 |
| Other liabilities | 82 | 122 |
| | 11,043 | 10,848 |
| Total liabilities | 12,371 | 11,909 |
| Equity: | | |
| Share capital | 798 | 798 |
| Accumulated other comprehensive income | 215 | 183 |
| Retained earnings | 4,237 | 4,121 |
| Total equity | 5,250 | 5,102 |
| Total liabilities and equity | $ 17,621 | $ 17,011 |

Commitments (note 9)

# EPCOR UTILITIES INC.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

Six months ended June 30, 2026 and 2025

| | | Accumulated other comprehensive income (loss) | | | | |
|---|---|---|---|---|---|---|
| | Share capital | Cash flow hedges | Cumulative translation account | Employee benefits account | Retained earnings | Total equity |
| Equity at December 31, 2025 | $ 798 | $ 29 | $ 145 | $ 9 | $ 4,121 | $ 5,102 |
| Net income | - | - | - | - | 219 | 219 |
| Other comprehensive income (loss): | | | | | | |
| Foreign exchange loss on U.S. denominated debt designated as a hedge of net investment in foreign operations | - | - | (13) | - | - | (13) |
| Unrealized loss on derivative financial instruments designated as hedges of net investment in foreign operations | - | - | (5) | - | - | (5) |
| Reclassification of losses on cash flow hedges to net income | - | (1) | - | - | - | (1) |
| Unrealized loss on derivative financial instruments designated as cash flow hedges | - | (22) | - | - | - | (22) |
| Unrealized gain on foreign currency translation | - | - | 73 | - | - | 73 |
| Total comprehensive (loss) income | - | (23) | 55 | - | 219 | 251 |
| Dividends | - | - | - | - | (103) | (103) |
| Equity at June 30, 2026 | $ 798 | $ 6 | $ 200 | $ 9 | $ 4,237 | $ 5,250 |

| | | Accumulated other comprehensive income (loss) | | | | |
|---|---|---|---|---|---|---|
| | Share capital | Cash flow hedges | Cumulative translation account | Employee benefits account | Retained earnings | Total equity |
| Equity at December 31, 2024 | $ 798 | $ 31 | $ 219 | $ 8 | $ 3,789 | $ 4,845 |
| Net income | - | - | - | - | 254 | 254 |
| Other comprehensive income (loss): | | | | | | |
| Foreign exchange gain on U.S. denominated debt designated as a hedge of net investment in foreign operations | - | - | 16 | - | - | 16 |
| Unrealized loss on derivative financial instruments designated as hedges of net investment in foreign operations | - | - | (1) | - | - | (1) |
| Reclassification of losses on cash flow hedges to net income | - | (1) | - | - | - | (1) |
| Unrealized gain on derivative financial instruments designated as cash flow hedges | - | 5 | - | - | - | 5 |
| Unrealized loss on foreign currency translation | - | - | (81) | - | - | (81) |
| Total comprehensive income (loss) | - | 4 | (66) | - | 254 | 192 |
| Dividends | - | - | - | - | (101) | (101) |
| Equity at June 30, 2025 | $ 798 | $ 35 | $ 153 | $ 8 | $ 3,942 | $ 4,936 |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

# EPCOR UTILITIES INC.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited, in millions of Canadian dollars)

Six months ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| Cash flows from (used in) operating activities: | | |
| Net income | $ 219 | $ 254 |
| Reconciliation of net income to cash from (used in) operating activities: | | |
| Interest paid | (111) | (104) |
| Finance expenses | 112 | 105 |
| Loss on disposal of assets | - | 6 |
| Income tax payments | (27) | (13) |
| Income tax expense | 14 | 24 |
| Depreciation and amortization | 245 | 231 |
| Change in employee benefits provisions | (23) | (35) |
| Contributions received | 104 | 108 |
| Deferred revenue recognized | (91) | (79) |
| Changes in fair value of financial electricity purchase contracts, net of cash paid | 10 | (13) |
| Other | - | 3 |
| Changes in non-cash operating working capital (note 6) | (66) | 20 |
| Net cash flows from operating activities | 386 | 507 |
| Cash flows from (used in) investing activities: | | |
| Acquisitions and construction of property, plant and equipment and intangible assets[1] | (633) | (472) |
| Proceeds on disposal of property, plant and equipment | 2 | 1 |
| Proceeds on divestiture | - | 83 |
| Net payments received on other financial assets | 6 | 2 |
| Changes in non-cash investing working capital (note 6) | - | 47 |
| Net cash flows used in investing activities | (625) | (339) |
| Cash flows from (used in) financing activities: | | |
| Net issuances (repayments) of short-term loans and borrowings | 343 | (1) |
| Repayments of long-term loans and borrowings | (16) | (15) |
| Net refunds to customers and developers | (4) | (5) |
| Repayments of funding received per the Regulated Rate Option (RRO) Stability Act | - | (14) |
| Payments of lease liabilities, net of proceeds from sub-lease | (5) | (8) |
| Dividends paid | (103) | (101) |
| Net cash flows from (used in) financing activities | 215 | (144) |
| (Decrease) increase in cash | (24) | 24 |
| Cash, beginning of period | 83 | 62 |
| Cash, end of period | $ 59 | $ 86 |

1 Interest payments of $8 million (2025 - $9 million) have been capitalized and included in acquisitions and construction of property, plant and equipment (PP&E) and intangible assets.

## 1. Nature of operations

EPCOR Utilities Inc. (the Company or EPCOR) builds, owns and operates water, electrical, and natural gas transmission and distribution networks, water and wastewater treatment facilities and sanitary and stormwater systems in North America. The Company also provides water, electricity, and natural gas products and services to residential and commercial customers.

The Company operates in Canada and the United States (U.S.) with its registered head office located at 2000, 10423 - 101 Street NW, Edmonton, Alberta, Canada, T5H 0E8.

The common shares of EPCOR are owned by The City of Edmonton. The Company was established by Edmonton City Council under City Bylaw 11071.

Interim results will fluctuate due to the seasonal demands for water, electricity, and natural gas, changes in electricity and natural gas prices, and the timing and recognition of regulatory decisions. Consequently, interim results are not necessarily indicative of annual results.

## 2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared by management in accordance with International Accounting Standard 34 – *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the disclosures normally provided in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025, which were prepared in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on July 30, 2026.

(b) Basis of measurement

The Company's condensed consolidated interim financial statements are prepared on the historical cost basis, except for its derivative financial instruments, long-term investment where the Company does not have significant influence and contingent consideration, which are measured at fair value.

These condensed consolidated interim financial statements are presented in Canadian dollars. The functional currency of EPCOR and its Canadian subsidiaries is the Canadian dollar; the functional currency of U.S. subsidiaries is the U.S. dollar. All the values in these condensed consolidated interim financial statements have been rounded to the nearest million except where otherwise stated.

## 3. Material accounting policies

These condensed consolidated interim financial statements have been prepared following the same accounting policies and methods as those used in preparing the Company's most recent annual consolidated financial statements. The Company has adopted amendments to various accounting standards effective January 1, 2026, which did not have a material impact on these condensed consolidated interim financial statements.

(a) Standards and interpretations not yet applied

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. The new standard will establish a revised structure for the consolidated statements of comprehensive income and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The standard will be applied retroactively, with certain transition provisions. While the adoption of IFRS 18 is not expected to impact consolidated net income or cash flows, changes are expected to the classification and presentation of certain items within the consolidated financial statements.

In May 2026, the IASB issued IFRS 20 Regulatory Assets and Regulatory Liabilities. The new standard establishes requirements for the recognition, measurement, presentation and disclosure of regulatory assets and regulatory liabilities along with related regulatory income and regulatory expense arising from rate-regulated activities. IFRS 20 is intended to improve the relevance and comparability of financial reporting for entities subject to rate regulation by reflecting the economic effects of timing differences through the recognition of regulatory balances. IFRS 20 is effective for annual periods beginning on or after January 1, 2029, with early application permitted. The Company is currently evaluating the impact of adopting IFRS 20 on the consolidated financial statements.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

## 4. Revenues

Revenues disaggregated by major goods or services excluding intersegment revenues, are as follows:

| Three months ended June 30, 2026 | Water Services | Distribution & Transmission | Energy Services | North American Commercial Services (NACS) | U.S. Regulated Water | Other | Consolidated |
|---|---|---|---|---|---|---|---|
| Energy and water sales | $ 89 | $ - | $ 88 | $ 19 | $ 72 | $ - | $ 268 |
| Provision of services | 141 | 133 | 10 | 38 | 46 | - | 368 |
| Construction revenues | - | - | - | 5 | - | - | 5 |
| Other commercial revenues | - | - | - | 10 | - | 2 | 12 |
| | $ 230 | $ 133 | $ 98 | $ 72 | $ 118 | $ 2 | $ 653 |

| Three months ended June 30, 2025 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Consolidated |
|---|---|---|---|---|---|---|---|
| Energy and water sales | $ 89 | $ - | $ 89 | $ 18 | $ 61 | $ - | $ 257 |
| Provision of services | 140 | 127 | 11 | 39 | 46 | - | 363 |
| Construction revenues | - | - | - | 117 | - | - | 117 |
| Other commercial revenues | - | - | - | 5 | - | 1 | 6 |
| | $ 229 | $ 127 | $ 100 | $ 179 | $ 107 | $ 1 | $ 743 |

| Six months ended June 30, 2026 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Consolidated |
|---|---|---|---|---|---|---|---|
| Energy and water sales | $ 170 | $ - | $ 190 | $ 44 | $ 127 | $ - | $ 531 |
| Provision of services | 274 | 276 | 20 | 79 | 89 | - | 738 |
| Construction revenues | - | - | - | 8 | - | - | 8 |
| Other commercial revenues | - | - | - | 20 | - | 3 | 23 |
| | $ 444 | $ 276 | $ 210 | $ 151 | $ 216 | $ 3 | $ 1,300 |

| Six months ended June 30, 2025 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Consolidated |
|---|---|---|---|---|---|---|---|
| Energy and water sales | $ 163 | $ - | $ 197 | $ 47 | $ 110 | $ - | $ 517 |
| Provision of services | 272 | 267 | 21 | 77 | 86 | - | 723 |
| Construction revenues | - | - | - | 288 | - | - | 288 |
| Other commercial revenues | - | - | - | 9 | - | 2 | 11 |
| | $ 435 | $ 267 | $ 218 | $ 421 | $ 196 | $ 2 | $ 1,539 |

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

## 5. Loans and Borrowings

On April 7, 2026, the Company closed on a US$180 million private placement to issue two-tranches of private debt notes, consisting of a US$80 million 14-year note with a coupon rate of 5.61% and a US$100 million 30-year note with a coupon rate of 5.97%. The notes will be funded on August 18, 2026. Interest is payable semi-annually and principal is due at maturity for both notes.

At June 30, 2026, commercial papers of $475 million (December 31, 2025 - $133 million) were issued and outstanding, and are included in current portion of loans and borrowings.

## 6. Changes in non-cash working capital

| Six months ended June 30, 2026 and 2025 | 2026 | 2025 |
|---|---|---|
| Trade and other receivables | $ 40 | $ 155 |
| Inventories | 1 | (3) |
| Unbilled construction receivable | (1) | 8 |
| Other long-term receivables | (1) | - |
| Trade and other payables | (130) | (70) |
| | $ (91) | $ 90 |

| | 2026 | 2025 |
|---|---|---|
| Included in specific items on consolidated statements of cash flows: | | |
| Interest paid | $ (1) | $ (1) |
| Income tax payments | (23) | (1) |
| Contributions received | - | 28 |
| Other | (1) | (3) |
| | (25) | 23 |
| Operating activities | (66) | 20 |
| Investing activities | - | 47 |
| | $ (91) | $ 90 |

## 7. Financial instruments

### Classification

The classifications of the Company's financial instruments measured at fair value at June 30, 2026 and December 31, 2025 are summarized as follows:

| | Fair value hierarchy |
|---|---|
| Long-term investment in Vista Ridge LLC (Vista Ridge) | Level 3 |
| Derivative financial instruments | |
| Financial electricity purchase contracts (note 8) | Levels 2, 3 |
| Cross-currency interest rate swap contracts (CCIRS) | Level 2 |
| Other liabilities | |
| Contingent consideration | Level 3 |

### Fair value

The carrying amounts of cash, trade and other receivables, current portion of other financial assets (excluding derivative financial instruments), trade and other payables, and current portion of other liabilities (excluding contingent consideration and derivative financial instruments) approximate their fair values due to the short-term nature of these financial instruments.

The carrying amounts and fair values of the Company's remaining financial assets and financial liabilities measured at amortized cost are as follows:

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

| | Fair value hierarchy | June 30, 2026 Carrying amount | June 30, 2026 Fair value | December 31, 2025 Carrying amount | December 31, 2025 Fair value |
|---|---|---|---|---|---|
| Non-current portion of other financial assets[1] | Level 2 | $ 503 | $ 560 | $ 502 | $ 538 |
| Loans and borrowings | Level 2 | 5,623 | 5,315 | 5,284 | 4,979 |

1 Excluding long-term investments of $10 million (December 31, 2025 - $10 million) and derivative financial instruments of $5 million (December 31, 2025 - $11 million).

*Long-term investments*

Long-term investments includes the Company's 5% equity interest in Vista Ridge. Vista Ridge is a privately owned company; therefore, its equity instruments are not traded in an active market and the fair value of equity is not readily observable. Accordingly, the fair value of the long-term investment in Vista Ridge is determined based on unobservable inputs including the expected future cash flows from the investment discounted at a risk-adjusted discount rate.

*Derivative financial instruments – financial electricity purchase contracts*

The Company has entered into fixed price contracts to manage its exposure related to electricity sold to customers. Under these contracts, the market price for electricity purchased by the Company to serve the load of its customers are swapped for a fixed price.

The fair values of the Company's Level 2 financial electricity purchase contracts are determined based on commonly used valuation techniques such as a discounted cash flow model and uses inputs such as quoted prices for similar instruments in active markets, quotes prices for identical or similar instruments in markets that are not active but observable, and other observable inputs that are principally derived or corroborated by observable market data for substantially the full term of the instrument.

The fair values of the Company's Level 3 financial electricity purchase contracts are determined based on risk adjusted forward electricity price curves and anticipated customer load, which is forecasted based on internal modelling and the application of a mark-to-forecast model. As the forecasted customer load and risk adjusted component of the forward price curves are based on unobservable inputs, the financial electricity contracts are classified as Level 3 financial instruments. The valuation models used to calculate the fair value of the financial electricity contracts are prepared by appropriate internal subject matter experts and reviewed by management. The valuation technique and the associated inputs are assessed on a regular basis for ongoing reasonability.

The Company classifies financial instruments in Level 3 of the fair value hierarchy when there is reliance on at least one significant unobservable input to the valuation model used to determine fair value. In addition to these unobservable inputs, the valuation model for Level 3 instruments also relies on a number of inputs that are observable either directly or indirectly. Accordingly, the unrealized gains and (losses) shown below include changes in the fair value related to both observable and unobservable inputs.

The table below summarizes the changes in fair value of the Level 3 financial instruments:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| At January 1 | $ (3) | $ (5) |
| Unrealized and realized (losses) gains included in net income[1,2] | (5) | 2 |
| At period end | $ (8) | $ (3) |

1 Recorded in energy purchases and system access fees.

2 Settlements in the period ended June 30, 2026 were $45 million (2025 - $11 million).

The table below presents the Company's Level 3 inputs:

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Anticipated average monthly customer load input ranges of megawatt hours for the forecasted periods | 126,838 to 170,197 | 128,341 to 193,613 |
| Average risk-adjusted component of the forward price curves, in dollars | $ 28 | $ 28 |

The table below presents the change to fair value of Level 3 derivatives instruments based on a change in the respective input:

| | Change in respective input | June 30, 2026 | December 31, 2025 |
|---|---|---|---|
| Anticipated average monthly customer load input for the forecasted periods | +/- 10% | $ 1 | $ - |
| Average risk-adjusted component of the forward price curves | +/- $5 dollars | 4 | 9 |

*Derivative financial instruments – CCIRS*

The fair value of the Company's CCIRS contracts is determined as the present value of the estimated future cash flows using an appropriate interest rate yield curve and foreign exchange rate based on market conditions at the measurement date discounted at a market rate. Derivative instruments reflect the estimated amount that the Company would receive or pay to settle the CCIRS contracts at each measurement date.

Within the consolidated statements of financial position, the derivative financial assets and liabilities are presented as follows:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Current portion of other financial assets | $ - | $ 3 |
| Other financial assets | 5 | 11 |
| Current portion of other liabilities | 30 | 8 |
| Other liabilities | 18 | 5 |

## 8. Financial risk management

*Electricity price and volume risk*

Effective January 1, 2025, the Company began selling electricity under Rate of Last Resort (RoLR) Regulations under the Utilities Affordability Statues Amendment Act (the Act) introduced by the Government of Alberta during 2024. The RoLR replaced the previous RRO, and the Act is intended to provide stable default electricity rates for customers by setting the rates for each regulated retailer for a two-year period, followed by a second two-year period where the rates may only be adjusted by a maximum of plus or minus 10%. Electricity rates for the RoLR are fixed and the actual procurement cost to serve the RoLR customer electricity load are subject to variable hourly spot pricing.

The Company is actively managing the commodity price and volume exposures for both RoLR and competitive rate customers through financial electricity purchase contracts on an ongoing basis by optimizing the Company's total electricity requirements utilizing various contracts. Refer to note 7 for further information regarding the Company's financial electricity purchase contracts with Level 3 inputs measured at fair value through profit or loss.

The Company entered into fixed price financial electricity purchase contracts, a portion of which were designated as cash flow hedging instruments. The hedging instruments are used to manage the Company's commodity price risk related to the Company's load requirements for its RoLR and competitive customers (the hedged item). The Company performed effectiveness tests at inception and will continue to perform effectiveness tests at each measurement date to ensure that the changes in fair value of the hedging instruments and the hedged items were moving in opposite directions and offsetting each other. These contracts hedge a notional quantity of 3,909,340 megawatt hours and are expected to be realized in net income in 2026 through 2029.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

During the three and six months ended June 30, 2026, the cash flow hedges were 100% effective. Changes in fair value of the cash flow hedges were recorded in other comprehensive income and resulted in a pre-tax gain of $6 million (2025 - $6 million gain) for the three-month period and a pre-tax loss of $29 million (2025 - $6 million gain) for the six-month period.

## 9. Commitments

During the first quarter of 2026, the Company received AUC approval to construct and operate the infrastructure identified in its City of Edmonton Transmission Reinforcement (CETR) project facility application. The CETR project will build new transmission power lines and a new substation to replace aging infrastructure and meet an increased demand for power in northeast Edmonton. The Company's commitments for the project are as follows and commenced in the second quarter of 2026:

| | 2026 | 2027 | 2028 | 2029 | 2030 | Total |
|---|---|---|---|---|---|---|
| Distribution and Transmission CETR Project | $ 72 | $ 155 | $ 90 | $ 17 | $ 17 | $ 351 |

## 10. Segment disclosures

The Company operates in the following reportable segments, which follow the organization, management and reporting structure within the Company.

**Water Services**

Water Services is primarily involved in the treatment, transmission, distribution and sale of water, the collection and conveyance of sanitary and stormwater, and the treatment of wastewater within Edmonton and other communities near Edmonton.

**Distribution and Transmission**

Distribution and Transmission is involved in the transmission and distribution of electricity within Edmonton.

**Energy Services**

Energy Services is primarily involved in the provision of the regulated and default supply electricity services to customers in Alberta in addition to the procurement of electricity required to serve the Company's customer load requirements. This segment also provides competitive electricity and natural gas products under the Encor brand.

**U.S. Regulated Water**

U.S. Regulated Water is primarily involved in the treatment, transmission, distribution and sale of water, the collection and treatment of wastewater, and construction of related facilities within the Southwestern U.S.

**NACS**

NACS includes business development projects related to the provision of design, build, finance, operating and maintenance services for municipal and industrial water, wastewater, and electricity in North America. The segment includes electricity distribution and natural gas distribution businesses in Canada.

**Other**

Other primarily includes the cost of the Company's net unallocated corporate office expenses and does not meet the criteria of a reportable segment.

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

| Three months ended June 30, 2026 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| External revenues | $ 230 | $ 133 | $ 98 | $ 72 | $ 118 | $ 2 | $ - | $ 653 |
| Inter-segment revenue | - | 1 | 7 | 13 | - | - | (21) | - |
| Revenues | 230 | 134 | 105 | 85 | 118 | 2 | (21) | 653 |
| Energy purchases and system access fees | - | - | 48 | 14 | - | - | - | 62 |
| Other raw materials and operating charges | 23 | 6 | - | 32 | 35 | 1 | (8) | 89 |
| Staff costs and employee benefits expenses | 37 | 15 | 11 | 19 | 20 | 17 | (5) | 114 |
| Depreciation and amortization | 53 | 31 | 2 | 4 | 26 | 7 | - | 123 |
| Franchise fees and property taxes | 13 | 34 | - | - | 3 | - | - | 50 |
| Other administrative expenses | 11 | 5 | 10 | 4 | 10 | 8 | (8) | 40 |
| Operating expenses | 137 | 91 | 71 | 73 | 94 | 33 | (21) | 478 |
| Operating income (loss) before corporate (charges) income | 93 | 43 | 34 | 12 | 24 | (31) | - | 175 |
| Corporate (charges) income | (13) | (7) | (6) | (4) | (3) | 33 | - | - |
| Operating income | 80 | 36 | 28 | 8 | 21 | 2 | - | 175 |
| Finance (expenses) recoveries | (27) | (19) | (1) | (4) | (17) | 12 | - | (56) |
| Income tax expense | - | - | - | - | (1) | (7) | - | (8) |
| Net income | $ 53 | $ 17 | $ 27 | $ 4 | $ 3 | $ 7 | $ - | $ 111 |
| Capital expenditures | $ 132 | $ 87 | $ 1 | $ 18 | $ 97 | $ 7 | $ - | $ 342 |

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

| Three months ended June 30, 2025 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| External revenues | $ 229 | $ 127 | $ 100 | $ 179 | $ 107 | $ 1 | $ - | $ 743 |
| Inter-segment revenue | - | 1 | 6 | 12 | - | - | (19) | - |
| Revenues | 229 | 128 | 106 | 191 | 107 | 1 | (19) | 743 |
| Energy purchases and system access fees | - | - | 22 | 14 | - | - | - | 36 |
| Other raw materials and operating charges | 24 | 7 | - | 131 | 24 | - | (8) | 178 |
| Staff costs and employee benefits expenses | 37 | 16 | 11 | 19 | 16 | 15 | (5) | 109 |
| Depreciation and amortization | 50 | 31 | 2 | 3 | 23 | 7 | - | 116 |
| Franchise fees and property taxes | 13 | 33 | - | - | 2 | - | - | 48 |
| Other administrative expenses | 7 | 3 | 8 | 4 | 7 | 6 | (6) | 29 |
| Operating expenses | 131 | 90 | 43 | 171 | 72 | 28 | (19) | 516 |
| Operating income (loss) before corporate (charges) income | 98 | 38 | 63 | 20 | 35 | (27) | - | 227 |
| Corporate (charges) income | (11) | (6) | (4) | (4) | (2) | 27 | - | - |
| Operating income | 87 | 32 | 59 | 16 | 33 | - | - | 227 |
| Loss on disposal of assets | - | - | - | (4) | (2) | - | - | (6) |
| Finance (expenses) recoveries | (24) | (19) | (1) | (6) | (13) | 11 | - | (52) |
| Income tax expense | - | - | - | (2) | (2) | (14) | - | (18) |
| Net income (loss) | $ 63 | $ 13 | $ 58 | $ 4 | $ 16 | $ (3) | $ - | $ 151 |
| Capital expenditures | $ 121 | $ 75 | $ - | $ 24 | $ 48 | $ 10 | $ - | $ 278 |

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

| Six months ended June 30, 2026 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| External revenues | $ 444 | $ 276 | $ 210 | $ 151 | $ 216 | $ 3 | $ - | $ 1,300 |
| Inter-segment revenue | - | 2 | 13 | 24 | - | - | (39) | - |
| Revenues | 444 | 278 | 223 | 175 | 216 | 3 | (39) | 1,300 |
| Energy purchases and system access fees | - | - | 126 | 31 | - | - | - | 157 |
| Other raw materials and operating charges | 39 | 11 | - | 60 | 58 | 1 | (15) | 154 |
| Staff costs and employee benefits expenses | 72 | 29 | 22 | 37 | 39 | 33 | (9) | 223 |
| Depreciation and amortization | 106 | 62 | 4 | 8 | 51 | 14 | - | 245 |
| Franchise fees and property taxes | 25 | 70 | - | - | 5 | - | - | 100 |
| Other administrative expenses | 24 | 9 | 20 | 10 | 17 | 11 | (15) | 76 |
| Operating expenses | 266 | 181 | 172 | 146 | 170 | 59 | (39) | 955 |
| Operating income (loss) before corporate (charges) income | 178 | 97 | 51 | 29 | 46 | (56) | - | 345 |
| Corporate (charges) income | (24) | (13) | (10) | (6) | (5) | 58 | - | - |
| Operating income | 154 | 84 | 41 | 23 | 41 | 2 | - | 345 |
| Finance (expenses) recoveries | (54) | (38) | (1) | (10) | (32) | 23 | - | (112) |
| Income tax expense | - | - | (1) | (1) | (2) | (10) | - | (14) |
| Net income | $ 100 | $ 46 | $ 39 | $ 12 | $ 7 | $ 15 | $ - | $ 219 |
| Capital expenditures | $ 235 | $ 159 | $ 1 | $ 69 | $ 160 | $ 9 | $ - | $ 633 |

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

| Six months ended June 30, 2025 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| External revenues | $ 435 | $ 267 | $ 218 | $ 421 | $ 196 | $ 2 | $ - | $ 1,539 |
| Inter-segment revenue | - | 2 | 12 | 20 | - | - | (34) | - |
| Revenues | 435 | 269 | 230 | 441 | 196 | 2 | (34) | 1,539 |
| Energy purchases and system access fees | - | - | 117 | 32 | - | - | - | 149 |
| Other raw materials and operating charges | 41 | 13 | - | 312 | 42 | - | (13) | 395 |
| Staff costs and employee benefits expenses | 74 | 32 | 21 | 39 | 35 | 29 | (8) | 222 |
| Depreciation and amortization | 100 | 60 | 4 | 7 | 46 | 14 | - | 231 |
| Franchise fees and property taxes | 25 | 62 | - | 1 | 5 | - | - | 93 |
| Other administrative expenses | 17 | 6 | 17 | 10 | 13 | 10 | (13) | 60 |
| Operating expenses | 257 | 173 | 159 | 401 | 141 | 53 | (34) | 1,150 |
| Operating income (loss) before corporate (charges) income | 178 | 96 | 71 | 40 | 55 | (51) | - | 389 |
| Corporate (charges) income | (22) | (12) | (9) | (5) | (4) | 52 | - | - |
| Operating income | 156 | 84 | 62 | 35 | 51 | 1 | - | 389 |
| Loss on disposal of assets | - | - | - | (4) | (2) | - | - | (6) |
| Finance (expenses) recoveries | (49) | (37) | (2) | (11) | (28) | 22 | - | (105) |
| Income tax expense | - | - | - | (4) | (4) | (16) | - | (24) |
| Net income | $ 107 | $ 47 | $ 60 | $ 16 | $ 17 | $ 7 | $ - | $ 254 |
| Capital expenditures | $ 202 | $ 128 | $ - | $ 39 | $ 91 | $ 12 | $ - | $ 472 |

(Unaudited, tabular amounts in millions of Canadian dollars unless otherwise indicated)

The Company's assets and liabilities by business segment at June 30, 2026 and December 31, 2025 are summarized as follows:

| June 30, 2026 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Total assets | $ 9,468 | $ 3,576 | $ 261 | $ 1,254 | $ 3,094 | $ 6,715 | $ (6,747) | $ 17,621 |
| Total liabilities | 7,185 | 2,477 | 210 | 868 | 2,508 | 5,870 | (6,747) | 12,371 |

| December 31, 2025 | Water Services | Distribution & Transmission | Energy Services | NACS | U.S. Regulated Water | Other | Intersegment Elimination | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Total assets | $ 9,220 | $ 3,471 | $ 292 | $ 1,113 | $ 2,775 | $ 6,345 | $ (6,205) | $ 17,011 |
| Total liabilities | 7,040 | 2,415 | 249 | 751 | 2,211 | 5,448 | (6,205) | 11,909 |

**Non-current assets by geography**

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Canada | $ 13,549 | $ 13,258 |
| U.S. | 3,420 | 3,033 |
| | $ 16,969 | $ 16,291 |

**Revenue from external customers by geography**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Canada | $ 504 | $ 497 | $ 1,022 | $ 1,017 |
| U.S. | 149 | 246 | 278 | 522 |
| | $ 653 | $ 743 | $ 1,300 | $ 1,539 |