

*AltaGas*

**2025  
Financial  
Statements  
and MD&A**

# AltaGas Reports Strong Fourth Quarter and Full Year 2025 Results

Continued Execution Delivers 2025 Normalized EBITDA at High End of Guidance Range

Calgary, Alberta (March 6, 2026)

AltaGas Ltd. ("AltaGas" or the "Company") (TSX: ALA) reported fourth quarter and full year 2025 results, reaffirmed 2026 guidance, and provided an update on its operations, projects and other corporate developments.

## Fourth Quarter and 2025 Highlights

*(all financial figures are unaudited and in Canadian dollars unless otherwise noted)*

### Financial Results

- Normalized EBITDA<sup>1</sup> was \$564 million in the fourth quarter and \$1,863 million for the full year of 2025, while income before income taxes was \$310 million in the fourth quarter and \$1,029 million for the full year of 2025. 2025 normalized EBITDA increased five percent year-over-year and was at the upper-end of AltaGas' guidance range. Midstream growth was driven by strong liquified petroleum gas ("LPG") export volumes and margins. Stronger Utilities performance came from higher rate base, asset optimization and favorable weather.
- Normalized EPS<sup>1</sup> was \$0.77 in the fourth quarter and \$2.23 for the full year of 2025 while GAAP EPS<sup>2</sup> was \$0.67 in the fourth quarter and \$2.48 for the full year of 2025. Full year normalized EPS was above the mid-point of AltaGas' guidance range, driven by strong performance across the enterprise, partially offset by higher depreciation and amortization and increased tax expense.

### Operational and Business Highlights

- AltaGas exported 124,593 Bbl/d of LPG to Asia in the fourth quarter, with 21 Very Large Gas Carriers ("VLGCs") loaded across the Ridley Island Propane Export Terminal ("RIPET") and the Ferndale Terminal ("Ferndale"). Full-year exports were a record 126,572 Bbl/d, up four percent year-over-year, with 83 ships delivered to Asia.
- Midstream throughput increased in 2025, with fourth quarter fractionation and liquids handling volumes up seven percent year-over-year, led by the Montney. North Pine throughput reached record volumes and operated near its 25,000 Bbl/d capacity.
- Utilities delivered its best safety results on record, with total recordable injury frequency ("TRIF") down meaningfully from historical levels. This improvement reflects strong operational discipline and places SEMCO in the top quartile for safety performance amongst the peer group.

### Growth Project Updates

- Pipestone II was placed in service in December 2025 and is operating at over 90 percent utilization under long-term take-or-pay contracts.
- The Ridley Island Energy Export Facility ("REEF") remains on budget and on schedule for 2026 completion as over 85 percent of capital has been committed or incurred and more than 70 percent of equipment has been delivered and installed. REEF Optimization I construction is underway and will add an additional 30,000 Bbl/d of propane export capacity in the second half of 2027.
- Dimsdale Phase I and II expansions will add 6 Bcf of storage capacity by 2026 year-end and another 30 Bcf by mid-2027. The expansions are backed by long-term take-or-pay storage contracts. The facility will help balance LNG demand draws associated with Western Canada's growing production and natural gas exports.

- AltaGas' decision to retain its ownership interest in the Mountain Valley Pipeline ("MVP") was further reinforced by strong operational performance and improving outlooks for the MVP Boost and MVP Southgate expansion projects. Recent milestones include unanimous approval of the revised route by the U.S. Federal Energy Regulatory Commission ("FERC") and issuance of key North Carolina water permits for MVP Southgate.
- Construction of the 30-mile Keweenaw Connector Pipeline is advancing, with long lead-time materials procured and all land rights secured. Construction is expected to begin in the second quarter of 2026, with an anticipated in-service date of early 2027.
- AltaGas' Utilities continue to advance data center development opportunities, with engineering and design studies completed in Virginia, Michigan, and Maryland. In late 2025, the Company executed an agreement for the first phase of a 24-MW data center in Maryland, with Phase I expected to be completed by year-end 2026.

### Regulatory Highlights

- In November 2025, the Public Service Commission of the District of Columbia ("PSC of D.C.") approved a US\$33 million rate base increase, including a US\$12 million roll-in from the PROJECT*pipes* 2 Accelerated Replacement Program ("ARP"). Rates became effective January 2026 with an allowed return on equity ("ROE") of 9.65 percent.
- Washington Gas filed a US\$82 million rate case in Maryland, requesting an ROE of 10.85 percent. Excluding the US\$15 million STRIDE modernization program transfer, the net rate increase requested totals US\$67 million.
- The Virginia State Corporation Commission ("SCC of VA") approved Washington Gas' full US\$700 million amendment to the Virginia Steps to Advance Virginia Energy ("SAVE") ARP, extending the program through the end of 2028.
- Washington Gas received authorization from the PSC of D.C. to extend the PROJECT*pipes* 2 modernization program through June 30, 2026, with an additional US\$25 million. On March 4, 2026, the PSC of D.C. approved the District Strategic Accelerated Facility Enhancement ("SAFE") modernization program with US\$150 million of authorized spending from July 1, 2026 to June 30, 2029.
- On February 26, 2026, SEMCO filed a US\$61 million rate case in Michigan requesting a 10.75 percent ROE. Proposed rates include capital investments since January 2020 and the pre-approved capital associated with construction of the Keweenaw Connector Pipeline. SEMCO proposed approval of a weather normalization adjustment mechanism and anticipates new rates to be in place by early 2027.

### Board Chair Appointment

- As part of a planned transition, Derek Evans has been appointed as the incoming Board Chair, effective May 1, 2026. Pentti Karkkainen will continue to serve as Chair until the transition date and will remain on the Board as an active Director thereafter to support continuity and ongoing Board leadership.

### 2026 Guidance and Financial Updates

- AltaGas has had a strong start to 2026 and is reiterating the Company's 2026 full year guidance, including normalized EBITDA of \$1.925 billion to \$2.025 billion and normalized net income per share of \$2.20 to \$2.45.
- AltaGas' adjusted net debt to normalized EBITDA1 exited 2025 at 4.7x on a trailing twelve-month basis, including 50 percent debt treatment for its subordinated hybrid notes and preferred shares. This is in line with the Company's targeted leverage range of 4.5 - 5.0x and compares to 5.1x at 2024 year-end.
- On December 1, 2025, AltaGas' Board of Directors approved a six percent increase to its 2026 common share dividends to \$1.34 per common share annually (\$0.334 per common share quarterly). AltaGas also extended its five to seven percent dividend compounded annual growth rate ("CAGR") guidance to 2030.

### CEO Message

"2025 was a year of strong execution and disciplined delivery for AltaGas," said Vern Yu, President and Chief Executive Officer of AltaGas. "We achieved the top end of our EBITDA guidance range and delivered earnings per share in the upper half of guidance, reflecting strong performance across our Utilities and Midstream businesses.

"We made meaningful progress against our strategic priorities, where we maximized returns from our existing asset base by achieving record global export volumes, increasing midstream asset utilization, advancing rate cases across multiple jurisdictions, and continuing to drive strong cost management across the organization.

“We further de-risked the business by securing more than 100,000 barrels per day under long-term contracts for our export business and increasing take-or-pay commitments at our Dimsdale storage facility. We strengthened our balance sheet and achieved our target credit metrics. The removal of negative outlooks by Fitch and S&P reflects the resilience and durability of our cash flows.

“We executed on our growth projects by bringing Pipestone II into service on-time and on-budget, and we significantly advanced REEF, while adding more than \$400 million of new modernization capital in our Utilities business. We were pleased to reach key final investment decisions on our RIPET methanol removal project, REEF Optimization I, and Dimsdale Phase I and II. We also progressed critical infrastructure expansions, including accelerated pipeline replacement project approvals and extensions in Virginia, and the MVP expansion projects.

“Through 2025, we maintained disciplined capital allocation, as demonstrated by our fourth quarter equity issuance and MVP retention, a 6 percent dividend increase for 2026, and meaningful debt reduction, while positioning AltaGas to continue investing in a slate of strong, risk-adjusted returning organic growth opportunities in 2026. These actions underscore the strength of our strategy, the quality of our assets, and our continued focus on long-term value creation for shareholders.”

## Results by Segment

Normalized EBITDA <sup>(1)</sup> (\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Utilities	\$ 383	\$ 336	\$ 1,086	\$ 1,012
Midstream	202	182	818	785
Corporate/Other	(21)	2	(41)	(28)
Normalized EBITDA <sup>(1)</sup>	\$ 564	\$ 520	\$ 1,863	\$ 1,769

(1) Non-GAAP financial measure; see discussion in the Non-GAAP Financial Measures advisories of this news release.

Income (Loss) Before Income Taxes (\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Utilities	\$ 301	\$ 186	\$ 822	\$ 627
Midstream	162	181	757	646
Corporate/Other	(153)	(136)	(550)	(527)
Income Before Income Taxes	\$ 310	\$ 231	\$ 1,029	\$ 746

## Business Performance

### Utilities

The Utilities segment reported normalized EBITDA of \$383 million in the fourth quarter of 2025 compared to \$336 million in the fourth quarter of 2024, while income before income taxes was \$301 million in the fourth quarter of 2025 compared to \$186 million in the fourth quarter in 2024. Fourth quarter 2025 delivered 14 percent year-over-year normalized EBITDA growth, driven primarily by continued investment through its modernization programs, the positive impact of asset optimization activities, the partial settlement of Washington Gas' post-retirement benefit pension plan and favorable weather within its weather exposed jurisdictions. These factors were partially offset by lower contributions from the Retail business and higher operating and maintenance ("O&M") costs, mainly driven by higher employee incentive expenses due to AltaGas' rising share price.

Washington Gas has an active rate case before the PSC of MD, requesting rates designed to generate approximately US\$67 million of incremental annual revenue, net of a US\$15 million ARP surcharge. New rates are expected to take effect by the fourth quarter of 2026. In Virginia, Washington Gas currently has interim rates in place related to its August 2025 filing, which seeks approximately US\$65 million of incremental annual revenue, net of the US\$39 million SAVE surcharge, with a final decision anticipated in the second half of 2026.

On February 26, 2026, SEMCO filed a new rate case with the Michigan Public Service Commission ("MPSC") requesting an additional US\$61 million of revenue at a requested ROE of 10.75 percent. Requested rates include impacts of inflation and account for capital investments made since January 2020. Proposed rates also capture the pre-approved capital associated with construction of the Keweenaw Connector Pipeline, which is expected to be in

service by early 2027. SEMCO proposed approval of a weather normalization adjustment mechanism and anticipates new rates to be in place by early 2027.

The Company continues to de-risk long-term revenue through the establishment of pre-approved system modernization programs that enhance network safety and reliability. Washington Gas received approval for an amendment to the Virginia SAVE modernization program, enabling approximately US\$700 million of investment between 2026 and 2028. The approved amendment includes replacement of additional vintage pipe and the deployment of advanced leak-detection technologies to further improve long-term safety and reliability. The Company also received approval to extend PROJECT*pipes* 2 from December 31, 2025 to June 30, 2026, with incremental modernization spending of US\$25 million. On March 4, 2026 the Company received approval for the District SAFE modernization program with US\$150 million of authorized spending from July 1, 2026 to June 30, 2029. The continuation of the program ensures further modernization spending to increase safety and reliability of the system.

Beyond system betterment and modernization, AltaGas expects to further grow rate base through larger strategic investments, including the Keweenaw Connector Pipeline project in Michigan. Construction of the 30-mile pipeline is scheduled to commence in the second quarter of 2026, with an estimated capital cost of approximately US\$135 million and an anticipated in-service date of early 2027.

The Company continues to advance several data center development opportunities and has executed an agreement to provide infrastructure supporting the first phase of a 24-MW data center in Maryland, with Phase I expected to be completed by year-end 2026. In addition, AltaGas recently completed five data center engineering and design studies across Virginia, Michigan, and Maryland. Data center investment will continue to be pursued on a de-risked basis, utilizing accelerated rate structures and rate-regulated investments to support long-term growth.

During the fourth quarter of 2025, AltaGas invested \$255 million across its Utilities business, allocating \$115 million to asset modernization programs and \$111 million to system betterment. These targeted investments are focused on improving system safety and reliability, while ensuring customers have access to the essential energy needed for daily life.

## **Midstream**

The Midstream segment reported normalized EBITDA of \$202 million in the fourth quarter of 2025, compared to \$182 million in the fourth quarter of 2024, while income before taxes was \$162 million in the fourth quarter of 2025 compared to \$181 million in the fourth quarter of 2024. The 11 percent year-over-year increase in fourth-quarter normalized EBITDA was driven primarily by higher export volumes and margins and strong performance at Pipestone I. These results were partially offset by lower margins at Harmattan, higher tolled export volumes, and increased G&A costs, including higher incentive compensation due to AltaGas' rising stock price.

The Midstream business continued to benefit from strong operational execution, delivering record annual export volumes and achieving multiple months of five-ship loadings per month at RIPET. During 2025, the Company successfully completed three major facility turnarounds, taking place at RIPET, facilities within Northeastern B.C. ("NEBC"), and Pipestone I, all of which were executed on time and on budget with minimal impact to throughput volumes. Across the Midstream value chain, AltaGas achieved record quarterly fractionation volumes at North Pine and record processing volumes at Harmattan and Pipestone I.

AltaGas exported 124,593 Bbl/d of LPGs to Asia in the fourth quarter of 2025, which was spread across 21 VLGCs, including 14 VLGCs at RIPET and approximately seven VLGCs at Ferndale. Global LPG export volumes for the full year of 2025 averaged 126,572 Bbls/d across 83 ships, representing a 4 percent year-over-year volume increase. This growth was complemented by continued diversification of the customer base, with 45 percent of total export volumes shipped to China, increasing AltaGas' market share to approximately six percent of total Chinese propane imports for the year.

AltaGas also delivered strong execution across its Midstream growth project portfolio in 2025. Pipestone II entered service on budget and on schedule, while REEF Phase I advanced through key construction milestones, remains on budget and positioned for mechanical completion by year-end 2026. Positive final investment decisions for REEF Optimization I and the Dimsdale I and II expansion projects further strengthen the Company's competitive position and expand its backlog of high-return, capital-efficient growth opportunities.

AltaGas' realized frac spread averaged \$19.85/Bbl, after transportation costs, as most of AltaGas' frac exposed volumes were hedged at approximately \$37.27/Bbl in the fourth quarter of 2025, prior to transportation costs. AltaGas is well hedged for 2026 with approximately 68 percent of expected frac exposed volumes hedged at approximately US\$21.06/Bbl, prior to transportation costs.

In addition, approximately 80 percent of AltaGas' 2026 expected global export volumes are either tolled or financially hedged with an average Far East Index ("FEI") to North American financial hedge price of approximately

US\$19.13/Bbl for non-tolled propane and butane volumes. AltaGas continues to actively manage commodity exposure through contracting and hedging and will provide updates on its hedging activities on a quarterly basis.

## 2026 Midstream Hedge Program

	Q1 2026	Q2 2026	Q3 2026	Q4 2026	FY 2026
Global Exports volumes hedged (%) <sup>(1)</sup>	100	91	76	65	80
Average propane/butane FEI to North America average hedge (US\$/Bbl) <sup>(2)</sup>	17.07	17.00	22.34	27.32	19.13
Fractionation volume hedged (%) <sup>(3)</sup>	92	79	81	40	68
Frac spread hedge rate (US\$/Bbl) <sup>(3)</sup>	20.36	21.10	21.10	21.70	21.06

(1) Approximate expected volume hedged. Includes contracted tolling volumes and financial hedges. Based on AltaGas' internally assumed export volumes. AltaGas is hedged at a higher percentage for firmly committed volumes.

(2) Approximate average for the period. Does not include tolling volumes. Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.

(3) Approximate average for the period.

## Corporate/Other

The Corporate/Other segment reported a normalized EBITDA loss for the fourth quarter of 2025 of \$21 million, compared to a gain of \$2 million in the same quarter of 2024. The decrease was due to lower contributions from Blythe where the facility continues to face congestion issues on the California Independent System Operator ("CAISO") transmission grid, impacting the ability to benefit from merchant energy generation. The segment also faced increased G&A costs related to higher employee incentive expenses due to AltaGas' rising stock price. Loss before income taxes in the Corporate/Other segment was \$153 million in the fourth quarter of 2025, compared to \$136 million in the same quarter of 2024.

# Consolidated Financial Results

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Normalized EBITDA <sup>(1)</sup>	\$ 564	\$ 520	\$ 1,863	\$ 1,769
Add (deduct):				
Depreciation and amortization	(138)	(123)	(517)	(475)
Interest expense	(120)	(128)	(465)	(455)
Normalized income tax expense <sup>(1)</sup>	(64)	(33)	(180)	(160)
Preferred share dividends	(3)	(5)	(17)	(18)
Other <sup>(2)</sup>	(3)	(4)	(14)	(13)
<b>Normalized net income <sup>(1)</sup></b>	<b>\$ 236</b>	<b>\$ 227</b>	<b>\$ 670</b>	<b>\$ 648</b>
<b>Net income applicable to common shares</b>	<b>\$ 205</b>	<b>\$ 203</b>	<b>\$ 747</b>	<b>\$ 578</b>
<b>Normalized funds from operations <sup>(1)</sup></b>	<b>\$ 404</b>	<b>\$ 397</b>	<b>\$ 1,331</b>	<b>\$ 1,192</b>
<b>Cash from operations</b>	<b>\$ 209</b>	<b>\$ 508</b>	<b>\$ 1,235</b>	<b>\$ 1,538</b>
(\$ per share except shares outstanding)				
<b>Shares outstanding - basic (millions)</b>				
<b>During the period <sup>(3)</sup></b>	<b>306</b>	298	<b>301</b>	297
<b>End of period</b>	<b>311</b>	298	<b>311</b>	298
<b>Normalized net income - basic <sup>(1)</sup></b>	<b>0.77</b>	0.76	<b>2.23</b>	2.18
<b>Normalized net income - diluted <sup>(1)</sup></b>	<b>0.77</b>	0.76	<b>2.22</b>	2.17
<b>Net income per common share - basic</b>	<b>0.67</b>	0.68	<b>2.48</b>	1.95
<b>Net income per common share - diluted</b>	<b>0.67</b>	0.68	<b>2.48</b>	1.94

(1) Non-GAAP financial measure; see discussion in *Non-GAAP Financial Measures* section at the end of this news release.

(2) "Other" includes accretion expense, net income applicable to non-controlling interests, foreign exchange gains (losses), and unrealized foreign exchange gains (losses) on intercompany balances.

(3) Weighted average.

Normalized EBITDA for the fourth quarter of 2025 was \$564 million, compared to \$520 million for the same quarter of 2024. The largest factors contributing to the year-over-year increase are described in the Business Performance sections above.

Normalized net income was \$236 million or \$0.77 per share for the fourth quarter of 2025, compared to \$227 million or \$0.76 per share reported for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower interest expense, and favourable variances in foreign exchange losses after foreign exchange related normalizations, partially offset by higher normalized income tax expense and higher depreciation and amortization expense. Please refer to the Non-GAAP Financial Measures section of the Press Release and MD&A for further details on normalization adjustments.

Income before income taxes was \$310 million for the fourth quarter of 2025 compared to \$231 million for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower transition and restructuring costs, unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in the same quarter of 2024, lower provisions on assets, and lower interest expense, partially offset by higher depreciation and amortization expense, foreign exchange losses compared to foreign exchange gains in the same quarter of 2024, and higher transaction costs related to acquisitions and dispositions.

Net income applicable to common shares was \$205 million or \$0.67 per share for the fourth quarter of 2025, compared to \$203 million or \$0.68 per share for the same quarter of 2024.

Normalized funds from operations for the fourth quarter of 2025 was \$404 million (\$1.32 per share), compared to \$397 million (\$1.33 per share) for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower normalized current income tax expense, and lower interest expense, partially offset by higher non-cash items included in normalized EBITDA and foreign exchange losses compared to foreign exchange gains in the same quarter of 2024.

Cash from operations for the fourth quarter of 2025 was \$209 million or \$0.68 per share, compared to \$508 million or \$1.70 per share for the same quarter of 2024. Please refer to the three months ended December 31 section of the MD&A for further details on the variance in cash from operations.

Depreciation and amortization expense for the fourth quarter of 2025 was \$138 million, compared to \$123 million for the same quarter of 2024.

Interest expense for the fourth quarter of 2025 was \$120 million, compared to \$128 million for the same quarter of 2024. The decrease was mainly due to a decrease in average debt balances, exclusive of hybrid debt, as well as higher capitalized interest, partially offset by interest on taxes and the issuance of additional subordinated hybrid notes in the third quarter of 2025. Interest expense recorded on subordinated hybrid notes for the fourth quarter of 2025 was \$37 million, compared to \$34 million for the same quarter of 2024.

Income tax expense for the fourth quarter of 2025 was \$99 million, compared to \$22 million in the same quarter of 2024. The increase was mainly due to higher income before income taxes and tax expense related to legal entity restructuring.

## Forward Focus, Guidance and Funding

AltaGas continues to focus on executing its corporate strategy of building a diversified platform that operates long-life energy infrastructure assets that connect customers and markets and are positioned to provide resilient and growing value for the Company's stakeholders.

AltaGas expects to achieve guidance ranges that were previously disclosed in December 2025, including:

- 2026 Normalized EPS guidance of \$2.20 - \$2.45 per share, compared to actual normalized EPS of \$2.23 and GAAP EPS of \$2.48 in 2025; and
- 2026 Normalized EBITDA guidance of \$1.925 billion - \$2.025 billion, compared to actual normalized EBITDA of \$1.863 billion and income before taxes of \$1.029 billion in 2025.

AltaGas is focused on delivering resilient and growing normalized EBITDA and normalized EPS while maintaining financial leverage within its targeted leverage ratio range. This strategy is designed to support steady dividend growth and provide the opportunity for ongoing capital appreciation for long-term shareholders.

AltaGas is maintaining a disciplined 2026 capital program of approximately \$1.6 billion, excluding asset retirement obligations ("ARO"). The Company is allocating approximately 69 percent of AltaGas' consolidated 2026 capital to its Utilities business, approximately 27 percent to the Midstream business and the balance to the Corporate/Other segment. The Company will fund the 2026 capital requirements through a combination of internally generated cash flows and an increased debt capacity provided by higher normalized EBITDA.

## Quarterly Common Share Dividend And Preferred Share Dividends

The Board of Directors approved the following schedule of Dividends:

Type	Dividend (per share)	Period	Payment Date	Record
Common Shares <sup>1</sup>	\$ 0.334	n.a.	31-Mar-26	16-Mar-26
Series G Preferred Shares	\$ 0.376063	31-Dec-25 to 30-Mar-26	31-Mar-26	16-Mar-26

(1) Dividends on common shares and preferred shares are eligible dividends for Canadian income tax purposes.

## Conference Call And Webcast Details

AltaGas will hold a conference call today, March 6, at 9:00 a.m. MT (11:00 a.m. ET) to discuss fourth quarter and full year 2025 results and other corporate developments.

Date/Time: March 6, 2026 at 9:00 a.m. MT (11:00 a.m. ET)

Dial-in: +1 437 900 0527 or toll free at +1 888 510 2154

Webcast: <https://app.webinar.net/ZxRdrg5D2jw>

Shortly after the conclusion of the call a replay will be made available on the Company's website or by dialing +1 289 819 1450 or toll free +1 888 660 6345. The passcode is 74895#. The replay will expire at 9:59 p.m. MT (11:59 p.m. ET) on March 13, 2026.

AltaGas' Consolidated Financial Statements and accompanying notes for the fourth quarter and full year ended December 31, 2025, as well as its related Management's Discussion and Analysis, are now available online at [www.altagas.ca](http://www.altagas.ca). All documents will be filed with the Canadian securities regulatory authorities and will be posted under AltaGas' SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## Non-GAAP Measures

This news release contains references to certain financial measures that do not have a standardized meaning prescribed by US GAAP and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to US GAAP financial measures are shown below and within AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended December 31, 2025. These non-GAAP measures provide additional information that management believes is meaningful regarding AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with US GAAP.

### Normalized EBITDA

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Income before income taxes (GAAP financial measure)	\$ 310	\$ 231	\$ 1,029	\$ 746
Add:				
Depreciation and amortization	138	123	517	475
Interest expense	120	128	465	455
EBITDA	\$ 568	\$ 482	\$ 2,011	\$ 1,676
Add (deduct):				
Transaction costs related to acquisitions and dispositions <sup>(1)</sup>	5	2	11	11
Unrealized losses (gains) on risk management contracts <sup>(2)</sup>	(16)	2	(192)	12
Losses (gains) on sale of assets <sup>(3)</sup>	—	—	3	(12)
Transition and restructuring costs <sup>(4)</sup>	1	21	15	70
Provisions on assets	2	20	4	20
Accretion expenses	1	1	5	5
Foreign exchange losses (gains) <sup>(5)</sup>	3	(8)	6	(13)
Normalized EBITDA	\$ 564	\$ 520	\$ 1,863	\$ 1,769

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Included in the "revenue", "cost of sales", and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

(3) Included in the "other income" line item on the Consolidated Statements of Income.

(4) Comprised of transition and restructuring costs (including CEO and CFO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.

(5) Excludes unrealized losses (gains) on foreign exchange contracts that have been entered into for the purpose of cash management. These losses (gains) are included above in the line "unrealized losses (gains) on risk management contracts".

EBITDA is a measure of AltaGas' operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. EBITDA is calculated from the Consolidated Statements of Income using income before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

AltaGas presents normalized EBITDA as a supplemental measure. Normalized EBITDA is used by Management to enhance the understanding of AltaGas' earnings over periods, as well as for budgeting and compensation related purposes. The metric is frequently used by analysts and investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets, and the capital structure.

## Normalized Net Income

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Net income applicable to common shares (GAAP financial measure)	\$ 205	\$ 203	\$ 747	\$ 578
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions <sup>(1)</sup>	4	2	8	9
Unrealized losses (gains) on risk management contracts <sup>(2)</sup>	(13)	3	(146)	10
Losses (gains) on sale of assets <sup>(3)</sup>	—	(3)	2	(9)
Transition and restructuring costs <sup>(4)</sup>	35	15	46	52
Loss on redemption of preferred shares <sup>(5)</sup>	—	—	4	—
Provisions on assets	2	15	3	15
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances <sup>(6)</sup>	3	(8)	6	(7)
<b>Normalized net income</b>	<b>\$ 236</b>	<b>\$ 227</b>	<b>\$ 670</b>	<b>\$ 648</b>

- (1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
- (2) The pre-tax amounts are included in the "revenue", "cost of sales", and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.
- (3) The pre-tax amounts are included in the "other income" line item on the Consolidated Statements of Income.
- (4) Comprised of transition and restructuring costs (including CEO and CFO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. After-tax restructuring cost normalizations also includes the normalization of tax expenses related to legal entity restructuring.
- (5) Comprised of the loss on the redemption of Series A Shares and Series B Shares on September 30, 2025. The loss is recorded in the "loss on redemption of preferred shares" line item on the Consolidated Statements of Income.
- (6) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a gain (loss) on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains (losses)" line item on the Consolidated Statements of Income.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas' earnings, as these metrics reflect the underlying performance of AltaGas' business activities. Normalized EPS is calculated as normalized net income divided by the average number of shares outstanding during the period.

## Normalized Funds From Operations

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Cash from operations (GAAP financial measure)	\$ 209	\$ 508	\$ 1,235	\$ 1,538
Add (deduct):				
Net change in operating assets and liabilities	152	(129)	29	(430)
Asset retirement obligations settled	3	2	7	3
<b>Funds from operations</b>	<b>\$ 364</b>	<b>\$ 381</b>	<b>\$ 1,271</b>	<b>\$ 1,111</b>
Add (deduct):				
Transaction costs related to acquisitions and dispositions <sup>(1)</sup>	5	2	11	11
Current tax recovery on asset sales <sup>(2)</sup>	—	(7)	—	—
Current tax expense related to restructuring costs <sup>(2)(3)</sup>	34	—	34	—
Transition and restructuring costs <sup>(4)</sup>	1	21	15	70
<b>Normalized funds from operations</b>	<b>\$ 404</b>	<b>\$ 397</b>	<b>\$ 1,331</b>	<b>\$ 1,192</b>

- (1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
- (2) Included in the "current income tax expense" line item on the Consolidated Statements of Income.
- (3) Includes current tax expense related to legal entity restructuring.
- (4) Comprised of transition and restructuring costs (including CEO and CFO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.

Normalized funds from operations and funds from operations are used to assist Management and investors in analyzing the liquidity of the Corporation. Management uses these measures to understand the ability to generate funds for capital investments, debt repayment, dividend payments, and other investing activities.

Funds from operations and normalized funds from operations as presented should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with GAAP.

## Normalized Income Tax Expense

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Income tax expense (GAAP financial measure)	\$ 99	\$ 22	\$ 250	\$ 138
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	1	—	3	2
Unrealized losses (gains) on risk management contracts	(3)	(1)	(46)	2
Losses (gains) on sale of assets	—	3	1	(3)
Transition and restructuring costs	(34)	6	(31)	19
Provisions on assets	—	5	1	5
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances	1	(2)	2	(3)
<b>Normalized income tax expense</b>	<b>\$ 64</b>	<b>\$ 33</b>	<b>\$ 180</b>	<b>\$ 160</b>

The above table provides a reconciliation of normalized income tax expense from the GAAP financial measure, income tax expense. The reconciling items are comprised of the income tax impacts of normalizing items present in the calculation of normalized net income. For more information on the individual normalizing items, please refer to the normalized net income reconciliation above.

Normalized income tax expense is used by Management to enhance the comparability of the impact of income tax on AltaGas' earnings, as it reflects the underlying performance of AltaGas' business activities, and is presented to provide this perspective to analysts and investors.

## Net Debt, Adjusted Net Debt, and Adjusted Net Debt to Normalized EBITDA

(\$ millions, except adjusted net debt to normalized EBITDA)	December 31, 2025	December 31, 2024
Short-term debt	\$ 231	\$ 10
Current portion of long-term debt <sup>(1)</sup>	469	858
Current portion of finance lease liabilities	24	23
Long-term debt <sup>(2)</sup>	7,010	6,992
Finance lease liabilities	124	126
Subordinated hybrid notes <sup>(3)</sup>	2,159	2,022
<b>Total debt</b>	<b>\$ 10,017</b>	<b>\$ 10,031</b>
Less: cash and cash equivalents	(99)	(85)
<b>Net debt</b>	<b>\$ 9,918</b>	<b>\$ 9,946</b>
Add (deduct):		
Current portion of finance lease liabilities	(24)	(23)
Finance lease liabilities	(124)	(126)
50 percent debt treatment of subordinated hybrid notes	(1,080)	(1,011)
50 percent debt treatment of preferred shares	98	196
<b>Adjusted net debt <sup>(4)</sup></b>	<b>\$ 8,788</b>	<b>\$ 8,982</b>
<b>Adjusted net debt to normalized EBITDA <sup>(4) (5)</sup></b>	<b>4.7</b>	<b>5.1</b>

(1) Net of debt issuance costs, unamortized premiums, and unamortized discounts of less than \$1 million as at December 31, 2025 (December 31, 2024 - less than \$1 million).

(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of \$29 million as at December 31, 2025 (December 31, 2024 - \$29 million).

(3) Net of debt issuance costs of \$25 million as at December 31, 2025 (December 31, 2024 - \$23 million).

(4) In the second quarter of 2025, AltaGas changed its non-GAAP policy regarding the calculation of adjusted net debt to include 50 percent of subordinated hybrid notes and 50 percent of preferred shares. The amounts presented in this table reflect the restated figures to align with the revised policy.

(5) Calculated as adjusted net debt at the balance sheet date, divided by normalized EBITDA for the preceding twelve-month period.

Net debt, adjusted net debt, and adjusted net debt to normalized EBITDA are used by the Corporation to monitor its capital structure and assess its capital structure relative to earnings. It is also used as a measure of the Corporation's overall financial strength and is presented to provide this perspective to analysts and investors. Net debt is defined as short-term debt, plus current and long-term portions of long-term debt, current and long-term portions of finance lease liabilities, and subordinated hybrid notes, less cash and cash equivalents. Adjusted net debt is defined as net debt adjusted for current and long-term portions of finance lease liabilities, 50 percent of subordinated hybrid notes, and 50 percent of preferred shares. Adjusted net debt to normalized EBITDA is calculated by dividing adjusted net debt as defined above by normalized EBITDA for the preceding twelve-month period.

## Invested Capital and Net Invested Capital

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Cash used in investing activities (GAAP financial measure)	\$ 500	\$ 402	\$ 1,634	\$ 1,375
Add (deduct):				
Net change in non-cash capital expenditures <sup>(1)</sup>	61	40	149	60
Contributions from non-controlling interests <sup>(2)</sup>	(103)	(50)	(355)	(123)
Net invested capital	\$ 458	\$ 392	\$ 1,428	\$ 1,312
Asset dispositions	2	—	2	2
Disposals of equity investments <sup>(3)</sup>	—	—	—	14
Invested capital	\$ 460	\$ 392	\$ 1,430	\$ 1,328

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 29 of the 2025 Annual Consolidated Financial Statements for further details.

(2) Excludes cash received from advance cash calls related to forecasted capital spend.

(3) The 2024 disposal relates to the cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' investment in Meade Pipeline Co. LLC, which held WGL Midstream's indirect, non-operating interest in Central Penn pipeline. Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

Invested capital is a measure of AltaGas' use of funds for capital expenditure activities. It includes expenditures relating to property, plant, and equipment and intangible assets, capital contributed to long term investments, and contributions from non-controlling interests. Net invested capital is invested capital presented net of cash paid for business acquisitions and proceeds from disposals of assets and equity investments in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items such as non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

## Supplemental Calculations

### Reconciliation of Normalized EBITDA to Normalized Net Income

The below table provides a supplemental reconciliation of normalized EBITDA to normalized net income. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP financial measures in the section above. This supplemental information is provided as additional information to assist analysts and investors in comparing normalized EBITDA to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental reconciliation.

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Normalized EBITDA	\$ 564	\$ 520	\$ 1,863	\$ 1,769
Add (deduct):				
Depreciation and amortization	(138)	(123)	(517)	(475)
Interest expense	(120)	(128)	(465)	(455)
Income tax expense	(99)	(22)	(250)	(138)
Normalizing items impacting income taxes <sup>(1)</sup>	35	(10)	70	(21)
Accretion expenses	(1)	(1)	(5)	(5)
Foreign exchange gains (losses)	(3)	8	(6)	13
Unrealized foreign exchange gains (losses) on intercompany accounts payable and accounts receivable balances	4	(11)	8	(10)
Net income applicable to non-controlling interests	(3)	(1)	(11)	(12)
Preferred share dividends	(3)	(5)	(17)	(18)
<b>Normalized net income</b>	<b>\$ 236</b>	<b>\$ 227</b>	<b>\$ 670</b>	<b>\$ 648</b>

(1) Represents the income tax impact related to the normalizing items included in the calculation of normalized EBITDA.

## Calculation of Normalized Effective Income Tax Rate

The below table provides a calculation of normalized effective income tax rate from normalized net income and normalized income tax expense. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP measures in the section above. This supplemental calculation is provided as additional information to assist analysts and investors in comparing normalized income tax expense to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental calculation.

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
<i>(\$ millions, except normalized effective income tax rate)</i>				
Normalized net income	\$ 236	\$ 227	\$ 670	\$ 648
Add (deduct):				
Normalized income tax expense <sup>(1)</sup>	64	33	180	160
Net income applicable to non-controlling interests	3	1	11	12
Preferred share dividends	3	5	17	18
<b>Normalized net income before taxes</b>	<b>\$ 306</b>	<b>\$ 266</b>	<b>\$ 878</b>	<b>\$ 838</b>
<b>Normalized effective income tax rate (%) <sup>(2)</sup></b>	<b>20.9</b>	<b>12.4</b>	<b>20.5</b>	<b>19.1</b>

(1) Calculated in the section above.

(2) Calculated as normalized income tax expense divided by normalized net income before taxes.

# Consolidated Financial Review

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
<i>(\$ millions, except effective income tax rates)</i>				
Revenue	<b>3,294</b>	3,259	<b>12,705</b>	12,448
Normalized EBITDA <sup>(1)</sup>	<b>564</b>	520	<b>1,863</b>	1,769
Income before income taxes	<b>310</b>	231	<b>1,029</b>	746
Net income applicable to common shares	<b>205</b>	203	<b>747</b>	578
Normalized net income <sup>(1)</sup>	<b>236</b>	227	<b>670</b>	648
Total assets	<b>26,770</b>	26,092	<b>26,770</b>	26,092
Total long-term liabilities	<b>13,663</b>	13,546	<b>13,663</b>	13,546
Invested capital <sup>(1)</sup>	<b>460</b>	392	<b>1,430</b>	1,328
Cash used in investing activities	<b>500</b>	402	<b>1,634</b>	1,375
Dividends declared <sup>(2)</sup>	<b>97</b>	88	<b>381</b>	353
Cash from operations	<b>209</b>	508	<b>1,235</b>	1,538
Normalized funds from operations <sup>(1)</sup>	<b>404</b>	397	<b>1,331</b>	1,192
Normalized effective income tax rate (%) <sup>(1)</sup>	<b>20.9</b>	12.4	<b>20.5</b>	19.1
Effective income tax rate (%) <sup>(3)</sup>	<b>31.9</b>	9.5	<b>24.3</b>	18.5

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
<i>(\$ per share, except shares outstanding)</i>				
Net income per common share - basic	<b>0.67</b>	0.68	<b>2.48</b>	1.95
Net income per common share - diluted	<b>0.67</b>	0.68	<b>2.48</b>	1.94
Normalized net income - basic <sup>(1)</sup>	<b>0.77</b>	0.76	<b>2.23</b>	2.18
Normalized net income - diluted <sup>(1)</sup>	<b>0.77</b>	0.76	<b>2.22</b>	2.17
Dividends declared <sup>(2)</sup>	<b>0.32</b>	0.30	<b>1.26</b>	1.19
Cash from operations	<b>0.68</b>	1.70	<b>4.10</b>	5.18
Normalized funds from operations <sup>(1)</sup>	<b>1.32</b>	1.33	<b>4.42</b>	4.01
Shares outstanding - basic (millions)				
During the period <sup>(4)</sup>	<b>306</b>	298	<b>301</b>	297
End of period	<b>311</b>	298	<b>311</b>	298

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in the Non-GAAP Financial Measures section of the MD&A.

(2) Dividends declared per common share per quarter: \$0.2975 per share beginning March 2024, increased to \$0.315 per share effective March 2025, and increased to \$0.334 per share effective March 2026.

(3) The increase in the effective tax rate for the three months and year ended December 31, 2025 is primarily due to the impact of tax expense related to legal entity restructuring.

(4) Weighted average.

## **ABOUT ALTAGAS**

AltaGas is a leading North American infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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## FORWARD-LOOKING INFORMATION

*This news release contains forward-looking information (forward-looking statements). Words such as "may", "can", "would", "could", "should", "likely", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "future", "commit", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "potential", "target", "guarantee", "potential", "objective", "continue", "outlook", "guidance", "growth", "long-term", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Company or any affiliate of the Company, are intended to identify forward-looking statements. In particular, this news release contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: the Company's 2026 guidance including normalized earnings per share of \$2.20 to \$2.45 and normalized EBITDA of \$1.925 to \$2.025 billion; the Company's expectation that it will achieve its 2026 guidance ranges; the expectation that REEF will remain on-budget and on-time achieving its 2026 in-service date; REEF Optimization I, including the anticipated timing and benefits thereof; the Dimsdale Phase I and II expansions, including the anticipated timing and benefits thereof; the Keweenaw Connector Pipeline, including the anticipated timing, capital cost and benefits thereof; opportunities around data center developments, including the anticipated timing of completion of the first phase of a 24-MW data center in Maryland; the Company's targeted leverage range; the Company's five to seven percent CAGR guidance on dividends through 2030; the anticipated benefits of implementing new rates in three of the Company's four Utilities jurisdictions; that the Utilities platform will remain critical to balancing long-term reliability and affordability; AltaGas' positioning to continue investing in strong, risk-adjusted returning organic growth opportunities in 2026; AltaGas' focus on long-term value creation for shareholders; the importance of connecting Canada's energy products to Asia; the Company actively advancing its regulatory priorities in the Utilities business; timing and results of material regulatory filings, proceedings and decisions in the Utilities business; the expectation that AltaGas will further grow its rate base through larger strategic investments; the belief in the importance of market diversification and the long-term advantage of AltaGas' global exports platform; the Company's hedging program and AltaGas' 2026 Midstream Hedge Program estimates; AltaGas' ability to execute on its corporate strategy and the anticipated benefits therefrom; the Company's focus on delivering resilient and growing normalized EBITDA and normalized EPS while maintaining financial leverage within its targeted leverage ratio range and the anticipated benefits thereof; AltaGas' commitment to maintaining a disciplined 2026 capital program of approximately \$1.6 billion, excluding ARO; the allocation of consolidated 2026 capital to the Company's Utilities, Midstream and Corporate/Other segments; AltaGas' plan for funding 2026 capital requirements; and AltaGas' dividend policy including timing for payment of such dividends.*

*These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: AltaGas' effective tax rate, U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.*

*AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions including tariffs; internal credit risk; capital market and liquidity risks; interest rates; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; construction and development; cybersecurity, information, and control systems; regulatory risks; changes in law; climate-related risks; environmental regulation risks; Indigenous and treaty rights; litigation; dependence on certain partners; political uncertainty, activism, civil unrest, terrorist attacks and threats, escalation of military activity and acts of war; risks related to conflict; decommissioning, abandonment and reclamation costs; reputation risk; weather data; technical systems and processes incidents; growth strategy risk; failure to realize anticipated benefits of acquisitions and dispositions; underinsured and uninsured losses; impact*

*of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of the Common Shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2025 and set out in AltaGas' other continuous disclosure documents.*

*Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this press release, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this news release as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this news release, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on management's assessment of all information at the relevant time. Such statements speak only as of the date of this news release. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this news release are expressly qualified by these cautionary statements.*

*Financial outlook information contained in this news release about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on AltaGas management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this news release should not be used for purposes other than for which it is disclosed herein.*

*Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements, AIF, and press releases are available through AltaGas' website at [www.altagas.ca](http://www.altagas.ca) or through SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

# **AltaGas Ltd.**

## **Management's Discussion & Analysis**

**For the year ended December 31, 2025**

**Dated: March 5, 2026**

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# AltaGas Business Overview and Organization

AltaGas Ltd. ("AltaGas", the "Company" or the "Corporation") is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business focused on delivering resilient and durable value for its stakeholders. AltaGas has three reporting segments - Utilities, Midstream, and Corporate/Other.

## Utilities Segment

AltaGas' Utilities segment owns and operates franchised, cost-of-service, rate-regulated natural gas distribution and storage utilities that are focused on providing safe, reliable, and affordable energy to its customers. In 2025, AltaGas' Utilities provided energy to 1.6 million residential and commercial customers with an average rate base of US\$5.5 billion.

The Utilities segment includes two utilities that deliver essential energy across four major United States ("U.S.") jurisdictions:

- Washington Gas Light Company ("Washington Gas") is the Company's largest operating utility and serves 1.2 million customers across Virginia, Maryland, and the District of Columbia ("D.C."); and
- SEMCO Energy, Inc. ("SEMCO Energy") serves 333,000 customers in Southern Michigan and Michigan's Upper Peninsula.

The Utilities segment also includes other storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, Inc. ("WGL Energy Services"), an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers across Maryland, Virginia, Delaware, Pennsylvania, Ohio, New Jersey, and D.C.

## Midstream Segment

AltaGas' Midstream segment is a leading North American platform that connects customers and markets to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain that facilitates the best outcomes for their businesses. This includes global market access for North American Liquefied Petroleum Gases ("LPGs"), which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers.

AltaGas' Midstream platform is heavily focused on the Montney and Deep Basin resource plays and centers around open access LPG exports, which is where the Company believes the market is headed for Canadian resource development over the long-term. AltaGas also operates a broader set of midstream infrastructure assets across the Western Canadian Sedimentary Basin ("WCSB") and select regions in the U.S., which are all focused on connecting customers and markets in the most efficient manner possible.

There are three core pillars to AltaGas' Midstream platform that are integral to each other and facilitate the Company's wellhead to tidewater and beyond value chain. These include:

- **Global Exports**, which includes AltaGas' two operational LPG export terminals that provide open market access to more than 70 counterparties, for nameplate export capacity of up to 155,000 Bbl/d of propane and butane to key demand markets in Asia, and a third terminal currently under construction;
- **Natural Gas Gathering, Processing and Extraction**, which includes 1.2 Bcf/d of extraction processing capacity and 1.3 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney and Deep Basin; and
- **Fractionation and Liquids Handling**, which includes 70 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and natural gas liquids ("NGLs") marketing businesses, domestic logistics, trucking and rail terminals, liquids storage with 3.2 million barrels of capacity through a network of underground salt caverns through the Company's Strathcona Storage JV with ATCO Energy Solutions Ltd., 15 Bcf of natural gas storage through the Dimsdale natural gas storage facility ("Dimsdale"), as well as AltaGas' 10 percent equity interest in the Mountain Valley Pipeline ("MVP"), which is a 2.0 Bcf/d transportation pipeline that transports natural gas from the Marcellus region across Virginia and West Virginia to key downstream demand markets with pipeline expansion and extension opportunities.

## Corporate/Other Segment

AltaGas' Corporate/Other segment consists of the Company's corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power, primarily in California.

# Highlights

*Normalized EBITDA, normalized funds from operations, normalized net income and adjusted net debt are non-GAAP financial measures. Normalized funds from operations per share, normalized net income per share and adjusted net debt to normalized EBITDA are non-GAAP ratios. Please see Non-GAAP Financial Measures section of this Management's Discussion and Analysis ("MD&A").*

## Financial Results

- Normalized EBITDA was \$564 million in the fourth quarter and \$1,863 million for the full year of 2025, while income before income taxes was \$310 million in the fourth quarter and \$1,029 million for the full year of 2025. 2025 normalized EBITDA increased five percent year-over-year and was at the upper-end of AltaGas' guidance range. Midstream growth was driven by strong LPG export volumes and margins. Stronger Utilities performance came from higher rate base, asset optimization and favorable weather.
- Normalized earnings per share ("EPS") was \$0.77 in the fourth quarter and \$2.23 for the full year of 2025 while GAAP EPS was \$0.67 in the fourth quarter and \$2.48 for the full year of 2025. Full year normalized EPS was above the mid-point of AltaGas' guidance range, driven by strong performance across the enterprise, partially offset by higher depreciation and amortization and increased tax expense.

## Operational and Business Highlights

- AltaGas exported 124,593 Bbl/d of LPG to Asia in the fourth quarter, with 21 Very Large Gas Carriers ("VLGCs") loaded across the Ridley Island Propane Export Terminal ("RIPET") and the Ferndale Terminal ("Ferndale"). Full-year exports were a record 126,572 Bbl/d, up four percent year-over-year, with 83 ships delivered to Asia.
- Midstream throughput increased in 2025, with fourth quarter fractionation and liquids handling volumes up seven percent year-over-year, led by the Montney. North Pine throughput reached record volumes and operated near its 25,000 Bbl/d capacity.
- Utilities delivered its best safety results on record, with total recordable injury frequency ("TRIF") down meaningfully from historical levels. This improvement reflects strong operational discipline and places SEMCO in the top quartile for safety performance amongst the peer group.

## Growth Project Updates

- Pipestone II was placed in service in December 2025 and is operating at over 90 percent utilization under long-term take-or-pay contracts.
- The Ridley Island Energy Export Facility ("REEF") remains on budget and on schedule for 2026 completion as over 85 percent of capital has been committed or incurred and more than 70 percent of equipment has been delivered and installed. REEF Optimization I construction is underway and will add an additional 30,000 Bbl/d of propane export capacity in the second half of 2027.
- Dimsdale Phase I and II expansions will add 6 Bcf of storage capacity by 2026 year-end and another 30 Bcf by mid-2027. The expansions are backed by long-term take-or-pay storage contracts. The facility will help balance LNG demand draws associated with Western Canada's growing production and natural gas exports.
- AltaGas' decision to retain its ownership interest in MVP was further reinforced by strong operational performance and improving outlooks for the MVP Boost and MVP Southgate expansion projects. Recent milestones include unanimous approval of the revised route by the U.S. Federal Energy Regulatory Commission ("FERC") and issuance of key North Carolina water permits for MVP Southgate.
- Construction of the 30-mile Keweenaw Connector Pipeline is advancing, with long lead-time materials procured and all land rights secured. Construction is expected to begin in the second quarter of 2026, with an anticipated in-service date of early 2027.
- AltaGas' Utilities continue to advance data center development opportunities, with engineering and design studies completed in Virginia, Michigan, and Maryland. In late 2025, the Company executed an agreement for the first phase of a 24-MW data center in Maryland, with Phase I expected to be completed by year-end 2026.

## Regulatory Highlights

- In November 2025, the Public Service Commission of the District of Columbia ("PSC of D.C.") approved a US\$33 million rate base increase, including a US\$12 million roll-in from the PROJECTpipes 2 Accelerated Replacement Program ("ARP"). Rates became effective January 2026 with an allowed return on equity ("ROE") of 9.65 percent.

- Washington Gas filed a US\$82 million rate case in Maryland, requesting an ROE of 10.85 percent. Excluding the US\$15 million STRIDE modernization program transfer, the net rate increase requested totals US\$67 million.
- The Virginia State Corporation Commission (“SCC of VA”) approved Washington Gas' full US\$700 million amendment to the Virginia Steps to Advance Virginia Energy (“SAVE”) ARP, extending the program through the end of 2028.
- Washington Gas received authorization from the PSC of D.C. to extend the PROJECT*pipes* 2 modernization program through June 30, 2026, with an additional US\$25 million. On March 4, 2026, the PSC of D.C. approved the District Strategic Accelerated Facility Enhancement (“SAFE”) modernization program with US\$150 million of authorized spending from July 1, 2026 to June 30, 2029.
- On February 26, 2026, SEMCO filed a US\$61 million rate case in Michigan requesting a 10.75 percent ROE. Proposed rates include capital investments since January 2020 and the pre-approved capital associated with construction of the Keweenaw Connector Pipeline. SEMCO proposed approval of a weather normalization adjustment mechanism and anticipates new rates to be in place by early 2027.

### **Board Chair Appointment**

- As part of a planned transition, Derek Evans has been appointed as the incoming Board Chair, effective May 1, 2026. Pentti Karkkainen will continue to serve as Chair until the transition date and will remain on the Board as an active Director thereafter to support continuity and ongoing Board leadership.

### **2026 Guidance and Financial Updates**

- AltaGas has had a strong start to 2026 and is reiterating the Company's 2026 full year guidance, including normalized EBITDA of \$1.925 billion to \$2.025 billion and normalized net income per share of \$2.20 to \$2.45.
- AltaGas' adjusted net debt to normalized EBITDA<sup>1</sup> exited 2025 at 4.7x on a trailing twelve-month basis, including 50 percent debt treatment for its subordinated hybrid notes and preferred shares. This is in line with the Company's targeted leverage range of 4.5 - 5.0x and compares to 5.1x at 2024 year-end.
- On December 1, 2025, AltaGas' Board of Directors approved a six percent increase to its 2026 common share dividends to \$1.34 per common share annually (\$0.334 per common share quarterly).
- On January 7, 2026, AltaGas redeemed its \$350 million of senior unsecured MTNs with a 4.12 percent coupon rate, which were originally scheduled to mature on April 7, 2026. The redemption was at par plus any accrued and unpaid interest.
- On January 26, 2026, AltaGas entered into a five-year, \$500 million term loan. The proceeds will be used for general corporate purposes.

## 2026 Outlook

In 2026, AltaGas expects to achieve normalized EBITDA of \$1.925 to \$2.025 billion, compared to actual normalized EBITDA of \$1.863 billion in 2025, and normalized earnings per share of \$2.20 to \$2.45, compared to actual normalized earnings per share of \$2.23 and GAAP net income per share of \$2.48 in 2025. For the year ended December 31, 2025, income before income taxes was \$1,029 million while net income applicable to common shares was \$747 million.

The Utilities segment is expected to contribute approximately 55 percent of normalized EBITDA in 2026, with year-over-year expected growth primarily driven by continued rate base growth through new rates in Virginia, D.C., and Maryland, ongoing capital investments in asset modernization programs on behalf of AltaGas' customers, and positive contribution from new customer growth, partially offset by lower expected gains related to the partial settlements of Washington Gas' post-retirement benefit pension plan as well as lower expected performance from WGL's retail marketing business. The Midstream segment is expected to contribute approximately 45 percent of normalized EBITDA, with year-over-year expected growth driven primarily by a full year of contributions from the Pipestone II facility and stronger expected global export volumes and margins, partially offset by lower frac spreads.

The variance in expected normalized earnings per share from \$2.23 in 2025 to \$2.20 to \$2.45 in 2026 is anticipated to be primarily due to the same above factors impacting normalized EBITDA, partially offset by higher normalized income tax expense, higher depreciation and amortization expense, and higher interest expense.

The forecasted normalized EBITDA and earnings per share include assumptions around the Canadian/U.S. dollar exchange rate, and the currency hedges that AltaGas currently has in place. Within each segment, the performance of the underlying businesses has the potential to vary. Any variance from AltaGas' current assumptions could impact the forecasted normalized EBITDA and normalized earnings per share. For further discussion of the risks impacting AltaGas please refer to the *Risk Factors* section of AltaGas' 2025 Annual Information Form, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company has exposure, it maintains an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows.

2026 Midstream Hedge Program	Q1 2026	Q2 2026	Q3 2026	Q4 2026	Full Year 2026
Global Exports volumes hedged (%) <sup>(1)</sup>	100	91	76	65	80
Average propane/butane Far East Index ("FEI") to North America hedge (US\$/Bbl) <sup>(2) (3)</sup>	17.07	17.00	22.34	27.32	19.13
Fractionation volumes hedged (%) <sup>(3)</sup>	92	79	81	40	68
Frac spread hedge rate (US\$/Bbl) <sup>(3)</sup>	20.36	21.10	21.10	21.70	21.06

(1) Approximate expected volumes hedged based on AltaGas' internally assumed export volumes. Hedged amounts include contracted tolling volumes and financial hedges.

(2) Does not include physical differential to FSK for C3 volumes. Butane is hedged as a percentage of WTI.

(3) Approximate average for the period.

AltaGas continues to actively manage commodity exposure through contracting and hedging and will provide updates on its hedging activities on a quarterly basis.

## Sensitivity Analysis

AltaGas' financial performance is affected by factors such as changes in commodity prices, foreign exchange rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas' expected normalized annual results for 2026:

Factor	Increase or decrease	Approximate impact on normalized annual results (\$ millions)
Degree day variance from normal - Utilities <sup>(1) (2)</sup>	5 percent	8
Change in Canadian dollar per U.S. dollar exchange rate <sup>(3) (4)</sup>	0.05	6
Propane and butane FEI to North America spreads <sup>(1) (5)</sup>	US\$1/Bbl	10

(1) Represents expected impact on annual normalized EBITDA.

(2) Degree days – Utilities relate to SEMCO Energy Gas Company ("SEMCO") and D.C. service areas. Degree days are a measure of coldness determined daily as the numbers of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas.

(3) Represents expected impact on annual normalized net income in the Utilities segment.

(4) The sensitivity is net of hedges on U.S. denominated earnings currently in place. Refer to the *Risk Management* section of this MD&A for more details.

(5) The sensitivity is calculated on merchant barrels net of hedges currently in place for the remainder of the year. The impact on normalized EBITDA due to changes in the spread will vary and is being managed through an active hedging program.

## Capital Expenditures

AltaGas is maintaining a disciplined capital program and currently expects to deploy the following amount of invested capital in 2026:

	2026 Estimated	2025 Actuals
Invested Capital	\$1.6 billion	\$1.4 billion
Split by segment:		
Utilities	69%	52%
Midstream	27%	45%
Corporate	4%	3%

In 2026, AltaGas' capital expenditures for the Utilities segment are expected to focus primarily on safety and reliability programs, including asset modernization and pipeline replacement programs, system betterment, and new customer additions. Higher expected Utilities spend is primarily related to the construction of Keweenaw Connector Pipeline in Michigan and ARP spend in Virginia related to the approved SAVE Plan. In the Midstream segment, capital expenditures are anticipated to primarily relate to new project development, including REEF Phase I, REEF Optimization I, Dimsdale Phase I and Phase II expansions, and the RIPET Methanol Removal project, as well as maintenance and administrative capital, and other optimization capital for existing assets. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2026 committed capital program is expected to be funded through internally generated cash flows driven by higher annual investment capacity from growing normalized EBITDA and enhanced financial flexibility as a result of AltaGas' stronger balance sheet.

Please refer to the *Net Invested Capital* and *Non-GAAP Financial Measures* sections of this MD&A for additional information on the components of AltaGas' invested capital.

## Growth Capital Project Updates

The following table summarizes the status of AltaGas' significant growth projects:

Project	AltaGas' Ownership Interest	Estimated Cost <sup>(1)</sup>	Project Description and Status	Expected In-Service Date
<b>Midstream Projects</b>				
REEF	50%	\$675 million	REEF is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is under construction on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak and is located adjacent to RIPET and will have export capacity of approximately 56,000 Bbl/d. On May 29, 2024, a positive FID for Phase I was announced on the project. Construction continues to progress in all areas and is forecasted to remain on budget and schedule to achieve a 2026 year-end in service date. Engineering deliverables are near complete and fabrication continues to make strong progress. Equipment and module deliveries have continued to support construction plans, with items shipped and placed on foundations as they arrive. One LPG accumulator and two LPG storage bullets were successfully received and set on foundations in November, while the remaining two LPG accumulators recently arrived on site and are being installed. Foundations are expected to be substantially complete in the first quarter of 2026 and rail construction for the 2025 season has been completed, with plans to return in 2026 to complete the remaining rail construction scope. Jetty construction remains a focus, with marine civil works supporting the trestle module setting sequence—marked by the successful installation of the first six trestle modules by late October. Site building infrastructure has also been significantly advanced while mitigation efforts continue to ensure alignment with the overall execution schedule.	2026 Year-end
REEF Optimization I	50%	\$55 million	AltaGas and Vopak have reached a positive FID on the REEF Optimization I project. The project will increase REEF's Phase I throughput capacity by approximately 30,000 Bbl/d. Detailed engineering for Optimization I is in progress and long-lead equipment has been awarded. The partnership also continues to advance engineering, permitting, and stakeholder work for the REEF Optimization II project that will be able to accommodate up to another 25,000 - 65,000 Bbls/d of incremental throughput, with timing to be aligned with market fundamentals and customer demand.	Second half of 2027
RIPET Methanol Removal Project	70%	\$37 million	AltaGas reached a positive FID on the RIPET Methanol Removal Project in April 2025. This project will allow RIPET cargos to increase access to all Asian markets, while ensuring fungible propane specifications between RIPET and REEF. Engineering, procurement, and fabrication contract has been awarded. In October 2025, AltaGas and Vopak finalized commercial terms for Vopak's participation in the RIPET Methanol Removal Project, with Vopak agreeing to fund 30 percent of the total project costs through its proportionate contributions to the RIPET partnership. Construction planning has commenced with the intent to initiate construction in the second quarter of 2026.	2026 Year-end

Project	AltaGas' Ownership Interest	Estimated Cost <sup>(1)</sup>	Project Description and Status	Expected In-Service Date
<b>Midstream Projects, continued</b>				
Dimsdale Phase I Expansion	100%	\$65 million	AltaGas has reached a positive FID on the Phase I expansion of the Company's Dimsdale Gas Storage Facility. The 6 Bcf expansion is backed by two 10-year firm storage contracts. Phase I expansion will focus on direct connection to the NGTL mainline with a new high-capacity pipeline, facility debottlenecking including new dehydration equipment, and will include a new meter station that will expand capacity, increase reliability, and reduce operating costs.	2026 Year-end
Dimsdale Phase II Expansion	100%	\$165 million	AltaGas has reached a positive FID on the Phase II expansion of the Company's Dimsdale Gas Storage Facility. The 30 Bcf expansion is backed by multi-year, take-or-pay firm storage service contracts. The Phase II expansion will include construction of additional compression and dehydration capacity and the drilling of five new storage wells, increasing gas storage capacity in the Alberta Montney.	Mid 2027
MVP Mainline Expansion Project ("MVP Boost")	10%	US\$46 million	The MVP Mainline Expansion is a compression-only upgrade that will add 600 MMcf/d of new firm capacity on the existing 303-mile mainline, increasing firm capacity to 2.6 Bcf/d (a 30 percent uplift). The FEED study is complete and following a highly oversubscribed open season, the partners have increased the size of the proposed MVP Boost expansion, targeting a mid-2028 in-service date. This is a year earlier than previously expected with the entire 600 MMcf/d of incremental capacity fully contracted by investment grade utilities under 20-year take-or-pay agreements. MVP Boost is a highly economic expansion project with an approximate three times capex to EBITDA build multiple, underpinned by robust power generation and data center demand in Northern Virginia and Southeast markets.	Mid 2028
MVP Southgate Project	5%	US\$19 million	The MVP Southgate Project is an interstate natural gas pipeline in which AltaGas holds a 5.1 percent equity stake. Redesigned in 2023, it will extend MVP and run 31 miles from Pittsylvania County, Virginia to Rockingham County, North Carolina. On February 3, 2025, MVP filed with the FERC requesting amendment to the existing "Certificate of Public Convenience and Necessity" for the redesigned project. On October 2, 2025, FERC published its Environmental Assessment on the MVP Southgate Project, concluding no significant impacts from its development, if the project adhered to specific mitigation measures and environmental safeguards. In December 2025, FERC approved the new shortened pipeline route. The redesigned MVP Southgate Project is expected to cost US\$370 million, of which US\$19 million will be AltaGas' portion. AltaGas has a high degree of confidence in MVP Southgate becoming operational and remains committed to supporting the MVP Southgate project and connecting downstream customers to this critical transportation capacity.	Mid 2028 with majority of the spend expected in 2027.

Project	AltaGas' Ownership Interest	Estimated Cost <sup>(1)</sup>	Project Description and Status	Expected In-Service Date
<b>Utilities Projects <sup>(2)</sup></b>				
Accelerated Utility Pipe Replacement Programs – <b>Washington Gas - D.C.</b>	100%	Estimated US\$93 million for the period March 2024 to December 2025, as well as incremental expenditures of US\$25 million for the period December 2025 to June 2026.	The second phase of Washington Gas' ARP in D.C. was scheduled to end in December 2023. The PSC of D.C. has issued various orders extending PROJECT <i>pipes</i> 2, with the latest order issued on November 26, 2025 extending the program through June 30, 2026 with an additional approved spending limit of US\$25 million towards the completion of already approved projects. On December 22, 2022, Washington Gas filed an application with the PSC of D.C. for PROJECT <i>pipes</i> 3, seeking approval of US\$672 million for the five-year period from January 1, 2024 to December 31, 2028. On June 12, 2024, the PSC of D.C. issued an order dismissing Washington Gas' PROJECT <i>pipes</i> 3 application and concurrently opened a new docket and directed Washington Gas to file a new and restructured application that comports with D.C.'s climate goals. On September 27, 2024, Washington Gas filed its restructured plan, District SAFE, requesting US\$215 million for the period from March 1, 2025 through December 31, 2027. After review of all testimony, the PSC of D.C. determined that there were new material issues of fact in dispute, which informed the evidentiary hearing on November 18, 2025. On March 4, 2026, the PSC of DC approved District SAFE, with modifications, for the period from July 1, 2026 through June 30, 2029 with a total allowed spend of US\$150 million.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Utility Pipe Replacement Programs – <b>Washington Gas - Maryland</b>	100%	Estimated US\$330 million over the five year period from January 2024 to December 2028, plus additional expenditures for subsequent phases upon approval.	On December 13, 2023, the Public Service Commission of Maryland ("PSC of MD") affirmed a public law judge's proposed order for the third phase of Washington Gas' ARP ("STRIDE 3") in Maryland, with a total five-year spending cap of US\$330 million. On June 1, 2025, the Maryland Next Generation Energy Act ("NGEA") was made effective, which includes amendments to the STRIDE law to include additional requirements for a company to recover costs under STRIDE. On October 21, 2025, the PSC of MD directed Washington Gas to, within sixty days, justify how its current STRIDE 3 Plan complies with the NGEA or submit proposed revisions to its plan that would bring it into compliance with the NGEA. Washington Gas made a responsive Compliance Filing on December 20, 2025. On December 29, 2025, the PSC of MD issued a Letter Order limiting further STRIDE work in 2026 to those projects that were active as of the issuance of the Order, pending the PSC of MD's consideration of the NGEA Compliance Filing.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Accelerated Utility Pipe Replacement Programs – <b>Washington Gas - Virginia</b>	100%	Estimated US\$700 million over the three year period from January 2026 to December 2028, plus additional expenditures for subsequent phases upon approval.	On May 26, 2022, the SCC of VA approved Washington Gas' proposed amendment for the 2023 to 2027 SAVE Plan with a total five-year spending cap of US\$878 million, which may be exceeded by up to 5 percent. On November 25, 2025, the SCC of VA issued an order shortening the previous five-year authorization by two years, reducing the spending cap from approximately US\$878 million to US\$413 million through December 2025. This has been replaced with a new three-year authorization of US\$700 million, which may be exceeded by up to 5 percent, for the period from 2026 to 2028.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

Project	AltaGas' Ownership Interest	Estimated Cost <sup>(1)</sup>	Project Description and Status	Expected In-Service Date
<b>Utilities Projects, continued <sup>(2)</sup></b>				
Accelerated Mains Replacement program ("MRP") and Infrastructure Reliability Improvement Program ("IRIP") – <b>SEMCO ENERGY - Michigan</b>	100%	Estimated US\$99 million from 2025 to 2027, plus additional expenditures for subsequent phases upon approval.	In September 2024, the Michigan Public Service Commission ("MPSC") approved the extension of SEMCO's MRP and IRIP programs for US\$46 million and US\$68 million, respectively, for the period from 2025 to 2027, which includes US\$15 million of spend for 2025 approved through the previous program. In its base rate application filed in February 2026, SEMCO proposed to reset both programs and requested an estimated spend of US\$284 million for the period from 2027 to 2031. This would replace the currently approved US\$40 million planned for 2027 under the existing programs. A decision is expected in the fourth quarter of 2026.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.
Keweenaw Connector Pipeline – <b>SEMCO ENERGY – Michigan</b>	100%	Estimated US\$135 million	In May 2025, SEMCO obtained regulatory approval for the Keweenaw Connector Pipeline, a system reinforcement project in Michigan's Keweenaw Peninsula. This project is designed to improve system resiliency and ensure reliable natural gas service for 14,000 existing customers in the region. In addition to enhancing reliability, the project also increases system capacity, allowing for future growth in the area. Permitting, property acquisition and the procurement of contractors and pipeline materials are in process while the design is being finalized for the planned 2026 construction.	First quarter of 2027

- (1) These amounts are estimates and are subject to change based on various factors. Where appropriate, the amounts reflect AltaGas' share of the various projects.
- (2) The utility accelerated replacement programs are long-term projects with multiple phases for which expenditures are approved by the regulators and managed in multi-year increments.

## Utility Assets

### Description of Assets

AltaGas owns and operates utilities assets that store and deliver natural gas to residential, commercial, and industrial end-users in Virginia, Maryland, Michigan, and D.C. AltaGas' Utilities provide energy to 1.6 million customers with an average rate base of US\$5.5 billion.

The Utilities are underpinned by regulated returns and regulatory regimes that generally provide AltaGas with stable earnings and cash flows. The Utilities segment enhances the diversification of AltaGas' portfolio of energy infrastructure assets and strengthens the Corporation's business profile, thus allowing the Corporation to meet its objective of operating a diversified lower-risk, high-growth energy infrastructure business that is focused on delivering resilient and durable value for its stakeholders with long-life assets.

The Utilities segment includes:

- **Washington Gas**, which is a regulated gas utility that operates in Virginia, Maryland, and D.C.;
- **Hampshire Gas (Hampshire)**, which provides regulated interstate natural gas storage to Washington Gas;
- **SEMCO**, which is a regulated gas utility that operates in Michigan; and
- **WGL's Retail Marketing** business, which is an unregulated energy platform that sells power and natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, Ohio, New Jersey, and D.C.



All of AltaGas' regulated Utilities are allowed the opportunity to earn regulated returns. This return on rate base is composed of regulator-allowed financing costs and ROE. If actual costs are different from those recoverable through approved rates, the utility bears the risk of this difference other than for certain costs that are subject to deferral treatment.

Earnings in the Utilities segment are seasonal, as revenues are primarily based on the demand for space heating in the winter months, mainly from November to March. Costs, on the other hand, are generally incurred more uniformly over the year. This typically results in stronger first and fourth quarters and weaker second and third quarters. In Michigan and D.C., earnings can be impacted by variations from normal weather resulting in delivered gas volumes being different than anticipated. Increases in the number of customers or changes in customer usage are other factors that might typically affect delivered volumes, and hence actual earned returns for the Utilities segment. In Virginia and Maryland, Washington Gas has billing mechanisms in place which are designed to eliminate or mitigate the effects of variance in customer usage caused by weather and other factors such as conservation.

## Washington Gas

Washington Gas is a regulated gas utility that distributes natural gas to end users in Virginia, Maryland, and D.C. At the end of 2025, Washington Gas had 1.2 million customers, of which 94 percent were residential and the balance were commercial and industrial. The average rate base for the year ended December 31, 2025 was US\$4.6 billion. At the end of 2025, the approved regulated ROE for Washington Gas in its various jurisdictions ranged from 9.5 - 9.65 percent based on an equity ratio ranging from 52.0 - 52.5 percent.

Washington Gas is regulated by the PSC of DC, the PSC of MD, and the SCC of VA, which approve its terms of service and the billing rates that it charges to customers. The rates charged to Utilities customers are designed to recover Washington Gas' operating expenses and natural gas commodity costs and to provide a return on its investment in the net assets used in its firm gas sales and delivery service.

Washington Gas utilizes ARP modernization programs across all three of its operating jurisdictions. These programs are focused on reducing risk and further enhancing the safety and reliability of the networks. Each regulatory commission with jurisdiction over Washington Gas' customer rates has ARPs with an associated surcharge mechanism to recover the cost, including providing a return on those capital investments. In contrast to the traditional rate-making approach to capital investments, these ARP programs ensure that Washington Gas is receiving recovery for these investments as the programs are generally executed against over three to five-year approved increments.

Washington Gas' customers are eligible to purchase their natural gas from unregulated third-party marketers through natural gas unbundling. As at December 31, 2025, 7 percent of its customers have chosen to purchase gas from marketers. This does not negatively impact Washington Gas' earnings as the Corporation does not earn a margin on the sale of natural gas to firm customers, rather only from the delivery and distribution of the gas.

Washington Gas obtains natural gas supplies that originate from multiple regions throughout the U.S. At December 31, 2025, it had service agreements with four pipeline companies that provided firm transportation and storage services with contract expiration dates ranging from 2026 to 2045. Washington Gas has also contracted with various interstate pipeline and storage companies to add to its storage and transportation capacity. Washington Gas, under its asset optimization program, makes use of storage and transportation capacity resources available, when those assets are not required to serve utility customers. The objective of this program is to derive a profit from excess storage and transportation capacity that is shared with its utilities customers. These profits are earned by entering into commodity-related physical and financial contracts with third parties and the profits help reduce overall utility costs for Washington Gas' customers.

## Hampshire Gas

Hampshire owns underground natural gas storage facilities, including pipeline delivery facilities located in and around Hampshire County, West Virginia, and operates these facilities to serve Washington Gas. Hampshire is regulated by the Federal Energy Regulatory Commission ("FERC"). Washington Gas purchases all of the storage services of Hampshire, and includes the cost of the services in the commodity cost of its regulated energy bills to customers. Hampshire operates under a "pass-through" cost-of-service based tariff approved by FERC.

## SEMCO

SEMCO is a regulated gas utility that distributes natural gas to end users in Michigan's southern half of the Lower Peninsula and in the central, eastern, and western parts of the state's Upper Peninsula. At the end of 2025, SEMCO had 328,000 regulated customers, of which 92 percent were residential, and the balance were commercial and industrial. Additionally, SEMCO serves 5,000 customers through its non-regulated business. The average 2025 rate base was US\$989 million. In 2025, the approved regulated ROE for SEMCO was 9.87 percent with an approved capital structure based on 45.86 percent equity, inclusive of the impact of deferred income tax.

SEMCO is regulated by the MPSC. It operates under cost-of-service regulation and utilizes actual results from the most recently completed fiscal year along with known and measurable changes in its application for new rates.

SEMCO has an Accelerated MRP surcharge to recover a stated amount of accelerated main replacement capital expenditures in excess of what is authorized in its current base rates. Any MRP revenue associated with unspent capital will be placed into a regulatory liability account to be addressed in the next general rate base case. Additionally, SEMCO has an IRIP to improve the reliability of infrastructure. Similar to the MRP, any unspent IRIP capital is placed into a regulatory liability account to be addressed in the next general rate base case.

## Retail Energy Marketing

The U.S. retail gas marketing business sells natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, New Jersey, and D.C.

The U.S. retail power marketing business sells power to end users in Maryland, Delaware, Pennsylvania, Ohio, New Jersey, and D.C. This area is served by the PJM Interconnection ("PJM"), a regional transmission organization that regulates and coordinates generation supply and the wholesale delivery of electricity in these states and jurisdictions.

Natural gas and electricity are purchased with the objective of earning a profit through competitively priced sales contracts with end users. Requirements to serve retail customers is closely matched with commitments for deliveries, and thus, a secured supply arrangement expiring in March 2028 has been entered into with Shell Energy North America (US), L.P, which reduces credit requirements.

## Capitalize on Opportunities

AltaGas expects to grow its existing utilities through adding new customers from ongoing household and business formation, extending its network to currently unserved regions within its service territory, and through capital investments to replace aging infrastructure that are focused on long-term safety and reliability, which will collectively drive rate base growth. AltaGas' utilities have had annual rate base growth averaging 5 percent in U.S. dollars over the past three years, after excluding the impact of asset sales. The growth in rate base is a result of prudent investments in current areas of operations and the addition of new customers. Customer growth rates for AltaGas' utilities are moderate, as is typical with mature utilities, with growth rates generally tied closely to the economic growth and new household and business formation within its respective franchise regions.

# Midstream Assets

## Description of Assets

AltaGas' Midstream business is a fully integrated North American platform that connects customers and markets to critical forms of energy. From wellhead to tidewater, the Company is focused on providing its customers with safe and reliable service and connectivity across the Midstream value chain that facilitates the best outcomes for their businesses. AltaGas is heavily focused on the Montney and Deep Basin resource plays and providing global market access for North American LPGs, which provides North American producers and aggregators with attractive netbacks for propane and butane while delivering diversity of supply and supporting stronger energy security in Asia to AltaGas' downstream customers.

Please see below for a map of AltaGas' Midstream assets. The Midstream segment also includes expansion projects under development or construction, as discussed under the *Growth Capital* section of this MD&A.



## Global Exports

AltaGas' global export business provides market connectivity for North American LPGs to reach global downstream markets, where the strongest pricing is realized. The business owns and operates the following large-scale export terminals:

Facility	Location	Equity Interest (%)	Propane LPG Storage Capacity (Bbls)	Butane LPG Storage Capacity (Bbls)	LPG Export Capacity (Bbls/d) <sup>(1)</sup>	2025 LPG Export Throughput (Bbls/d)
RIPET	Ridley Island, BC	70 %	600,000	—	85,000	80,811
Ferndale	Ferndale, WA	100 %	400,000	400,000	70,000	45,761
REEF - <i>under construction</i> <sup>(2)</sup>	Ridley Island, BC	50 %	400,000	200,000	56,000	n/a
<b>Total</b>			<b>1,400,000</b>	<b>600,000</b>	<b>211,000</b>	<b>126,572</b>

(1) Nameplate capacity is calculated by taking into account contractual vessel limits.

(2) Listed storage and export capacity is proposed as REEF is under construction. Export capacity is expandable by an additional approximately 30,000 Bbls/d through the REEF Optimization I project.

RIPET exclusively exports propane while Ferndale exports propane and butane to key downstream markets. Both of these facilities are deepwater ports that are capable of loading VLGCs, which are the largest global vessels,

provide the strongest economies of scale, and are the most efficient, safest, and lowest-carbon solution to transporting across the Pacific Ocean. VLGCs are also the most in demand vessels from a destination perspective in key import markets, like Japan, South Korea, and China.

AltaGas is developing REEF, which is a large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is being constructed on Ridley Island in Northwestern B.C., adjacent to the current RIPET terminal. The project is being developed by AltaGas and Vopak and is proposed to have the capability to export propane and butane in the first phase of development, with bulk liquids, ethane and other products as potential next phases of development. AltaGas and Vopak also reached a positive FID on the REEF Optimization I project in the third quarter of 2025. The project will increase REEF's Phase I throughput capacity by approximately 30,000 Bbl/d.

In 2025, AltaGas reached a positive FID on the RIPET Methanol Removal Project. This project will allow RIPET cargos to increase access to all Asian markets, while ensuring fungible propane specifications between RIPET and REEF. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of these growth capital projects.

## Natural Gas Gathering, Processing and Extraction

Natural gas gathering and processing activities are comprised of gathering systems that move raw natural gas and NGLs from producing wells to processing facilities, where impurities and certain hydrocarbon components are removed, and the product moves down the energy value chain. The gas is then compressed to meet downstream pipelines' operating specifications for transportation to North American natural gas markets. All of AltaGas' processing facilities are capable of extracting NGLs, which are then converted into usable products. The facilities provide revenues based on take-or-pay contracts and fee-for-service arrangements with its customers, with the latter based on volumes processed. A significant portion of AltaGas' Midstream contracts flow the Company's operating costs through to its end customers and provide a steady rate of return on its infrastructure investments.

AltaGas' significant gas gathering, processing, and extraction facilities are as follows:

Facility	Location	Equity Interest (%)	Operated / Non-Operated	Licensed Gas Processing Capacity - Net (Mmcf/d)	2025 Gas Processing Throughput - Net (Mmcf/d)
Harmattan	Sundre, AB	100 %	Operated	490	374
Townsend	North of Fort St. John, BC	100 %	Operated	550	294
Younger	Taylor, BC	28 %	Non-Operated	213	157
EEEEP	Edmonton, AB	100 %	Operated	390	151
JEEP	Joffre, AB	100 %	Operated	250	133
Empress Pembina ("PEEP")	Empress, AB	11 %	Non-Operated	135	130
Gordondale	Bonanza, AB	100 %	Non-Operated	150	108
Pipestone Phase I	Grand Prairie, AB	100 %	Operated	110	92
Blair Creek	North of Fort St. John, BC	100 %	Operated	120	54
Pipestone Phase II	Grand Prairie, AB	100 %	Operated	100	4
<b>Total</b>				<b>2,508</b>	<b>1,497</b>

In December 2025, Pipestone Phase II was placed in service, providing an additional 100 MMcf/d of sour deep-cut natural gas processing capacity and 20,000 Bbls/d of liquids handling capabilities.

AltaGas also operates the Harmattan Acid Gas Injection well, which is capable of capturing up to 60,000 tonnes per year of carbon emissions at the Company's Harmattan gas plant.

## Fractionation and Liquids Handling

AltaGas' fractionation and liquids handling business is highly integrated with its upstream gas gathering, processing, and extraction business, with the business driven by gas processing volumes, liquids composition, and NGL extraction volumes from the gas streams. AltaGas' fractionation and liquids handling business is also physically linked to its global exports business, with LPGs that come from fractionators shipped through its NGL pipelines and rail network to the Company's global exports terminals.

AltaGas' liquids handling infrastructure consists of NGL pipelines, treating, storage, truck, and rail terminal infrastructure centered around AltaGas' key Midstream operating assets at RIPET, Ferndale, Harmattan, and in Northeast British Columbia ("NEBC"), Townsend and North Pine.

AltaGas' significant fractionation and liquids handling facilities are as follows:

Facility	Location	Equity Interest (%)	Operated / Non-Operated	NGL Fractionation Capacity - Net (Bbls/d)	2025 NGL Fractionation Throughput - Net (Bbls/d)
Harmattan	Sundre, AB	100 %	Operated	35,000	17,283
Younger	Taylor, BC	50 %	Non-Operated	9,750	4,452
North Pine	Fort St. John, BC	100 %	Operated	25,000	21,918
<b>Total</b>				<b>69,750</b>	<b>43,653</b>

Other fractionation and liquids handling infrastructure includes:

- A network of NGL pipelines in the NEBC area that connects upstream gas plant producers to the AltaGas North Pine facility. The NEBC NGL pipelines consist of three liquids egress lines;
- NGL and spec propane lines that connect the Townsend complex in the North, to the Aitken Creek facilities through the 60 km Aitken Connector NGL pipeline, Canadian Natural Resources Limited's Nig plant through a lateral, and to the Tourmaline Gundy facility in the West through a 15 km spec propane line;
- Pipestone Phase I and Pipestone Phase II, which each have 20,000 Bbls/d of liquids handling capacity located in the heart of the Alberta Montney; and
- A rail logistics network consisting of 4,500 rail cars that AltaGas manages to support LPG and NGL handling.

## Terminals and Storage

AltaGas' terminals and storage business provides support to the global exports business by providing the ability to source, transport, process, store, and deliver products through strategically located fixed assets throughout North America. In addition, the business provides various storage and handling services to third-party customers through take-or-pay and fee-for-service agreements, which provide earnings stability through volatile commodity price environments.

Significant infrastructure includes:

Facility	Location	Equity Interest (%)	Operated / Non-Operated	Operational Capacity LPG/ NGL/ Crude - Gross (Bbls/d)	Storage Capacity - Gross (Bbls)
Griffith LPG Terminal <sup>(1)</sup>	Griffith, IN	100 %	Operated	12,000	700,000
Fort Sask. NGL Terminal <sup>(2)</sup>	Fort Saskatchewan, AB	100 %	Operated	25,000	180,000
Strathcona Storage JV	Fort Saskatchewan, AB	40 %	Non-Operated	—	3,215,500
Crude Blending Terminals	Various	100 %	Operated	25,700	20,000
<b>Total</b>				<b>62,700</b>	<b>4,115,500</b>

(1) Operational capacity can be expandable to 30,000 Bbls/d. Also includes rail siding capacity of up to 220 railcars.

(2) Includes rail siding capacity of up to 265 railcars.

Facility	Location	Equity Interest (%)	Operated / Non-Operated	Storage Capacity - Gross (Bcf)
Sarnia Gas Storage	Sarnia, ON	50 %	Non-Operated	5.9
Dimsdale Natural Gas Storage <sup>(1)</sup>	Grand Prairie, AB	100 %	Operated	15.0

(1) Storage capacity can be increased more than four-fold through potential expansion projects.

In the third quarter of 2025, AltaGas reached a positive FID on the Phase I expansion of the Dimsdale natural gas storage facility, backed by long-term storage service contracts. The Phase I expansion will focus on facility debottlenecking, pipeline interconnect, and dehydration equipment that will expand capacity, increase reliability, and reduce operating costs. In January 2026, AltaGas reached a positive FID on the Phase II expansion, also backed by long-term storage service contracts. The Phase II expansion will include construction of additional compression and dehydration capacity and the drilling of five new storage wells, increasing gas storage capacity in the Alberta Montney. Please refer to the *Capital Expenditures* section of this MD&A for further details on the status of the Dimsdale Phase I and Phase II expansion projects.

## NGL and Crude Marketing

AltaGas' marketing business is focused on the purchase, sale, exchange, and distribution of NGLs and crude oil, primarily in proximity to its strategically owned and leased asset base. By leveraging AltaGas' fully integrated

infrastructure base and extensive logistical capabilities, the marketing team is able to source competitively priced supply at the key hubs and across various hydrocarbon basins in order to capture arbitrage opportunities derived through regional pricing differentials. Marketing efforts are driven by two primary areas of focus: 1) domestic NGL and crude oil wholesale, and 2) LPG waterborne exports. AltaGas supports its distribution efforts by maintaining an extensive leased rail fleet consisting of 4,500 rail cars in 2025. Leases are on a full-service basis and are established on a staggered maturity schedule with multiple lessors to ensure railcar integrity and up-to-date DOT classification. AltaGas also provides energy procurement services for utility gas users and manages the third-party pipeline transportation requirements for many of its gas marketing customers.

## Pipeline Investments

AltaGas has a 10 percent equity interest in MVP, which is a 2.0 Bcf/d interstate natural gas pipeline system that spans more than 300 miles from northwestern West Virginia to southern Virginia and is fully subscribed. MVP was completed and placed into service in June 2024 and saw its 20 year firm service contracts with investment grade counterparties come into effect July 1, 2024. In 2025, MVP's partners initiated the development of MVP Boost which is a compression-only upgrade to the mainline that will increase firm capacity by 600 MMcf/d to 2.6 Bcf/d. The entire 600 MMcf/d of incremental capacity is fully contracted by investment grade utilities under 20-year take-or-pay agreements. The targeted in-service date is mid-2028.

AltaGas also owns a 5 percent equity stake in the MVP Southgate Project, which is an interstate natural gas pipeline that will extend MVP from Southern Virginia into central North Carolina and add an additional 550 MMcf/d of capacity to MVP through low-cost compression. MVP Southgate is expected to come online in mid-2028, ahead of MVP Boost. Please refer to the *Capital Expenditures* section of the MD&A for further details on the status of MVP Boost and MVP Southgate.

## Capitalize on Opportunities

To take advantage of opportunities, including the continued natural gas and NGL growth and the increasing Asian demand for LPGs, AltaGas plans to grow its Midstream business by expanding and optimizing strategically located assets throughout the Montney and Deep Basin and its global export platform. This includes brownfield and greenfield assets that will support enhanced market connectivity and the continued development of the vast reserves in North America.

## Corporate/Other Assets

### Description of Assets

AltaGas' Corporate/Other segment includes all non-operating activities that support AltaGas and are not specifically attributable to the Utilities and Midstream segments. It also includes a small portfolio of remaining power assets, including the Blythe Energy Center, which is a natural gas-fired plant in California with 507 MW of generating capacity (the "Blythe Energy Center" or "Blythe").

Blythe is a gas-fired power generation asset that serves the transmission grid operated by the California Independent System Operator ("CAISO") to cover periods of high demand primarily driven by the Los Angeles region. The facility is directly connected to an El Paso Gas Company natural gas pipeline for its primary gas supply and a Southern California Gas Company pipeline as a secondary supply source, and interconnects to Southern California Edison ("SCE") and CAISO via a 67-mile transmission line also owned by Blythe Energy Inc., an indirect wholly-owned subsidiary of AltaGas. In February 2023, AltaGas reached an agreement with SCE for the purchase of resource adequacy attributes from Blythe for the period from January 1, 2024 through December 31, 2027. AltaGas believes this facility is an important asset for California to meet its ongoing power needs and ensuring the reliability of the power grid during peak demand periods.

# Consolidated Financial Review

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
<i>(\$ millions, except effective income tax rates)</i>				
Revenue	<b>3,294</b>	3,259	<b>12,705</b>	12,448
Normalized EBITDA <sup>(1)</sup>	<b>564</b>	520	<b>1,863</b>	1,769
Income before income taxes	<b>310</b>	231	<b>1,029</b>	746
Net income applicable to common shares	<b>205</b>	203	<b>747</b>	578
Normalized net income <sup>(1)</sup>	<b>236</b>	227	<b>670</b>	648
Total assets	<b>26,770</b>	26,092	<b>26,770</b>	26,092
Total long-term liabilities	<b>13,663</b>	13,546	<b>13,663</b>	13,546
Invested capital <sup>(1)</sup>	<b>460</b>	392	<b>1,430</b>	1,328
Cash used in investing activities	<b>500</b>	402	<b>1,634</b>	1,375
Dividends declared <sup>(2)</sup>	<b>97</b>	88	<b>381</b>	353
Cash from operations	<b>209</b>	508	<b>1,235</b>	1,538
Normalized funds from operations <sup>(1)</sup>	<b>404</b>	397	<b>1,331</b>	1,192
Normalized effective income tax rate (%) <sup>(1)</sup>	<b>20.9</b>	12.4	<b>20.5</b>	19.1
Effective income tax rate (%) <sup>(3)</sup>	<b>31.9</b>	9.5	<b>24.3</b>	18.5

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
<i>(\$ per share, except shares outstanding)</i>				
Net income per common share - basic	<b>0.67</b>	0.68	<b>2.48</b>	1.95
Net income per common share - diluted	<b>0.67</b>	0.68	<b>2.48</b>	1.94
Normalized net income - basic <sup>(1)</sup>	<b>0.77</b>	0.76	<b>2.23</b>	2.18
Normalized net income - diluted <sup>(1)</sup>	<b>0.77</b>	0.76	<b>2.22</b>	2.17
Dividends declared <sup>(2)</sup>	<b>0.32</b>	0.30	<b>1.26</b>	1.19
Cash from operations	<b>0.68</b>	1.70	<b>4.10</b>	5.18
Normalized funds from operations <sup>(1)</sup>	<b>1.32</b>	1.33	<b>4.42</b>	4.01
Shares outstanding - basic (millions)				
During the period <sup>(4)</sup>	<b>306</b>	298	<b>301</b>	297
End of period	<b>311</b>	298	<b>311</b>	298

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in the Non-GAAP Financial Measures section of this MD&A.

(2) Dividends declared per common share per quarter: \$0.2975 per share beginning March 2024, increased to \$0.315 per share effective March 2025, and increased to \$0.334 per share effective March 2026.

(3) The increase in the effective tax rate for the three months and year ended December 31, 2025 is primarily due to the impact of tax expense related to legal entity restructuring.

(4) Weighted average.

## Results of Operations by Reporting Segment

Normalized EBITDA <sup>(1)</sup> (\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Utilities	\$ 383	\$ 336	\$ 1,086	\$ 1,012
Midstream	202	182	818	785
Sub-total: Operating Segments	\$ 585	\$ 518	\$ 1,904	\$ 1,797
Corporate/Other	(21)	2	(41)	(28)
	\$ 564	\$ 520	\$ 1,863	\$ 1,769

(1) Non-GAAP financial measure; See discussion in the Non-GAAP Financial Measures section of this MD&A.

Income (Loss) Before Income Taxes (\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Utilities	\$ 301	\$ 186	\$ 822	\$ 627
Midstream	162	181	757	646
Sub-total: Operating Segments	\$ 463	\$ 367	\$ 1,579	\$ 1,273
Corporate/Other	(153)	(136)	(550)	(527)
	\$ 310	\$ 231	\$ 1,029	\$ 746

Revenue (\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Utilities	\$ 1,448	\$ 1,203	\$ 5,171	\$ 4,444
Midstream	1,829	2,036	7,460	7,918
Sub-total: Operating Segments	\$ 3,277	\$ 3,239	\$ 12,631	\$ 12,362
Corporate/Other	17	20	74	86
	\$ 3,294	\$ 3,259	\$ 12,705	\$ 12,448

### Three Months Ended December 31

Normalized EBITDA for the fourth quarter of 2025 was \$564 million, compared to \$520 million for the same quarter of 2024. The largest positive impact was from the Utilities segment, followed by the Midstream segment.

In the Utilities segment, higher normalized EBITDA was mainly driven by the gain on partial settlement of Washington Gas' post-retirement benefit pension plan in the fourth quarter of 2025, colder weather in Michigan and D.C. where AltaGas does not have weather normalization, and higher revenue from ARP spend, partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, the increase in normalized EBITDA was mainly driven by higher contributions from the global exports business supported by higher volumes and margins as well as stronger contributions from the fractionation and liquids handling business, partially offset by higher operating and administrative costs. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, the decrease in normalized EBITDA was mainly driven by higher operating and administrative expenses. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the fourth quarter of 2025 was \$310 million, compared to \$231 million for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower transition and restructuring costs, unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in the same quarter of 2024, lower provisions on assets, and lower interest expense, partially offset by higher depreciation and amortization expense, foreign exchange losses compared to foreign exchange gains in the same quarter of 2024, and higher transaction costs related to acquisitions and dispositions. Net income applicable to common shares for the fourth quarter of 2025 was \$205 million (\$0.67 per share), compared to \$203 million (\$0.68 per share) for the same quarter of 2024. The increase

was mainly due to the same previously referenced factors impacting income before income taxes, partially offset by higher income tax expense.

Normalized funds from operations for the fourth quarter of 2025 was \$404 million (\$1.32 per share), compared to \$397 million (\$1.33 per share) for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower normalized current income tax expense, and lower interest expense, partially offset by higher non-cash items included in normalized EBITDA and foreign exchange losses compared to foreign exchange gains in the same quarter of 2024.

Cash from operations for the fourth quarter of 2025 was \$209 million (\$0.68 per share), compared to \$508 million (\$1.70 per share) for the same quarter of 2024. The decrease was mainly due to unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, as well as lower net income after taxes (after adjusting for non-cash items). Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

Interest expense for the fourth quarter of 2025 was \$120 million, compared to \$128 million for the same quarter of 2024. The decrease was mainly due to a decrease in average debt balances, exclusive of hybrid debt, as well as higher capitalized interest, partially offset by interest on taxes and the issuance of additional subordinated hybrid notes in the third quarter of 2025. Interest expense recorded on subordinated hybrid notes for the fourth quarter of 2025 was \$37 million, compared to \$34 million for the same quarter of 2024.

AltaGas recorded income tax expense of \$99 million for the fourth quarter of 2025, compared to \$22 million for the same quarter of 2024. The increase was mainly due to higher income before income taxes and tax expense related to legal entity restructuring.

Normalized net income was \$236 million (\$0.77 per share) for the fourth quarter of 2025, compared to \$227 million (\$0.76 per share) for the same quarter of 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, lower interest expense, and favourable variances in foreign exchange losses after foreign exchange related normalizations, partially offset by higher normalized income tax expense and higher depreciation and amortization expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

## Year Ended December 31

Normalized EBITDA for the year ended December 31, 2025 was \$1,863 million, compared to \$1,769 million in 2024. The largest positive impact was from the Utilities segment, followed by the Midstream segment.

In the Utilities segment, the increase in normalized EBITDA was mainly driven by colder weather in Michigan and D.C. where AltaGas does not have weather normalization, higher revenue from ARP spend, and increased asset optimization activities at Washington Gas, partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business. Please refer to the *Utilities Segment* section of this MD&A for more details on the factors impacting Utilities results.

In the Midstream segment, the increase in normalized EBITDA was mainly impacted by higher contributions from the global exports business due to higher export margins and volumes, stronger contributions from the fractionation and liquids handling business, and higher cost recoveries and processing volumes from AltaGas' Montney facilities, partially offset by higher operating and administrative costs and lower co-generation power revenue at certain Midstream facilities. Please refer to the *Midstream Segment* section of this MD&A for more details on the factors impacting Midstream results.

In the Corporate/Other segment, the decrease in normalized EBITDA was mainly driven by higher operating and administrative expenses, partially offset by higher contributions from Blythe due to the absence of a planned turnaround in the first quarter of 2024. Please refer to the *Corporate/Other Segment* section of this MD&A for more details on the factors impacting Corporate results.

Income before income taxes for the year ended December 31, 2025 was \$1,029 million, compared to \$746 million in 2024. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in 2024, the same previously referenced factors impacting normalized EBITDA, lower transition and restructuring costs, and lower provisions on assets, partially offset by higher depreciation and amortization expense, foreign exchange losses compared to foreign exchange gains in 2024, losses on sale of assets compared to gains on sale of assets in 2024, and higher interest expense. Net income applicable to common shares for the year ended December 31, 2025 was \$747 million (\$2.48 per share), compared to \$578 million (\$1.95 per share) in 2024. The increase was mainly due to the same previously referenced factors impacting income before income taxes, partially offset by higher income tax expense and the loss on redemption of Series A Preferred Shares ("Series A Shares") and Series B Preferred Shares ("Series B Shares") in the third quarter of 2025.

Normalized funds from operations for the year ended December 31, 2025 was \$1,331 million (\$4.42 per share), compared to \$1,192 million (\$4.01 per share) in 2024. The increase was mainly due to the same previously

referenced factors impacting normalized EBITDA, higher distributions from equity investments, lower normalized current income tax expense, and lower non-cash items included in normalized EBITDA, partially offset by foreign exchange losses compared to foreign exchange gains in 2024 and higher interest expense.

Cash from operations for the year ended December 31, 2025 was \$1,235 million (\$4.10 per share), compared to \$1,538 million (\$5.18 per share) in 2024. The decrease was mainly due to unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, partially offset by higher net income after taxes (after adjusting for non-cash items) and higher distributions from equity investments. Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

Interest expense for the year ended December 31, 2025 was \$465 million, compared to \$455 million in 2024. The increase was mainly due to a full twelve months of interest on the subordinated hybrid notes issued in the third quarter of 2024 and the issuance of additional subordinated hybrid notes in the third quarter of 2025, as well as higher average interest rates, interest on taxes, and a higher average Canadian/U.S. dollar exchange rate, partially offset by a decrease in average debt balances, exclusive of hybrid debt, as well as higher capitalized interest. For the year ended December 31, 2025, AltaGas recorded total interest expense of \$140 million on the subordinated hybrid notes, compared to \$75 million in 2024.

AltaGas recorded income tax expense of \$250 million for the year ended December 31, 2025, compared to \$138 million in 2024. The increase was mainly due to higher income before income taxes and tax expense related to legal entity restructuring.

Normalized net income was \$670 million (\$2.23 per share) for the year ended December 31, 2025, compared to \$648 million (\$2.18 per share) in 2024. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by higher depreciation and amortization expense, higher normalized income tax expense, and higher interest expense. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

## Utilities

### Financial Results

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Normalized EBITDA	\$ 383	\$ 336	\$ 1,086	\$ 1,012
Income before income taxes	\$ 301	\$ 186	\$ 822	\$ 627
Revenue	\$ 1,448	\$ 1,203	\$ 5,171	\$ 4,444

### Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Natural gas deliveries - end-use (Bcf) <sup>(1)</sup>	47.2	38.3	146.0	115.4
Natural gas deliveries - transportation (Bcf) <sup>(1)</sup>	30.8	27.6	119.4	106.0
Service sites (thousands) <sup>(2)</sup>	1,576	1,568	1,576	1,568
Degree day variance from normal - SEMCO (Michigan) (%) <sup>(3)</sup>	6.3	(13.5)	2.2	(16.9)
Degree day variance from normal - Washington Gas (D.C.) (%) <sup>(3) (4)</sup>	7.8	(15.8)	(3.6)	(17.3)
Retail energy marketing - gas sales volumes (Mmcf)	17,644	17,191	61,767	58,843
Retail energy marketing - electricity sales volumes (GWh)	3,381	3,851	14,486	15,451

(1) Bcf is one billion cubic feet.

(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.

(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas. A positive number indicates that weather is colder than normal and a negative number indicates that weather is warmer than normal.

(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In D.C., there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

## Regulatory Metrics

	Year Ended December 31	
	2025	2024
Approved ROE (%) <sup>(1)</sup>	9.6	9.6
Approved return on debt (%) <sup>(1)</sup>	4.4	4.4
Rate base (US\$ millions) <sup>(2)</sup>	5,544	5,366

(1) Weighted average of all the regulated utilities.

(2) Rate base is indicative of the earning potential of each utility over time. Approved revenue requirement for each utility is typically based on the rate base as approved by the regulator for the respective rate application, but may differ from the rate base indicated above.

### Three Months Ended December 31

Normalized EBITDA in the Utilities segment was \$383 million for the fourth quarter of 2025, compared to \$336 million for the same quarter of 2024. The increase in normalized EBITDA was mainly due to the gain on partial settlement of Washington Gas' post-retirement benefit pension plan in the fourth quarter of 2025, colder weather in D.C. and Michigan where AltaGas does not have weather normalization, higher revenue from ARP spend, and increased asset optimization activities at Washington Gas, partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business.

Income before income taxes in the Utilities segment was \$301 million for the fourth quarter of 2025, compared to \$186 million for the same quarter of 2024. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in the same quarter of 2024, the same previously referenced factors impacting normalized EBITDA, and lower transition and restructuring costs, partially offset by higher depreciation and amortization expense.

### Year Ended December 31

Normalized EBITDA in the Utilities segment was \$1,086 million for the year ended December 31, 2025, compared to \$1,012 million in 2024. The increase in normalized EBITDA was mainly due to colder weather in Michigan and D.C. where AltaGas does not have weather normalization, higher revenue from ARP spend, increased asset optimization activities at Washington Gas, the impact of the higher average Canadian/U.S. dollar exchange rate, and customer growth. These factors were partially offset by higher operating and administrative expenses and lower contributions from WGL's retail marketing business.

Income before income taxes in the Utilities segment was \$822 million for the year ended December 31, 2025, compared to \$627 million in 2024. The increase was mainly due to unrealized gains on risk management contracts compared to unrealized losses on risk management contracts in 2024, the same previously referenced factors impacting normalized EBITDA, lower transition and restructuring costs, and lower transaction costs related to acquisitions and dispositions, partially offset by higher depreciation and amortization expense.

# Utilities Regulatory Updates

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - D.C.	August 2024	US\$46 million increase in base rates, including US\$12 million currently collected through the PROJECTpipes surcharge. Therefore, the incremental amount of the base rate increase requested was US\$34 million.	On August 5, 2024, Washington Gas filed an application for authority to increase existing rates and charges for gas service in D.C. The requested rates are designed to collect US\$257 million in total revenues, which represents an increase in Washington Gas' weather-normalized annual revenues of US\$46 million. Of the requested revenue increase, US\$12 million represents costs currently collected through the PROJECTpipes surcharge and US\$34 million represents an incremental increase in new base rate revenues. Intervenor testimony was received on January 24, 2025 and Washington Gas rebuttal testimony was filed on March 25, 2025. The evidentiary hearing was held on August 14, 2025. On November 20, 2025, the PSC of D.C. approved a rate increase of US\$33 million, of which US\$12 million was formerly collected through the PROJECTpipes surcharge, resulting in an incremental increase of US\$21 million. The new rates were effective January 1, 2026.	Final order received in November 2025.
Washington Gas - Virginia	July 2025	US\$104 million increase in base rates, including US\$39 million currently collected through the SAVE surcharge. Therefore, the incremental amount of the base rate increase requested was US\$65 million.	On July 31, 2025, Washington Gas filed an application for authority to increase existing rates and charges for gas service in the Commonwealth of Virginia. The requested rates are designed to collect an additional US\$104 million in annual revenues with a 10.9 percent return on equity. Of the requested revenue increase, US\$39 million of the revenue requirement is related to transferring expenditures incurred under the SAVE Plan to base rates and resetting the surcharge, and US\$65 million represents an incremental increase in base rate revenues. Under the Order for Notice and Hearing issued on September 5, 2025, Washington Gas implemented the proposed rates, on an interim basis, subject to refund for usage on December 30, 2025. Additionally, new depreciation rates were computed retroactive to January 1, 2025 and resulted in a US\$4 million increase in depreciation expense for the year ended December 31, 2025.	Second half of 2026.

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - Maryland	December 2025	US\$82 million increase in base rates, including US\$15 million currently collected through the STRIDE surcharge. Therefore, the incremental amount of the base rate increase requested was US\$67 million.	On December 29, 2025, Washington Gas filed an application for authority to increase existing rates and charges for gas service in Maryland. The requested rates are designed to collect US\$82 million in total annual revenues with a 10.9 percent rate of return on equity. Of the requested revenue increase, US\$15 million represents costs currently collected through the STRIDE Plan surcharge and US\$67 million represents an incremental increase in base rate revenues. New rates are expected to be effective in late July 2026.	Timing of decision not yet known.
SEMCO	February 2026	US\$61 million increase in base rates.	On February 26, 2026, SEMCO filed an application with the MPSC seeking authority to increase base rates by approximately US\$61 million on a normalized annual basis established with a forecasted test year of 2027. The increase in rates requested captures the inflation of operations and maintenance costs from the historical test year of 2025, as well as the capital investment since the last rate order effective January 1, 2020, and includes the Keweenaw Connector Pipeline. SEMCO is also proposing to continue its MRP and IRIP through 2031 to efficiently modernize its system and mitigate safety and reliability risks from the failure of vintage infrastructure. Finally, SEMCO is proposing the approval of a weather normalization adjustment mechanism to stabilize the cost for customers, thereby allowing customers to have more predictable utility costs year-over-year and correspondingly stabilize revenue for SEMCO. The MPSC has a 10-month statutory requirement to rule in this case, so the case will be completed no later than December 26, 2026, with new rates effective January 1, 2027.	December 2026

## Other Regulatory Updates

### Climate Regulation

In D.C., DC Law 24-177 requires the Mayor to issue final regulations by December 31, 2026 that requires all new construction or substantial improvements of commercial buildings (buildings with more than three stories) to be constructed to a net-zero-energy standard, which is defined to prohibit on-site fuel combustion. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for D.C. challenging the legality of D.C. 24-177.

In Montgomery County, Maryland, Bill 13-22 will require regulations that establish all-electric building standards for all new construction (with limited exceptions) by December 31, 2026. On October 17, 2024, Washington Gas, joined by co-plaintiffs, filed suit in the U.S. District Court for the District of Maryland challenging the legality of this bill.

In the State of Maryland, the Maryland Department of Environment promulgated final Building Energy Performance Standards ("BEPS") regulations that will impose carbon dioxide reduction requirements (that will eventually reach zero) for certain covered buildings, effective December 23, 2024. On January 17, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

On February 25, 2025, Montgomery County adopted BEPS that restrict and penalize gas appliances in new and existing buildings through a series of declining site energy use intensity limits for covered buildings. On March 27, 2025, Washington Gas and co-plaintiffs filed suit in the U.S. District Court for the District of Maryland challenging the legality of the regulations.

# Midstream

## Financial Results

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Normalized EBITDA	\$ 202	\$ 182	\$ 818	\$ 785
Income before income taxes	\$ 162	\$ 181	\$ 757	\$ 646
Revenue	\$ 1,829	\$ 2,036	\$ 7,460	\$ 7,918

## Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
LPG export volumes (Bbls/d) <sup>(1)</sup>	124,593	122,233	126,572	122,247
Total inlet gas processed (Mmcf/d) <sup>(1)</sup>	1,534	1,477	1,497	1,397
Extracted ethane volumes (Bbls/d) <sup>(1)</sup>	27,469	25,454	27,265	21,629
Extracted NGL volumes (Bbls/d) <sup>(1)(2)</sup>	49,674	47,745	48,416	47,431
Fractionation volumes (Bbls/d) <sup>(1)(3)</sup>	45,908	45,398	43,653	43,352
Frac spread - realized (\$/Bbl) <sup>(1)(4)</sup>	19.85	20.99	23.70	24.03
Frac spread - average spot price (\$/Bbl) <sup>(1)(5)</sup>	12.79	26.07	23.41	27.71
Propane FEI to Mont Belvieu spread (US\$/Bbl) <sup>(1)(6)</sup>	13.53	18.85	12.19	18.33
Butane FEI to Mont Belvieu spread (US\$/Bbl) <sup>(1)(7)</sup>	14.55	10.81	12.94	15.62

(1) Average for the period.

(2) NGL volumes refer to propane, butane, and condensate.

(3) Fractionation volumes include NGL mix volumes processed.

(4) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.

(5) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.

(6) Average propane price spread between FEI and Mont Belvieu TET commercial index.

(7) Average butane price spread between FEI and Mont Belvieu TET commercial index.

## Three Months Ended December 31

Normalized EBITDA in the Midstream segment was \$202 million for the fourth quarter of 2025, compared to \$182 million for the same quarter of 2024. The increase in normalized EBITDA was primarily due to higher contributions from the global exports business supported by higher export margins and volumes, stronger performance from the fractionation and liquids handling business supported by improved storage and marketing margins, as well as higher volumes from Pipestone Phase I and the impact of Pipestone Phase II coming online in December 2025. These factors were partially offset by higher operating and administrative expenses.

Income before income taxes in the Midstream segment was \$162 million for the fourth quarter of 2025, compared to \$181 million for the same quarter of 2024. The decrease was mainly due to lower unrealized gains on risk management contracts, higher depreciation and amortization expense, and higher transaction costs related to acquisitions and dispositions, partially offset by the same previously referenced factors impacting normalized EBITDA and lower provisions on assets.

In the fourth quarter of 2024, the Midstream segment recognized a pre-tax provision of \$16 million related to EEEP due to a decrease in expected future cash flows.

## Year Ended December 31

Normalized EBITDA in the Midstream segment was \$818 million for the year ended December 31, 2025, compared to \$785 million in 2024. The increase in normalized EBITDA was primarily due to higher contributions from the global exports business due to higher export margins and volumes, which were partially offset by lower terminalling fees, as well as stronger performance from the fractionation and liquids handling business supported by improved storage and marketing margins, higher cost recoveries and increased volumes from AltaGas' Montney facilities, and improved earnings at the extraction facilities supported by higher volumes. These factors were partially offset by

higher operating and administrative costs, lower co-generation power revenue at certain Midstream facilities, primarily driven by lower power prices, and the absence of the gain on settlement of an asset retirement obligation recorded in the first quarter of 2024.

Income before income taxes in the Midstream segment was \$757 million for the year ended December 31, 2025, compared to \$646 million in 2024. The increase was mainly due to higher unrealized gains on risk management contracts, the same previously referenced factors impacting normalized EBITDA, and lower provisions on assets, partially offset by the absence of the gain on sale of assets in 2024, primarily related to the cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' investment in Meade Pipeline Co. LLC, which held WGL Midstream's indirect, non-operating interest in Central Penn pipeline ("the Meade escrow proceeds"), as well as higher depreciation and amortization expense, and higher transaction costs related to acquisitions and dispositions.

In 2024, the Midstream segment recognized the previously mentioned pre-tax provision of \$16 million related to the EEEP facility as well as a pre-tax gain on sale of assets of \$14 million, primarily due to the Meade escrow proceeds.

## Midstream Hedges

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Frac spread exposed volumes (Bbls/d)	10,544	10,960	10,561	10,150
NGL volumes hedged (Bbls/d)	9,304	7,789	9,039	8,172
Frac exposed volumes hedged (%)	88 %	71 %	86 %	81 %
Average price of NGL volumes hedged (\$/Bbl) <sup>(1)</sup>	37	31	38	35
Average FEI to North American NGL price spread for volumes hedged (US\$/Bbl)	12	16	15	17

(1) Excludes basis differential.

## Corporate/Other

### Financial Results

	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Normalized EBITDA (loss)	\$ (21)	\$ 2	\$ (41)	\$ (28)
Loss before income taxes	\$ 153	\$ 136	\$ 550	\$ 527
Revenue	\$ 17	\$ 20	\$ 74	\$ 86

### Three Months Ended December 31

In the Corporate/Other segment, normalized EBITDA for the fourth quarter of 2025 was a loss of \$21 million, compared to normalized EBITDA of \$2 million for the same quarter of 2024. The decrease in normalized EBITDA was due to higher operating and administrative expenses, primarily as a result of increased expenses related to employee incentive plans.

Loss before income taxes in the Corporate/Other segment was \$153 million for the fourth quarter of 2025, compared to \$136 million for the same quarter of 2024. The higher loss was mainly due to the same previously referenced factors impacting normalized EBITDA and foreign exchange losses compared to foreign exchange gains in the same quarter of 2024, partially offset by lower interest expense, lower transition and restructuring costs, and the absence of provisions on assets.

In the fourth quarter of 2024, the Corporate/Other segment recognized a pre-tax provision of \$4 million related to certain co-generation equipment that was no longer operational and was not expected to be recoverable in the future.

### Year Ended December 31

In the Corporate/Other segment, normalized EBITDA for the year ended December 31, 2025 was a loss of \$41 million, compared to a loss of \$28 million in 2024. The higher loss was primarily due to higher operating and

administrative expenses, primarily as a result of increased expenses related to employee incentive plans. This was partially offset by higher contributions from Blythe due to the absence of a planned turnaround in the first quarter of 2024.

Loss before income taxes in the Corporate/Other segment was \$550 million for the year ended December 31, 2025, compared to \$527 million in 2024. The higher loss was due to foreign exchange losses compared to foreign exchange gains in 2024, the same previously referenced factors impacting normalized EBITDA, and higher interest expense, partially offset by lower transition and restructuring costs, lower transaction costs related to acquisitions and dispositions, and the absence of provisions on assets.

In 2024, the Corporate/Other segment recognized a pre-tax provision of \$4 million related to the previously mentioned non-operational equipment.

## Net Invested Capital

Invested capital and net invested capital are non-GAAP financial measures. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further discussion.

					Three Months Ended December 31, 2025	
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total		
<b>Invested capital:</b>						
Property, plant and equipment	\$ 251	\$ 182	\$ 3	\$ 436		
Intangible assets	4	2	8	14		
Long-term investments	—	10	—	10		
<b>Invested capital</b>	<b>\$ 255</b>	<b>\$ 194</b>	<b>\$ 11</b>	<b>\$ 460</b>		
Disposals:						
Asset dispositions	—	(2)	—	(2)		
<b>Net invested capital</b>	<b>\$ 255</b>	<b>\$ 192</b>	<b>\$ 11</b>	<b>\$ 458</b>		

					Three Months Ended December 31, 2024	
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total		
Invested capital:						
Property, plant and equipment	\$ 178	\$ 185	\$ 21	\$ 384		
Intangible assets	—	1	6	7		
Long-term investments	—	1	—	1		
Invested capital and net invested capital	\$ 178	\$ 187	\$ 27	\$ 392		

During the fourth quarter of 2025, AltaGas' invested capital was \$460 million, compared to \$392 million in the same quarter of 2024. The increase in invested capital was primarily due to higher additions to property, plant, and equipment in the Utilities segment as a result of increased ARP spend at WGL, higher spend on system betterment programs and general plant, and higher IRIP and MRP spend at SEMCO. In the Midstream segment, the increase in invested capital was primarily due to higher additions to long-term investments as a result of capital cash calls related to growth capital projects as well as higher capitalized interest impacting property, plant, and equipment, partially offset by lower growth capital spend. Midstream growth capital spend in the fourth quarter of 2025 primarily related to REEF, the Dimsdale Phase I expansion, REEF Optimization I, and Ferndale, which was more than offset by lower spend at Pipestone II which was placed in-service in December 2025. In the Corporate/Other segment, lower capital spend was primarily due to the completion of the Calgary office relocation in the second quarter of 2025, partially offset by higher spend related to digital projects.

Invested capital in the fourth quarter of 2025 included maintenance capital of \$26 million (2024 - \$25 million) in the Midstream segment and \$2 million (2024 - \$nil) related to Blythe in the Corporate/Other segment. The increase in Midstream maintenance capital in the fourth quarter of 2025 was primarily due to higher maintenance spend at Ferndale, partially offset by lower maintenance spend at Harmattan.

During the fourth quarter of 2025, AltaGas' cash flow from investing activities was an outflow of \$500 million, compared to \$402 million for the same quarter of 2024. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

					Year Ended December 31, 2025
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total	
<b>Invested capital:</b>					
Property, plant and equipment	\$ 728	\$ 628	\$ 17	\$	1,373
Intangible assets	20	4	18		42
Long-term investments	—	15	—		15
<b>Invested capital</b>	<b>\$ 748</b>	<b>\$ 647</b>	<b>\$ 35</b>	<b>\$</b>	<b>1,430</b>
Disposals:					
Asset dispositions	—	(2)	—		(2)
<b>Net invested capital</b>	<b>\$ 748</b>	<b>\$ 645</b>	<b>\$ 35</b>	<b>\$</b>	<b>1,428</b>

					Year Ended December 31, 2024
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total	
<b>Invested capital:</b>					
Property, plant and equipment	\$ 722	\$ 535	\$ 58	\$	1,315
Intangible assets	—	5	6		11
Long-term investments	—	2	—		2
<b>Invested capital</b>	<b>\$ 722</b>	<b>\$ 542</b>	<b>\$ 64</b>	<b>\$</b>	<b>1,328</b>
Acquisitions and disposals:					
Asset dispositions	—	(1)	(1)		(2)
Dispositions of equity method investments	—	(14)	—		(14)
<b>Net invested capital</b>	<b>\$ 722</b>	<b>\$ 527</b>	<b>\$ 63</b>	<b>\$</b>	<b>1,312</b>

During the year ended December 31, 2025, AltaGas' invested capital was \$1,430 million, compared to \$1,328 million in 2024. The increase in invested capital was primarily due to higher additions to property, plant, and equipment as a result of higher growth capital spend in the Midstream segment, higher capitalized interest, and higher turnaround and maintenance capital. Higher growth capital spend in the Midstream segment primarily related to REEF, the Dimsdale Phase I expansion, several NEBC projects, the RIPET methanol removal project, and REEF Optimization I, partially offset by lower capital spend at Pipestone II which was placed in-service in December 2025. Additionally, the increase in long-term investments within the Midstream segment was due to the previously mentioned capital cash calls related to growth capital projects. In the Utilities segment, higher capital spend was primarily due to increased ARP, IRIP and general plant program spend, partially offset by lower spend related to system betterment and new customer additions. In the Corporate/Other segment, lower capital spend was primarily due to lower maintenance capital and lower spend related to the previously mentioned Calgary office relocation, partially offset by higher spend related to digital projects. For the year ended December 31, 2024, dispositions of equity method investments related to the Meade escrow proceeds.

Invested capital for the year ended December 31, 2025 included maintenance capital of \$83 million (2024 - \$66 million) in the Midstream segment and \$6 million (2024 - \$32 million) related to Blythe in the Corporate/Other segment. The increase in maintenance capital for the Midstream segment was primarily due to higher planned turnaround spend at Pipestone I as well as higher maintenance spend at Ferndale and several NEBC facilities, partially offset by lower maintenance capital at Harmattan. The decrease in maintenance capital for the Corporate/Other segment was due to the absence of a planned turnaround at Blythe that was completed in the first quarter of 2024.

During the year ended December 31, 2025, AltaGas' cash flow from investing activities was an outflow of \$1,634 million, compared to \$1,375 million in 2024. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

## Risk Management

AltaGas is subject to a variety of risks which could have a material impact on the financial results and operations of the Company. Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt

obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. For discussion of the risks and trends that could materially affect the Company's performance please refer to AltaGas' 2025 Annual Information Form ("AIF"), which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## Risk Management Contracts

AltaGas is exposed to various market risks in the normal course of operations that could impact earnings and cash flows. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices, foreign exchange rates, and interest rates, as well as to optimize certain owned and managed natural gas assets. These contracts do not eliminate AltaGas' exposure to risk associated with fluctuations in commodity prices, foreign exchange rates, or interest rates. The Board of Directors of AltaGas has established a risk management policy for the Corporation establishing AltaGas' risk management control framework. Derivative instruments are governed under, and subject to, this policy. As at December 31, 2025 and December 31, 2024, the fair values of the Corporation's derivatives were as follows:

(\$ millions)	December 31, 2025	December 31, 2024
Natural gas	\$ 3	\$ (30)
Energy exports	52	(27)
NGL frac spread	2	(4)
Power	(63)	(63)
Crude oil and NGLs	1	(5)
Foreign exchange	(32)	(93)
<b>Net derivative liability</b>	<b>\$ (37)</b>	<b>\$ (222)</b>

AltaGas strives to continuously and systematically de-risk the business in order to drive predictable and durable returns and maximize long-term value for stakeholders. For Midstream, this includes striving to match financial hedges with physical volumes, and for Utilities, this includes purchasing physical gas throughout the year to help shield customers from major cost spikes during peak winter demand. AltaGas may also enter into foreign exchange derivatives and cross-currency swaps to manage the risk associated with variations in foreign exchange rates as well as interest rate swaps to manage exposure to interest rate fluctuations.

## Commodity Price Contracts

The Corporation executes natural gas, power, LPG, crude oil, ocean freight, and other physical and financial commodity contracts to serve its customers as well as manage and optimize its asset portfolio. A portion of these physical contracts are not recorded at fair value because they are either: 1) designated as "normal purchases and normal sales"; 2) do not qualify as derivative instruments due to the significance of their notional amount relative to the applicable liquid markets; or 3) are weather derivatives, which are not exchanged or traded and the underlying variables relate to a climactic, geological, or other physical variable. The fair value of commodity contracts that qualify as derivatives is calculated using estimated forward prices based on published sources for the relevant period. For AltaGas' Midstream segment, changes in the fair value of these derivative contracts are recorded in the Consolidated Statements of Income in the period in which the change occurs. For the Utilities segment, changes in the fair value of derivative instruments recoverable or refundable to customers are recorded to regulatory assets or regulatory liabilities on the Consolidated Balance Sheets, while changes in the fair value of derivative instruments not affected by rate regulation are recorded in the Consolidated Statements of Income in the period in which the change occurs.

The Midstream segment also executes fixed-for-floating NGL frac spread swaps to manage exposure to frac spreads as the financial results of several extraction plants are affected by fluctuations in NGL frac spreads. The average indicative spot NGL frac spread for the year ended December 31, 2025 was \$23/Bbl (2024 – \$28/Bbl), inclusive of basis differentials. The average NGL frac spread realized by AltaGas (based on average spot price and realized hedge price inclusive of basis differentials) for the year ended December 31, 2025 was \$24/Bbl inclusive of basis differentials (2024 - \$24/Bbl).

AltaGas continues to focus on de-risking its business and managing direct commodity price exposure to drive predictable and durable results. While the Company has exposure, it maintains an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For 2026, AltaGas has hedged approximately:

- 80 percent of its expected global export volumes through a combination of tolls and financial hedges, with the average FEI to North American financial hedge price of US\$19/Bbl for non-tolled propane and butane volumes.
- 68 percent of its expected frac exposed volumes hedged at US\$21/Bbl, prior to transportation costs.

- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in 2026.

AltaGas continues to actively manage commodity exposure through contracting and hedging and will provide updates on its hedging activities on a quarterly basis.

AltaGas also uses physical and financial derivatives for the purchase and sale of natural gas in order to optimize owned storage and transportation capacity as well as manage transportation and storage assets on behalf of third parties. Washington Gas executes commodity-related physical and financial contracts in the form of forwards, futures, and option contracts as part of an asset optimization program. Under this program, Washington Gas realizes value from its long-term natural gas transportation and storage capacity resources when they are not being fully used to serve utility customers. To serve retail customers, WGL Energy Services enters into both physical and financial contracts for the purchase and sale of electricity and natural gas. WGL Energy Services also purchases natural gas indexed to NYMEX Henry Hub which is sold to third party customers. WGL Energy Services' risk management objective and strategy is to protect earnings against the risk of price fluctuations associated with forecasted NYMEX Henry Hub purchases through the use of the NYMEX Henry Hub financial swaps.

## Foreign Exchange Contracts

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation's financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation's earnings, cash flows, and other comprehensive income are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt outstanding. AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency transaction gain or loss as a net investment hedge of its U.S. subsidiaries. As at December 31, 2025, AltaGas has designated US\$645 million of outstanding loans as a net investment hedge (December 31, 2024 - US\$645 million). For the year ended December 31, 2025, unrealized after-tax gains of \$44 million on the net investment hedge were recorded in OCI (2024 - unrealized after-tax losses of \$84 million).

AltaGas may also enter into cross currency swaps or other foreign exchange derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favourable movements in the rates. All hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas' risk management team to ensure they align with AltaGas' overall financial strategy.

The following foreign exchange related contracts were outstanding as at December 31, 2025:

	Duration	Fair Value (\$ millions)
<b>Foreign exchange contracts</b>		
Forward USD sales (non-deliverable)	Less than 1 year	\$ 4
Forward USD sales (non-deliverable)	1 - 5 years	\$ (8)
Foreign exchange option	Less than 1 year	\$ (1)
Foreign exchange option	1 - 2 years	\$ (2)
<b>Cross-currency swaps</b>		
Fixed-to-fixed cross-currency swaps	9 years	\$ (25)

The following foreign exchange related contracts were outstanding as at December 31, 2024:

	Duration	Fair Value (\$ millions)
<b>Foreign exchange contracts</b>		
Forward USD sales (non-deliverable)	Less than 1 year	\$ (50)
Forward USD sales (non-deliverable)	1 - 3 years	\$ (27)
<b>Cross-currency swaps</b>		
Fixed-to-fixed cross-currency swaps	10 years	\$ (16)

The following is a summary of gains (losses) on foreign exchange contracts recognized in net income:

	Three Months Ended December 31, 2025	Three Months Ended December 31, 2024	Year Ended December 31, 2025	Year Ended December 31, 2024
<b>Objective of foreign exchange contract</b>	<b>Gains</b>	<b>Losses</b>	<b>Gains</b>	<b>Losses</b>
Cash management <sup>(1)</sup>	\$ 1	\$ (7)	\$ —	\$ (9)
Income statement risk management <sup>(2)</sup>	\$ 21	\$ (101)	\$ 48	\$ (104)

(1) Recorded in the Consolidated Statements of Income under the line item "foreign exchange gains (losses)".

(2) Recorded in the Consolidated Statements of Income under the line item "revenue".

## Interest Rate Contracts

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. To manage its interest rate risk, AltaGas maintains a mix of fixed and floating interest rate debt and may also enter into interest rate swaps. Additionally, AltaGas may use bond forward contracts to hedge its interest rate exposure on anticipated debt issuances.

## Weather Instruments

WGL Energy Services utilizes heating degree day ("HDD") instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day ("CDD") instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the year ended December 31, 2025, pre-tax losses of \$2 million (2024 - \$nil) were recorded related to HDD and CDD instruments.

## The Effects of Derivative Instruments on the Consolidated Statements of Income

The following table presents the unrealized gains (losses) on derivative instruments as recorded in the Corporation's Consolidated Statements of Income:

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Natural gas	\$ 1	\$ 13	\$ 19	\$ 32
Energy exports	4	86	85	48
Crude oil and NGLs	—	—	6	(3)
NGL frac spread	(1)	(2)	6	(5)
Power	(10)	(7)	6	12
Foreign exchange	22	(92)	70	(96)
	\$ 16	\$ (2)	\$ 192	\$ (12)

Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

## Liquidity

As a result of certain commitments made to the PSC of D.C., the PSC of MD, and the SCC of VA in respect of the acquisition of WGL Holdings, Inc. (the "WGL Acquisition"), Washington Gas is subject to certain restrictions when paying dividends to AltaGas. However, AltaGas does not expect that this will have an impact on AltaGas' ability to meet its obligations.

In addition, Wrangler SPE LLC and Washington Gas made certain ring fencing commitments to the PSC of D.C., the PSC of MD, and the SCC of VA with the intention of removing Washington Gas from the bankruptcy estate of AltaGas and its affiliates, other than Washington Gas and Wrangler SPE LLC (together, the "Ring Fenced Entities"). Because of these ring fencing measures, none of the assets of the Ring Fenced Entities would be available to satisfy the debt or contractual obligations of AltaGas or any non-Ring Fenced Entity Affiliate, including any indebtedness or other contractual obligations of AltaGas, and the Ring Fenced Entities do not bear any liability for indebtedness or other contractual obligations of any non-Ring Fenced Entity, and vice versa.

AltaGas expects to fund its obligations through internally-generated cash flow and normal course borrowings on existing committed credit facilities.

	Year Ended December 31	
(\$ millions)	2025	2024
Cash from operations	\$ 1,235	\$ 1,538
Investing activities	(1,634)	(1,375)
Financing activities	409	(175)
<b>Increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>\$ 10</b>	<b>\$ (12)</b>

## Cash From Operations

Cash from operations decreased by \$303 million for the year ended December 31, 2025 compared to 2024, primarily due to unfavourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, partially offset by higher net income after taxes (after adjusting for non-cash items) and higher distributions from equity investments. The unfavourable variance in net change in operating assets and liabilities was primarily driven by lower cash inflows from accounts receivable and inventory as a result of fluctuations in commodity prices and sales volumes, as well as higher cash outflows from risk management liabilities as a result of hedge losses driven by fluctuations in foreign exchange forward rates. These factors were partially offset by lower cash outflows from accounts payable and regulatory assets and liabilities, largely attributable to fluctuations in commodity prices and weather impacts.

## Working Capital

(\$ millions, except working capital ratio)	December 31, 2025	December 31, 2024
Current assets	\$ 2,907	\$ 2,819
Current liabilities	3,559	3,500
<b>Working capital (deficiency)</b>	<b>\$ (652)</b>	<b>\$ (681)</b>
<b>Working capital ratio <sup>(1)</sup></b>	<b>0.82</b>	<b>0.81</b>

(1) Calculated as current assets divided by current liabilities.

The increase in the working capital ratio was primarily due to decreases in the current portion of long-term debt and risk management liabilities, as well as increases in accounts receivable, risk management assets, cash and cash equivalents, and prepaid expenses and other current assets. This was partially offset by increases in short-term debt, accounts payable and accrued liabilities, and regulatory liabilities, as well as decreases in inventory and regulatory assets. AltaGas' working capital will fluctuate in the normal course of business and the Company expects to continue to meet its payment obligations as they become due.

## Investing Activities

Cash used in investing activities for the year ended December 31, 2025 was \$1,634 million, compared to \$1,375 million in 2024. Investing activities for the year ended December 31, 2025 primarily included expenditures of \$1,621 million for property, plant, and equipment and intangible assets, as well as \$15 million of contributions to equity investments, partially offset by proceeds of \$2 million from the disposition of assets. Investing activities for the year ended December 31, 2024 primarily included expenditures of \$1,389 million for property, plant, and equipment and intangible assets, as well as \$2 million of contributions to equity investments, partially offset by proceeds of \$14 million and \$2 million from the disposition of equity investments and disposition of assets, respectively.

## Financing Activities

Cash from financing activities for the year ended December 31, 2025 was \$409 million, compared to cash used in financing activities of \$175 million in 2024. Financing activities for the year ended December 31, 2025 were primarily comprised of long-term debt issuances (net of debt issuance costs) of \$633 million, proceeds from the issuance of common shares in a bought deal offering (net of share issuance costs) of \$441 million, contributions from non-controlling interests of \$355 million, net issuances under credit facilities of \$254 million, issuance of subordinated hybrid notes (net of debt issuance costs) of \$198 million, and net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of \$31 million, partially offset by repayments of long-term debt and finance lease liabilities of \$888 million, dividends of \$398 million, cash used for the redemption of preferred shares of \$200 million, and distributions to non-controlling interests of \$17 million. Financing activities for the year ended December 31, 2024 were primarily comprised of repayments of long-term debt and finance lease liabilities of \$1.0 billion, the repurchase of MTNs of \$797 million,

net repayments under credit facilities of \$702 million, dividends of \$371 million, distributions to non-controlling interests of \$18 million, and a payment of \$9 million related to the settlement of derivative instruments, partially offset by long-term debt issuances (net of debt issuance costs) of \$1.4 billion, issuance of subordinated hybrid notes (net of debt issuance costs) of \$1.2 billion, contributions from non-controlling interests of \$123 million, and net proceeds from common shares issued on the exercise of Share Options of \$54 million.

## Capital Resources

AltaGas' objective for managing capital is to maintain its investment grade credit ratings, ensure adequate liquidity, optimize the profitability of its existing assets, and grow its energy infrastructure to create long-term value and enhance returns for its investors. AltaGas' capital structure is comprised of shareholders' equity (including non-controlling interests), short-term and long-term debt (including the current portion), finance lease liabilities (including the current portion), and subordinated hybrid notes, less cash and cash equivalents.

The use of debt or equity funding is based on AltaGas' capital structure, which is determined by considering the norms and risks associated with operations and cash flow stability and sustainability.

As at December 31, 2025, AltaGas' total debt primarily consisted of outstanding MTNs of \$3.4 billion (December 31, 2024 - \$3.7 billion), WGL and Washington Gas MTNs and private placement notes of \$3.3 billion (December 31, 2024 - \$3.4 billion), reflecting fair value adjustments on acquisition, SEMCO First Mortgage Bonds of \$406 million (December 31, 2024 - \$427 million), \$386 million drawn under the bank credit facilities (December 31, 2024 - \$104 million), \$2.2 billion of subordinated hybrid notes (December 31, 2024 - \$2.0 billion), and commercial paper outstanding of \$231 million at WGL and Washington Gas (December 31, 2024 - \$263 million). In addition, AltaGas had \$185 million of letters of credit outstanding (December 31, 2024 - \$251 million).

As at December 31, 2025, AltaGas' total market capitalization was \$13.0 billion based on 311 million common shares outstanding and a closing trading price of \$41.85 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended December 31, 2025 was 2.9 times (twelve months ended December 31, 2024 – 2.4 times).

Credit Facilities (\$ millions)	Borrowing capacity	Drawn at December 31, 2025	Drawn at December 31, 2024
AltaGas demand credit facilities <sup>(1) (2)</sup>	\$ 70	\$ —	\$ —
AltaGas revolving credit facilities <sup>(1) (2)</sup>	2,300	385	—
SEMCO Energy US\$150 million credit facilities <sup>(1) (2)</sup>	206	1	104
WGL US\$300 million revolving credit facility <sup>(1) (2) (3)</sup>	411	13	109
Washington Gas US\$450 million revolving credit facility <sup>(1) (2) (3)</sup>	617	218	154
	\$ 3,604	\$ 617	\$ 367

(1) Amount drawn at December 31, 2025 converted at the month-end rate of 1 U.S. dollar = 1.3706 Canadian dollar (December 31, 2024 - 1 U.S. dollar = 1.4389 Canadian dollar).

(2) All US\$ borrowing capacity was converted at the December 31, 2025 Canadian/U.S. dollar month-end exchange rate.

(3) Amounts drawn include commercial paper that is supported by the long term facilities. WGL and Washington Gas have the right to request additional borrowings of up to US\$100 million and US\$150 million respectively, with the bank's approval, for a total of US\$400 million and US\$600 million on their respective facilities.

In addition to the facilities listed above, AltaGas has demand letter of credit facilities of \$441 million (December 31, 2024 - \$463 million). At December 31, 2025, there were letters of credit for \$184 million (December 31, 2024 - \$251 million) issued on these facilities and an additional less than \$1 million (December 31, 2024 - less than \$1 million) issued on the Company's revolving credit facilities.

WGL and Washington Gas use short-term debt in the form of commercial paper or unsecured short-term bank loans to fund seasonal cash requirements. Revolving committed credit facilities are maintained in an amount equal to or greater than the expected maximum commercial paper position.

All of the borrowing facilities have covenants customary for these types of facilities, which must be met at each quarter end. AltaGas and its subsidiaries have been in compliance with all financial covenants each quarter since the establishment of the facilities. AltaGas and its subsidiaries are also in compliance with trust indenture requirements for its MTNs as at December 31, 2025 and December 31, 2024.

The following table summarizes the Corporation's primary financial covenants as defined by the credit facility agreements:

Ratios	Debt covenant requirements	As at December 31, 2025
Bank debt-to-capitalization <sup>(1) (2)</sup>	not greater than 65%	less than 41%
Bank EBITDA-to-interest expense <sup>(1) (2)</sup>	not less than 2.5x	greater than 5.0x
Bank debt-to-capitalization (SEMCO Energy) <sup>(2) (3)</sup>	not greater than 60%	less than 43%
Bank EBITDA-to-interest expense (SEMCO Energy) <sup>(2) (3)</sup>	not less than 2.25x	greater than 8.8x
Bank debt-to-capitalization (WGL) <sup>(2) (4)</sup>	not greater than 65%	less than 48%
Bank debt-to-capitalization (Washington Gas) <sup>(2) (4)</sup>	not greater than 65%	less than 47%

(1) Calculated in accordance with the Corporation's \$2.3 billion credit facility agreement, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). The covenants are equivalent and applicable to all the Corporation's committed credit facilities.

(2) Estimated, subject to final adjustments.

(3) Bank EBITDA-to-interest expense (SEMCO Energy) and Bank debt-to-capitalization (SEMCO Energy) are calculated based on SEMCO Energy's consolidated financial statements and are calculated similarly to bank debt-to-capitalization and bank EBITDA-to-interest expense.

(4) WGL's bank debt-to-capitalization ratio is calculated based on WGL's consolidated financial statements.

On March 12, 2025, a short form base shelf prospectus for the issuance of certain types of future public debt and/or equity issuances was filed to replace the short form base shelf prospectus dated March 31, 2023. This enables AltaGas to access the Canadian capital markets on a timely basis during the 25-month period that the short form base shelf prospectus remains effective.

## Contractual Obligations

December 31, 2025					
(\$ millions)	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Short-term debt	\$ 231	\$ 231	\$ —	\$ —	\$ —
Long-term debt <sup>(1)</sup>	7,438	469	1,570	1,097	4,302
Subordinated hybrid notes <sup>(2)</sup>	2,184	—	—	—	2,184
Operating and finance leases <sup>(3)</sup>	1,234	181	339	259	455
Purchase obligations <sup>(4)</sup>	26,088	3,702	5,937	3,903	12,546
Capital project commitments	320	320	—	—	—
Pension plan and retiree benefits <sup>(5)</sup>	1	1	—	—	—
Environmental commitments	21	14	3	1	3
Other liabilities <sup>(6)</sup>	67	67	—	—	—
<b>Total contractual obligations <sup>(7)</sup></b>	<b>\$ 37,584</b>	<b>\$ 4,985</b>	<b>\$ 7,849</b>	<b>\$ 5,260</b>	<b>\$ 19,490</b>

(1) Excludes deferred financing costs, unamortized premiums and unamortized discounts, and the fair value adjustment on the WGL Acquisition.

(2) Excludes deferred financing costs.

(3) Payments are presented on an undiscounted cash basis.

(4) Includes commitments for gas purchases, transportation and storage services, LPG purchases, electricity purchases, and service agreements. Please refer to Note 27 of the 2025 Annual Consolidated Financial Statements for further details.

(5) Assumes only required payments will be made into the pension plans in 2026. Contributions are made in accordance with independent actuarial valuations.

(6) Excludes non-financial liabilities.

(7) U.S. dollar commitments have been converted to Canadian dollars using the December 31, 2025 exchange rate.

AltaGas expects to fund its obligations through internally-generated cash flow and normal course borrowings on existing committed credit facilities.

## Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates and joint ventures. Refer to Note 28 of the 2025 Annual Consolidated Financial Statements for the amounts due to or from related parties on the Consolidated Balance Sheets and the classification of revenue, income, and expenses in the Consolidated Statements of Income.

## Subsidiary Entities

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc., Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc., and SEMCO Holding Corporation;

in regard to the Utilities business, Washington Gas Light Company, Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, Ridley Island Energy Export Facility Limited Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Partnership, and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy, Inc. conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company.

## Share Information

As at February 27, 2026	
<b>Issued and outstanding</b>	
Common shares	311,290,552
Preferred Shares	
Series G	8,000,000
<b>Issued</b>	
Share options	774,476
Share options exercisable	774,476

## Dividends

AltaGas declares and pays a quarterly dividend to its common shareholders. Dividends on preferred shares are also paid quarterly. Dividends are at the discretion of the Board of Directors and dividend levels are reviewed periodically, giving consideration to the ongoing sustainable cash flow from operating activities, maintenance and growth capital expenditures, and debt repayment requirements of AltaGas.

The following tables summarize AltaGas' dividend declaration history as of December 31, 2025:

### Common Share Dividends

Year Ended December 31		
<i>(\$ per common share)</i>	2025	2024
First quarter	\$ 0.315000	\$ 0.297500
Second quarter	0.315000	0.297500
Third quarter	0.315000	0.297500
Fourth quarter	0.315000	0.297500
<b>Total</b>	<b>\$ 1.260000</b>	<b>\$ 1.190000</b>

### Series A Preferred Share Dividends <sup>(1)</sup>

Year Ended December 31		
<i>(\$ per preferred share)</i>	2025	2024
First quarter	\$ 0.191250	\$ 0.191250
Second quarter	0.191250	0.191250
Third quarter	0.191250	0.191250
Fourth quarter	—	0.191250
<b>Total</b>	<b>\$ 0.573750</b>	<b>\$ 0.765000</b>

(1) On September 30, 2025, AltaGas redeemed all of its outstanding Series A Shares.

### Series B Preferred Share Dividends <sup>(1)</sup>

#### Year Ended December 31

(\$ per preferred share)	2025	2024
First quarter	\$ 0.378550	\$ 0.478740
Second quarter	0.342680	0.474950
Third quarter	0.334220	0.473320
Fourth quarter	—	0.431410
<b>Total</b>	<b>\$ 1.055450</b>	<b>\$ 1.858420</b>

(1) On September 30, 2025, AltaGas redeemed all of its outstanding Series B Shares.

### Series G Preferred Share Dividends

#### Year Ended December 31

(\$ per preferred share)	2025	2024
First quarter	\$ 0.376063	\$ 0.265125
Second quarter	0.376063	0.265125
Third quarter	0.376063	0.265125
Fourth quarter	0.376063	0.376063
<b>Total</b>	<b>\$ 1.504252</b>	<b>\$ 1.171438</b>

### Series H Preferred Share Dividends <sup>(1)</sup>

#### Year ended December 31

(\$ per preferred share)	2025	2024
First quarter	\$ —	\$ 0.503610
Second quarter	—	0.499820
Third quarter	—	0.498460
Fourth quarter	—	—
<b>Total</b>	<b>\$ —</b>	<b>\$ 1.501890</b>

(1) On September 30, 2024, AltaGas converted all of its outstanding Series H Preferred Shares ("Series H Shares") to Series G Preferred Shares ("Series G Shares").

## Critical Accounting Estimates

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of AltaGas' Consolidated Financial Statements requires the use of estimates and assumptions that have been made using careful judgment. AltaGas' significant accounting policies are contained in the notes to the 2025 Annual Consolidated Financial Statements. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain, and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

Significant estimates and judgments made by management of AltaGas ("Management") in the preparation of the Consolidated Financial Statements are outlined below:

## Regulatory Assets and Liabilities

SEMCO and Washington Gas engage in the delivery and sale of natural gas. SEMCO is regulated by the MPSC, and Washington Gas is regulated by the PSC of D.C. in the District of Columbia, the PSC of MD in Maryland, and the SCC of VA in Virginia.

The regulatory agencies exercise statutory authority over matters such as tariffs, rates, construction, operations, financing, returns and certain contracts with customers. In order to recognize the economic effects of the actions and decisions of the regulators, the timing of recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that otherwise expected using United States generally accepted accounting principles ("U.S. GAAP") for entities not subject to rate regulation.

Regulatory assets represent future revenues associated with certain costs incurred in the current period or in prior periods that are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenue associated with amounts that are expected to be refunded to customers through the rate-setting process.

## Asset Impairment

AltaGas reviews long-lived assets, regulatory assets, and intangible assets with indefinite and finite lives whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Recoverability is determined based on an estimate of undiscounted cash flows or other indicators of fair value, and measurement of an impairment loss is determined based on the fair value of the assets. The determination of fair value requires Management to make assumptions about future cash inflows and outflows over the life of an asset. Any changes to the assumptions used for the future cash flow could result in revisions to the evaluation of the recoverability of the long-lived assets or intangible assets and the recognition of an impairment loss in the Consolidated Financial Statements.

AltaGas also tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. The Corporation has the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the quantitative goodwill impairment test is performed, the fair value of the Corporation's reporting units is compared to the carrying values. If the carrying value of a reporting unit, including allocated goodwill exceeds its fair value, goodwill impairment is measured as the excess of the carrying value amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill. Based on the valuation approach, the fair value used in the quantitative impairment test of goodwill requires determining appropriate market multiples of earnings or estimating future cash flows as well as appropriate discount rates. AltaGas has assessed goodwill for impairment as at December 31, 2025 and determined that no write-down was required.

## Asset Retirement Obligations

AltaGas records liabilities relating to asset retirement obligations when there is a legal obligation. In estimating the obligations, Management is required to make assumptions regarding inflation and discount rates, ultimate amounts and timing of settlements, and expected changes in environmental laws and regulation. A change in any of these estimates could have a material impact on AltaGas' Consolidated Financial Statements.

## Income Taxes

The Corporation is subject to the provisions of the *Income Tax Act* (Canada) for purposes of determining the amount of income that will be subject to tax in Canada and the *Internal Revenue Code* (U.S.) for the purposes of determining the amount of income that will be subject to tax in the United States. The determination of AltaGas' and its subsidiaries' provision for income taxes requires the application of these complex rules.

The recognition of deferred tax assets depends on the assumption that future earnings will be sufficient to realize the deferred benefit. A valuation allowance is recorded against deferred tax assets where all or a portion of that asset is not expected to be realized. The amount of the deferred tax asset or liability recorded is based on Management's best estimate of the timing of the realization of the assets or liabilities.

If Management's interpretation of tax legislation differs from that of tax authorities, or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods. See Note 18 of the 2025 Annual Consolidated Financial Statements.

## Pension Plans and Post-Retirement Benefits

The determination of pension plan obligations and expense is based on a number of actuarial assumptions. Critical assumptions include the expected long-term rate-of-return on plan assets, the discount rate applied to pension plan obligations, the expected rate of compensation increase, and mortality rates. For post-retirement benefit plans, which provide for certain health care premiums and life insurance benefits for qualifying retired employees and which are not funded, critical assumptions in determining post-retirement obligations and expense are the discount rate and the assumed health care cost trend rates.

## Depreciation and Amortization

Depreciation and amortization of property, plant, and equipment and intangible assets are based on Management's judgment of the estimated useful life of the assets. When it is determined that assigned asset lives do not reflect the estimated remaining period of benefit, prospective changes are made to the depreciable lives of those assets. For regulated entities, amortization rates are generally prescribed by the applicable regulatory authority. There are a number of uncertainties inherent in estimating the remaining useful life of certain assets and changes in assumptions could result in material adjustments to the amount of amortization that AltaGas recognizes from period to period.

## Loss Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. Liabilities for loss contingencies are determined on a case-by-case basis and are accrued for when it is probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine the probability of having incurred the liability and the estimated amount. Estimates are reviewed regularly and updated as new information is received. As at December 31, 2025, no material provisions on loss contingencies have been recorded by the Corporation. However, due to the inherent uncertainty of the litigation process, the resolution of any particular contingencies could have a material adverse effect on the Corporation's results of operations or financial position.

## Fair Value of Financial Instruments

Fair value is defined as the amount of consideration that would be agreed upon in an arms-length transaction, other than a forced sale or liquidation, between knowledgeable, willing parties who are under no compulsion to act. The best evidence of fair value is a quoted bid or ask price, as appropriate, in an active market. Fair value based on unadjusted quoted prices in an active market requires minimal judgment by Management. Where bid or ask prices in an active market are not available, Management's judgment on valuation inputs is necessary to determine fair value. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices, foreign exchange rates, and interest rates, as well as to optimize certain owned and managed natural gas assets. AltaGas estimates forward prices for certain derivative contracts based on published sources adjusted for factors specific to the asset or liability, including basis and location differentials, discount rates, interest rates, and foreign currency exchange rates. The forward curves used to mark these derivative instruments to market are vetted against public sources. AltaGas may also determine the fair value of derivative contracts using valuation models, indicative broker quotes based on observable market data, or other appropriate valuation techniques. Where observable market data is not available, AltaGas uses valuation techniques which require significant judgment by Management. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Refer to Note 2 of the 2025 Annual Consolidated Financial Statements for discussion of the adoption of new accounting standards and future changes in accounting principles.

## Off-Balance Sheet Arrangements

AltaGas is not party to any contractual arrangements with unconsolidated entities that have, or are reasonably likely to have, a current or future material effect on the Corporation's financial performance or financial condition including liquidity and capital resources.

## Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Management, including the Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining Disclosure Controls and Procedures ("DCP") and Internal Controls over Financial Reporting ("ICFR"), as those terms are defined in National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". The objective of this instrument is to improve the quality, reliability, and transparency of information that is filed or submitted under securities legislation.

Management, including the Chief Executive Officer and the Chief Financial Officer, have designed, or caused to be designed under their supervision, DCP and ICFR to provide reasonable assurance that information required to be disclosed by AltaGas in its annual filings, interim filings or other reports to be filed or submitted by it under securities legislation is made known to them, is reported on a timely basis, financial reporting is reliable, and financial statements prepared for external purposes are in accordance with U.S. GAAP.

The ICFR have been designed based on the framework established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management has designed the existing framework to result in both a complete and accurate consolidation of related information. During the year ended December 31, 2025, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

The Chief Executive Officer and the Chief Financial Officer have evaluated, with the assistance of AltaGas' employees, the effectiveness of AltaGas' DCP and ICFR as at December 31, 2025 and concluded that as at December 31, 2025 AltaGas' DCP and ICFR were effective.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all

control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurances that any design will succeed in achieving its stated goals under all potential conditions.

## Summary of Consolidated Results for the Eight Most Recent Quarters

(\$ millions) <sup>(1)</sup>	Q4-25	Q3-25	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24	Q1-24
Total revenue	<b>3,294</b>	2,598	2,844	3,969	3,259	2,759	2,775	3,655
Normalized EBITDA	<b>564</b>	268	342	689	520	294	295	660
Net income (loss) applicable to common shares	<b>205</b>	(25)	175	392	203	9	(42)	408
(\$ per share) <sup>(1)</sup>	Q4-25	Q3-25	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24	Q1-24
Net income (loss) per common share								
Basic	<b>0.67</b>	(0.08)	0.59	1.31	0.68	0.03	(0.14)	1.38
Diluted	<b>0.67</b>	(0.08)	0.58	1.31	0.68	0.03	(0.14)	1.37
Dividends declared	<b>0.32</b>	0.32	0.32	0.32	0.30	0.30	0.30	0.30

(1) Amounts may not add due to rounding.

AltaGas' quarter-over-quarter financial results are impacted by various factors including seasonality, fluctuations in commodity prices, weather, the Canadian/U.S. dollar exchange rate, planned and unplanned plant outages, timing of in-service dates of new projects, and acquisition and divestiture activities.

Revenue for the Utilities is generally the highest in the first and fourth quarters of any given year as the majority of natural gas demand occurs during the winter heating season, which typically extends from November to March.

Net income (loss) applicable to common shares is also affected by non-cash items such as deferred income tax expense, depreciation and amortization expense, accretion expense, provisions on assets, and gains or losses on the sale of assets. In addition, net income (loss) applicable to common shares is also impacted by preferred share dividends and gains or losses on the redemption of preferred shares. For these reasons, net income (loss) may not necessarily reflect the same trends as revenue. Net income (loss) applicable to common shares during the periods noted was impacted by:

- After-tax transaction costs related to acquisitions and dispositions of assets and/or equity investments of \$8 million and \$9 million incurred throughout 2025 and 2024, respectively;
- After-tax transition and restructuring costs of \$46 million and \$52 million incurred throughout 2025 and 2024, respectively;
- The gain on partial settlement of Washington Gas' post-retirement benefit pension plan in the third quarter of 2024 and an additional partial settlement in the fourth quarter of 2025;
- The gain on sale of assets related to the Meade escrow proceeds in the third quarter of 2024;
- Provisions on assets recorded in the fourth quarter of 2024 related to the Edmonton Ethane Extraction Plant ("EEEP") and certain non-operational equipment in the Corporate/Other segment;
- The loss on the redemption of Series A Shares and Series B Shares in the third quarter of 2025; and
- Current tax expense of \$34 million recorded in the fourth quarter of 2025 related to legal entity restructuring.

## Selected Annual Financial Information

(\$ millions, except where noted)	2025	2024	2023
Revenue	12,705	12,448	12,997
Net income applicable to common shares	747	578	641
Net income per common share - basic	2.48	1.95	2.27
Net income per common share - diluted	2.48	1.94	2.26
Total assets	26,770	26,092	23,471
Total long-term liabilities	13,663	13,546	12,195
Weighted average number of common shares outstanding (millions)	301	297	282
Dividends declared per common share (\$ per share)	1.260000	1.190000	1.120000
Dividends declared per preferred share (\$ per share)			
Series A <sup>(1)</sup>	0.573750	0.765000	0.765000
Series B <sup>(2)</sup>	1.055450	1.858420	1.816740
Series E <sup>(3)</sup>	—	—	1.348252
Series G	1.504252	1.171438	1.060500
Series H <sup>(4)</sup>	—	1.501890	1.916724

(1) On September 30, 2025, AltaGas redeemed all of its outstanding Series A Shares.

(2) On September 30, 2025, AltaGas redeemed all of its outstanding Series B Shares.

(3) On December 31, 2023, AltaGas redeemed all of its outstanding Series E Preferred Shares.

(4) On September 30, 2024, AltaGas converted all of its outstanding Series H Shares to Series G Shares.

## Non-GAAP Financial Measures

This MD&A contains references to certain financial measures used by AltaGas that do not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other entities. Readers are cautioned that these non-GAAP measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP. The non-GAAP measures and their reconciliation to GAAP financial measures are shown below. These non-GAAP measures provide additional information that Management believes is meaningful in describing AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specific rationale for, and incremental information associated with, each non-GAAP measure is discussed below.

References to normalized EBITDA, normalized net income, normalized funds from operations, normalized income tax expense, normalized effective income tax rate, net debt, adjusted net debt, adjusted net debt to normalized EBITDA, invested capital, and net invested capital throughout this MD&A have the meanings as set out in this section.

### Change in Composition of Adjusted Net Debt

In the second quarter of 2025, Management revised the composition of adjusted net debt to include 50 percent of subordinated hybrid notes and 50 percent of preferred shares. This change was made as a result of Management's assessment that the updated measure is more representative of the Company's capital structure as viewed by debt investors and ratings agencies. Prior period calculations of adjusted net debt have been restated to reflect this change. Refer to the *Net Debt, Adjusted Net Debt, and Adjusted Net Debt to Normalized EBITDA* section below.

## Normalized EBITDA

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Income before income taxes (GAAP financial measure)	\$ 310	\$ 231	\$ 1,029	\$ 746
Add:				
Depreciation and amortization	138	123	517	475
Interest expense	120	128	465	455
<b>EBITDA</b>	<b>\$ 568</b>	<b>\$ 482</b>	<b>\$ 2,011</b>	<b>\$ 1,676</b>
Add (deduct):				
Transaction costs related to acquisitions and dispositions <sup>(1)</sup>	5	2	11	11
Unrealized losses (gains) on risk management contracts <sup>(2)</sup>	(16)	2	(192)	12
Losses (gains) on sale of assets <sup>(3)</sup>	—	—	3	(12)
Transition and restructuring costs <sup>(4)</sup>	1	21	15	70
Provisions on assets	2	20	4	20
Accretion expenses	1	1	5	5
Foreign exchange losses (gains) <sup>(5)</sup>	3	(8)	6	(13)
<b>Normalized EBITDA</b>	<b>\$ 564</b>	<b>\$ 520</b>	<b>\$ 1,863</b>	<b>\$ 1,769</b>

(1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.

(2) Included in the "revenue", "cost of sales", and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

(3) Included in the "other income" line item on the Consolidated Statements of Income.

(4) Comprised of transition and restructuring costs (including CEO and CFO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.

(5) Excludes unrealized losses (gains) on foreign exchange contracts that have been entered into for the purpose of cash management. These losses (gains) are included above in the line "unrealized losses (gains) on risk management contracts".

EBITDA is a measure of AltaGas' operating profitability prior to how business activities are financed, assets are amortized, or earnings are taxed. EBITDA is calculated from the Consolidated Statements of Income using income before income taxes adjusted for pre-tax depreciation and amortization, and interest expense.

AltaGas presents normalized EBITDA as a supplemental measure. Normalized EBITDA is used by Management to enhance the understanding of AltaGas' earnings over periods, as well as for budgeting and compensation related purposes. The metric is frequently used by analysts and investors in the evaluation of entities within the industry as it excludes items that can vary substantially between entities depending on the accounting policies chosen, the book value of assets, and the capital structure.

## Normalized Net Income

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Net income applicable to common shares (GAAP financial measure)	\$ 205	\$ 203	\$ 747	\$ 578
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions <sup>(1)</sup>	4	2	8	9
Unrealized losses (gains) on risk management contracts <sup>(2)</sup>	(13)	3	(146)	10
Losses (gains) on sale of assets <sup>(3)</sup>	—	(3)	2	(9)
Transition and restructuring costs <sup>(4)</sup>	35	15	46	52
Loss on redemption of preferred shares <sup>(5)</sup>	—	—	4	—
Provisions on assets	2	15	3	15
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances <sup>(6)</sup>	3	(8)	6	(7)
<b>Normalized net income</b>	<b>\$ 236</b>	<b>\$ 227</b>	<b>\$ 670</b>	<b>\$ 648</b>

- (1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
- (2) The pre-tax amounts are included in the "revenue", "cost of sales", and "foreign exchange gains (losses)" line items on the Consolidated Statements of Income. Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.
- (3) The pre-tax amounts are included in the "other income" line item on the Consolidated Statements of Income.
- (4) Comprised of transition and restructuring costs (including CEO and CFO transition). The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income. After-tax restructuring cost normalizations also includes the normalization of tax expenses related to legal entity restructuring.
- (5) Comprised of the loss on the redemption of Series A Shares and Series B Shares on September 30, 2025. The loss is recorded in the "loss on redemption of preferred shares" line item on the Consolidated Statements of Income.
- (6) Relates to unrealized foreign exchange losses (gains) on intercompany accounts receivable and accounts payable balances between a U.S. subsidiary and a Canadian entity, where the impact to the U.S. subsidiary is recorded through accumulated other comprehensive income as a gain (loss) on foreign currency translation, and the impact to the Canadian entity is recorded through the "foreign exchange gains (losses)" line item on the Consolidated Statements of Income.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas' earnings, as these metrics reflect the underlying performance of AltaGas' business activities. Normalized EPS is calculated as normalized net income divided by the average number of shares outstanding during the period.

## Normalized Funds From Operations

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Cash from operations (GAAP financial measure)	\$ 209	\$ 508	\$ 1,235	\$ 1,538
Add (deduct):				
Net change in operating assets and liabilities	152	(129)	29	(430)
Asset retirement obligations settled	3	2	7	3
<b>Funds from operations</b>	<b>\$ 364</b>	<b>\$ 381</b>	<b>\$ 1,271</b>	<b>\$ 1,111</b>
Add (deduct):				
Transaction costs related to acquisitions and dispositions <sup>(1)</sup>	5	2	11	11
Current tax recovery on asset sales <sup>(2)</sup>	—	(7)	—	—
Current tax expense related to restructuring costs <sup>(2)(3)</sup>	34	—	34	—
Transition and restructuring costs <sup>(4)</sup>	1	21	15	70
<b>Normalized funds from operations</b>	<b>\$ 404</b>	<b>\$ 397</b>	<b>\$ 1,331</b>	<b>\$ 1,192</b>

- (1) Comprised of transaction costs related to acquisitions and dispositions of assets and/or equity investments in the period. These costs exclude non-cash amounts and are included in the "operating and administrative" line item on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition.
- (2) Included in the "current income tax expense" line item on the Consolidated Statements of Income.
- (3) Includes current tax expense related to legal entity restructuring.
- (4) Comprised of transition and restructuring costs (including CEO and CFO transition). These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.

Normalized funds from operations and funds from operations are used to assist Management and investors in analyzing the liquidity of the Corporation. Management uses these measures to understand the ability to generate funds for capital investments, debt repayment, dividend payments, and other investing activities.

Funds from operations and normalized funds from operations as presented should not be viewed as an alternative to cash from operations or other cash flow measures calculated in accordance with GAAP.

## Normalized Income Tax Expense

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Income tax expense (GAAP financial measure)	\$ 99	\$ 22	\$ 250	\$ 138
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	1	—	3	2
Unrealized losses (gains) on risk management contracts	(3)	(1)	(46)	2
Losses (gains) on sale of assets	—	3	1	(3)
Transition and restructuring costs	(34)	6	(31)	19
Provisions on assets	—	5	1	5
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances	1	(2)	2	(3)
<b>Normalized income tax expense</b>	<b>\$ 64</b>	<b>\$ 33</b>	<b>\$ 180</b>	<b>\$ 160</b>

The above table provides a reconciliation of normalized income tax expense from the GAAP financial measure, income tax expense. The reconciling items are comprised of the income tax impacts of normalizing items present in the calculation of normalized net income. For more information on the individual normalizing items, please refer to the normalized net income reconciliation above.

Normalized income tax expense is used by Management to enhance the comparability of the impact of income tax on AltaGas' earnings, as it reflects the underlying performance of AltaGas' business activities, and is presented to provide this perspective to analysts and investors.

## Net Debt, Adjusted Net Debt, and Adjusted Net Debt to Normalized EBITDA

(\$ millions, except adjusted net debt to normalized EBITDA)	December 31, 2025	December 31, 2024
Short-term debt	\$ 231	\$ 10
Current portion of long-term debt <sup>(1)</sup>	469	858
Current portion of finance lease liabilities	24	23
Long-term debt <sup>(2)</sup>	7,010	6,992
Finance lease liabilities	124	126
Subordinated hybrid notes <sup>(3)</sup>	2,159	2,022
<b>Total debt</b>	<b>\$ 10,017</b>	<b>\$ 10,031</b>
Less: cash and cash equivalents	(99)	(85)
<b>Net debt</b>	<b>\$ 9,918</b>	<b>\$ 9,946</b>
Add (deduct):		
Current portion of finance lease liabilities	(24)	(23)
Finance lease liabilities	(124)	(126)
50 percent debt treatment of subordinated hybrid notes	(1,080)	(1,011)
50 percent debt treatment of preferred shares	98	196
<b>Adjusted net debt <sup>(4)</sup></b>	<b>\$ 8,788</b>	<b>\$ 8,982</b>
<b>Adjusted net debt to normalized EBITDA <sup>(4) (5)</sup></b>	<b>4.7</b>	<b>5.1</b>

(1) Net of debt issuance costs, unamortized premiums, and unamortized discounts of less than \$1 million as at December 31, 2025 (December 31, 2024 - less than \$1 million).

(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of \$29 million as at December 31, 2025 (December 31, 2024 - \$29 million).

(3) Net of debt issuance costs of \$25 million as at December 31, 2025 (December 31, 2024 - \$23 million).

(4) As noted previously in this MD&A, in the second quarter of 2025, AltaGas changed its non-GAAP policy regarding the calculation of adjusted net debt to include 50 percent of subordinated hybrid notes and 50 percent of preferred shares. The amounts presented in this table reflect the restated figures to align with the revised policy.

(5) Calculated as adjusted net debt at the balance sheet date, divided by normalized EBITDA for the preceding twelve-month period.

Net debt, adjusted net debt, and adjusted net debt to normalized EBITDA are used by the Corporation to monitor its capital structure and assess its capital structure relative to earnings. It is also used as a measure of the Corporation's overall financial strength and is presented to provide this perspective to analysts and investors. Net debt is defined as short-term debt, plus current and long-term portions of long-term debt, current and long-term portions of finance lease liabilities, and subordinated hybrid notes, less cash and cash equivalents. Adjusted net debt is defined as net debt adjusted for current and long-term portions of finance lease liabilities, 50 percent of subordinated hybrid notes, and 50 percent of preferred shares. Adjusted net debt to normalized EBITDA is calculated by dividing adjusted net debt as defined above by normalized EBITDA for the preceding twelve-month period.

## Invested Capital and Net Invested Capital

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Cash used in investing activities (GAAP financial measure)	\$ 500	\$ 402	\$ 1,634	\$ 1,375
Add (deduct):				
Net change in non-cash capital expenditures <sup>(1)</sup>	61	40	149	60
Contributions from non-controlling interests <sup>(2)</sup>	(103)	(50)	(355)	(123)
<b>Net invested capital</b>	<b>\$ 458</b>	<b>\$ 392</b>	<b>\$ 1,428</b>	<b>\$ 1,312</b>
Asset dispositions	2	—	2	2
Disposals of equity investments <sup>(3)</sup>	—	—	—	14
<b>Invested capital</b>	<b>\$ 460</b>	<b>\$ 392</b>	<b>\$ 1,430</b>	<b>\$ 1,328</b>

(1) Comprised of non-cash capital expenditures included in the "accounts payable and accrued liabilities" line item on the Consolidated Balance Sheets. Please refer to Note 29 of the 2025 Annual Consolidated Financial Statements for further details.

(2) Excludes cash received from advance cash calls related to forecasted capital spend.

(3) The 2024 disposal relates to the Meade escrow proceeds. Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

Invested capital is a measure of AltaGas' use of funds for capital expenditure activities. It includes expenditures relating to property, plant, and equipment and intangible assets, capital contributed to long term investments, and contributions from non-controlling interests. Net invested capital is invested capital presented net of cash paid for business acquisitions and proceeds from disposals of assets and equity investments in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items such as non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

## Supplemental Calculations

### Reconciliation of Normalized EBITDA to Normalized Net Income

The below table provides a supplemental reconciliation of normalized EBITDA to normalized net income. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP financial measures in the section above. This supplemental information is provided as additional information to assist analysts and investors in comparing normalized EBITDA to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental reconciliation.

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Normalized EBITDA	\$ 564	\$ 520	\$ 1,863	\$ 1,769
Add (deduct):				
Depreciation and amortization	(138)	(123)	(517)	(475)
Interest expense	(120)	(128)	(465)	(455)
Income tax expense	(99)	(22)	(250)	(138)
Normalizing items impacting income taxes <sup>(1)</sup>	35	(10)	70	(21)
Accretion expenses	(1)	(1)	(5)	(5)
Foreign exchange gains (losses)	(3)	8	(6)	13
Unrealized foreign exchange gains (losses) on intercompany accounts payable and accounts receivable balances	4	(11)	8	(10)
Net income applicable to non-controlling interests	(3)	(1)	(11)	(12)
Preferred share dividends	(3)	(5)	(17)	(18)
<b>Normalized net income</b>	<b>\$ 236</b>	<b>\$ 227</b>	<b>\$ 670</b>	<b>\$ 648</b>

(1) Represents the income tax impact related to the normalizing items included in the calculation of normalized EBITDA.

### Calculation of Normalized Effective Income Tax Rate

The below table provides a calculation of normalized effective income tax rate from normalized net income and normalized income tax expense. Both of these non-GAAP measures have been previously reconciled to the relevant GAAP measures in the section above. This supplemental calculation is provided as additional information to assist analysts and investors in comparing normalized income tax expense to normalized net income and is not intended as a substitute for the reconciliations to the nearest comparable GAAP measures. Readers should not place undue reliance on this supplemental calculation.

(\$ millions, except normalized effective income tax rate)	Three Months Ended December 31		Year Ended December 31	
	2025	2024	2025	2024
Normalized net income	\$ 236	\$ 227	\$ 670	\$ 648
Add (deduct):				
Normalized income tax expense <sup>(1)</sup>	64	33	180	160
Net income applicable to non-controlling interests	3	1	11	12
Preferred share dividends	3	5	17	18
<b>Normalized net income before taxes</b>	<b>\$ 306</b>	<b>\$ 266</b>	<b>\$ 878</b>	<b>\$ 838</b>
<b>Normalized effective income tax rate (%) <sup>(2)</sup></b>	<b>20.9</b>	<b>12.4</b>	<b>20.5</b>	<b>19.1</b>

(1) Calculated in the section above.

(2) Calculated as normalized income tax expense divided by normalized net income before taxes.

# Forward-looking Information and Statements

This MD&A dated March 5, 2026 is provided to enable readers to assess the results of operations, liquidity, and capital resources of AltaGas as at and for the year ended December 31, 2025. This MD&A should be read in conjunction with the accompanying audited Consolidated Financial Statements and notes thereto of AltaGas as at and for the year ended December 31, 2025.

The Consolidated Financial Statements and comparative information have been prepared in accordance with U.S. GAAP and in Canadian dollars, unless otherwise indicated. Throughout this MD&A, references to GAAP refer to U.S. GAAP and dollars refer to Canadian dollars, unless otherwise indicated.

Abbreviations, acronyms and capitalized terms used in this MD&A without express definition shall have the same meanings given to those terms in the MD&A as at and for the year ended December 31, 2025 or the Annual Information Form for the year ended December 31, 2025.

This MD&A contains forward-looking information ("forward-looking statements"). Words such as "may", "can", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "aim", "seek", "propose", "contemplate", "estimate", "focus", "strive", "forecast", "expect", "project", "target", "potential", "objective", "continue", "outlook", "vision", "opportunity" and similar expressions suggesting future events or future performance, as they relate to the Corporation or any affiliate of the Corporation, are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities, and financial results. Specifically, such forward-looking statements included in this document include, but are not limited to, statements with respect to the following: AltaGas' belief in the role and importance of global resource exports; the potential District SAFE modernization program, the anticipated benefits therefrom, and the expected timing for receipt of a final order in respect thereof; the anticipated benefits of Pipestone II; the expectation that REEF will remain on budget and on schedule to achieve its 2026 year-end in-service date; REEF Optimization I and the anticipated timing and benefits thereof; the Dimsdale Phase I and Phase II expansions, including the anticipated timing, cost and benefits thereof; the Keweenaw Connector Pipeline, including the anticipated timing, cost, and benefits thereof; advancement of data center development opportunities and AltaGas' plans with respect to such projects; the anticipated timing for completion of Phase I of a 24 MW data center located in Maryland; the anticipated benefits of AltaGas' decision to retain its ownership stake in MVP and associated growth projects; AltaGas' targeted leverage range; AltaGas' commitment to advancing growth projects across the Utilities segment including new customer growth and execution of existing asset modernization programs; AltaGas' focus on capital efficient organic growth and disciplined capital allocation; AltaGas' 2026 guidance including normalized earnings per share of \$2.20 to \$2.45 and normalized EBITDA of \$1.925 to \$2.025 billion; the expectation that the Utilities and Midstream segments will contribute 55 percent and 45 percent of normalized EBITDA in 2026, respectively; expected growth drivers of normalized EBITDA in the Utilities segment; expected growth drivers of normalized EBITDA in the Midstream segment; factors expected to contribute to 2026 normalized earnings per share variance; AltaGas' focus on de-risking its business and managing direct commodity price exposure and the anticipated benefits therefrom; the Company's intention to maintain an active hedging program and the anticipated outcomes therefrom; AltaGas' 2026 Midstream Hedge Program quarterly estimates; estimated impact of changes in commodity prices, exchange rates, and weather on normalized annual results for 2026; expected invested capital expenditures of \$1.6 billion in 2026; anticipated segment allocation and focus of capital expenditures in 2026; the expectation that AltaGas' 2026 committed capital program will be funded through internally generated cash flows driven by higher annual investment capacity from growing normalized EBITDA and enhanced financial flexibility as a result of AltaGas' stronger balance sheet; the estimated cost, status and expected in-service dates for growth capital projects in the Midstream and Utilities businesses; Washington Gas' ARP replacement programs and the expected benefits therefrom; SEMCO Energy's MRP and IRIP programs; expected filing, procedure and decision dates for rate cases in the Utilities business; timing of material regulatory filings, proceedings and decisions in the Utilities business; AltaGas' expectations regarding Utilities growth and related strategies and plans; AltaGas' expectations regarding Midstream growth and related strategies and plans; the percentage of AltaGas' expected 2026 frac exposed volumes that are hedged; the percentage of AltaGas' expected 2026 global export volumes that are tolled or financially hedged; AltaGas' expectation that it can fund its capital expenditure, liquidity and working capital needs through internally-generated cash flow and normal course borrowings on existing committed credit facilities; anticipated sources of funding for contractual obligations; the expectation that the restrictions on Washington Gas' ability to pay dividends to AltaGas as a result of certain commitments in respect of the WGL Acquisition will not have an impact on AltaGas' ability to meet its obligations; AltaGas' objective for managing capital and the anticipated benefits therefrom; AltaGas' dividend policy; future legal obligations on asset retirement; and the effect of future changes in accounting policies and adoption of new accounting standards.

These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, events and achievements to differ materially from those expressed or implied by such statements. Such statements reflect AltaGas' current expectations, estimates, and projections based on certain material factors and assumptions at the time the statement was made. Material assumptions include: AltaGas' effective tax rate, U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal;

pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions including tariffs; internal credit risk; capital market and liquidity risks; interest rates; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; construction and development; cybersecurity, information, and control systems; regulatory risks; changes in law; climate-related risks; environmental regulation risks; Indigenous and treaty rights; litigation; dependence on certain partners; political uncertainty, activism, civil unrest, terrorist attacks and threats, escalation of military activity and acts of war; risks related to conflict; decommissioning, abandonment and reclamation costs; reputation risk; weather data; technical systems and processes incidents; growth strategy risk; failure to realize anticipated benefits of acquisitions and dispositions; underinsured and uninsured losses; impact of competition in AltaGas' businesses; counterparty credit risk; composition risk; collateral; rep agreements; market value of the Common Shares and other securities; variability of dividends; potential sales of additional shares; labor relations; key personnel; risk management costs and limitations; commitments associated with regulatory approvals for the acquisition of WGL; cost of providing retirement plan benefits; failure of service providers; risks related to pandemics, epidemics or disease outbreaks; and the other factors discussed under the heading "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2025 and set out in AltaGas' other continuous disclosure documents.

Many factors could cause AltaGas' or any particular business segment's actual results, performance or achievements to vary from those described in this MD&A, including, without limitation, those listed above and the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated, forecasted, expected, projected or targeted and such forward-looking statements included in this MD&A, should not be unduly relied upon. The impact of any one assumption, risk, uncertainty, or other factor on a particular forward-looking statement cannot be determined with certainty because they are interdependent and AltaGas' future decisions and actions will depend on Management's assessment of all information at the relevant time. Such statements speak only as of the date of this MD&A. AltaGas does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements.

Financial outlook information contained in this MD&A about prospective financial performance, financial position, or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on AltaGas Management's assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

Additional information relating to AltaGas, including its quarterly and annual MD&A and Consolidated Financial Statements, Annual Information Form, and press releases are available through AltaGas' website at [www.altagas.ca](http://www.altagas.ca) or through SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Management's Report**

The Consolidated Financial Statements of AltaGas Ltd. ("AltaGas", the "Corporation", or the "Company") and other financial information included in this report are the responsibility of Management. The Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP") and include amounts that are based on Management's best estimates and judgments. It is Management's responsibility to ensure that judgments, estimates and accounting principles and methods used in the preparation of financial information are reasonable, appropriate, and applied consistently.

### **Management's Report on Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal controls over financial reporting for the Corporation. Management has used the framework established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of the Corporation's internal control over financial reporting. Based on this evaluation, Management, including the CEO and CFO, has concluded that the Corporation's internal control over financial reporting is effective as at December 31, 2025.

Internal control over financial reporting may not prevent all misstatements due to its inherent limitations. In addition, the evaluation of internal control was made as of a specific date and continued effectiveness in future periods is subject to the risk that controls may become inadequate.

The Board of Directors is responsible for ensuring that Management fulfills its responsibilities for financial reporting and internal controls. The Board is assisted in carrying out its responsibilities principally through its Audit Committee which is composed of independent non-management directors. The Audit Committee meets with Management regularly and meets independently with internal and external auditors and as a group to review any significant accounting, internal controls, and auditing matters in accordance with the terms of the Charter of the Audit Committee, which is set out in the Annual Information Form.

The shareholders have appointed Ernst & Young LLP as independent external auditors to express an opinion as to whether the Consolidated Financial Statements present fairly, in all material respects, the Corporation's consolidated financial position, results of operations, and cash flows in accordance with U.S. GAAP. Ernst & Young LLP is not required under securities law to express an opinion as to the effectiveness of the Corporation's internal control over financial reporting. The report of Ernst & Young LLP outlines the scope of its examination and its opinion on the Consolidated Financial Statements.

(signed) "Vern Yu"

(signed) "Sean Brown"

**VERN YU**

President and  
Chief Executive Officer of  
AltaGas Ltd.

**SEAN BROWN**

Executive Vice President and  
Chief Financial Officer of  
AltaGas Ltd.

March 5, 2026

# Independent Auditor's Report

## To the Shareholders and Directors of AltaGas Ltd.

### Opinion

We have audited the consolidated financial statements of AltaGas Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2025 and 2024, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and the consolidated results of its operations and its consolidated cash flows for the years then ended in accordance with United States generally accepted accounting principles.

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### **Fair Value Measurement of Level 3 Derivatives**

*Key audit matter* As described in note 21 to the consolidated financial statements, the Group enters into commodity contracts that qualify as derivative instruments and are accounted for under ASC Topic 815, Derivatives and Hedging. The fair value measurements of certain of these contracts are considered Level 3 under the fair value hierarchy as they are determined using significant unobservable inputs. As of December 31, 2025, derivative assets of \$65 million and derivative liabilities of \$145 million were recorded based on Level 3 fair value measurements.

Auditing the fair value measurement of Level 3 derivative instruments was complex given the judgmental nature of the assumptions used as inputs into the valuation models. In particular, the valuation of Level 3 derivative instruments is sensitive to significant unobservable inputs used by the Group such as the assumed natural gas basis prices and implied volatilities of natural gas prices. These unobservable assumptions can be affected by future economic and market conditions.

*How our audit addressed the key audit matter* To test the Group's valuation of Level 3 derivative instruments, our audit procedures included, among others:

- Evaluated the appropriateness of the underlying valuation methodologies used by the Group.
- For a sample of instruments, we independently determined the significant unobservable assumptions described above, calculated the resulting fair values and compared them to the Group's estimates.
- For a sample of instruments, we obtained forward prices from independent sources, including broker quotes, evaluated the Group's assumptions related to their forward curves and obtained external confirmation of key contract terms from counterparties.
- Performed sensitivity analyses using independent sources of market data to evaluate the change in fair value of Level 3 derivative instruments that would result from changes in underlying assumptions.
- Evaluated the adequacy of the Level 3 fair value measurement note disclosure in the consolidated financial statements related to the matter.

### **Other information**

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ann-Marie Brockett.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Chartered Professional Accountants

Calgary, Canada

March 5, 2026

# Consolidated Balance Sheets

As at December 31	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 29)	\$ 99	\$ 85
Accounts receivable (net of credit losses of \$35 million) (note 21)	1,864	1,766
Inventory (note 4)	633	676
Regulatory assets (note 19)	67	92
Risk management assets (note 21)	56	25
Prepaid expenses and other current assets (note 29)	188	175
	<b>2,907</b>	<b>2,819</b>
<b>Property, plant and equipment (note 5)</b>	<b>15,462</b>	<b>14,654</b>
<b>Intangible assets (note 6)</b>	<b>110</b>	<b>107</b>
<b>Operating right-of-use assets (note 7)</b>	<b>481</b>	<b>490</b>
<b>Goodwill (note 8)</b>	<b>5,448</b>	<b>5,691</b>
<b>Regulatory assets (note 19)</b>	<b>327</b>	<b>430</b>
<b>Risk management assets (note 21)</b>	<b>127</b>	<b>63</b>
<b>Prepaid post-retirement benefits (note 26)</b>	<b>913</b>	<b>814</b>
<b>Long-term investments and other assets (net of credit losses of \$1 million) (notes 9 and 29)</b>	<b>257</b>	<b>255</b>
<b>Investments accounted for by the equity method (note 11)</b>	<b>738</b>	<b>769</b>
	<b>\$ 26,770</b>	<b>\$ 26,092</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 15, 16, 21, and 26)	\$ 2,300	\$ 2,089
Short-term debt (note 12)	231	10
Current portion of long-term debt (notes 13 and 21)	469	858
Customer deposits	91	98
Regulatory liabilities (note 19)	159	79
Risk management liabilities (note 21)	89	150
Current portion of operating lease liabilities (note 7)	126	124
Current portion of finance lease liabilities (note 7 and 21)	24	23
Other current liabilities (note 21)	70	69
	<b>3,559</b>	<b>3,500</b>
<b>Long-term debt (notes 13 and 21)</b>	<b>7,010</b>	<b>6,992</b>
<b>Asset retirement obligations (note 15)</b>	<b>488</b>	<b>482</b>
<b>Unamortized investment tax credits</b>	<b>1</b>	<b>2</b>
<b>Deferred income taxes (note 18)</b>	<b>1,947</b>	<b>1,794</b>
<b>Subordinated hybrid notes (notes 14 and 21)</b>	<b>2,159</b>	<b>2,022</b>
<b>Regulatory liabilities (note 19)</b>	<b>1,220</b>	<b>1,380</b>
<b>Risk management liabilities (note 21)</b>	<b>131</b>	<b>160</b>
<b>Operating lease liabilities (note 7)</b>	<b>399</b>	<b>412</b>
<b>Finance lease liabilities (note 7 and 21)</b>	<b>124</b>	<b>126</b>
<b>Other long-term liabilities (note 17)</b>	<b>139</b>	<b>127</b>
<b>Future employee obligations (note 26)</b>	<b>45</b>	<b>49</b>
	<b>\$ 17,222</b>	<b>\$ 17,046</b>

As at December 31	2025	2024
<b>Shareholders' equity</b>		
Common shares, no par values, unlimited shares authorized; 2025 - 311.2 million and 2024 - 297.9 million issued and outstanding (note 23)	\$ 7,661	\$ 7,180
Preferred shares (note 23)	195	391
Contributed surplus	613	618
Accumulated deficit	(226)	(592)
Accumulated other comprehensive income ("AOCI") (note 20)	672	1,155
<b>Total shareholders' equity</b>	<b>\$ 8,915</b>	<b>\$ 8,752</b>
<b>Non-controlling interests ("NCI")</b>	<b>633</b>	<b>294</b>
<b>Total equity</b>	<b>\$ 9,548</b>	<b>\$ 9,046</b>
	<b>\$ 26,770</b>	<b>\$ 26,092</b>

*Variable interest entities (note 10)*

*Commitments, guarantees and contingencies (note 27)*

*Related party transactions (note 28)*

*Segmented information (note 30)*

*Subsequent events (note 31)*

*See accompanying notes to the Consolidated Financial Statements.*

Approved by the Board of Directors of AltaGas Ltd.

(signed) "Vern Yu"

(signed) "Angela Lekatsas"

**VERN YU**

Director

**ANGELA LEKATSAS**

Director

# Consolidated Statements of Income

Year Ended December 31	2025	2024
<b>REVENUE</b> (note 22)	\$ 12,705	\$ 12,448
<b>EXPENSES</b>		
Cost of sales, exclusive of items shown separately	9,018	9,201
Operating and administrative	1,873	1,796
Accretion expenses (note 15)	5	5
Depreciation and amortization (notes 5 and 6)	517	475
Provisions on assets (note 3)	4	20
	<b>11,417</b>	<b>11,497</b>
<b>Income from equity investments</b> (note 11)	<b>61</b>	<b>60</b>
<b>Other income</b> (note 25)	<b>151</b>	<b>177</b>
<b>Foreign exchange gains (losses)</b>	<b>(6)</b>	<b>13</b>
<b>Interest expense</b>	<b>(465)</b>	<b>(455)</b>
<b>Income before income taxes</b>	<b>1,029</b>	<b>746</b>
<b>Income tax expense</b> (note 18)		
Current	58	41
Deferred	192	97
<b>Net income after taxes</b>	<b>779</b>	<b>608</b>
<b>Net income applicable to non-controlling interests</b>	<b>11</b>	<b>12</b>
<b>Net income applicable to controlling interests</b>	<b>768</b>	<b>596</b>
<b>Preferred share dividends</b>	<b>(17)</b>	<b>(18)</b>
<b>Loss on redemption of preferred shares</b> (note 23)	<b>(4)</b>	<b>—</b>
<b>Net income applicable to common shares</b>	<b>\$ 747</b>	<b>\$ 578</b>
<b>Net income per common share</b> (note 24)		
Basic	\$ 2.48	\$ 1.95
Diluted	\$ 2.48	\$ 1.94
<b>Weighted average number of common shares outstanding</b> (millions) (note 24)		
Basic	<b>300.8</b>	<b>296.8</b>
Diluted	<b>301.5</b>	<b>298.3</b>

See accompanying notes to the Consolidated Financial Statements.

## Consolidated Statements of Comprehensive Income

Year Ended December 31	2025	2024
<b>Net income after taxes</b>	<b>\$ 779</b>	<b>\$ 608</b>
Other comprehensive income (loss), net of taxes		
Gains (losses) on foreign currency translation	<b>(574)</b>	929
Unrealized gains (losses) on net investment hedge ( <i>note 21</i> )	<b>44</b>	(84)
Actuarial gains on defined benefit ("DB") pension and post-retirement benefit ("PRB") plans ( <i>note 26</i> )	<b>1</b>	—
Reclassification of gains on partial settlement of PRB plan ( <i>note 26</i> )	<b>(1)</b>	(2)
Losses on cash flow hedges ( <i>note 21</i> )	<b>(18)</b>	(25)
Reclassification of losses (gains) on cash flow hedges ( <i>note 21</i> )	<b>65</b>	(58)
<b>Total other comprehensive income (loss) ("OCI"), net of taxes</b>	<b>\$ (483)</b>	<b>\$ 760</b>
<b>Comprehensive income attributable to controlling interests and non-controlling interests, net of taxes</b>	<b>\$ 296</b>	<b>\$ 1,368</b>
<b>Comprehensive income attributable to:</b>		
Non-controlling interests	<b>\$ 11</b>	\$ 12
Controlling interests	<b>285</b>	1,356
	<b>\$ 296</b>	<b>\$ 1,368</b>

See accompanying notes to the Consolidated Financial Statements.

# Consolidated Statements of Equity

Year Ended December 31	2025	2024
<b>Common shares (note 23)</b>		
Balance, beginning of year	\$ 7,180	\$ 7,120
Shares issued for cash on exercise of options	36	60
Shares issued in bought deal offering, net of issuance costs (note 23)	441	—
Deferred taxes on share issuance costs	4	—
Balance, end of year	\$ 7,661	\$ 7,180
<b>Preferred shares (note 23)</b>		
Balance, beginning of year	391	391
Redemption of preferred shares (note 23)	(196)	—
Balance, end of year	\$ 195	\$ 391
<b>Contributed surplus</b>		
Balance, beginning of year	618	624
Exercise of share options	(5)	(6)
Balance, end of year	\$ 613	\$ 618
<b>Accumulated deficit</b>		
Balance, beginning of year	(592)	(817)
Net income applicable to controlling interests	768	596
Common share dividends	(381)	(353)
Preferred share dividends	(17)	(18)
Loss on redemption of preferred shares (note 23)	(4)	—
Balance, end of year	\$ (226)	\$ (592)
<b>AOCI (note 20)</b>		
Balance, beginning of year	1,155	395
Other comprehensive income (loss)	(483)	760
Balance, end of year	\$ 672	\$ 1,155
<b>Total shareholders' equity</b>	<b>\$ 8,915</b>	<b>\$ 8,752</b>
<b>Non-controlling interests</b>		
Balance, beginning of year	294	150
Net income applicable to non-controlling interests	11	12
Contributions from non-controlling interests to subsidiaries	355	150
Distributions by subsidiaries to non-controlling interests	(17)	(18)
Adjustment to non-controlling interests	(10)	—
Balance, end of year	\$ 633	\$ 294
<b>Total equity</b>	<b>\$ 9,548</b>	<b>\$ 9,046</b>

See accompanying notes to the Consolidated Financial Statements.

# Consolidated Statements of Cash Flows

Year Ended December 31	2025	2024
<b>Cash from operations</b>		
Net income after taxes	\$ 779	\$ 608
Items not involving cash:		
Depreciation and amortization (notes 5 and 6)	517	475
Provisions on assets (note 3)	4	20
Accretion expenses (note 15)	5	5
Deferred income tax expense (note 18)	192	97
Loss (gain) on sale of assets (note 25)	3	(12)
Gain on partial debt extinguishment (notes 13 and 25)	—	(4)
Income from equity investments (note 11)	(61)	(60)
Unrealized losses (gains) on risk management contracts (note 21)	(192)	12
Amortization of deferred financing costs	6	6
Allowance for credit losses (note 21)	35	33
Change in pension and other post-retirement benefits (note 26)	(131)	(114)
Other	36	17
Asset retirement obligations settled (note 15)	(7)	(3)
Distributions from equity investments	78	28
Changes in operating assets and liabilities (note 29)	(29)	430
	\$ 1,235	\$ 1,538
<b>Investing activities</b>		
Capital expenditures - property, plant and equipment	(1,579)	(1,378)
Capital expenditures - intangible assets	(42)	(11)
Contributions to equity investments	(15)	(2)
Proceeds from disposition of equity investments	—	14
Proceeds from disposition of assets, net of transaction costs	2	2
	\$ (1,634)	\$ (1,375)
<b>Financing activities</b>		
Issuance of long-term debt, net of debt issuance costs	633	1,370
Repayment of long-term debt and finance lease liabilities	(888)	(1,026)
Net issuance (repayment) under credit facilities	254	(702)
Issuance of subordinated hybrid notes, net of debt issuance costs (note 14)	198	1,201
Dividends - common shares	(381)	(353)
Dividends - preferred shares	(17)	(18)
Distributions to non-controlling interests	(17)	(18)
Contributions from non-controlling interests	355	123
Net proceeds from shares issued on exercise of options (note 23)	31	54
Common shares issued in bought deal offering, net of issuance costs (note 23)	441	—
Redemption of preferred shares (note 23)	(200)	—
Repurchase of medium-term notes ("MTNs"), inclusive of cash adjustments (note 13)	—	(797)
Settlement of derivative instruments (note 21)	—	(9)
	\$ 409	\$ (175)
<b>Change in cash, cash equivalents, and restricted cash</b>	<b>10</b>	<b>(12)</b>
<b>Cash, cash equivalents, and restricted cash beginning of year</b>	<b>92</b>	<b>104</b>
<b>Cash, cash equivalents, and restricted cash end of year (note 29)</b>	<b>\$ 102</b>	<b>\$ 92</b>

See accompanying notes to the Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

*(Tabular amounts and amounts in footnotes to tables are in millions of Canadian dollars unless otherwise indicated.)*

## 1. Organization and Overview of the Business

The businesses of AltaGas are operated by the Company and a number of its subsidiaries including, without limitation, AltaGas Services (U.S.) Inc., AltaGas Utility Holdings (U.S.) Inc., WGL Holdings, Inc. ("WGL"), Wrangler 1 LLC, Wrangler SPE LLC, Washington Gas Resources Corp., WGL Energy Services, Inc. ("WGL Energy Services"), and SEMCO Holding Corporation; in regard to the Utilities business, Washington Gas Light Company ("Washington Gas"), Hampshire Gas Company, and SEMCO Energy, Inc.; and in regard to the Midstream business, AltaGas Extraction and Transmission Limited Partnership, AltaGas Pipeline Partnership, AltaGas Northwest Processing Limited Partnership, Harmattan Gas Processing Limited Partnership, Ridley Island LPG Export Limited Partnership, Ridley Island Energy Export Facility Limited Partnership, AltaGas LPG Limited Partnership, Petrogas Energy Partnership, and Petrogas, Inc. In the Corporate/Other segment the main subsidiary is AltaGas Power Holdings (U.S.) Inc. SEMCO Energy, Inc. conducts its Michigan natural gas distribution business under the name SEMCO Energy Gas Company ("SEMCO").

AltaGas is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business focused on delivering resilient and durable value for its stakeholders.

AltaGas' operating segments include the following:

- Utilities, which owns and operates franchised, cost-of-service, rate-regulated natural gas distribution and storage utilities that focus on providing safe, reliable, and affordable energy to approximately 1.6 million residential and commercial customers. This includes operating two utilities that deliver essential energy across four major U.S. jurisdictions with a rate base of approximately US\$5.5 billion. The Utilities business also includes storage facilities and contracts for interstate natural gas transportation and storage services, as well as WGL Energy Services, an affiliated retail energy marketing business, which sells natural gas and electricity directly to residential, commercial, and industrial customers that operate across Virginia, Maryland, Delaware, Pennsylvania, Ohio, New Jersey, and the District of Columbia ("D.C."); and
- Midstream, which is a leading North American platform that connects customers and markets to critical forms of energy from wellhead to tidewater. The three pillars of the Midstream business include: 1) global exports, which includes AltaGas' two operational Liquefied Petroleum Gas ("LPG") export terminals and a third terminal currently under construction; 2) natural gas gathering, processing and extraction; and 3) fractionation and liquids handling. AltaGas' Midstream segment also includes its natural gas and natural gas liquids ("NGLs") marketing business, domestic logistics, trucking and rail terminals, and liquid and natural gas storage capability.

The Corporate/Other segment consists of AltaGas' corporate activities and a small portfolio of gas-fired power generation and distribution assets capable of generating 508 MW of power primarily in the state of California.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

These Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

AltaGas sought and obtained exemptive relief by the securities regulators in Alberta and Ontario to permit it to prepare its financial statements in accordance with U.S. GAAP due to its rate-regulated operations. The Alberta Securities Commission exemption will terminate on or after the earlier of January 1, 2032, the date to which AltaGas ceases to have activities subject to rate regulation, or the first day of AltaGas' fiscal year that commences on or following the later of: a) the effective date prescribed by the International Accounting Standards Board ("IASB") for the mandatory rate-regulated standard; or b) four years after the IASB publishes the final version of a mandatory rate-regulated standard.

### Principles of Consolidation

These Consolidated Financial Statements of AltaGas include the accounts of the Corporation, its subsidiaries, variable interest entities ("VIEs") for which the Corporation is the primary beneficiary, and its interest in various partnerships and joint ventures where AltaGas has an undivided interest in the assets and liabilities. Investments in unconsolidated companies that AltaGas has significant influence, but not control, over are accounted for using the equity method.

Hypothetical Liquidation at Book Value ("HLBV") methodology is used for AltaGas' investment in Mountain Valley Pipeline ("MVP"). This methodology is used when the governing structuring agreement over the equity investment

results in different liquidation rights and priorities than what is reflected by the underlying ownership interest percentage.

All intercompany balances and transactions are eliminated on consolidation. Where there is a party with a non-controlling interest in a subsidiary that AltaGas controls, that non-controlling interest is reflected as "non-controlling interests" in the Consolidated Financial Statements. The non-controlling interests in net income of consolidated subsidiaries are shown as an allocation of the consolidated net income and are presented separately in "net income applicable to non-controlling interests".

## **Use of Estimates and Measurement Uncertainty**

The preparation of Consolidated Financial Statements in accordance with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the period. Key areas where Management has made complex or subjective judgments, when matters are inherently uncertain, include but are not limited to: determining the nature and timing of satisfaction of performance obligations and determining the transaction price and amounts allocated to performance obligations for revenue recognition; depreciation and amortization rates; determination as to whether a contract is or contains a lease; determination of the classification, term, and discount rate for leases; fair value of asset retirement obligations ("ARO"); fair value of property, plant and equipment and goodwill for impairment assessments; fair value of financial instruments; measurement of credit losses; provisions for income taxes; assumptions used to measure employee future benefits; provisions on assets; provisions for contingencies; and carrying value of regulatory assets and liabilities. Certain estimates are necessary for the regulatory environment in which AltaGas' subsidiaries or affiliates operate, which often require amounts to be recorded at estimated values until these amounts are finalized pursuant to regulatory decisions or other regulatory proceedings. By their nature, these estimates are subject to measurement uncertainty and may impact the Consolidated Financial Statements of future periods.

## **Significant Accounting Policies**

### **Rate-Regulated Operations**

SEMCO, Washington Gas, and Hampshire Gas engage in the delivery, sale, and storage of natural gas. SEMCO is regulated by the Michigan Public Service Commission ("MPSC"). Washington Gas operates in D.C., Maryland, and Virginia, and is regulated in those jurisdictions by the Public Service Commission of the District of Columbia ("PSC of D.C."), the Maryland Public Service Commission ("PSC of MD"), and the Commonwealth of Virginia State Corporation Commission ("SCC of VA"), respectively. Hampshire is regulated under a cost-of-service tariff by the Federal Energy Regulatory Commission ("FERC").

The MPSC, PSC of D.C., PSC of MD, and SCC of VA exercise statutory authority over matters such as tariffs, rates, construction, operations, financing, returns, accounting, and certain contracts with customers. In order to recognize the economic effects of the actions and decisions of the MPSC, PSC of D.C., PSC of MD, and SCC of VA, the timing of recognition of certain assets, liabilities, revenues, and expenses as a result of regulation may differ from that otherwise expected using U.S. GAAP for entities not subject to rate regulation.

Regulatory assets represent future revenues associated with certain costs incurred in the current period or in prior periods that are expected to be recovered from customers in future periods through the rate setting process. Regulatory liabilities represent future reductions or limitations of increases in revenue associated with amounts that are expected to be refunded to customers through the rate setting process.

### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances with banks, and investments in money market instruments with original maturities of less than three months.

### **Restricted Cash Holdings from Customers**

Cash deposited, which is restricted and is not available for general use by AltaGas, is separately presented as restricted cash holdings in the Consolidated Balance Sheets.

### **Accounts Receivable**

Receivables are recorded net of the allowance for credit losses in the Consolidated Balance Sheets. AltaGas regularly analyzes and evaluates the collectability of the accounts receivable based on a combination of factors. If circumstances related to the collectability change, the allowance for credit losses is further adjusted. Accounts are written off when collection efforts are complete and future recovery is unlikely.

## Inventory

Inventory consists of materials, supplies, natural gas, natural gas liquids, crude oil and condensates, processed finished products, and emission compliance instruments which are valued at the lower of cost or net realizable value. Inventory also includes renewable energy credits which are valued using the specific identification method. Cost of inventory is assigned using a weighted average cost formula. In general, commodity costs and variable transportation costs are capitalized as gas in underground storage. Fixed costs, primarily pipeline demand charges and storage charges, are expensed as incurred through the cost of gas.

## Property, Plant, and Equipment ("PP&E"), Depreciation and Amortization

Property, plant, and equipment are carried at cost. The Corporation depreciates the cost of capital assets, net of salvage value, on a straight-line basis over the estimated useful life of the assets, with the exception of rate-regulated utilities assets, for which depreciation is calculated on a straight-line basis or over the contract term of a specific agreement at rates as approved by the regulatory authorities.

The Utilities charge maintenance and repairs directly to operating expense and capitalize betterments and renewal costs. In accordance with regulatory requirements, depreciation expense includes an amount allowed for regulatory purposes to be collected in current rates for future removal and site restoration costs.

Interest costs are capitalized on major additions to property, plant, and equipment until the asset is ready for its intended use. The interest rate used for calculating the interest costs to be capitalized is based on AltaGas' prior quarter actual borrowing long-term interest rate.

The Utilities capitalize an imputed carrying cost on assets during construction as authorized by regulatory authorities and the amount so capitalized is an allowance for funds used during construction ("AFUDC"). AFUDC is the amount that a rate-regulated enterprise is allowed to recover for its cost of financing assets under construction. Capitalized overhead, administrative expenses, and AFUDC are included in the cost of the related assets and are recovered in rates charged to customers through depreciation expense, as allowed by the regulators.

The range of useful lives for AltaGas' PP&E is as follows:

Utilities assets	4 to 69 years
Midstream assets	1 to 43 years
Corporate/Other assets	1 to 46 years

As required by the regulatory authority, net additions to SEMCO's utility assets are amortized for one half-year in the year in which they are brought into active service. Net additions to WGL's assets are amortized in the month after they are brought into active service.

Generally, when a regulated asset is retired or disposed of, there is no gain or loss recorded in the Consolidated Statements of Income. Any difference between the cost and accumulated depreciation of the asset, net of salvage proceeds, is charged to accumulated depreciation or another regulatory asset or liability account. It is expected that any gain or loss that is charged to accumulated depreciation or another regulatory account will be reflected in future depreciation expense when it is refunded or collected in rates. When a non-regulated asset is retired or disposed of from PP&E, the original cost and related accumulated depreciation and amortization are derecognized and any gain or loss is recorded in the Consolidated Statements of Income.

## Intangible Assets

Intangible assets are recorded at cost. Intangible assets which have a finite useful life are amortized on a straight-line basis over their term or estimated useful life. The range of useful lives for intangible assets with a finite life is as follows:

Energy services relationships	13 to 36 years
Software	2 to 20 years
Extraction and Transmission ("E&T") Contracts	25 years
Commodity contracts	7 years

## Cloud Computing Arrangements

AltaGas capitalizes certain implementation costs incurred under a cloud computing arrangement ("CCA") that is a service contract. Costs incurred during the application development stage related to the implementation of the hosting arrangement are capitalized and included within the "long-term investments and other assets" line item on the consolidated balance sheet. Amortization of capitalized implementation costs is recognized on a straight-line basis over the term of the associated hosting arrangement when it is ready for its intended use. This amortization expense is recognized within the "operating and administrative" expense line item on the Consolidated Statements

of Income. These costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gross capitalized implementation costs were \$93 million as of December 31, 2025 (December 31, 2024 - \$77 million), while the associated accumulated amortization was \$39 million as of December 31, 2025 (December 31, 2024 - \$34 million). Amortization expense related to CCAs for the year ended December 31, 2025 was \$6 million (2024 - \$6 million).

## **Assets Held for Sale**

The Corporation classifies assets as held for sale when the carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is met when Management approves and commits to a formal plan to sell the assets, the assets are available for immediate sale in their present condition, and Management expects the sale to close within the next 12 months. Upon classifying an asset as held for sale, an asset is recorded at the lower of its carrying value or the estimated fair value less cost to sell. Assets held for sale are not depreciated or amortized.

## **Business Acquisitions**

Business acquisitions are accounted for using the acquisition method. Under the acquisition method, assets and liabilities of the acquired entity are recorded at fair value at the date of acquisition. Acquisition-related costs are expensed as incurred. Goodwill represents the excess of purchase price over the fair value of the net assets acquired. Management applies its best estimates and assumptions to determine the fair value of net assets acquired; however, the estimates are subject to further refinement of assumptions over a measurement period, which may be up to one year from the acquisition date. During the measurement period, adjustments to assets acquired and liabilities assumed may be recorded, with a corresponding impact to goodwill.

## **Provisions on Assets**

If facts and circumstances suggest that a long-lived asset or an intangible asset may be impaired, the carrying value is reviewed. If this review indicates that the value of the asset is not recoverable, as determined by the projected undiscounted cash flows related to the asset over its remaining life, then the carrying value of the asset is reduced to its estimated fair value and an impairment loss is recognized.

Goodwill is not subject to amortization, but assessed at least annually for impairment, or more often when events or changes in circumstances indicate that goodwill may be impaired. The annual assessment of goodwill is performed at the reporting unit level, which is an operating segment or one level below. The Corporation has the option to first assess qualitative factors to determine whether events or changes in circumstances indicate that the goodwill may be impaired. If a quantitative impairment test is performed, the fair value of the reporting unit will be compared to its carrying value (including goodwill). If the carrying value of the reporting unit exceeds the fair value, goodwill is reduced to its fair value and an impairment loss would be recorded in the Consolidated Statements of Income.

## **Investments Accounted for by the Equity Method**

The equity method of accounting is used for investments in which AltaGas has the ability to exercise significant influence, but does not have a controlling interest. Equity investments are initially measured at cost and are adjusted for the Corporation's proportionate share of earnings or losses. Equity investments are increased for contributions made and decreased for distributions received. To the extent an investee undertakes activities necessary to commence its planned principal operations, the Corporation will capitalize interest costs associated with its investment during such period.

The Corporation classifies distributions from equity method investees in the consolidated statements of cash flows using the nature of distribution approach. Under this method, distributions from an equity investee are presented on the basis of the nature of the activity of the investee as either a return on investment (included in cash flows from operating activities) or a return of investment (included in cash flows from investing activities).

The HLBV methodology is used to allocate earnings or losses for certain WGL equity method investments when WGL's ownership interest percentage is different than distribution percentages. When applying HLBV accounting, the Corporation determines the amount that it would receive if an equity investment entity were to liquidate all of its assets at book value (as valued in accordance with U.S. GAAP) and distribute that cash to the investors based on the contractually defined liquidation priorities. The change in the Corporation's claim on the equity investment entity's book value at the beginning and end of the reporting period (adjusted for contributions and distributions) is the Corporation's share of the earnings or losses from the equity investment for the period.

An equity method investment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. When such condition is deemed other than temporary, the carrying value of the investment is written down to its fair value, and an impairment charge is recorded in the Consolidated Statements of Income.

## Financial Instruments

Cash inflows and outflows related to derivative instruments are classified as cash from operations in the Consolidated Statements of Cash Flows, except as otherwise disclosed.

### Non-Utility Operations

All financial instruments are initially recorded at fair value unless they qualify for, and are designated under, a normal purchase and normal sale ("NPNS") exemption. Subsequent measurement of the financial instruments is based on their classification. The financial assets are classified as "held-for-trading", "held-to-maturity", or "loans and receivables". Financial liabilities are classified as "held-for-trading" or other financial liabilities. Subsequent measurement is determined by classification.

A physical contract generally qualifies for the NPNS exemption if the transaction is reasonable in relation to AltaGas' business needs and AltaGas has the ability, and intent, to deliver or take delivery of the underlying item. AltaGas continually assesses the contracts designated under the NPNS exemption and will discontinue the treatment of these contracts under this exemption where the criteria are no longer met.

Held-for-trading instruments include non-derivative financial assets and financial assets and liabilities that may consist of swaps, options, forwards, and equity securities. These financial instruments are initially recorded at their fair value, with subsequent changes in fair value recorded in net income. Held-to-maturity, loans and receivables, and other financial liabilities are recognized at amortized cost using the effective interest method unless they are held-for-sale and recognized at the lower of cost or fair value less transaction fees.

Investments in equity instruments not accounted for under the equity method that do not have a quoted market price in an active market are measured at cost. Income earned from these investments is included in the Consolidated Statements of Income under "other income".

Derivatives embedded in other financial instruments or contracts (the host instrument) are recorded separately and are measured at fair value if the economic characteristics of the embedded derivative are not closely related to the host instrument, the terms of the embedded derivative are the same as those of a standalone derivative, and the entire contract is not held-for-trading or accounted for at fair value. Changes in fair value are included in earnings.

The fair values recorded on the Consolidated Balance Sheets reflect netting of the asset and liability positions where counterparty master netting arrangements contain provisions for net settlement.

Transaction costs related to the acquisition of held-for-trading financial assets and liabilities are expensed as incurred.

Transaction costs for obtaining debt financing other than line-of-credit arrangements are recognized as a direct deduction from the related debt liability on the Consolidated Balance Sheets. Transaction costs related to line-of-credit arrangements are capitalized and included under "long-term investments and other assets" on the Consolidated Balance Sheets. Premiums and discounts are netted against long-term debt on the Consolidated Balance Sheets. The deferred charges are amortized over the life of the related debt on an effective interest basis and included in "interest expense" on the Consolidated Statements of Income.

### Regulated Utility Operations

All physical and financial derivative contracts are initially recorded at fair value. Changes in the fair value of derivative instruments that are recoverable or refunded to customers when they settle are recorded as regulatory assets or liabilities. Changes in the fair value of derivatives not affected by rate regulation are reflected in net income.

Transaction costs for obtaining debt financing and reacquired debt costs are recorded as regulatory assets or liabilities, or as a reduction of the debt liability on the Consolidated Balance Sheets.

## Weather-Related Instruments

WGL purchases certain weather-related instruments, such as heating degree day ("HDD") derivatives and cooling degree day ("CDD") derivatives to manage weather and price risks related to its natural gas and electricity sales. These derivatives are accounted for in accordance with ASC 815-45, Derivatives and Hedging – Weather Derivatives. For HDD derivatives, gains or losses are recognized when the actual HDDs falls above or below the contractual HDDs for each instrument. For CDD derivatives, gains or losses are recognized when the average temperature exceeds or is below a contractually stated level during the contract period. Refer to Note 21 for further discussion on weather-related instruments.

## Hedges

As part of its risk management strategy, AltaGas may use derivatives to reduce its exposure to commodity price, interest rate, and foreign exchange risk. AltaGas may designate certain outstanding loans to hedge against the currency translation effect of its foreign investments. AltaGas also designates certain commodity financial swaps,

bond forward hedges, and cross-currency swaps as cash flow hedges in accordance with ASC Topic 815. For more information, please refer to Note 21.

### **Non-Utility Operations**

The change in fair value of cash flow hedges is recognized in OCI. Gains or losses from cash flow hedges are reclassified to net income when the hedged transaction affects earnings, such as when the hedged forecasted transaction occurs.

### **Regulated Utility Operations**

During planned issuances of debt securities, Washington Gas may utilize derivative instruments to manage the risk of interest-rate volatility. Gains and losses associated with these types of derivatives are recorded as regulatory liabilities or assets, and amortized in accordance with regulatory requirements, typically over the life of the related debt.

### **Interest-Rate Risk**

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. To manage this risk, the Company may enter into certain derivatives and designate them as cash flow hedges in accordance with ASC Topic 815. Gains or losses are reclassified into earnings in the same period the hedged transaction affects earnings.

### **Cross-Currency Swaps**

AltaGas is exposed to foreign currency risk associated with its U.S. dollar denominated subordinated hybrid notes. To manage this risk, the Company entered into cross-currency swap derivatives and designated them as cash flow hedges in accordance with ASC Topic 815. The change in fair value of the hedging instrument is recorded to AOCI. Amounts in AOCI are reclassified into earnings in the same period the hedge forecasted transaction affect earnings. AltaGas may also enter into other cross-currency swap derivatives to manage the foreign currency risk associated with other U.S. dollar denominated debt.

### **Presentation**

AltaGas recognizes the fair value of hedging instruments in the Consolidated Balance Sheets as current and non-current assets and liabilities, depending on the timing of settlements and the resulting cash flows. Additionally, cash flows from a derivative instrument designated in a hedging relationship may be classified in the same category as the cash flows from the items being hedged. In 2024, AltaGas made an accounting policy election to classify settlements related to bond forward contracts for the purpose of hedging interest rate exposure as financing activities.

### **Credit Losses**

AltaGas regularly analyzes and evaluates the collectability of the accounts receivable based on a combination of factors. If circumstances related to the collectability change, the allowance for credit losses is adjusted. Accounts are written off when collection efforts are complete and future recovery is unlikely. See below for a description of how expected credit loss estimates are developed.

#### **Utilities Customer Receivables and Contract Assets**

AltaGas is exposed to risk through the non-payment of utility bills by customers. To manage this customer credit risk, AltaGas' regulated utilities customers are offered budget billing options or high risk customers may be required to provide a cash deposit until the requirement for deposit refunds are met. AltaGas can recover a portion of non-payments from customers in future periods through the rate-setting process. For accounts receivable generated by the Utilities business, an allowance for credit losses is recognized using a loss-rate based on historical payment and collection experience. This rate may be adjusted based on Management's expectations of unusual macroeconomic conditions and other factors. AltaGas regularly evaluates the reasonableness of the allowance based on a combination of factors, such as: the length of time receivables are past due, historical expected payment, collection experience, financial condition of customers, and other circumstances that could impact customers' ability or desire to make payments. For retail energy marketing customer receivables where AltaGas has enrolled in a regulatory utility purchase of receivable program, the associated utility discount rate is used to determine credit losses.

#### **Midstream Customer Receivables and Contract Assets**

AltaGas operates under an existing credit policy that is designed to mitigate credit risk. Credit limits are established for each counterparty and credit enhancements such as letters of credit, parent guarantees, and cash collateral may be required. The creditworthiness of all counterparties is continuously monitored. A credit loss reserve is recorded for receivables with customers and trading counterparties AltaGas considers to be below investment grade by applying an estimated loss rate. The estimated loss rate is based on the historical default rates published by external rating agencies. For accounts receivable, a one-year rate is used. For contract assets, historical loss rates

associated with the estimated time frame that the contract asset will be billed to the customer is used. In the event a customer or trading counterparty no longer exhibits similar risk characteristics, the associated receivable is evaluated individually.

### **Other**

For other long-term receivables, associated counterparties are evaluated and assigned internal credit ratings based on AltaGas' credit policy. An allowance for credit losses is recorded based on historical default rates published by external credit rating agencies and a rate commensurate with the period in which the receivables are expected to be collected.

### **Debt**

AltaGas uses short-term debt in the form of commercial paper and advances under its syndicated bank credit facilities to fund seasonal cash requirements. Short-term obligations are excluded from current liabilities if AltaGas has the ability and the intent to refinance these obligations on a long-term basis. The ability to refinance is primarily demonstrated through the availability of long-term revolving committed credit facilities in an amount equal to or greater than the expected maximum short-term obligation. Premiums and discounts are netted against long-term debt on the Consolidated Balance Sheets. The deferred charges are amortized over the life of the related debt on an effective interest basis and included in "interest expense" on the Consolidated Statements of Income.

### **Asset Retirement Obligations**

AltaGas recognizes asset retirement obligations in the period in which the legal obligation is incurred and a reasonable estimate of fair value can be determined. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and are depreciated over the estimated useful life of the asset. The liability is increased due to the passage of time over the estimated period until the settlement of the obligation, with a corresponding charge to accretion expense for asset retirement obligations.

There are timing differences between accretion and depreciation amounts being recorded pursuant to GAAP and the recognition of depreciation expense for legal asset removal costs that are recovered in rates, as allowed by the regulators. These timing differences are recorded as a reduction to "regulatory liabilities" in accordance with ASC 980.

Certain midstream and utility assets will have future legal obligations on retirement, but an asset retirement obligation has not been recorded due to its indeterminate life and corresponding indeterminable timing and scope of these asset retirement obligations. The Utilities recognize asset retirement obligations for some interim retirements, as expected by their regulators.

### **Revenue Recognition**

AltaGas has revenue from various sources, including rate-regulated revenue, commodity sales, midstream service contracts, gas sales and transportation services, storage services, leases, and risk management activities. For a detailed description of the Corporation's revenue recognition policy by major source of revenue, please refer to Note 22.

### **Government Grants**

AltaGas' accounting policy is to recognize and disclose government grants in accordance with the framework established by IAS 20, *"Accounting for Government Grants and Disclosure of Government Assistance"*. In 2024, Washington Gas was approved for a grant from a state funded energy investment fund to support the repair of existing natural gas infrastructure. The grant award shall not be greater than US\$9 million, with all projects to be completed by January 2026. Washington Gas is eligible to receive funds once it has incurred costs for a project and the state funded energy investment fund deems the costs incurred allowable for reimbursement. The Company's policy is to record grant income related to the reimbursement of expenses as a reduction to the related operating and administrative expense, while grant income related to the purchase or construction of a long term asset is recorded as a reduction to the carrying amount of the related asset. For the year ended December 31, 2025, grant income of \$6 million (2024 - \$1 million) was recorded in the Consolidated Statements of Income under the line item "operating and administrative expense" and \$4 million (2024 - \$2 million) was recorded in the Consolidated Balance Sheets under the line item "property, plant and equipment".

### **Foreign Currency Translation**

Monetary assets and liabilities denominated in a foreign currency are converted to the functional currency using the exchange rate in effect at the balance sheet date. Adjustments resulting from the conversion are recorded in the Consolidated Statements of Income. Non-monetary assets and liabilities are converted at the historical exchange rate in effect at the transaction date. Revenues and expenses are converted at the exchange rate applicable at the transaction date.

For foreign entities with a functional currency other than Canadian dollars, AltaGas' reporting currency, assets and liabilities are translated into Canadian dollars at the rate in effect at the reporting date. Revenues and expenses are translated at average exchange rates during the reporting period. All adjustments resulting from the translation of the foreign operations are recorded in OCI.

AltaGas may designate certain outstanding loans to hedge against the currency translation effect of its foreign investments. Accordingly, foreign exchange gains and losses, from the dates of designation, on the translation of these loans are included in OCI. Additionally, AltaGas may enter into foreign exchange derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favourable movements in the rates. Any hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas' risk management team to ensure they align with AltaGas' overall financial strategy. Gains and losses arising from the settlements of the derivatives entered into for the purpose of managing income statement risk are included in the line item "revenue" on the Consolidated Statements of Income, while gains and losses arising from the settlements of the derivatives entered into for the purpose of cash management are included in the line item "foreign exchange gains (losses)" on the Consolidated Statements of Income. For more information, please refer to Note 21.

## **Share Options and Other Compensation Plans**

Share options granted pursuant to AltaGas' share option plan ("Share Options") are recorded using fair value. Compensation expense is measured at the date of the grant using the Black-Scholes-Merton model and is recognized over the vesting period of the options. Consideration received by AltaGas on exercise of the Share Options is credited to shareholders' equity.

AltaGas has a phantom unit plan ("Phantom Plan") for eligible employees, officers, and directors, which includes two types of awards: restricted units ("RUs") and performance units ("PUs"). AltaGas' RUs and PUs are valued based on the dividends declared during the vesting period and the weighted average share price of AltaGas' common shares multiplied by the units outstanding at the end of the vesting period. Upon vesting, the RUs and PUs are paid in cash. All PUs are also subject to a performance multiplier ranging from 0 to 2 dependent on the Corporation's performance relative to performance targets as approved by the Board of Directors. Compensation expense is recognized using the liability method and is recorded as operating and administrative expense over the vesting period. A change in value of the RUs or PUs is recognized in the period the change occurs. Forfeitures are recognized when they occur instead of estimating the number of awards that are expected to vest.

In addition, AltaGas has a deferred share unit plan ("DSUP") for directors, officers, and eligible employees as an additional form of long-term variable compensation incentive. Although the DSUP is available to directors, officers, and eligible employees, AltaGas currently only grants deferred share units ("DSUs") under the DSUP as a form of director compensation. The DSUs granted are fully vested upon being credited to a participant's account, the participant is entitled to payment upon retirement, and payment is not subject to satisfaction of any requirements as to any minimum period of membership or employment or other conditions. DSUs are accounted for at fair value. Compensation expense is determined based on the fair value of the DSUs on the date of the grant and fluctuations in fair value are recognized in the period the change occurs. Forfeitures are recognized when they occur instead of estimating the number of awards that are expected to vest.

## **Pension Plans and Post-Retirement Benefits**

AltaGas maintains defined benefit pension plans, defined contribution plans, and other post-retirement benefit plans for eligible employees. Contributions made by the Corporation to the defined contribution plans are expensed in the period in which the contribution occurs.

The cost of defined benefit pension plans and post-retirement benefits is actuarially determined using the projected benefit method prorated based on service and Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees, expected health care costs, and other actuarial factors including discount rates and mortality. Pension plan assets are measured at fair value. The expected return on plan assets is based on historical and projected rates of return for each asset class in the plan portfolio. The projected benefit obligation is discounted using the market interest rate on high-quality debt instruments with cash flows matching the timing and amount of benefit payments.

Unrecognized actuarial gains and losses in excess of 10 percent of the greater of the benefit obligation and the fair value of plan assets or the market-related value of assets along with any unamortized past service costs and credits are amortized on a straight-line basis over the expected average remaining service life of active employees.

AltaGas recognizes the overfunded or underfunded status of its pension and post-retirement benefit plans as either assets or liabilities in the Consolidated Balance Sheets. Unrecognized actuarial gains and losses and past service costs and credits that arise during the period are recognized in OCI or a regulatory asset or liability.

For certain regulated utilities, the Corporation expects to recover pension expense in future rates and therefore records unrecognized balances as either regulatory assets or liabilities. The regulatory assets or liabilities are amortized on a straight-line basis over the expected average remaining service life of active employees.

## Income Taxes

Income taxes for the Corporation and its subsidiaries are calculated using the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the carrying value and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that are in effect in the periods in which the differences are expected to be settled or realized. Deferred income tax assets are routinely reviewed, and a valuation allowance is recorded to reduce the deferred tax assets if it is more likely than not that deferred tax assets will not be realized.

The financial statement effects of an uncertain tax position are recognized when it is more likely than not, based on technical merits, that the position will be sustained upon examination by a taxing authority. The current and deferred tax impact is equal to the largest amount, considering possible settlement outcomes, that is greater than 50 percent likely of being realized upon settlement with the taxing authorities.

Investment tax credits are recognized as reductions to income tax expense over the estimated service lives of the related properties.

The rate-regulated natural gas distribution subsidiaries recognize a separate regulatory asset or liability for the amount of deferred income taxes expected to be recovered from, or paid to, customers in the future. Any tax related interest and/or penalty incurred is included in interest expense.

## Net Income per Share

Basic net income per common share is computed using the weighted average number of common shares outstanding during the period. Dilutive net income per common share is calculated using the weighted average number of common shares outstanding adjusted for dilutive common shares related to the Corporation's share-based compensation awards.

The potentially dilutive impact of the share-based compensation awards is determined using the treasury stock method. Under the treasury stock method, awards are treated as if they had been exercised with any proceeds used to repurchase common stock at the average market price during the period. Any incremental difference between the assumed number of shares issued and purchased is included in the diluted share computation.

## Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Any such accruals are adjusted thereafter as additional information becomes available or circumstances change.

## Leases

### Leases – Lessee

AltaGas determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets, current portion of operating lease liabilities, and long-term operating lease liabilities in the Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, current portion of finance lease liabilities, and long-term finance lease liabilities in the Consolidated Balance Sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. AltaGas uses the rate implicit in the lease when readily determinable. When the implicit lease rate is not readily determinable, AltaGas uses its incremental borrowing rate to determine the present value of lease payments. AltaGas includes lessee options to renew or terminate the lease term in the determination of the ROU asset and lease liability when exercise is reasonably certain. The operating lease ROU asset is adjusted for lease payments made in advance of the commencement date, initial direct costs, and any lease incentives. Variable lease payments are based on a rate.

Lease expense for operating leases is recognized on a straight-line basis over the lease term in the "operating and administrative expense" line item on the Consolidated Statements of Income. For finance leases, depreciation expense and interest expense are recorded separately.

### Leases – Lessor

AltaGas determines if an arrangement is a lease at inception. Lease payments under an operating lease are recognized on a straight-line basis over the term of the lease. Variable lease payments are recognized as revenue as the facts and circumstances on which the variable lease payment is based occur.

AltaGas does not include taxes assessed by governmental authorities, such as sales and related taxes, in the lease payments or variable lease payments.

## Adoption of New Accounting Standards

Effective January 1, 2025, AltaGas adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU"):

- In March 2024, FASB issued ASU No. 2024-01 "Compensation - Stock Compensation (Topic 718)". The amendments in this ASU provide an illustrative example to assist entities that account for profits interest awards as compensation to employees or non-employees to reduce (1) complexity in determining whether a profits interest award is subject to the guidance in Topic 718, and (2) existing diversity in practice. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

Effective December 31, 2025, AltaGas adopted the following FASB issued ASU:

- In December 2023, FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The amendments in this ASU require that public business entities on an annual basis: (1) disclose additional categories about federal, state (local), and foreign income taxes in the rate reconciliation table and (2) provide additional information for reconciling items that meet a quantitative threshold. Additionally, entities are required to annually disclose disaggregated income from continuing operations, income tax expense, and income taxes paid (net of refunds received) by certain tax authorities and jurisdictions. This ASU is effective for annual periods beginning after December 15, 2024. The adoption of this ASU had an impact on AltaGas' income tax disclosures. Refer to notes 18 and 29 for these disclosures.

## Future Changes in Accounting Principles

In October 2023, FASB issued ASU No. 2023-06 "Disclosure Improvements". The amendments in this ASU modify the disclosure or presentation requirements of a variety of topics in the codification as a result of FASB's decision to incorporate disclosures referred to in SEC Release No. 33-10532, which sought to simplify SEC disclosure requirements. The amendments in this ASU allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the SEC's requirements. This ASU is only effective upon the removal of the related disclosure from SEC regulations with an expiration of June 30, 2027. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements at this time, but may have an impact in future periods as AltaGas is subject to the scope of this ASU.

In November 2024, FASB issued ASU 2024-03 "Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses". This ASU requires all public business entities to disclose additional information about specific expense categories on an annual and interim basis in the notes to financial statements. The amendments in this ASU do not change or remove existing expense disclosure requirements, including their presentation. However, it may affect where that information appears in the footnotes to the financial statements. This ASU is effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods beginning after December 15, 2027. The adoption of this ASU will have an impact on AltaGas' disclosures.

In November 2024, FASB issued ASU 2024-04 "Debt – Debt With Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments". The amendments in this ASU clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. To account for a settlement of a convertible debt instrument as an induced conversion, an inducement offer is required to provide the debt holder with, at a minimum, the consideration issuable under the conversion privileges provided in the terms of the instrument. The amendments do not change the other criteria that are required to be satisfied to account for a settlement transaction as an induced conversion. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments in this ASU permit an entity to apply the new guidance on either a prospective or a retrospective basis. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In May 2025, FASB issued ASU 2025-03 "Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity". The amendments in this ASU: (1) establish more consistent requirements for determining the accounting acquirer when a business is acquired in a transaction achieved by exchanging equity interests; (2) align the requirements for determining the accounting acquirer in the acquisition of a variable interest entity with the current requirements that apply to transactions that do not involve a variable interest entity; and (3) enhance financial statement comparability by providing consistent requirements for economically similar transactions. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In July 2025, FASB issued ASU 2025-05 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets". This ASU introduces two provisions related to estimating expected credit losses for current accounts receivable and contract assets arising from revenue transactions under

Topic 606: a practical expedient available to all entities, and an accounting policy election available only to entities that are not public business entities. The practical expedient allows entities to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset when developing forecasts as part of estimating expected credit losses. The amendments are effective for annual reporting periods beginning after December 15, 2025, including interim periods within those annual periods. Early adoption is permitted. If an entity elects the practical expedient, it should be applied prospectively. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In September 2025, FASB issued ASU 2025-06 "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software". This ASU modernizes the recognition guidance for internal-use software costs to reflect current development practices and introduces the concept of "significant development uncertainty", which precludes capitalization until resolved. Additionally, the ASU aligns website development cost treatment with the internal-use software guidance. The amendments are effective for annual reporting periods beginning after December 15, 2027, including interim periods within those annual periods. Early adoption is permitted. Entities may apply the amendments using a prospective approach, a modified transition approach with a cumulative-effect adjustment to opening retained earnings for existing contracts, or a retrospective approach. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In September 2025, FASB issued ASU 2025-07 "Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinement and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract". This ASU expands the scope exception in Topic 815 to exclude certain non exchange-traded contracts with underlyings based on operations or activities specific to one of the parties to the contract. Additionally, it clarifies that Topic 606 governs the accounting for share-based non-cash consideration from a customer until the entity's right to receive or retain the consideration becomes unconditional. The amendments are effective for annual reporting periods beginning after December 15, 2026, including interim periods within those annual periods. Early adoption is permitted. Entities may apply the amendments using either a prospective approach, or a modified retrospective approach with a cumulative-effect adjustment to opening retained earnings for existing contracts. AltaGas is currently evaluating the impact of this ASU on its consolidated financial statements.

In November 2025, FASB issued ASU 2025-08 "Financial Instruments—Credit Losses (Topic 326): Purchased Loans". This ASU requires entities to apply the gross-up approach in ASC 326 to all "purchased seasoned loans". Purchased seasoned loans are loans (excluding purchased financial assets with credit deterioration, credit card receivables, debt securities and trade receivables) that are (1) acquired in a business combination or (2) obtained through a transfer that is not a business combination or initially recognized through the consolidation of a VIE, if certain seasoning criteria are met. A loan is considered seasoned if it is obtained more than 90 days after its origination date and the transferee was not involved in the origination. The amendments are effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within those annual reporting periods. Early adoption is permitted. The amendments in this ASU should be applied prospectively to loans that are acquired on or after the initial application date. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In November 2025, FASB issued ASU 2025-09 "Derivatives and Hedging (Topic 815): Hedge Accounting Improvements". The amendments in this ASU address five key areas: (1) expands the types of hedged risks that can be aggregated for cash flow hedges, (2) provides a model for hedging forecasted interest payments on variable-rate debt instruments that allow borrowers to change the interest rate index and tenor, (3) expands hedge accounting for forecasted purchases and sales of nonfinancial assets, (4) eliminates the requirement to apply the net written option test for certain compound derivatives, and (5) eliminates the recognition and presentation mismatch associated with a dual hedge strategies involving foreign-currency-denominated debt. The amendments are effective for annual periods beginning after December 15, 2026 and must be applied prospectively. Early adoption is permitted. Transition guidance allows entities to modify certain aspects of existing hedging relationships without de-designating the hedge. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In December 2025, FASB issued ASU 2025-10 "Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities". The amendments apply to transfers of monetary or tangible non-monetary assets from governments to business entities (excluding not-for-profit entities and employee benefit plans) and excludes income taxes, below-market interest rate loans, or government guarantees. A grant related to an asset may be recognized using either the deferred income approach (presented as deferred income and recognized in earnings over the periods in which related costs are incurred) or the cost accumulation approach (reflected as an adjustment to the asset's carrying amount). A grant related to income should be recognized in earnings on a systematic and rational basis over the periods in which the related costs are recognized and may be presented as other income or as a reduction from related expenses. The amendments require disclosure of the grant's nature and terms, accounting policies, and the fair value of any tangible non-monetary asset received. For public business entities, the guidance is effective for annual periods beginning after December 15, 2028, with early adoption permitted.

Transition options include modified prospective, modified retrospective, or full retrospective application. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In December 2025, FASB issued ASU 2025-11 "Interim Reporting (Topic 270): Narrow-Scope Improvements". This ASU provides a comprehensive list of interim disclosures in ASC 270 that are required in interim financial statements and the accompanying notes under US GAAP. The amendments also incorporate principle requiring entities to disclose events and changes that occur after the end of the most recent annual reporting period that have a material impact on the entity in the interim period. The amendments are effective for public business entities for interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The ASU may be applied prospectively or retrospectively by all entities that provide interim financial statements and notes in accordance with US GAAP. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In December 2025, FASB issued ASU 2025-12 "Codification Improvements". This ASU provides various technical corrections, clarifications, and other improvements. Key areas include: (1) clarifying diluted EPS calculations (Topic 260), (2) excluding lease receivables from enhanced credit loss disclosures introduced by ASU 2022-02 (Topic 310), (3) clarifying calculations of beneficial interest reference amounts (Topic 325), (4) updating guidance for transfers of receivables from contracts with customers that meet the definition of financial assets (Topic 860), and (5) several other miscellaneous reference updates. The guidance is effective for fiscal years beginning after December 15, 2026 and interim periods within those years, with early adoption permitted. Entities should apply the amendments to ASC 260 retrospectively, while all other amendments may be applied prospectively or retrospectively. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

### 3. Provisions on Assets

Year Ended December 31	2025	2024
Utilities	\$ 1	\$ —
Midstream	3	16
Corporate/Other	—	4
	\$ 4	\$ 20

#### Utilities

In 2025, AltaGas recorded a pre-tax provision of \$1 million related to a renewable natural gas project that was terminated prior to development. The pre-tax provision was recorded against long-term investments and other assets as well as property, plant and equipment.

#### Midstream

In 2025, AltaGas recorded pre-tax provisions of \$3 million related to various Midstream information technology assets. The pre-tax provisions were recorded against property, plant and equipment. In 2024, AltaGas recorded a pre-tax provision of \$16 million related to the Edmonton Ethane Extraction Plant ("EEEP") due to a decrease in expected future cash flows. The pre-tax provisions were primarily recorded against property, plant and equipment.

#### Corporate/Other

In 2024, AltaGas recorded a pre-tax provision of \$4 million related to certain co-generation equipment that is no longer operational and is not expected to be recoverable in the future. The pre-tax provisions were primarily recorded against property, plant and equipment.

### 4. Inventory

As at December 31	2025	2024
Natural gas held in storage <sup>(a)</sup>	\$ 216	\$ 213
Renewable energy credits and emission compliance instruments	175	165
Natural gas liquids	108	122
Materials and supplies	71	70
Crude oil and condensate	56	98
Processed finished products	7	8
	\$ 633	\$ 676

(a) As at December 31, 2025, \$187 million of the natural gas held in storage was held by rate-regulated utilities (2024 - \$186 million).

## 5. Property, Plant and Equipment

As at	December 31, 2025			December 31, 2024		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Utilities	\$ 11,114	\$ (934)	\$ 10,180	\$ 10,959	\$ (781)	\$ 10,178
Midstream	6,319	(1,288)	5,031	5,348	(1,141)	4,207
Corporate/Other	995	(744)	251	1,022	(753)	269
	<b>\$ 18,428</b>	<b>\$ (2,966)</b>	<b>\$ 15,462</b>	<b>\$ 17,329</b>	<b>\$ (2,675)</b>	<b>\$ 14,654</b>

Interest capitalized on long-term capital construction projects for the year ended December 31, 2025 was \$38 million (2024 - \$13 million).

As at December 31, 2025, the Corporation had \$1,851 million (December 31, 2024 - \$1,391 million) of capital projects under construction that were not yet subject to depreciation.

Depreciation expense related to property, plant and equipment (including assets under capital leases) for the year ended December 31, 2025 was \$476 million (2024 - \$439 million).

## 6. Intangible Assets

As at	December 31, 2025			December 31, 2024		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
E&T contracts	\$ 27	\$ (20)	\$ 7	\$ 27	\$ (20)	\$ 7
Energy services relationships <sup>(a)</sup>	94	(94)	—	99	(99)	—
Software	373	(272)	101	351	(253)	98
Land rights	1	—	1	1	—	1
Commodity contracts	8	(7)	1	9	(8)	1
	<b>\$ 503</b>	<b>\$ (393)</b>	<b>\$ 110</b>	<b>\$ 487</b>	<b>\$ (380)</b>	<b>\$ 107</b>

(a) Includes an intangible liability of \$16 million (December 31, 2024 - \$18 million) related to certain contracts acquired through business combinations with unfavourable terms.

Amortization expense related to intangible assets for the year ended December 31, 2025 was \$41 million (2024 - \$36 million).

As at December 31, 2025, the Corporation excluded \$18 million (December 31, 2024 - \$28 million) from the asset base subject to amortization. Items excluded relate to software assets under development and assets with an indefinite life.

The following table sets forth the estimated amortization expense of intangible assets, excluding any amortization of assets not yet subject to amortization as well as assets with an indefinite life, for the years ended December 31:

2026	\$	37
2027	\$	33
2028	\$	9
2029	\$	4
2030	\$	—
Thereafter	\$	9

## 7. Leases

### Lessee

AltaGas has operating and finance leases for office space, office equipment, field equipment, rail cars, aquatic use, vehicles, Very Large Gas Carriers ("VLGCs"), power and gas facilities, transmission and distribution assets, and land.

The components of lease expense were as follows:

Year Ended December 31	2025	2024
Operating lease cost (includes variable lease payments)	\$ 155	\$ 136
Finance lease cost		
Amortization of right-of-use assets	16	12
Interest on lease liabilities	9	8
<b>Total finance lease cost</b>	<b>\$ 25</b>	<b>\$ 20</b>
<b>Total lease cost</b>	<b>\$ 180</b>	<b>\$ 156</b>

Supplemental cash flow information related to leases was as follows:

Year Ended December 31	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used by finance leases	\$ (10)	\$ (9)
Operating cash flows used by operating leases	\$ (145)	\$ (127)
Financing cash flows used by finance leases	\$ (15)	\$ (11)
Right-of-use assets obtained in exchange for new lease liabilities		
Operating leases	\$ 118	\$ 239
Finance leases	\$ 16	\$ 42

Supplemental balance sheet information related to leases was as follows:

As at December 31	2025	2024
<b>Operating Leases</b>		
Operating lease right-of-use assets		
Long-term	\$ 481	\$ 490
<b>Total operating lease right-of-use assets</b>	<b>\$ 481</b>	<b>\$ 490</b>
Operating lease liabilities		
Current	\$ (126)	\$ (124)
Long-term	(399)	(412)
<b>Total operating lease liabilities</b>	<b>\$ (525)</b>	<b>\$ (536)</b>
<b>Finance Leases</b>		
Property and equipment, gross	\$ 183	\$ 179
Accumulated depreciation	(51)	(36)
<b>Property and equipment, net</b>	<b>\$ 132</b>	<b>\$ 143</b>
Current portion of finance lease liabilities	\$ (24)	\$ (23)
Finance lease liabilities	(124)	(126)
<b>Total finance lease liabilities</b>	<b>\$ (148)</b>	<b>\$ (149)</b>

As at	December 31, 2025	December 31, 2024
<b>Weighted average remaining lease term (years)</b>		
Operating leases	8.5	8.7
Finance leases	7.2	7.9
<b>Weighted average discount rate (%)</b>		
Operating leases	4.89	4.75
Finance leases	6.96	7.03

Maturity analysis of lease liabilities was as follows <sup>(a)</sup>:

	Operating Leases	Finance Leases
2026	\$ 128	\$ 25
2027	109	24
2028	92	21
2029	75	19
2030	57	16
Thereafter	198	106
<b>Total lease payments</b>	\$ 659	\$ 211
Less: imputed interest	(134)	(63)
<b>Total</b>	\$ 525	\$ 148

(a) Excludes operating leases which are anticipated to commence in future years. Please refer to Note 27 for more details.

## Lessor

Certain of AltaGas' revenues are obtained through take-or-pay contracts whereby AltaGas is the lessor in these operating lease arrangements. AltaGas is also the lessor in various other small-scale lease arrangements for land, office space, and other properties. Minimum lease payments received are amortized over the term of the lease. Contingent rentals are recorded when the condition that created the present obligation to make such payments occurs.

Maturity analysis of lease receivables was as follows:

	Operating Leases
2026	\$ 62
2027	60
2028	60
2029	59
2030	59
Thereafter	229
<b>Total</b>	\$ 529

The carrying value of property, plant, and equipment associated with these leases was \$469 million as at December 31, 2025.

AltaGas manages its risk associated with the residual value of its leased assets through strategically constructing leased facilities in key commercial regions and retaining the ability to sell commodities via the merchant market or through commodity sales agreements.

## 8. Goodwill

As at	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 5,691	\$ 5,270
Adjustment to goodwill on business acquisition	—	7
Foreign exchange translation	(243)	414
<b>Balance, end of year</b>	<b>\$ 5,448</b>	<b>\$ 5,691</b>

## 9. Long-Term Investments and Other Assets

As at	December 31, 2025	December 31, 2024
Deferred lease receivable	\$ 16	\$ 16
Debt issuance costs associated with credit facilities	5	5
Refundable deposits	10	10
Prepayment on long-term service agreements	60	62
Deferred information technology costs	54	43
Cash calls from joint venture partners	13	16
Contract asset ( <i>net of credit losses of \$1 million</i> ) ( <i>notes 21 and 22</i> )	2	3
Rabbi trust ( <i>note 29</i> )	3	5
Capitalized contract costs	4	4
Deferred energy program payments	8	8
Financial transmission rights	35	31
Blend-and-extend contract	25	29
Other	22	23
	<b>\$ 257</b>	<b>\$ 255</b>

## 10. Variable Interest Entities

### Consolidated VIEs

AltaGas consolidates a VIE where the Corporation is deemed the primary beneficiary. The primary beneficiary of a VIE has the power to direct the activities of the entity that most significantly impact its economic performance such as being the provider of construction, operating and marketing services to the entity. In addition, the primary beneficiary of a VIE also has the obligation to absorb losses of the entity or the right to receive benefits that could potentially be significant to the VIE. AltaGas determined that it is the primary beneficiary of the following VIEs:

#### Ridley Island LPG Export Limited Partnership

On May 5, 2017, AltaGas LPG Limited Partnership ("AltaGas LPG"), a wholly-owned subsidiary of AltaGas, and Vopak Development Canada Inc. ("Vopak"), a wholly-owned subsidiary of Koninklijke Vopak N.V. ("Royal Vopak"), a public company incorporated under the laws of the Netherlands, formed the Ridley Island LPG Export Limited Partnership ("RILE LP") to develop, own and operate the Ridley Island Propane Export Terminal ("RIPET"). AltaGas' subsidiaries hold a 70 percent interest while Vopak holds a 30 percent interest in RILE LP. The construction cost of RIPET was funded by AltaGas LPG and Vopak in proportion to their respective interests in RILE LP. As part of the arrangements, AltaGas entered into a long-term agreement for the capacity of RIPET with RILE LP, and AltaGas and certain of its subsidiaries provide operating services to RILE LP.

AltaGas has determined that RILE LP is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through the operating and marketing services provided to RILE LP. In addition, AltaGas has the obligation to absorb the losses and the right to receive the benefits that could potentially be significant to RILE LP through the long-term agreement for the capacity of RIPET. As such, AltaGas has consolidated RILE LP.

The assets of RILE LP are the property of RILE LP and are not available to AltaGas for any other purpose. RILE LP's asset balances can only be used to settle its own obligations. The liabilities of RILE LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its

net investment. The terms of the long-term capacity agreement between AltaGas LPG and RILE LP provide for a return on and of capital and reimbursement of RIPET's operating costs by AltaGas LPG in accordance with the terms set out in the agreement.

The following table represents amounts included in the Consolidated Balance Sheets attributable to RILE LP:

As at	December 31, 2025	December 31, 2024
Current assets	\$ 7	\$ 9
Property, plant and equipment	348	343
Long-term investments and other assets	36	39
Current liabilities	(21)	(18)
Asset retirement obligations	(4)	(5)
<b>Net assets</b>	<b>\$ 366</b>	<b>\$ 368</b>

#### Ridley Island Energy Export Facility Limited Partnership

On April 4, 2023, AltaGas LPG and Vopak formed the Ridley Island Energy Export Facility Limited Partnership ("REEF LP") to develop, own, and operate the Ridley Island Energy Export Facility ("REEF"). AltaGas' subsidiaries and Vopak each hold a 50 percent interest in REEF LP. The construction cost of REEF is being funded by AltaGas LPG and Vopak in proportion to their respective interests in REEF LP. As part of the project definitive agreements, AltaGas entered into a long-term agreement for 100 percent of the capacity of REEF with REEF LP. Additionally, AltaGas and certain of its subsidiaries have been contracted to provide operating and project development services to REEF LP.

AltaGas has determined that REEF LP is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through its control of all operational and commercial aspects of the project. In addition, AltaGas has the obligation to absorb the losses and the right to receive the benefits that could potentially be significant to REEF LP through the long-term agreement for the capacity of REEF. As such, AltaGas has consolidated REEF LP.

The assets of REEF LP are the property of REEF LP and are not available to AltaGas for any purpose other than as described in the long-term capacity agreement. REEF LP's asset balances can only be used to settle its own obligations and the liabilities of REEF LP do not represent additional claims against AltaGas' general assets. AltaGas' exposure to loss as a result of its interest as a limited partner is its net investment. AltaGas and Royal Vopak have provided limited guarantees for the obligations of their respective subsidiaries for the construction cost of REEF. With the commencement of commercial operations at REEF, the terms of the long-term capacity agreement between AltaGas LPG and REEF LP provide for a return on and of capital and reimbursement of REEF's operating costs by AltaGas LPG in accordance with the terms set out in the agreement.

The following table represents amounts included in the Consolidated Balance Sheets attributable to REEF LP:

As at	December 31, 2025	December 31, 2024
Current assets	\$ 78	\$ 59
Property, plant and equipment	1,013	312
Operating right of use assets	55	56
Current portion of operating lease liabilities	(4)	(3)
Asset retirement obligations	(1)	—
Operating lease liabilities	(54)	(55)
Other long-term liabilities	(1)	(1)
<b>Net assets</b>	<b>\$ 1,086</b>	<b>\$ 368</b>

#### AltaGas Hybrid Trust

On January 11, 2022, AltaGas closed its offering of \$300 million of 5.25 percent Fixed-to-Fixed Rate Subordinated Notes, Series 1 (Note 14). In conjunction with the debt offering, AltaGas issued \$300 million in Preferred Shares, Series 2022-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 1 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-A Preferred Shares would be delivered to the holders of the Series 1 Subordinated Notes. Upon delivery of the Series 2022-A Preferred Shares, the Series 1 Subordinated

Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 1 Subordinated Notes will automatically cease.

On August 17, 2022, AltaGas closed its offering of \$250 million of 7.35 percent Fixed-to-Fixed Subordinated Notes, Series 2 (Note 14). In conjunction with the debt offering, AltaGas issued \$250 million in Preferred Shares, Series 2022-B, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 2 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2022-B Preferred Shares would be delivered to the holders of the Series 2 Subordinated Notes. Upon delivery of the Series 2022-B Preferred Shares, the Series 2 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 2 Subordinated Notes will automatically cease.

On November 10, 2023, AltaGas closed its offering of \$200 million of 8.90 percent Fixed-to-Fixed Subordinated Notes, Series 3 (Note 14). In conjunction with the debt offering, AltaGas issued \$200 million in Preferred Shares, Series 2023-A, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as trustee. The Preferred Shares were issued to satisfy the obligations under the indenture governing the associated Series 3 Subordinated Notes. Following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas, subject to certain exceptions, the Series 2023-A Preferred Shares would be delivered to the holders of the Series 3 Subordinated Notes. Upon delivery of the Series 2023-A Preferred Shares, the Series 3 Subordinated Notes would be immediately and automatically surrendered and cancelled and all rights of any Series 3 Subordinated Notes will automatically cease.

The only assets held by the AltaGas Hybrid Trust are the Series 2022-A, Series 2022-B and Series 2023-A Preferred Shares.

AltaGas has determined that AltaGas Hybrid Trust is a VIE in which it holds variable interests and is the primary beneficiary. In the determination that AltaGas is the primary beneficiary of the VIE, AltaGas noted that it has the power to direct the activities that most significantly impact the VIE's economic performance through its role as the sole administrative agent. In addition, AltaGas has the obligation to absorb the administrative expenses that are significant to the trust through the associated administrative agreement. As such, AltaGas has consolidated the AltaGas Hybrid Trust.

## Unconsolidated VIE

### Strathcona Storage Limited Partnership ("SSLP")

AltaGas owns an interest in SSLP, a partnership formed with ATCO Energy Solutions Ltd. to construct, operate, and maintain underground NGL storage caverns at Fort Saskatchewan, Alberta.

As at December 31, 2025, AltaGas held a 40 percent equity investment in SSLP with a carrying value of \$126 million (2024 - \$127 million). SSLP is not consolidated by AltaGas and instead is accounted for by the equity method of accounting. AltaGas is not the primary beneficiary of SSLP and it does not have the power to direct the activities most significant to the economic performance of SSLP. The maximum financial exposure to loss as a result of the involvement with this VIE is equal to AltaGas' net investment in SSLP.

## 11. Investments Accounted for by the Equity Method

Description	Location	Ownership Percentage	Carrying value as at December 31		Equity income for the year ended December 31	
			2025	2024	2025	2024
Eaton Rapids Gas Storage System	United States	50	\$ 29	\$ 30	\$ 3	\$ 3
MVP <sup>(a) (b)</sup>	United States	10	566	596	51	50
Sarnia Airport Storage Pool LP	Canada	50	16	15	1	1
Petrogas Terminals Penn LLC	United States	50	1	1	—	—
SSLP	Canada	40	126	127	6	6
			\$ 738	\$ 769	\$ 61	\$ 60

(a) The equity method is considered appropriate because MVP is an LLC with specific ownership accounts and ownership between five and ten percent, resulting in AltaGas exercising a more than minor influence over the investee's operating and financing policies.

(b) Equity income includes AFUDC prior to June 2024 and equity earnings from income generated by MVP subsequent to being placed in-service on June 14, 2024. Earnings after June 14, 2024 also include the amortization of certain basis differences.

The carrying amount of certain equity investments differs from the amount of the underlying equity in net assets. These basis differences include amounts related to purchase accounting adjustments, capitalized interest, provisions on assets, and a contractual cap on contributions to MVP.

Summarized combined financial information, assuming a 100 percent ownership interest in AltaGas' equity investments listed above, is as follows:

<b>Year Ended December 31</b>	<b>2025</b>		<b>2024</b>	
Revenues	\$	806	\$	691
Expenses		(439)		(233)
	\$	367	\$	458

<b>As at December 31</b>	<b>2025</b>		<b>2024</b>	
Current assets	\$	200	\$	313
Property, plant and equipment	\$	13,369	\$	14,152
Long-term investments and other assets	\$	56	\$	17
Current liabilities	\$	(45)	\$	(112)
Other long-term liabilities	\$	(20)	\$	(16)

## 12. Short-Term Debt

<b>As at</b>	<b>December 31, 2025</b>		<b>December 31, 2024</b>	
Commercial paper <sup>(a)</sup>	\$	231	\$	10
	\$	231	\$	10

(a) As at December 31, 2025, AltaGas' weighted average interest rate on short-term borrowings outstanding was 4.0 percent (December 31, 2024 - 4.7 percent).

### Credit Facilities

As at December 31, 2025, AltaGas held a \$70 million (December 31, 2024 - \$70 million) unsecured demand revolving operating credit facility with a Canadian chartered bank. Draws on the facility can be by way of prime loans, U.S. base-rate loans, Secured Overnight Financing Rate ("SOFR") loans, Canadian Overnight Repo Rate Average ("CORRA") loans or letters of credit. As at December 31, 2025, there were no outstanding bank loans under this facility (December 31, 2024 - \$nil).

As at December 31, 2025, AltaGas held a US\$322 million (December 31, 2024 - US\$322 million) unsecured bilateral letter of credit demand facility with a Canadian chartered bank. Borrowings on the facility incur fees and interest at rates relevant to the nature of the draws made. Letters of credit outstanding under this facility as at December 31, 2025 were \$184 million (December 31, 2024 - \$251 million).

WGL and Washington Gas use short-term debt in the form of commercial paper and advances under its syndicated bank credit facilities to fund seasonal cash requirements. As at December 31, 2025, commercial paper outstanding classified as short-term debt totaled \$231 million (December 31, 2024 - \$10 million).

### 13. Long-Term Debt

As at	Maturity date	December 31, 2025	December 31, 2024
Credit facilities			
\$2.3 billion unsecured extendible revolving facility <sup>(a)</sup>	2-May-2029	\$ 385	\$ —
US\$150 million unsecured extendible revolving facility	21-Nov-2030	1	104
Commercial paper <sup>(b)</sup>	27-Jun-2030	—	253
AltaGas Ltd. MTNs			
\$300 million Senior unsecured - 3.84 percent	15-Jan-2025	—	300
\$500 million Senior unsecured - 2.16 percent	10-Jun-2025	—	500
\$350 million Senior unsecured - 4.12 percent	7-Apr-2026	350	350
\$47 million Senior unsecured - 4.64 percent	15-May-2026	47	47
\$200 million Senior unsecured - 2.17 percent	16-Mar-2027	200	200
\$200 million Senior unsecured - 3.98 percent	4-Oct-2027	200	200
\$500 million Senior unsecured - 3.03 percent	10-Nov-2027	500	—
\$500 million Senior unsecured - 2.08 percent	30-May-2028	500	500
\$400 million Senior unsecured - 4.67 percent	8-Jan-2029	400	400
\$200 million Senior unsecured - 2.48 percent	30-Nov-2030	200	200
\$350 million Senior unsecured - 5.14 percent	14-Mar-2034	350	350
\$21 million Senior unsecured - 5.16 percent	13-Jan-2044	21	21
\$108 million Senior unsecured - 4.50 percent	15-Aug-2044	108	108
\$68 million Senior unsecured - 4.99 percent	4-Oct-2047	68	68
\$500 million Senior unsecured - 5.60 percent	14-Mar-2054	500	500
WGL and Washington Gas MTNs and private placement notes			
US\$41 million Senior unsecured - 5.44 percent	11-Aug-2025	—	58
US\$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	72	76
US\$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	99	104
US\$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	71	75
US\$9 million Senior unsecured - 7.50 percent	1-Apr-2030	12	12
US\$150 million Senior unsecured - 6.06 percent	14-Oct-2033	206	216
US\$100 million Senior unsecured - 4.84 percent	1-Apr-2035	137	—
US\$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	69	72
US\$75 million Senior unsecured - 5.21 percent	3-Dec-2040	103	107
US\$75 million Senior unsecured - 5.00 percent	15-Dec-2043	103	107
US\$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Dec 2044	411	432
US\$450 million Senior unsecured - 3.80 percent	15-Sep-2046	617	647
US\$400 million Senior unsecured - 3.65 percent	15-Sep-2049	548	576
US\$200 million Senior unsecured - 2.98 percent	15-Dec-2051	274	288
US\$25 million Senior unsecured - 5.25 percent	29-Dec-2042	34	36
US\$175 million Senior unsecured - 5.33 percent	29-Dec-2052	240	252
US\$50 million Senior unsecured - 6.43 percent	15-Oct-2053	69	72
US\$100 million Senior unsecured - 5.40 percent	01-Oct-2054	137	144
SEMCO long-term debt			
US\$225 million First Mortgage Bonds - 2.45 percent <sup>(c)</sup>	21-Apr-2030	99	104
US\$225 million First Mortgage Bonds - 3.15 percent <sup>(c)</sup>	21-Apr-2050	307	323
Fair value adjustment on WGL acquisition		70	77
		\$ 7,508	\$ 7,879
Less: unamortized premiums, discounts, and debt issuance costs		(29)	(29)
		\$ 7,479	\$ 7,850
Less: current portion		(469)	(858)
		\$ 7,010	\$ 6,992

(a) Includes a \$1.7 billion four-year extendible committed revolving tranche which matures in May 2029 and a \$600 million three-year extendible side car revolving tranche which matures in May 2028.

(b) Compared to the prior year, AltaGas no longer intends to refinance its commercial paper on a long-term basis and, accordingly, all commercial paper is classified as short-term debt.

(c) The First Mortgage Bonds are secured by certain assets of SEMCO.

## MTN Debt Extinguishment

In the fourth quarter of 2024, AltaGas executed a partial debt extinguishment of certain of its MTNs, resulting in the derecognition of \$806 million of previously issued MTNs for total consideration of \$793 million. AltaGas recognized a pre-tax gain of \$4 million on the derecognition of the MTNs on the Consolidated Statements of Income under the line item "other income" for the year ended December 31, 2024. This amount is net of a hedge loss on a bond forward contract of \$5 million, which was entered into for the purpose of hedging the interest rate exposure on the partial debt extinguishment.

## Credit Facilities

As at December 31, 2025, AltaGas held \$2.3 billion (December 31, 2024 - \$2.3 billion) of unsecured revolving credit facilities. These facilities were amended in 2025 and include a \$1.7 billion four-year extendable committed revolving tranche which matures in May 2029, and a \$600 million three-year extendable side car revolving tranche which matures in May 2028. Draws on the facilities can be by way of prime loans, U.S. base-rate loans, SOFR loans, CORRA loans, or letters of credit. There were \$385 million of outstanding bank loans under this facility as at December 31, 2025 (December 31, 2024 - \$nil).

As at December 31, 2025, WGL held a US\$300 million (December 31, 2024 - US\$300 million) unsecured revolving credit facility. Draws on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, or letters of credit. There were no outstanding loans under this facility as at December 31, 2025 or December 31, 2024.

As at December 31, 2025, Washington Gas held a US\$450 million (December 31, 2024 - US\$450 million) unsecured revolving credit facility. Draws on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, or letters of credit. There were no outstanding loans under this facility as at December 31, 2025 or December 31, 2024.

As at December 31, 2025, SEMCO held a US\$150 million (December 31, 2024 - US\$150 million) unsecured extendible revolving facility. Draws on the facility can be by way of letters of credit, Alternate Base Rate, Eurodollar, or SOFR loans. There were US\$1 million of outstanding bank loans under this facility as at December 31, 2025 (December 31, 2024 - US\$72 million).

## 14. Subordinated Hybrid Notes

As at	Maturity date	December 31, 2025	December 31, 2024
\$300 million Subordinated Notes, Series 1 - 5.25 percent <sup>(a)</sup>	11-Jan-2082	\$ 300	\$ 300
\$250 million Subordinated Notes, Series 2 - 7.35 percent <sup>(b)</sup>	17-Aug-2082	250	250
\$200 million Subordinated Notes, Series 3 - 8.90 percent <sup>(c)</sup>	10-Nov-2083	200	200
\$200 million Subordinated Notes, Series 4 - 5.38 percent <sup>(d)</sup>	5-Dec-2055	200	—
US\$900 million Subordinated Notes - 7.20 percent <sup>(e) (f)</sup>	15-Oct-2054	1,234	1,295
		\$ 2,184	\$ 2,045
Less: debt issuance costs		(25)	(23)
		\$ 2,159	\$ 2,022

(a) For the initial 10 years, the Subordinated Notes carry a fixed interest rate. From January 11, 2032, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from January 11, 2032 to, but excluding, January 11, 2052, 3.82 percent and for the period from January 11, 2052 to, but excluding, the maturity date, 4.57 percent.

(b) For the initial 5 years, the Subordinated Notes carry a fixed interest rate. From August 17, 2027, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year Government of Canada yield plus for the period from August 17, 2027 to, but excluding, August 17, 2032, 4.54 percent, for the period from August 17, 2032, to, but excluding, August 17, 2047, 4.79 percent, and for the period from August 17, 2047, to, but excluding, the maturity date, 5.54 percent.

(c) For the initial 5 years, the Subordinated Notes carry a fixed interest rate. From November 10, 2028, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five-year Government of Canada yield plus for the period from November 10, 2028 to, but excluding, November 10, 2033, 5.09 percent, for the period from November 10, 2033 to, but excluding, November 10, 2048, 5.34 percent, and for the period from November 10, 2048, to, but excluding, the Maturity date, 6.09 percent.

(d) For the initial 5 years, the Subordinated Notes carry a fixed interest rate. From December 5, 2030, and on every fifth anniversary of such date thereafter, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five-year Government of Canada yield plus 2.42 percent, provided that the interest rate will not be less than 5.38 percent.

(e) For the initial 10 years, the Subordinated Notes carry a fixed interest rate. From October 15, 2034, the interest rate will reset for the subsequent fixed rate period at a rate per annum equal to the five year treasury rate plus 3.57 percent.

(f) In the third quarter of 2024, AltaGas concurrently executed cross-currency swaps totaling US\$900 million, effectively converting the U.S. dollar principal and interest payments of these Subordinated Notes into Canadian dollars and applying an effective annual interest rate of 6.90 percent, which is based on the initial converted Canadian principal amount of \$1.2 billion. Refer to Note 21 for more details.

For the year ended December 31, 2025, AltaGas recorded interest expense of \$140 million on the subordinated hybrid notes (2024 - \$75 million).

## 15. Asset Retirement Obligations

As at December 31	2025	2024
Balance, beginning of year	\$ 490	\$ 455
New obligations	20	1
Obligations settled ( <i>note 25</i> ) <sup>(a)</sup>	(7)	(10)
Revision in estimated cash flow	1	2
Accretion expense <sup>(b)</sup>	20	19
Foreign exchange translation	(20)	31
Reclassified to regulatory liabilities	(8)	(8)
<b>Total ARO, end of the year</b>	<b>\$ 496</b>	<b>\$ 490</b>
Less: current portion (included in accounts payable and accrued liabilities)	(8)	(8)
<b>Long-term portion</b>	<b>\$ 488</b>	<b>\$ 482</b>

(a) Includes a non-cash gain on settlement of \$7 million for the year ended December 31, 2024.

(b) Certain amounts relating to Utility asset retirement obligations are recorded through regulatory assets or liabilities on the Consolidated Balance Sheets due to regulatory treatment. The remaining portion is recorded through the Consolidated Statements of Income.

The majority of the asset retirement obligations are associated with distribution and transmission systems in the Utilities segment.

AltaGas estimates the undiscounted cash required to settle the asset retirement obligations, excluding growth for inflation, at December 31, 2025 was \$835 million (December 31, 2024 - \$842 million).

The asset retirement obligations have been recorded in the Consolidated Financial Statements at estimated values discounted at rates between 3.1 and 7.9 percent (December 31, 2024 - between 3.1 to 7.9 percent) and are expected to be incurred between 2026 and 2143 (December 31, 2024 - between 2025 and 2142). No assets have been legally restricted for settlement of the estimated liability.

## 16. Environmental Matters

AltaGas is subject to federal, provincial, state and local laws and regulations related to environmental matters. These laws and regulations may require expenditures over a long time frame to control environmental effects. Almost all of the environmental liabilities AltaGas has recorded are for costs expected to be incurred to remediate sites where AltaGas or a predecessor affiliate operated manufactured gas plants ("MGPs"). Estimating environmental response costs involves significant uncertainty due to various factors, including:

- the complexity of the site;
- changes in environmental laws and regulations at the federal, state, and local levels;
- the number of regulatory agencies or other parties involved;
- new technology that renders previous technology obsolete or experience with existing technology that proves ineffective;
- the level of remediation required; and
- variations between the estimated and actual period of time that must be dedicated to respond to an environmentally-contaminated site.

AltaGas has identified up to twelve sites where it or its predecessors may have operated MGPs. In connection with these operations, AltaGas is aware that coal tar and certain other by-products of the gas manufacturing process are present at or near some former sites and may be present at others.

As at December 31, 2025, a liability of \$21 million has been recorded on an undiscounted basis related to future environmental response costs (December 31, 2024 - \$24 million) in the Consolidated Balance Sheets under the line items "accounts payable and accrued liabilities" and "other long-term liabilities". These estimates principally include the minimum liabilities associated with a range of environmental response costs expected to be incurred. As at December 31, 2025, AltaGas estimated the maximum liability associated with all of its sites to be \$47 million (December 31, 2024 - \$53 million). The estimates were determined by AltaGas' environmental experts, based on experience in remediating MGP sites and advice from legal counsel and environmental consultants. The variation between the recorded and estimated maximum liability primarily results from differences in the number of years that will be required to perform environmental response processes and the extent of remediation that may be required.

As at December 31, 2025, AltaGas reported a regulatory asset of \$29 million (December 31, 2024 - \$28 million) for the portion of environmental response costs that are expected to be recoverable in future rates (Note 19).

In 2023, AltaGas received a Directive Letter from the Department of Energy and Environment ("DOEE") related to a MGP that was formerly owned by Washington Gas known as the "West Station Gas Works." The Directive Letter requests certain information and a site investigation. The Site Investigation Work Plan was approved by DOEE on April 19, 2024. AltaGas is unable to estimate the total amount of potential costs or timing associated with the site investigation at this time. AltaGas has accrued an amount for estimated information request response costs based on a potential range of estimates.

In 2025, the District of Columbia Superior Court lodged a negotiated Consent Decree between DOEE and Washington Gas, resolving the allegations related to sheens in its East Station property, located along the Anacostia River. Under the Consent Decree, Washington Gas agreed to undertake certain pollution mitigation efforts.

## 17. Other Long-Term Liabilities

As at	December 31, 2025	December 31, 2024
Deferred revenue	\$ 15	\$ 18
Customer advances for construction	17	6
Merger commitments	—	5
Non-retirement employee benefits <sup>(a)</sup>	66	65
Contract liability <i>(note 22)</i>	4	—
Uncertain tax positions <i>(note 18)</i>	11	11
Environmental liabilities	6	7
Other	20	15
	<b>\$ 139</b>	<b>\$ 127</b>

(a) Consists of long-term portion of liabilities relating to employee incentive plans and other non-retirement related employee benefits.

## 18. Income Taxes

### Income Tax Rate Reconciliation

Year Ended December 31	2025 <sup>(a)</sup>	
	Amount	Rate (%)
Income before income taxes - consolidated	\$ 1,029	
Federal statutory rate	257	25 %
<b>Domestic reconciling items</b>		
Federal Tax Abatement	(36)	(3)%
Provincial income taxes <sup>(b)</sup>	32	3 %
Non-deductible differences	1	— %
Changes in valuation allowance	(11)	(1)%
<b>Foreign tax effects</b>		
<i>United States</i>		
Effects of cross border tax laws	34	3 %
Tax rate differential	(27)	(3)%
State taxes	21	2 %
Deferred income tax recovery on regulated assets	(11)	(1)%
Changes in unrecognized tax benefits ("UTBs")	(1)	— %
Other	(9)	(1)%
	\$ 250	24 %
<b>Income tax provision</b>		
Current	\$ 58	
Deferred	192	
	\$ 250	
<b>Effective income tax rate</b>		<b>24.3 %</b>

(a) The 2025 rate reconciliation has been presented in accordance with the new disclosure requirements set by ASU 2023-09, which was prospectively adopted by AltaGas. Refer to Note 2 for further details.

(b) Provincial taxes in Alberta and B.C. comprise the majority of the tax effect in this category.

Year Ended December 31	2024	
Income before income taxes - consolidated	\$	746
Statutory income tax rate (%)		23.0
Expected taxes at statutory rates	\$	172
Add (deduct) the tax effect of:		
Permanent differences	\$	1
Statutory and other rate differences		10
Deferred income tax recovery on regulated assets		(11)
Previously unrecognized losses		(29)
Other		(5)
	\$	138
<b>Income tax provision</b>		
Current	\$	41
Deferred		97
	\$	138
<b>Effective income tax rate (%)</b>		<b>18.5</b>

## Components of Deferred Income Taxes

As at	December 31, 2025	December 31, 2024
PP&E and intangible assets	\$ 2,352	\$ 2,351
Regulatory assets	17	(110)
Tax pools, deferred financing, and compensation	(279)	(433)
Other	(193)	(87)
Valuation allowance	50	73
<b>Deferred Income Tax Liability</b>	<b>\$ 1,947</b>	<b>\$ 1,794</b>

The deferred income tax liability on the Consolidated Balance Sheets represents the net differences between tax basis and book carrying values, measured at enacted tax rates.

As at December 31, 2025, the Corporation had domestic tax-effected non-capital losses of \$259 million, which will be available to offset future taxable income. If not used, these losses will expire between 2037 and 2045. As at December 31, 2025, the Corporation also had foreign tax-effected non-capital losses of \$89 million, which will be available to offset future taxable income. If not used, these losses will expire between 2035 and 2045.

For the year-ended December 31, 2025, AltaGas paid \$4 million in interest on taxes, which was recorded in the "interest expense" line item on the Consolidated Statements of Income.

Please refer to note 29 for more information on cash taxes paid.

## Disaggregation of Income Before Income Taxes and Income Tax Expense

Year Ended December 31	2025
Income before income taxes <sup>(a)</sup>	
Domestic	\$ 358
Foreign	671
<b>Total</b>	<b>\$ 1,029</b>

(a) This table has been presented in accordance with the new disclosure requirements set by ASU 2023-09, which was prospectively adopted by AltaGas. Refer to Note 2 for further details.

Year Ended December 31	2025
Income tax expense <sup>(a)</sup>	
Federal	\$ 74
Provincial	1
Foreign	175
<b>Total</b>	<b>\$ 250</b>

(a) This table has been presented in accordance with the new disclosure requirements set by ASU 2023-09, which was prospectively adopted by AltaGas. Refer to Note 2 for further details.

## Unrecognized Tax Benefits

On an annual basis, the Corporation and its subsidiaries file tax returns in Canada and various foreign jurisdictions. In Canada, AltaGas' federal and provincial tax returns for the years 2014 to 2025 remain subject to examination by taxation authorities. In the United States, the federal and state tax returns for the years 2022 to 2025 remain subject to examination by the taxation authorities.

Management determined that the following provision was required for uncertainty on income taxes during the year:

Year ended December 31	2025	2024
UTBs at beginning of year	\$ 13	\$ 20
Gross increases for tax positions of current year	—	2
Decrease in UTBs from prior periods	(1)	—
Decrease in UTBs related to settlements	(1)	(9)
<b>Unrecognized tax benefits at end of year</b>	<b>\$ 11</b>	<b>\$ 13</b>

## 19. Regulatory Assets and Liabilities

AltaGas accounts for certain transactions in accordance with ASC 980, Regulated Operations. AltaGas refers to this accounting guidance for regulated entities as “regulatory accounting”. Under regulatory accounting, utilities are permitted to defer expenses and income as regulatory assets and liabilities, respectively, in the Consolidated Balance Sheets when it is probable that those expenses and income will be allowed in the rate-setting process in a period different from the period in which they would have been reflected in the Consolidated Statements of Income by a non-rate-regulated entity. These deferred regulatory assets and liabilities are included in the Consolidated Statements of Income in future periods when the amounts are reflected in customer rates. If an application is filed to modify customer rates with certain regulatory commissions, AltaGas is permitted to charge customers new rates, subject to refund, until the regulatory commission renders a final decision. During this interim period, a provision is recorded for a rate refund regulatory liability based on the difference between the amount collected in rates and the amount expected to be recovered from a final regulatory decision.

Management’s assessment of the probability of recovery or pass-through of regulatory assets and liabilities requires judgment and interpretation of laws and regulatory agency orders, rules, and rate-making conventions. The relevant regulatory bodies are the MPSC, PSC of DC, PSC of MD, and SCC of VA.

If, for any reason, the Corporation ceases to meet the criteria for application of regulatory accounting for all or part of its operations, the regulatory assets and liabilities related to those portions ceasing to meet such criteria would be de-recognized from the Consolidated Balance Sheets and included in the Consolidated Statements of Income for the period in which the discontinuance of regulatory accounting occurs. Criteria that give rise to the discontinuance of regulatory accounting include: (i) increasing competition that restricts the ability of the Corporation to charge prices sufficient to recover specific costs, and (ii) a significant change in the manner in which rates are set by regulatory agencies from cost-based regulation to another form of regulation. The Corporation’s review of these criteria currently supports the continued application of regulatory accounting for all its utilities.

The following table summarizes the regulatory assets and liabilities recorded in the Consolidated Balance Sheets, as well as the remaining period, as at December 31, 2025 and 2024, over which the Corporation expects to realize or settle the assets or liabilities:

As at December 31	2025	2024	Recovery Period
<b>Regulatory assets - current</b>			
Deferred cost of gas <sup>(a)</sup>	\$ 8	\$ 1	Less than one year
Accelerated replacement recovery mechanisms <sup>(b)</sup>	23	24	Less than one year
Interruptible sharing <sup>(c)</sup>	2	5	Less than one year
Energy optimization costs <sup>(d)</sup>	9	8	Less than one year
Virginia and Maryland revenue normalization <sup>(c)</sup>	25	54	Less than one year
	<b>\$ 67</b>	<b>\$ 92</b>	
<b>Regulatory assets - non-current</b>			
Deferred regulatory costs <sup>(c) (e)</sup>	\$ 92	\$ 102	1 - 50 years
Future recovery of pension and other retirement benefits <sup>(c)</sup>	1	1	Various
Future recovery of non-retirement employee benefits <sup>(c) (f)</sup>	3	4	Various
Deferred environmental costs <sup>(c) (g)</sup>	29	28	Various
Deferred loss on debt transactions and derivative instruments <sup>(c) (h)</sup>	79	87	Various
Deferred future income taxes <sup>(c) (i)</sup>	66	140	Various
Energy efficiency program - Maryland <sup>(j)</sup>	37	45	Various
COVID-19 costs <sup>(c) (k)</sup>	1	2	Various
D.C. rate case <sup>(l)</sup>	9	8	Various
Other	10	13	Various
	<b>\$ 327</b>	<b>\$ 430</b>	
<b>Regulatory liabilities - current</b>			
Deferred cost of gas <sup>(a)</sup>	\$ 143	\$ 61	Less than one year
Federal income tax rate change <sup>(m)</sup>	—	1	Less than one year
Interruptible sharing <sup>(c)</sup>	2	9	Less than one year
Virginia and Maryland revenue normalization <sup>(a) (c)</sup>	8	5	Less than one year
Other	6	3	Less than one year
	<b>\$ 159</b>	<b>\$ 79</b>	
<b>Regulatory liabilities - non-current</b>			
Future expense of pension and other retirement benefits <sup>(c)</sup>	\$ 308	\$ 316	Various
Future removal and site restoration costs <sup>(n)</sup>	428	441	Various
Deferred gain on debt transactions and derivative instruments <sup>(c) (h)</sup>	1	1	Various
Federal income tax rate change <sup>(m)</sup>	477	611	Various
Other	6	11	Various
	<b>\$ 1,220</b>	<b>\$ 1,380</b>	

- (a) Washington Gas does not earn its overall rate of return on these assets. Washington Gas is allowed to recover and required to pay, using short-term interest rates, the carrying costs related to billed gas costs due from and to its customers in D.C. and Virginia jurisdictions.
- (b) Represents amounts for deferred over or under collections of surcharges associated with Washington Gas' accelerated pipeline recovery programs in D.C., Maryland, and Virginia.
- (c) Washington Gas does not earn its overall rate of return on these assets.
- (d) Includes energy waste reduction costs and approval incentive awards that are recoverable from customers at SEMCO.
- (e) Includes deferred gas costs and fair value of derivatives, which are not included in customer bills until settled.
- (f) Represents the timing difference between the recognition of workers compensation and short-term disability costs in accordance with generally accepted accounting principles and the way these costs are recovered through rates.
- (g) This balance represents allowed environmental remediation expenditures at SEMCO and Washington Gas sites to be recovered through rates. The recovery period is over several years.
- (h) The losses or gains on the issuance and extinguishment of debt and interest-rate derivative instruments include unamortized balances from transactions executed in prior years. These transactions create gains and losses that are amortized over the remaining life of the debt as prescribed by regulatory accounting requirements. As at December 31, 2025, this also includes a fair value adjustment of \$66 million (December 31, 2024 - \$73 million) recorded on the WGL Acquisition in 2018.
- (i) This balance represents amounts due from customers for deferred tax assets and liabilities related to tax benefits/expenses on deductions that flowed directly to customers prior to the adoption of income tax normalizations for ratemaking purposes and to tax rate changes.
- (j) Represents amounts for deferred credits associated with Washington Gas' participation in the energy conservation and efficiency program EmPOWER in Maryland that are recovered from customers over time.
- (k) Regulatory assets established to capture and track incremental COVID-19 related costs.
- (l) This balance represents costs incurred in association with D.C. rate cases.
- (m) The *Tax Cuts and Jobs Act* ("TCJA") was enacted on December 22, 2017, and required the Corporation to revalue its U.S. deferred tax assets and liabilities in 2018 to the lower federal corporate tax rate of 21 percent, resulting in excess accumulated deferred income taxes. The tax rate reduction created a reduction in deferred tax liability, which SEMCO and Washington Gas are required to refund to ratepayers.
- (n) This amount and timing of draw down is dependent upon the cost of removal of the underlying utility property, plant, and equipment and its useful life.

## 20. Accumulated Other Comprehensive Income (Loss)

(\$ millions)	Cash Flow Hedges	DB pension and PRB plans	Hedge net investments	Translation foreign operations	Total
<b>Opening balance, January 1, 2025</b>	\$ (92)	\$ (4)	\$ (232)	\$ 1,483	\$ 1,155
OCI before reclassification	(20)	1	44	(574)	(549)
Amounts reclassified from OCI	65	(1)	—	—	64
Current period OCI (pre-tax)	\$ 45	\$ —	\$ 44	\$ (574)	\$ (485)
Income tax on amounts retained in AOCI	2	—	—	—	2
Net current period OCI	\$ 47	\$ —	\$ 44	\$ (574)	\$ (483)
<b>Ending balance, December 31, 2025</b>	\$ (45)	\$ (4)	\$ (188)	\$ 909	\$ 672
Opening balance, January 1, 2024	\$ (9)	\$ (2)	\$ (148)	\$ 554	\$ 395
OCI before reclassification	(27)	—	(84)	929	818
Amounts reclassified from OCI	(58)	(2)	—	—	(60)
Current period OCI (pre-tax)	\$ (85)	\$ (2)	\$ (84)	\$ 929	\$ 758
Income tax on amounts retained in AOCI	2	—	—	—	2
Net current period OCI	\$ (83)	\$ (2)	\$ (84)	\$ 929	\$ 760
Ending balance, December 31, 2024	\$ (92)	\$ (4)	\$ (232)	\$ 1,483	\$ 1,155

### Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item	Year Ended December 31, 2025	Year Ended December 31, 2024
		Gains (losses)	Gains (losses)
Cash flow hedges - commodity contracts	Cost of sales	\$ (4)	\$ (13)
Cash flow hedges - cross-currency swap	Foreign exchange gains	(61)	71
DB pension and PRB plans <sup>(a)</sup>	Other income	1	2
		\$ (64)	\$ 60

(a) Reclassifications from AOCI in 2024 and 2025 relates to partial settlements of Washington Gas' post-retirement benefit plan. Refer to Note 26 for more details.

## 21. Financial Instruments and Financial Risk Management

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, risk management contracts, certain long-term investments and other assets, accounts payable and accrued liabilities, short-term and long-term debt, subordinated hybrid notes, finance lease liabilities, and certain other current and long-term liabilities.

### Fair Value Hierarchy

AltaGas categorizes its financial assets and financial liabilities into one of three levels based on fair value measurements and inputs used to determine the fair value.

*Level 1* - fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities. Fair values are based on direct observations of transactions involving the same assets or liabilities and no assumptions are used. Included in this category are publicly traded shares valued at the closing price as at the balance sheet date.

*Level 2* - fair values are determined based on valuation models and techniques where inputs other than quoted prices included within Level 1 are observable for the asset or liability either directly or indirectly. AltaGas enters into derivative instruments in the futures, over-the-counter and retail markets to manage fluctuations in commodity prices and foreign exchange rates. The fair values of power, natural gas, NGL, LPG, ocean freight, and crude oil derivative contracts were calculated using forward prices based on published sources for the relevant period, adjusted for factors specific to the asset or liability, including basis and location differentials, discount rates, and currency exchange. The fair value of foreign exchange derivative contracts and cross-currency swaps were calculated using valuation models, indicative broker quotes and other appropriate valuation techniques based on observable market data.

Level 3 - fair values are based on inputs for the asset or liability that are not based on observable market data. AltaGas uses valuation techniques when observable market data is not available. Level 3 derivatives include physical contracts at illiquid market locations with no observable market data, long-dated positions where observable pricing is not available over the life of the contract, contracts valued using historical spot price volatility assumptions, and valuations using indicative broker quotes for inactive market locations. A significant change to any one of these inputs in isolation could result in a significant upward or downward fluctuation in the fair value measurement.

The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments:

*Other current liabilities* - the carrying amounts approximate fair value because of the short maturity of these instruments.

*Current portion of long-term debt, long-term debt, current portion of finance lease liabilities, finance lease liabilities, subordinated hybrid notes, and other long-term liabilities* - the fair value of these liabilities was estimated based on discounted future interest and principal payments using the current market interest rates of instruments with similar terms.

*Risk management assets and liabilities* - the fair values of power, natural gas, NGL, and crude oil derivative contracts were calculated using forward prices from published sources for the relevant period. The fair value of foreign exchange derivative contracts was calculated using quoted market rates. The fair value of Level 3 derivative contracts was calculated using internally developed valuation inputs and pricing models.

As at	December 31, 2025				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income <sup>(a) (b)</sup>					
Risk management assets - current	\$ 51	\$ —	\$ 48	\$ 3	\$ 51
Risk management assets - non-current	94	—	66	28	94
Fair value through regulatory assets <sup>(a)</sup>					
Risk management assets - current	5	—	4	1	5
Risk management assets - non-current	33	—	—	33	33
	<b>\$ 183</b>	<b>\$ —</b>	<b>\$ 118</b>	<b>\$ 65</b>	<b>\$ 183</b>
Financial liabilities					
Fair value through net income <sup>(a) (b) (c)</sup>					
Risk management liabilities - current	\$ 72	\$ —	\$ 26	\$ 46	\$ 72
Risk management liabilities - non-current	108	—	35	73	108
Fair value through regulatory liabilities <sup>(a)</sup>					
Risk management liabilities - current	17	—	7	10	17
Risk management liabilities - non-current	23	—	7	16	23
Amortized cost					
Current portion of long-term debt	469	—	469	—	469
Current portion of finance lease liabilities	24	—	24	—	24
Long-term debt	7,010	—	6,328	—	6,328
Finance lease liabilities	124	—	124	—	124
Subordinated hybrid notes	2,159	—	2,262	—	2,262
Other current liabilities <sup>(d)</sup>	67	—	67	—	67
	<b>\$ 10,073</b>	<b>\$ —</b>	<b>\$ 9,349</b>	<b>\$ 145</b>	<b>\$ 9,494</b>

(a) To manage price risk associated with acquiring natural gas supply for Maryland, Virginia, and D.C. utility customers, Washington Gas, a subsidiary of the Corporation, enters into physical and financial derivative transactions. Any gains and losses associated with these derivatives are recorded as regulatory liabilities or assets, respectively, to reflect the rate treatment for these economic hedging activities. Additionally, as part of its asset optimization program, Washington Gas enters into derivatives with the primary objective of securing operating margins that Washington Gas will ultimately realize. Regulatory sharing mechanisms provide for the annual realized profit from these transactions to be shared between Washington Gas' shareholder and customers; therefore, changes in fair value are recorded through earnings, or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized.

(b) Includes the fair value of designated commodity hedging instruments classified as level 2, which amounts to a liability totaling \$8 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.

(c) Includes the fair value of designated cross-currency swap hedging instruments classified as level 2, which amounts to a liability totaling \$25 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Foreign Exchange Risk* and *Cash Flow Hedges* sections below for more details.

(d) Excludes non-financial liabilities.

As at	December 31, 2024				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income <sup>(a) (b)</sup>					
Risk management assets - current	\$ 21	\$ —	\$ 7	\$ 14	\$ 21
Risk management assets - non-current	47	—	32	15	47
Fair value through regulatory assets <sup>(a)</sup>					
Risk management assets - current	4	—	1	3	4
Risk management assets - non-current	16	—	—	16	16
	\$ 88	\$ —	\$ 40	\$ 48	\$ 88
Financial liabilities					
Fair value through net income <sup>(a) (b) (c)</sup>					
Risk management liabilities - current	\$ 138	\$ —	\$ 115	\$ 23	\$ 138
Risk management liabilities - non-current	125	—	70	55	125
Fair value through regulatory liabilities <sup>(a)</sup>					
Risk management liabilities - current	12	—	—	12	12
Risk management liabilities - non-current	35	—	—	35	35
Amortized cost					
Current portion of long-term debt	858	—	858	—	858
Current portion of finance lease liabilities	23	—	23	—	23
Long-term debt	6,992	—	6,261	—	6,261
Finance lease liabilities	126	—	126	—	126
Subordinated hybrid notes	2,022	—	2,068	—	2,068
Other current liabilities <sup>(d)</sup>	54	—	54	—	54
	\$ 10,385	\$ —	\$ 9,575	\$ 125	\$ 9,700

- (a) To manage price risk associated with acquiring natural gas supply for Maryland, Virginia, and D.C. utility customers, Washington Gas, a subsidiary of the Corporation, enters into physical and financial derivative transactions. Any gains and losses associated with these derivatives are recorded as regulatory liabilities or assets, respectively, to reflect the rate treatment for these economic hedging activities. Additionally, as part of its asset optimization program, Washington Gas enters into derivatives with the primary objective of securing operating margins that Washington Gas will ultimately realize. Regulatory sharing mechanisms provide for the annual realized profit from these transactions to be shared between Washington Gas' shareholder and customers; therefore, changes in fair value are recorded through earnings, or as regulatory assets or liabilities to the extent that it is probable that realized gains and losses associated with these derivative transactions will be included in the rates charged to customers when they are realized.
- (b) Includes the fair value of designated commodity hedging instruments classified as level 2, which amounts to an asset totaling \$3 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Cash Flow Hedges* section below for more details.
- (c) Includes the fair value of designated cross-currency swap hedging instruments classified as level 2, which amounts to a liability totaling \$16 million. The change in fair value of these instruments is recorded to AOCI. Refer to the *Foreign Exchange Risk and Cash Flow Hedges* sections below for more details.
- (d) Excludes non-financial liabilities.

Financial assets and liabilities not included in the fair value hierarchy table include money market funds, short-term debt, accounts receivables, and accounts payables and accrued liabilities. The carrying value of these financial instruments approximate their fair value, which reflects the short-term maturity and/or normal credit terms of these financial instruments.

The following table includes quantitative information about the significant unobservable inputs used in the fair value measurement of Level 3 financial instruments as at December 31, 2025:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range	Weighted Average <sup>(a)</sup>
Natural gas	\$ 14	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	\$(6.65) - \$ 6.15	\$ (0.03)
Natural gas	\$ (1)	Option Model	Natural Gas Basis Price (per Dth)	\$(1.92) - \$ 5.44	\$ 0.03
			Annualized Volatility of Spot Market Natural Gas	8% - 58%	27%
Electricity	\$ (93)	Discounted Cash Flow	Electricity Congestion Price (per MWh)	\$(73.48) - \$148.85	\$ 14.73

- (a) Unobservable inputs were weighted by transaction volume.

The following tables provide a reconciliation of changes in net fair value of derivative assets and liabilities classified as Level 3 in the fair value hierarchy:

For the year ended December 31	2025			2024		
	Natural Gas	Electricity	Total	Natural Gas	Electricity	Total
Balance, beginning of year	\$ (36)	\$ (41)	\$ (77)	\$ (30)	\$ (23)	\$ (53)
Gains (losses):						
Recorded in income <sup>(a)</sup>	11	(58)	(47)	(9)	26	17
Recorded in regulatory assets <sup>(b)</sup>	10	—	10	1	—	1
Transfers out of Level 3	13	—	13	—	(1)	(1)
Purchases	—	10	10	—	(2)	(2)
Settlements	14	(6)	8	5	(39)	(34)
Foreign exchange translation	1	2	3	(3)	(2)	(5)
<b>Balance, end of year</b>	<b>\$ 13</b>	<b>\$ (93)</b>	<b>\$ (80)</b>	<b>\$ (36)</b>	<b>\$ (41)</b>	<b>\$ (77)</b>

(a) For the year ended December 31, 2025 and 2024, there were unrealized losses of \$51 million and \$3 million respectively, attributed to derivative assets and liabilities classified as Level 3 in the fair value hierarchy

(b) For the year ended December 31, 2025 and 2024, there were unrealized gains of \$10 million and \$3 million respectively, attributed to derivative assets and liabilities classified as Level 3 in the fair value hierarchy.

Transfers between different levels of the fair value hierarchy may occur based on fluctuations in the valuation and on the level of observable inputs used to value the instruments from period to period. Transfers into and out of the different levels of the fair value hierarchy are presented at the fair value as of the beginning of the period. Transfers out of Level 3 during the year ended December 31, 2025 and 2024 were due to an increase in valuations using observable market inputs.

### Net Realized and Unrealized Gains Recorded to Income for Level 3 Measurements

Year Ended December 31	2025	2024
Recorded to revenue	\$ (36)	\$ 12
Recorded to cost of sales	(11)	5
	\$ (47)	\$ 17

### Summary of Unrealized Gains (Losses) on Risk Management Contracts Recognized in Net Income

Year Ended December 31	2025	2024
Natural gas	\$ 19	\$ 32
Energy exports	85	48
Crude oil and NGLs	6	(3)
NGL frac spread	6	(5)
Power	6	12
Foreign exchange	70	(96)
	\$ 192	\$ (12)

### Offsetting of Derivative Assets and Derivative Liabilities

Certain of AltaGas' risk management contracts are subject to master netting arrangements that create a legally enforceable right for a counterparty to offset the related financial assets and financial liabilities. As part of these master netting agreements, cash, letters of credit and parental guarantees may be required to be posted or obtained from counterparties in order to mitigate credit risk related to both derivative and non-derivative positions. Collateral balances are also offset against the related counterparties' derivative positions to the extent the application would not result in the over-collateralization of those derivative positions on the balance sheet.

As at	December 31, 2025				
	Derivative instruments not designated as hedging instruments	Derivative instruments designated as hedging instruments			
	Gross amounts of recognized assets/liabilities	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Netting of collateral	Net amounts presented in balance sheet
Risk management assets <sup>(a)</sup>					
Natural gas	\$ 138	\$ 2	\$ (71)	\$ —	\$ 69
Energy exports	126	—	(67)	—	59
Crude oil and NGLs	3	—	(2)	—	1
NGL frac spread	3	—	(1)	—	2
Power	57	—	(18)	—	39
Foreign exchange	13	—	—	—	13
	<b>\$ 340</b>	<b>\$ 2</b>	<b>\$ (159)</b>	<b>\$ —</b>	<b>\$ 183</b>
Risk management liabilities <sup>(b)</sup>					
Natural gas	\$ 134	\$ 10	\$ (71)	\$ (7)	\$ 66
Energy exports	74	—	(67)	—	7
Crude oil and NGLs	2	—	(2)	—	—
NGL frac spread	1	—	(1)	—	—
Power	120	—	(18)	—	102
Foreign exchange	20	25	—	—	45
	<b>\$ 351</b>	<b>\$ 35</b>	<b>\$ (159)</b>	<b>\$ (7)</b>	<b>\$ 220</b>

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of \$56 million and risk management assets (non-current) balance of \$127 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of \$89 million and risk management liabilities (non-current) balance of \$131 million.

As at		December 31, 2024				
	Derivative instruments not designated as hedging instruments	Derivative instruments designated as hedging instruments				
	Gross amounts of recognized assets/liabilities	Gross amounts of recognized assets/liabilities	Gross amounts offset in balance sheet	Netting of collateral	Net amounts presented in balance sheet	
Risk management assets <sup>(a)</sup>						
Natural gas	\$ 81	\$ 6	\$ (45)	\$ —	\$ 42	
Energy exports	63	—	(36)	—	27	
Crude oil and NGLs	1	—	(1)	—	—	
Power	60	—	(41)	—	19	
	\$ 205	\$ 6	\$ (123)	\$ —	\$ 88	
Risk management liabilities <sup>(b)</sup>						
Natural gas	\$ 118	\$ 3	\$ (45)	\$ (4)	\$ 72	
Energy exports	100	—	(36)	(10)	54	
Crude oil and NGLs	6	—	(1)	—	5	
NGL frac spread	4	—	—	—	4	
Power	123	—	(41)	—	82	
Foreign exchange	77	16	—	—	93	
	\$ 428	\$ 19	\$ (123)	\$ (14)	\$ 310	

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of \$25 million and risk management assets (non-current) balance of \$63 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of \$150 million and risk management liabilities (non-current) balance of \$160 million.

## Cash Collateral

The following table presents collateral not offset against risk management assets and liabilities:

As at	December 31, 2025	December 31, 2024
Collateral posted with counterparties	\$ 29	\$ 30

Any collateral posted that is not offset against risk management assets and liabilities is included in line item "prepaid expenses and other current assets" in the Consolidated Balance Sheets. Collateral received and not offset against risk management assets and liabilities is included in line item "customer deposits" in the Consolidated Balance Sheets.

Certain derivative instruments contain contract provisions that require collateral to be posted if the credit rating of AltaGas or certain of its subsidiaries falls below certain levels. At December 31, 2025 and December 31, 2024, AltaGas has not posted any collateral related to its derivative liabilities that contained credit-related contingent features. The following table shows the aggregate fair value of all derivative instruments with credit-related contingent features that are in a liability position, as well as the maximum amount of collateral that would be required if specific credit-risk-related contingent features underlying these agreements were triggered:

As at	December 31, 2025	December 31, 2024
Risk management liabilities with credit-risk-contingent features	\$ 122	\$ 157
Maximum potential collateral requirements	\$ 43	\$ 116

## Risks Associated with Financial Instruments

AltaGas is exposed to various financial risks in the normal course of operations such as market risks resulting from fluctuations in commodity prices, currency exchange rates and interest rates as well as credit risk and liquidity risk.

## Commodity Price Risk

AltaGas enters into financial derivative contracts to manage exposure to fluctuations in commodity prices. The use of derivative instruments is governed under formal risk management policies and is subject to parameters set out by AltaGas' Risk Management Committee and Board of Directors.

### Natural Gas

In the normal course of business, AltaGas purchases and sells natural gas to support its infrastructure business. The fixed price and market price contracts for both the purchase and sale of natural gas extend to 2033. In addition, AltaGas may enter into financial derivative contracts as part of WGL's asset optimization program. WGL optimized the value of its long-term natural gas transportation and storage capacity resources during periods when these resources are not being used to physically serve utility customers.

AltaGas had the following contracts outstanding as at December 31, 2025 and 2024:

December 31, 2025	Fixed price (per GJ)	Period (months)	Notional volume (GJ)	Fair Value (\$ millions)
Sales	3.25 to 11.25	1-94	193,228,983	\$ (43)
Purchases	3.18 to 12.34	1-95	454,309,955	\$ 50
Swaps <sup>(a)</sup>	2.78 to 10.06	1-47	64,216,853	\$ (4)

(a) Includes 44,203,787 GJ of natural gas swaps designated as hedging instruments that have terms extending until 2029.

December 31, 2024	Fixed price (per GJ)	Period (months)	Notional volume (GJ)	Fair Value (\$ millions)
Sales	3.32 to 10.22	1-106	230,536,993	\$ (44)
Purchases <sup>(a)</sup>	2.09 to 10.36	1-107	530,080,297	\$ 10
Swaps	3.91 to 7.14	1-52	59,523,634	\$ 4

(a) Includes 32,391,274 GJ of natural gas swaps designated as hedging instruments that have terms extending until 2029.

### Crude Oil and NGLs

In the normal course of business, AltaGas utilizes commodity swaps to manage the impact of timing between when product is purchased and sold in addition to differing indices on purchase and sales. AltaGas had the following contracts outstanding as at December 31, 2025 and 2024:

December 31, 2025	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Swaps	39.94 to 88.16	1-18	1,165,671	\$ 1

December 31, 2024	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Swaps	40.25 to 113.12	1-30	778,564	\$ (5)

### Energy Exports

In the normal course of business, AltaGas enters into swaps to lock in a portion of the volumes exposed to the propane and butane price differentials between North American Indices and the Far East Index for contracts not under tolling arrangements at RIPET and Ferndale. AltaGas had the following contracts outstanding as at December 31, 2025 and 2024:

December 31, 2025	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Purchases	18.52 to 44.62	1-87	15,514,000	\$ 52
Propane and butane swaps	2.28 to 128.52	1-16	51,015,743	\$ —

December 31, 2024	Fixed price (per Bbl)	Period (months)	Notional volume (Bbl)	Fair Value (\$ millions)
Purchases	27.74 to 44.97	1-99	20,701,782	\$ (23)
Propane and butane swaps	6.39 to 150.52	1-27	73,349,061	\$ (4)

## NGL Frac Spread

In the normal course of business, AltaGas enters into swaps to lock in a portion of the volumes exposed to NGL frac spread. AltaGas had the following contracts outstanding as at December 31, 2025 and 2024:

December 31, 2025	Fixed price	Period (months)	Notional volume	Fair Value (\$ millions)
Propane swaps	34.56 to 42.12/Bbl	1-9	586,444 Bbl	\$ 2
Crude oil swaps	77.29 to 87.88/Bbl	1-9	116,952 Bbl	\$ 1
Natural gas swaps	2.04 to 3.00/GJ	1-9	3,434,170 GJ	\$ (1)

December 31, 2024	Fixed price	Period (months)	Notional volume	Fair Value (\$ millions)
Propane swaps	41.90 to 47.34/Bbl	1-9	1,639,890 Bbl	\$ (2)
Crude oil swaps	95.88 to 101.60/Bbl	1-9	341,586 Bbl	\$ (1)
Natural gas swaps	1.31 to 2.29/GJ	1-9	9,650,298 GJ	\$ (1)

## Power

AltaGas sells power to the Alberta Electric System Operator at market prices, as well as through its WGL Energy Services affiliate, to commercial, industrial and mass market users within the PJM Regional Transmission Organization at fixed and market prices. AltaGas' strategy is to mitigate the cash flow risk to power prices to provide predictable earnings. Therefore, AltaGas uses third-party swaps and purchase contracts to fix the prices over time on a portion of the volumes to mitigate financial exposure associated with the sale contracts. These power purchase and sale contracts extend to 2029. As at December 31, 2025, AltaGas had no intention to terminate any contracts prior to maturity. AltaGas had the following contracts outstanding as at December 31, 2025 and 2024:

December 31, 2025	Fixed price (per MWh)	Period (months)	Notional volume (MWh)	Fair Value (\$ millions)
Power sales	37.49 to 148.85	1-33	4,245,786	\$ (37)
Power purchases	37.49 to 148.85	1-33	4,454,126	\$ 38
Swap purchases	(73.48) to 130.96	1-41	16,229,764	\$ (64)

December 31, 2024	Fixed price (per MWh)	Period (months)	Notional volume (MWh)	Fair Value (\$ millions)
Power sales	35.83 to 137.99	1-42	5,006,116	\$ 5
Power purchases	35.83 to 137.99	1-42	5,533,213	\$ (6)
Swap purchases	(29.35) to 111.37	1-40	22,382,893	\$ (62)

The table below provides the potential impact on pre-tax income due to changes in the fair value of risk management contracts in place as at December 31, 2025:

Factor	Increase or decrease to forward prices	Increase or decrease to income before tax (\$ millions)
PJM power price	US\$1/MWh	20
AECO natural gas price	\$0.50/GJ	(3)
NYMEX natural gas price	US\$0.50/GJ	177
Energy Exports:		
Propane Far East Index to domestic supply	\$1/Bbl	(2)
Baltic LPG Freight	\$1/Bbl	6
NGL frac spread:		
Propane	\$1/Bbl	(1)
Natural gas	\$0.50/GJ	2

## Foreign Exchange Risk

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation's financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation's earnings, cash flows, and OCI are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt outstanding. AltaGas may also enter into cross currency swaps or other foreign exchange derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favourable movements in the rates. Any hedges transacted are subject to risk limits and guidelines and are actively monitored and managed by AltaGas' risk management team to ensure they align with AltaGas' overall financial strategy.

AltaGas may designate its external U.S. dollar-denominated debt or certain U.S. dollar-denominated loans that may give rise to a foreign currency translation gain or loss as a net investment hedge of its U.S. subsidiaries. As at December 31, 2025, AltaGas has designated US\$645 million of outstanding loans as a net investment hedge (December 31, 2024 - US\$645 million). For the year ended December 31, 2025, unrealized after-tax gains of \$44 million on the net investment hedge were recorded in OCI (2024 - unrealized after-tax losses of \$84 million).

The following foreign exchange related contracts were outstanding as at December 31, 2025:

	Duration	Fair Value (\$ millions)
<b>Foreign exchange contracts</b>		
Forward USD sales (non-deliverable)	Less than 1 year	\$ 4
Forward USD sales (non-deliverable)	1 - 5 years	\$ (8)
Foreign exchange option	Less than 1 year	\$ (1)
Foreign exchange option	1 - 2 years	\$ (2)
<b>Cross-currency swaps</b>		
Fixed-to-fixed cross-currency swaps	9 years	\$ (25)

The following foreign exchange related contracts were outstanding as at December 31, 2024:

	Duration	Fair Value (\$ millions)
<b>Foreign exchange contracts</b>		
Forward USD sales (non-deliverable)	Less than 1 year	\$ (50)
Forward USD sales (non-deliverable)	1 - 3 years	\$ (27)
<b>Cross-currency swaps</b>		
Fixed-to-fixed cross-currency swaps	10 years	\$ (16)

The following is a summary of gains (losses) on foreign exchange contracts recognized in net income:

Objective of foreign exchange contract	Year Ended December 31, 2025	Year Ended December 31, 2024
	Gains	Losses
Cash management <sup>(a)</sup>	\$ —	\$ (9)
Income statement risk management <sup>(b)</sup>	\$ 48	\$ (104)

(a) Recorded in the Consolidated Statements of Income (Loss) under the line item "foreign exchange gains (losses)".

(b) Recorded in the Consolidated Statements of Income (Loss) under the line item "revenue".

## Cash Flow Hedges

In the normal course of business, WGL Energy Services purchases natural gas indexed to NYMEX Henry Hub to be sold to third party customers. WGL Energy Services' risk management objective and strategy is to protect earnings against the risk of price fluctuations associated with forecasted NYMEX Henry Hub purchases through the use of the NYMEX Henry Hub financial swaps. Beginning April 1, 2023, WGL Energy Services began prospectively designating its NYMEX Henry Hub financial swaps as cash flow hedges in accordance with ASC Topic 815 as it expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged.

For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings, or when non-regulated cost of energy-related sales is recorded. For swaps that settle

the month ahead of the physical transaction, the swap impact will be reclassified into earnings in the subsequent month when the associated hedged transaction is recorded into earnings. For storage inventory purchases, such reclassification into earnings will be based on WGL Energy Services' inventory turnover schedules for finished goods in which the hedged natural gas purchases are used. When applicable, the ineffective portion of a commodity cash flow hedge will immediately be recognized in earnings. As at December 31, 2025, the estimated amount of existing gains related to commodity cash flow hedges expected to be reclassified to the income statement in the next 12 months is less than \$1 million.

AltaGas is also exposed to interest rate risk as changes in interest rates may impact future cash flows and fair value of its financial instruments. To manage this risk, the Company may enter into bond forward contract derivatives and designate them as cash flow hedges in accordance with ASC Topic 815, as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. When applicable, the ineffective portion of a cash flow hedge will immediately be recognized in earnings. As at December 31, 2025, the estimated amount of existing losses related to the bond forward contract derivative expected to be reclassified to the income statement in the next 12 months is less than \$1 million.

In 2024, AltaGas designated US\$900 million of cross-currency swaps as cash flow hedges to manage the foreign currency risk associated with its US dollar denominated subordinated hybrid notes. The cash flow hedges are designated in accordance with ASC Topic 815 as AltaGas expects that the hedging relationship will be highly effective at achieving offsetting changes in cash flows attributable to the risk being hedged. For hedging relationships that qualify as highly effective, the change in fair value of the hedging instrument will be recorded to AOCI. Amounts in AOCI will be reclassified into earnings in the same period the hedged forecasted transactions affect earnings. Any ineffective portion of a cash flow hedge will immediately be recognized in earnings. As at December 31, 2025, the estimated amount of existing losses related to the cross-currency swaps expected to be reclassified to the income statement in the next 12 months is \$4 million. Actual amounts reclassified to earnings depends on the movement in foreign exchange rates.

The following is a summary of losses on designated cash flow hedges recognized in AOCI prior to any reclassifications:

	Year Ended December 31, 2025	Year Ended December 31, 2024
<b>Designated cash flow hedges<sup>(a)</sup></b>	<b>Losses</b>	<b>Losses</b>
Cross-currency swap	\$ (9)	\$ (16)
Commodity contracts	\$ (9)	\$ (2)
Bond forward contract	\$ —	\$ (7)

(a) Amounts presented are after-tax.

Refer to note 20 for amounts reclassified from AOCI to the income statement related to designated cash flow hedges for the year ended December 31, 2025 and 2024.

## Interest Rate Risk

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. The Corporation manages its interest rate risk by holding a mix of both fixed and floating interest rate debt. As at December 31, 2025, 94 percent of AltaGas' total outstanding debt (including short-term debt, long-term debt, and subordinated hybrid notes) was at fixed rates (December 31, 2024 - 96 percent). In addition, from time to time, AltaGas may enter into interest rate swap agreements to fix the interest rate on certain borrowings under its credit facilities. There were no outstanding interest rate swaps as at December 31, 2025.

In addition, AltaGas may enter into bond forward hedge contracts to manage future cash flows related to interest payments. These may or may be designated as cash flow hedges in accordance with ASC Topic 815 as noted above. AltaGas' losses on bond forward hedge contracts designated as cash flow hedges are noted in the "Cash Flow Hedges" section above.

In the fourth quarter of 2024, AltaGas entered into a bond forward contract to economically hedge the interest rate exposure on the partial debt extinguishment of certain of its MTNs. At transaction close, AltaGas recognized a hedge loss of \$5 million on the bond forward contract, which was included in the net pre-tax gain of \$4 million recorded on the derecognition of the MTNs. Refer to Note 13 of the 2025 Annual Consolidated Financial Statements for further details.

## Credit Risk

Credit risk results from the possibility that a counterparty to a financial instrument fails to fulfill its obligations in accordance with the terms of the contract.

AltaGas' credit policy details the parameters used to grant, measure, monitor and report on credit provided to counterparties. AltaGas minimizes counterparty risk by conducting credit reviews on counterparties in order to establish specific credit limits, both prior to providing products or services and on a recurring basis. In addition, most contracts include credit mitigation clauses that allow AltaGas to obtain financial or performance assurances from counterparties under certain circumstances. AltaGas maintains an allowance for doubtful accounts in the normal course of its business.

AltaGas' maximum credit exposure consists primarily of the carrying value of the non-derivative financial assets and the fair value of derivative financial assets. As at December 31, 2025, AltaGas had no concentration of credit risk with a single counterparty.

## Weather Related Instruments

WGL Energy Services utilizes heating degree day ("HDD") instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day ("CDD") instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the year ended December 31, 2025, there were pre-tax losses of \$2 million recorded related to these instruments (2024 - \$nil).

## Accounts Receivable Past Due or Impaired

With the exception of accounts receivable which are due in one year or less as summarized in the following table, AltaGas does not have any past due or impaired accounts receivable ("AR") as at December 31, 2025:

As at December 31, 2025	Total	AR accruals	Receivables impaired	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days
Trade receivable	\$ 1,768	\$ 919	\$ 35	\$ 615	\$ 55	\$ 13	\$ 131
Other	131	—	—	131	—	—	—
Allowance for credit losses	(35)	—	(35)	—	—	—	—
	\$ 1,864	\$ 919	\$ —	\$ 746	\$ 55	\$ 13	\$ 131

As at December 31, 2024	Total	AR accruals	Receivables impaired	Less than 30 days	31 to 60 days	61 to 90 days	Over 90 days
Trade receivable	\$ 1,639	\$ 876	\$ 31	\$ 554	\$ 69	\$ 19	\$ 90
Other	158	—	—	158	—	—	—
Allowance for credit losses	(31)	—	(31)	—	—	—	—
	\$ 1,766	\$ 876	\$ —	\$ 712	\$ 69	\$ 19	\$ 90

The following table provides a summary of changes to the allowance for credit losses by segment and major type:

Year Ended December 31, 2025			
	Accounts Receivable	Contract Assets <sup>(a)</sup>	Total
<b>Utilities</b>			
Balance, beginning of period	\$ 30	\$ —	\$ 30
Foreign exchange translation	(2)	—	(2)
Adjustments to allowance	35	—	35
Written off	(34)	—	(34)
Recoveries collected	5	—	5
Balance, end of period	\$ 34	\$ —	\$ 34
<b>Midstream</b>			
Balance, beginning of period	\$ 1	\$ 1	\$ 2
Balance, end of period	\$ 1	\$ 1	\$ 2
<b>Total</b>	<b>\$ 35</b>	<b>\$ 1</b>	<b>\$ 36</b>

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

Year Ended December 31, 2024			
	Accounts Receivable	Contract Assets <sup>(a)</sup>	Total
<b>Utilities</b>			
Balance, beginning of period	\$ 28	\$ —	\$ 28
Foreign exchange translation	4	—	4
Adjustments to allowance	33	—	33
Written off	(40)	—	(40)
Recoveries collected	5	—	5
Balance, end of period	\$ 30	\$ —	\$ 30
<b>Midstream</b>			
Balance, beginning of period	\$ 1	\$ 1	\$ 2
Balance, end of period	\$ 1	\$ 1	\$ 2
<b>Total</b>	<b>\$ 31</b>	<b>\$ 1</b>	<b>\$ 32</b>

(a) An allowance for credit loss is assessed quarterly and is recorded based on historical default rates published by external credit rating agencies and a rate associated with the estimated time frame that the contract asset will be billed to the customer.

## Liquidity Risk

Liquidity risk is the risk that AltaGas will not be able to meet its financial obligations as they come due. AltaGas manages this risk through its extensive budgeting and monitoring process to ensure it has sufficient cash and credit facilities to meet its obligations. AltaGas' objective is to maintain its investment-grade ratings to ensure it has access to debt and equity funding as required.

AltaGas had the following contractual maturities with respect to financial liabilities:

Contractual maturities by period <sup>(a)</sup>					
As at December 31, 2025	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	\$ 2,300	\$ 2,300	\$ —	\$ —	\$ —
Short-term debt	231	231	—	—	—
Other current liabilities <sup>(b)</sup>	67	67	—	—	—
Risk management contract liabilities	220	89	90	11	30
Current portion of long-term debt <sup>(c)</sup>	469	469	—	—	—
Long-term debt <sup>(c)</sup>	6,969	—	1,570	1,097	4,302
Subordinated hybrid notes <sup>(d)</sup>	2,184	—	—	—	2,184
	\$ 12,440	\$ 3,156	\$ 1,660	\$ 1,108	\$ 6,516

(a) Refer to Note 7 for contractual maturities relating to operating and finance leases.

(b) Excludes non-financial liabilities.

(c) Excludes deferred financing costs, premiums, discounts, and the fair value adjustment on the WGL Acquisition.

(d) Excludes deferred financing costs.

Contractual maturities by period <sup>(a)</sup>					
As at December 31, 2024	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Accounts payable and accrued liabilities	\$ 2,089	\$ 2,089	\$ —	\$ —	\$ —
Short-term debt	10	10	—	—	—
Other current liabilities <sup>(b)</sup>	54	54	—	—	—
Risk management contract liabilities	310	150	128	19	13
Current portion of long-term debt <sup>(c)</sup>	858	858	—	—	—
Long-term debt <sup>(c)</sup>	6,944	—	1,334	975	4,635
Subordinated hybrid notes <sup>(d)</sup>	2,045	—	—	—	2,045
	\$ 12,310	\$ 3,161	\$ 1,462	\$ 994	\$ 6,693

(a) Refer to Note 7 for contractual maturities relating to operating and finance leases.

(b) Excludes non-financial liabilities.

(c) Excludes deferred financing costs, premiums, discounts, and the fair value adjustment on the WGL Acquisition.

(d) Excludes deferred financing costs.

## Monetization of Accounts Receivable

AltaGas regularly enters into receivables purchase agreements with a third-party financial institution for the monetization of certain accounts receivable balances on a non-recourse basis in the Midstream segment. AltaGas accounted for the transfer of receivables as a sale in accordance with ASC Topic 860, as the receivables are legally isolated from the Company and the third-party financial institution has the right to the assets received. AltaGas' only continuing involvement with the transferred receivables is as the collection and servicing agent. When the receivables are transferred, they are derecognized from the "accounts receivable" line on the Consolidated Balance Sheets. As a result, the accounts receivable balance excludes the transferred amount.

Proceeds from the sale reflect the amount of the receivables less discount fees, which are recorded to the Consolidated Statements of Income under the line item "other income". The fair value of the receivables sold approximates the book value due to their short-term nature. For the year ended December 31, 2025, accounts receivables sold under a receivables purchase agreement were US\$405 million (year ended December 31, 2024 - US\$123 million).

## 22. Revenue

The following tables disaggregate revenue by major sources for the year:

Year Ended December 31, 2025				
	Utilities	Midstream	Corporate/ Other	Total
<b>Revenue from contracts with customers</b>				
Commodity sales contracts	\$ 2,269	\$ 5,718	\$ 23	\$ 8,010
Midstream service contracts	—	1,253	—	1,253
Gas sales and transportation services	2,806	—	—	2,806
Storage services	—	60	—	60
Other <sup>(a)</sup>	10	—	51	61
<b>Total revenue from contracts with customers</b>	<b>\$ 5,085</b>	<b>\$ 7,031</b>	<b>\$ 74</b>	<b>\$ 12,190</b>
<b>Other sources of revenue</b>				
Revenue from alternative revenue programs <sup>(b)</sup>	\$ 111	\$ —	\$ —	\$ 111
Leasing revenue <sup>(c)</sup>	—	277	—	277
Risk management and trading activities <sup>(d)</sup>	(12)	150	—	138
Other	(13)	2	—	(11)
<b>Total revenue from other sources</b>	<b>\$ 86</b>	<b>\$ 429</b>	<b>\$ —</b>	<b>\$ 515</b>
<b>Total revenue</b>	<b>\$ 5,171</b>	<b>\$ 7,460</b>	<b>\$ 74</b>	<b>\$ 12,705</b>

- (a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe that came into effect January 1, 2024.
- (b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
- (c) Revenue generated from certain of AltaGas' Midstream facilities is accounted for as operating leases.
- (d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

Year Ended December 31, 2024				
	Utilities	Midstream	Corporate/ Other	Total
<b>Revenue from contracts with customers</b>				
Commodity sales contracts	\$ 2,115	\$ 6,274	\$ 45	\$ 8,434
Midstream service contracts	—	1,373	—	1,373
Gas sales and transportation services	2,266	—	—	2,266
Storage services	—	35	—	35
Other <sup>(a)</sup>	9	5	41	55
<b>Total revenue from contracts with customers</b>	<b>\$ 4,390</b>	<b>\$ 7,687</b>	<b>\$ 86</b>	<b>\$ 12,163</b>
<b>Other sources of revenue</b>				
Revenue from alternative revenue programs <sup>(b)</sup>	\$ 175	\$ —	\$ —	\$ 175
Leasing revenue <sup>(c)</sup>	—	235	—	235
Risk management and trading activities <sup>(d)</sup>	(108)	(13)	—	(121)
Other	(13)	9	—	(4)
<b>Total revenue from other sources</b>	<b>\$ 54</b>	<b>\$ 231</b>	<b>\$ —</b>	<b>\$ 285</b>
<b>Total revenue</b>	<b>\$ 4,444</b>	<b>\$ 7,918</b>	<b>\$ 86</b>	<b>\$ 12,448</b>

- (a) The Corporate/Other segment includes revenue earned from a resource adequacy agreement at Blythe that came into effect January 1, 2024.
- (b) A large portion of revenue generated from the Utilities segment is subject to rate regulation and accordingly there are circumstances where the revenue recognized is mandated by the applicable regulators in accordance with ASC 980.
- (c) Revenue generated from certain of AltaGas' Midstream facilities is accounted for as operating leases.
- (d) Risk management activities involve the use of derivative instruments such as physical and financial swaps, and commodity and foreign exchange contracts. These derivatives are accounted for under ASC 815 and ASC 825. A portion of revenue generated by the Utilities segment is from the physical sale and delivery of natural gas and power to end users.

## Revenue Recognition

The following is a description of the Corporation's revenue recognition policy by segment and by major source of revenue from contracts with customers.

### Utilities Segment

#### Gas Sales and Transportation Services

Customers are billed monthly based on regular meter readings. Customer billings are based on two main components: (i) a fixed service fee and (ii) a variable fee based on usage. Revenue is recognized over time when the gas has been delivered or as the service has been performed. As meter readings are performed on a cycle basis, AltaGas recognizes accrued revenue for any services rendered to its customers but not billed at month-end. The vast majority of these contracts are "at-will" as customers may cancel their service at any time, however, there are certain contracts that have terms of one year or longer. For these long-term contracts, there is generally a contract demand specified in the contract whereby the customer has to pay regardless of whether or not gas has been delivered. These contracts generally do not contain any make up rights and revenue is recognized on a monthly basis as service has been performed.

#### Commodity Sales

Commodity sales include natural gas and electricity sales to residential, commercial, and industrial customers in certain states where WGL Energy Services is authorized as a competitive service provider. These commodity sales contracts have varying terms that generally range from one to five years. Customers are billed monthly based on the amount of energy delivered to the customer. Revenue is recognized based on the amount the Corporation is entitled to invoice the customer.

### Midstream Segment

#### Commodity Sales

A portion of the NGL production from AltaGas' extraction facilities is subject to frac spread between NGLs extracted and the natural gas purchased to make up the heating value of the NGLs extracted. For commodity sales contracts that do not meet the definition of a derivative or for contracts whereby AltaGas has elected to apply the normal purchase normal sales scope exception, the sales contract is accounted for under ASC 606. These commodity sales contracts have varying terms but the majority of the contracts have a one-year term which coincides with the NGL year. AltaGas recognizes revenue for commodity sales contracts at a point in time based on the actual volumes of the commodity sold at the delivery point, which corresponds to the customer's monthly invoice amount.

Commodity sales contracts at RIPET and Ferndale generate revenue from the sale and delivery of LPGs to customers in Asia shipped from offshore export terminals. Revenue for these contracts is recognized at a point in time when LPGs are loaded onto transport vessels, which is the delivery point. AltaGas has the right to consideration in an amount that directly corresponds to the volumes of LPGs loaded on a vessel. AltaGas' commodity sales also include the sale of upgraded crude oil, processed finished products, and various fuels. Delivery takes place when there is a sales contract in place, specifying delivery volumes and sales prices. The consideration received under these contracts is variable based on commodity prices.

#### Midstream Service Contracts

AltaGas earns revenue from its field gathering and processing facilities, extraction facilities, storage facilities, truck hauling services, rail and truck loading and unloading terminalling, and transmission systems through a variety of contractual arrangements. For arrangements that do not contain a lease, the revenue is accounted for under ASC 606 as follows:

**Fee-for-service** – The customer is charged a fee for the service provided on a per unit volume basis. Contract terms generally range from one month to up to the life of the reserves. Revenue under this type of arrangement is recognized over time as the service is provided, which corresponds to the customer's monthly invoice amount.

**Take-or-pay** – The customer has agreed to a minimum volume commitment whereby the customer must have AltaGas process or deliver a specified volume at a rate per unit that is specified in the contract. Quantities that the customer is unable to deliver are considered deficiency quantities. Certain of AltaGas' take-or-pay contracts contain provisions whereby the customer can make up deficiency quantities in subsequent periods. Under this type of arrangement, any consideration received relating to the deficiency quantities that will be made up in a future period will be deferred until either: (i) the customer makes up the volumes or (ii) the likelihood that the customer will make up the volumes before the make up period expires becomes remote. If AltaGas does not expect the customer to make up the deficiency quantities (also referred to as breakage amount), AltaGas may recognize the expected breakage amount as revenue before the make up period expires. Significant judgment is required in estimating the breakage amount. For contracts where the customer has no make up rights, revenue is recognized on a monthly

basis based on the higher of (i) the actual quantity delivered times the per unit rate or (ii) the contracted minimum amount.

### Storage Services

Storage fees are typically recognized in revenue ratably over the term of the contract and rail and truck loading and unloading fees are recognized when the volumes are delivered or received.

### Corporate/Other Segment

For the Corporate/Other segment, the majority of revenue relates to remaining power assets, from which revenue is primarily earned through a resource adequacy agreement as well as commodity sales via a merchant market, or via commodity sales agreements which are accounted for as financial instruments. For commodity sales contracts that do not meet the definition of a derivative or whereby AltaGas has elected to apply the normal purchase normal sales scope exception, revenue recognized is accounted for under ASC 606.

### Contract Assets

As at	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 3	\$ 40
Amortization	(1)	(1)
Transfers to other assets	—	(36)
<b>Balance, end of year</b>	<b>\$ 2</b>	<b>\$ 3</b>

### Contract Liabilities

As at	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ —	\$ —
Additions	4	—
<b>Balance, end of year</b>	<b>\$ 4</b>	<b>\$ —</b>

### Transaction Price Allocated to the Remaining Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2025:

	2026	2027	2028	2029	2030	2031 & beyond	Total
Commodity sales contracts	\$ —	\$ 19	\$ 25	\$ 25	\$ 25	\$ 158	\$ 252
Midstream service contracts	195	196	185	164	137	727	1,604
Storage services	6	19	23	23	22	84	177
Other revenue from contracts with customers	54	54	4	4	4	17	137
	\$ 255	\$ 288	\$ 237	\$ 216	\$ 188	\$ 986	\$ 2,170

AltaGas applies the practical expedient available under ASC 606 and does not disclose information about the remaining performance obligations for (i) contracts with an original expected length of one year or less, (ii) contracts for which revenue is recognized at the amount to which AltaGas has the right to invoice for performance completed, and (iii) contracts with variable consideration that is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation. In addition, the table above does not include any estimated amounts of variable consideration that are constrained. The majority of midstream service contracts, gas sales and transportation service contracts, and storage service contracts contain variable consideration whereby uncertainty related to the associated variable consideration will be resolved (usually on a daily basis) as volumes are processed, gas is delivered or as service is provided.

## 23. Shareholders' Equity

### Authorization

AltaGas is authorized to issue an unlimited number of voting common shares. AltaGas is also authorized to issue such number of preferred shares in series at any time as have aggregate voting rights either directly or on conversion or exchange that in the aggregate represent less than 50 percent of the voting rights attaching to the then issued and outstanding common shares.

Common Shares Issued and Outstanding <sup>(a)</sup>	Number of shares	Amount
January 1, 2024	294,903,763	\$ 7,120
Shares issued for cash on exercise of options	3,021,252	60
December 31, 2024	297,925,015	\$ 7,180
Shares issued for cash on exercise of options	1,637,181	36
Shares issued in bought deal offering, net of issuance costs	11,615,000	441
Deferred taxes on share issuance costs	—	4
<b>Issued and outstanding at December 31, 2025</b>	<b>311,177,196</b>	<b>\$ 7,661</b>

(a) Dividends declared per common share for the year ended December 31, 2025 was \$1.26 (December 31, 2024 - \$1.19).

On November 7, 2025, AltaGas issued 11,615,000 common shares for gross proceeds of \$460 million at \$39.65 per Common Share. Net proceeds were used to reduce leverage and fund future growth.

### Preferred Shares

As at	December 31, 2025		December 31, 2024	
	Number of shares	Amount	Number of shares	Amount
<b>Issued and Outstanding <sup>(a) (b) (c)</sup></b>				
Series A Preferred Shares ("Series A Shares") <sup>(d)</sup>	—	\$ —	6,746,679	\$ 169
Series B Preferred Shares ("Series B Shares") <sup>(d)</sup>	—	—	1,253,321	31
Series G Preferred Shares ("Series G Shares")	8,000,000	200	8,000,000	200
Share issuance costs, net of taxes		(5)		(9)
	<b>8,000,000</b>	<b>\$ 195</b>	<b>16,000,000</b>	<b>\$ 391</b>

(a) On January 11, 2022, in connection with the offering of the Subordinated Notes, Series 1, AltaGas issued \$300 million in Preferred Shares, Series 2022-A ("Series 2022-A Shares"), to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 10 and 14 for more details.

(b) On August 17, 2022, in connection with the offering of the Subordinated Notes, Series 2, AltaGas issued \$250 million in Preferred Shares, Series 2022-B ("Series 2022-B Shares"), to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 10 and 14 for more details.

(c) On November 10, 2023, in connection with the offering of the Subordinated Notes, Series 3, AltaGas issued \$200 million in Preferred Shares, Series 2023-A ("Series 2023-A Shares"), to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 10 and 14 for more details.

(d) On September 30, 2025, AltaGas redeemed all of its outstanding Series A Shares and Series B Shares. A loss of \$4 million was recognized upon redemption related to share issuance costs for the preferred shares.

The following table outlines the characteristics of the cumulative redeemable preferred shares <sup>(a) (e) (f) (g)</sup>:

	Current yield	Annual dividend per share <sup>(b)</sup>	Redemption price per share	Redemption and conversion option date <sup>(c)</sup>	Right to convert into <sup>(d)</sup>
Series G Shares	6.017 %	\$1.50425	\$25	September 30, 2029	Series H Shares

- (a) The Corporation is authorized to issue up to 8,000,000 of Series H Preferred Shares ("Series H Shares"), subject to certain conditions, upon conversion by the holders Series G Shares on the applicable conversion option date and on every fifth anniversary thereafter.
- (b) Holders of Series G Shares will be entitled to receive cumulative quarterly fixed dividends as and when declared by the Board of Directors. The dividend rate will reset on the redemption and conversion option date and every fifth year thereafter, at a rate equal to the sum of the then five-year Government of Canada bond yield plus 3.06 percent. If issued upon the conversion of the Series G Shares, the holders of Series H Shares will be entitled to receive a quarterly floating dividend as and when declared by the Board of Directors.
- (c) AltaGas may, at its option, redeem all or a portion of the outstanding shares for the redemption price per share, plus all accrued and unpaid dividends on the applicable redemption option date and on every fifth anniversary thereafter.
- (d) The holders of Series G Shares will have the right, subject to certain conditions, to convert their Series G Shares into Series H Shares on the applicable conversion option date and every fifth anniversary thereafter.
- (e) The Series 2022-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 1 Indenture, in connection with the issuance of the Subordinated Notes, Series 1. Holders of the Series 2022-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-A Shares prior to delivery to the holders of the Subordinated Notes, Series 1 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 1 such number of Series 2022-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 1 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-A Shares.
- (f) The Series 2022-B Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 2 Indenture, in connection with the issuance of the Subordinated Notes, Series 2. Holders of the Series 2022-B Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2022-B Shares prior to delivery to the holders of the Subordinated Notes, Series 2 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 2 such number of Series 2022-B Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 2 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2022-B Shares.
- (g) The Series 2023-A Shares were issued to Computershare Trust Company of Canada to be held in trust to satisfy AltaGas' obligations under the Series 3 Indenture, in connection with the issuance of the Subordinated Notes, Series 3. Holders of the Series 2023-A Shares shall not be entitled to receive any dividends, nor shall any dividends accumulate or accrue, on the Series 2023-A Shares prior to delivery to the holders of the Subordinated Notes, Series 3 following the occurrence of certain bankruptcy or insolvency events in respect of AltaGas. If at any time, AltaGas redeems, purchases for cancellation or repays the Subordinated Notes, Series 3 such number of Series 2023-A Shares with an aggregate issue price equal to the principal amount of Subordinated Notes, Series 3 redeemed, purchased for cancellation or repaid by AltaGas will be redeemed in accordance with the terms of the Series 2023-A Shares.

## Share Option Plan

AltaGas has an employee share option plan under which officers, employees, and service providers (as defined by the TSX) are eligible to receive grants. As at December 31, 2025, 6,149,441 shares were listed and reserved for issuance under the plan. Shareholders approved the conversion of the rolling option plan to a fixed option plan at the last meeting of shareholders. The Board has not issued options since 2021 and currently has no intention of issuing options under the plan. Therefore, AltaGas has deferred listing the common shares issuable under the fixed plan with the TSX until such time as the Board resolves to resume issuing options.

As at December 31, 2025, Share Options granted under the plan have a term of six years until expiry and vest no longer than over a three-year period.

As at December 31, 2025, the unexpensed fair value of share option compensation cost associated with future periods was \$nil (December 31, 2024 - \$nil).

The following table summarizes information about the Corporation's Share Options:

As at	December 31, 2025		December 31, 2024	
	Options outstanding		Options outstanding	
	Number of options	Exercise price <sup>(a)</sup>	Number of options	Exercise price <sup>(a)</sup>
Share options outstanding, beginning of year	2,525,013	\$ 19.17	5,547,388	\$ 18.48
Exercised	(1,637,181)	19.36	(3,021,252)	17.90
Forfeited	—	—	(1,123)	23.54
<b>Share options outstanding, end of year</b>	<b>887,832</b>	<b>\$ 18.82</b>	2,525,013	\$ 19.17
<b>Share options exercisable, end of year</b>	<b>887,832</b>	<b>\$ 18.82</b>	2,525,013	\$ 19.17

(a) Weighted average.

As at December 31, 2025, the aggregate intrinsic value of the total Share Options exercisable was \$20 million (December 31, 2024 - \$36 million), the total intrinsic value of Share Options outstanding was \$20 million (December 31, 2024 - \$36 million) and the total intrinsic value of Share Options exercised was \$33 million (December 31, 2024 - \$38 million).

The following table summarizes the employee share option plan as at December 31, 2025:

	Options outstanding			Options exercisable		
	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life (years)
\$18.72 to \$19.57	887,832	\$ 18.82	0.89	887,832	\$ 18.82	0.89
	<b>887,832</b>	<b>\$ 18.82</b>	<b>0.89</b>	<b>887,832</b>	<b>\$ 18.82</b>	<b>0.89</b>

## Phantom Unit Plan ("Phantom Plan") and Deferred Share Unit Plan ("DSUP")

AltaGas has a Phantom Plan for employees, executive officers, and directors, which includes restricted units ("RUs") and performance units ("PUs") with vesting periods of up to 36 months from the grant date. In addition, AltaGas has a DSUP, which allows granting of deferred share units ("DSUs") to employees, executive officers, and directors, though primarily used for director compensation. DSUs granted under the DSUP vest immediately but settlement of the DSUs occur when the individual ceases to be engaged by AltaGas.

PU, RU, and DSUs (number of units)	2025	2024
Balance, beginning of year	4,957,515	5,052,918
Granted	1,658,085	1,792,809
Vested and paid out	(1,631,673)	(2,150,729)
Forfeited and expired	(257,851)	(721,404)
Units in lieu of dividends	140,126	179,084
Additional units added by performance factor	823,078	804,837
<b>Outstanding, end of year</b>	<b>5,689,280</b>	<b>4,957,515</b>

For the year ended December 31, 2025, the compensation expense recorded for the Phantom Plan and DSUP was \$103 million (2024 – \$71 million). As at December 31, 2025, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was \$68 million (December 31, 2024 - \$43 million) and is expected to be recognized over the vesting period.

## 24. Net Income per Common Share

The following table summarizes the computation of net income per common share:

	Year Ended December 31	
	2025	2024
Numerator:		
Net income applicable to controlling interests	\$ 768	\$ 596
Less:		
Preferred share dividends	(17)	(18)
Loss on redemption of preferred shares	(4)	—
<b>Net income applicable to common shares</b>	<b>\$ 747</b>	<b>\$ 578</b>
Denominator:		
(millions of shares)		
Weighted average number of common shares outstanding	300.8	296.8
Dilutive equity instruments <sup>(a)</sup>	0.7	1.5
<b>Weighted average number of common shares outstanding - diluted</b>	<b>301.5</b>	<b>298.3</b>
<b>Basic net income per common share</b>	<b>\$ 2.48</b>	<b>\$ 1.95</b>
<b>Diluted net income per common share</b>	<b>\$ 2.48</b>	<b>\$ 1.94</b>

(a) Determined using the treasury stock method.

For the year ended December 31, 2025, no Share Options (2024 – less than 1 million) were excluded from the diluted net income per common share calculation.

## 25. Other Income

Year Ended December 31	2025	2024
Gains (losses) on asset sales	\$ (3)	\$ 12
Other components of net benefit cost (note 26)	146	141
Interest income	9	13
Gain on partial debt extinguishment (note 13)	—	4
Gain on settlement of asset retirement obligation (note 15)	—	7
Losses on monetization of accounts receivable (note 21)	(2)	—
Other revenue	1	—
<b>Total</b>	<b>\$ 151</b>	<b>\$ 177</b>

## 26. Pension Plans and Retiree Benefits

The costs of the defined benefit and post-retirement benefit plans are based on Management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates and other factors affecting the payment of future benefits.

### Defined Contribution Plan

AltaGas has a defined contribution ("DC") pension plan for substantially all employees. The pension cost recorded for the DC plan and DC Supplemental Executive Retirement Plan ("SERP") was \$28 million for the year ended December 31, 2025 (2024 - \$26 million).

### Defined Benefit Plans

AltaGas has three defined benefit pension plans for unionized and non-unionized employees in the United States. These include a qualified, trustee, non-contributory defined benefit pension plan. Actuarial valuations for funding purposes are required annually for AltaGas' U.S. defined benefit plans. The defined benefit plans are fully funded.

### SERP

AltaGas has non-registered defined benefit plans that provide defined benefit pension benefits to eligible executives based on average earnings, years of service and age at retirement. The SERP benefits will be paid from the general revenue of the Corporation as payments come due. Security will be provided for the SERP benefits through a letter of credit within a retirement compensation arrangement trust account.

Several executive officers of Washington Gas participate in a separate non-funded defined benefit SERP (a non-qualified pension plan) and a non-funded defined benefit restoration SERP. The defined benefit SERP was closed to new entrants beginning January 1, 2010 and the defined benefit restoration SERP was closed to new entrants in 2020.

In 2023, AltaGas closed the Canadian SERP to new entrants and launched a new defined contribution SERP effective July 1, 2023, for eligible executives who join the Executive Committee on or after that date.

### Post-Retirement Benefit Plans

AltaGas has several post-retirement benefit plans for unionized and non-unionized employees, including one in Canada and four in the United States. The post-retirement benefit plan in Canada is limited to the payment of life insurance and an annual allocation to a Healthcare Spending Account ("HSA"). This benefit plan is not funded. Three of the plans in the United States are fully funded while one is not funded.

Post-retirement benefit plans in the United States provide certain medical, prescription drug, dental, and life insurance benefits to eligible retired employees, their spouses and covered dependents. Benefits are based on a combination of the retiree's age and years of service at retirement. For eligible Washington Gas retirees and dependents not yet receiving Medicare benefits, Washington Gas provides medical, prescription drug, and dental benefits, subject to an aggregate cost limit, through the Washington Gas Light Company Retiree Health and Welfare Plan. For Medicare-eligible retirees aged 65 and older and their dependents, eligible retirees and dependents participate in a special tax-free Health Reimbursement Account ("HRA") Plan. The HRA plan provides an annual subsidy to help purchase supplemental medical, prescription drug and dental coverage in the marketplace, as well as catastrophic prescription drug costs.

In 2024, WGL announced other retiree health and welfare plan changes, including: (i) effective January 1, 2025, eligible retirees and dependents not yet receiving Medicare benefits will receive an HRA stipend to help purchase

medical, prescription drug, and dental coverage in the marketplace, and (ii) effective January 1, 2026, employees who retire after December 31, 2025 will not receive retiree life insurance benefits under the plan.

In 2024, Washington Gas partially settled one of its post-retirement benefit plans by purchasing a medical health reimbursement arrangement annuity and a guaranteed life insurance funding account, which effectively transferred all of the future financial and administrative responsibilities to the insurance carriers, effective August 2024. As a result, Washington Gas recognized a settlement credit under the line item "other income" for the year ended December 31, 2024.

In 2025, Washington Gas completed another partial settlement of the same post-retirement benefit plan by purchasing a medical health reimbursement arrangement annuity, which transferred all of the future financial and administrative responsibilities to the insurance carriers effective October 2025. As a result, Washington Gas recognized an additional settlement credit under the line item "other income" for the year ended December 31, 2025.

The following table summarizes the details of the defined benefit plans, including the SERP and post-retirement plans in Canada and the United States:

Year Ended December 31, 2025	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
<b>Projected benefit obligation <sup>(a)</sup></b>						
Balance, beginning of year	\$ 23	\$ 1	\$ 1,330	\$ 195	\$ 1,353	\$ 196
Actuarial loss (gain)	(1)	—	16	(13)	15	(13)
Current service cost	1	—	11	3	12	3
Interest cost	1	—	72	9	73	9
Benefits paid	(3)	—	(94)	(12)	(97)	(12)
Expenses paid	—	—	(1)	—	(1)	—
Settlements	—	—	—	(61)	—	(61)
Plan amendments	—	—	—	4	—	4
Foreign exchange translation	—	—	(63)	(6)	(63)	(6)
<b>Balance, end of year</b>	<b>\$ 21</b>	<b>\$ 1</b>	<b>\$ 1,271</b>	<b>\$ 119</b>	<b>\$ 1,292</b>	<b>\$ 120</b>
<b>Plan assets</b>						
Fair value, beginning of year	\$ 2	\$ —	\$ 1,359	\$ 951	\$ 1,361	\$ 951
Actual return on plan assets	—	—	150	90	150	90
Employer contributions	3	—	3	—	6	—
Benefits paid	(3)	—	(94)	(12)	(97)	(12)
Expenses paid	—	—	(1)	—	(1)	—
Settlements	—	—	—	(61)	—	(61)
Foreign exchange translation	—	—	(65)	(45)	(65)	(45)
<b>Fair value, end of year</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ 1,352</b>	<b>\$ 923</b>	<b>\$ 1,354</b>	<b>\$ 923</b>
<b>Funded status</b>	<b>\$ (19)</b>	<b>\$ (1)</b>	<b>\$ 81</b>	<b>\$ 804</b>	<b>\$ 62</b>	<b>\$ 803</b>

(a) For post-retirement benefit plans, the projected benefit obligation represents the accumulated benefit obligation.

Year Ended December 31, 2024	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
<b>Projected benefit obligation <sup>(a)</sup></b>						
Balance, beginning of year	\$ 23	\$ 1	\$ 1,272	\$ 322	\$ 1,295	\$ 323
Actuarial loss (gain)	1	—	(46)	(20)	(45)	(20)
Current service cost	1	—	13	6	14	6
Member contributions	—	—	—	1	—	1
Interest cost	1	—	68	15	69	15
Benefits paid	(3)	—	(87)	(20)	(90)	(20)
Expenses paid	—	—	(1)	—	(1)	—
Settlements	—	—	(1)	(88)	(1)	(88)
Plan amendments	—	—	—	(46)	—	(46)
Curtailment	—	—	3	—	3	—
Other	—	—	—	4	—	4
Foreign exchange translation	—	—	109	21	109	21
Balance, end of year	\$ 23	\$ 1	\$ 1,330	\$ 195	\$ 1,353	\$ 196
<b>Plan assets</b>						
Fair value, beginning of year	\$ 2	\$ —	\$ 1,271	\$ 918	\$ 1,273	\$ 918
Actual return on plan assets	—	—	62	62	62	62
Employer contributions	3	—	4	—	7	—
Member contributions	—	—	—	1	—	1
Benefits paid	(3)	—	(87)	(20)	(90)	(20)
Expenses paid	—	—	(1)	—	(1)	—
Settlements	—	—	(1)	(88)	(1)	(88)
Foreign exchange translation	—	—	111	78	111	78
Fair value, end of year	\$ 2	\$ —	\$ 1,359	\$ 951	\$ 1,361	\$ 951
Funded status	\$ (21)	\$ (1)	\$ 29	\$ 756	\$ 8	\$ 755

(a) For post-retirement benefit plans, the projected benefit obligation represents the accumulated benefit obligation.

For the year ended December 31, 2025, AltaGas' defined benefit pension plans in the United States recognized actuarial losses, primarily due to the decrease in high-quality corporate bond yield curves in the U.S. markets, resulting in lower discount rates. Conversely, AltaGas' post-retirement benefit plans recognized actuarial gains for the year ended December 31, 2025, due to lower than expected benefit payments as a result of the previously mentioned partial settlement of the post-retirement benefit plan as well as updated demographic assumptions. For the year ended December 31, 2024, AltaGas' defined benefit and post-retirement benefit pension plans recognized actuarial gains, primarily due to increases in discount rates, which were the result of increases in high-quality corporate bond yield curves in the Canadian and U.S. markets.

The following amounts were included in the Consolidated Balance Sheets:

	December 31, 2025			December 31, 2024		
	Defined Benefit	Post-Retirement Benefits	Total	Defined Benefit	Post-Retirement Benefits	Total
Prepaid post-retirement benefits	\$ 108	\$ 805	\$ 913	\$ 57	\$ 757	\$ 814
Accounts payable and accrued liabilities <sup>(a)</sup>	(3)	—	(3)	(2)	—	(2)
Future employee obligations	(43)	(2)	(45)	(47)	(2)	(49)
	\$ 62	\$ 803	\$ 865	\$ 8	\$ 755	\$ 763

(a) Account balances on the Consolidated Balance Sheets also include certain non-pension related amounts.

The accumulated benefit obligation for all defined benefit plans were:

As at	December 31, 2025		December 31, 2024	
	Canada	United States	Canada	United States
Accumulated benefit obligation <sup>(a)</sup>	\$ 22	\$ 1,230	\$ 21	\$ 1,289

(a) Accumulated benefit obligation differs from projected benefit obligation in that it does not include an assumption with respect to future compensation levels.

For those pension plans where the projected benefit obligation exceeded the fair value of plan assets as at December 31, 2025, the cumulative obligation and asset balances were:

As at	December 31, 2025		December 31, 2024	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Projected benefit obligation	\$ 48	\$ 2	\$ 52	\$ 2
Plan assets	\$ 2	\$ —	\$ 2	\$ —

For those pension plans where the accumulated benefit obligation exceeded the fair value of plan assets as at December 31, 2025, the cumulative obligation and asset balances were:

As at	December 31, 2025		December 31, 2024	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Accumulated benefit obligation	\$ 47	\$ 2	\$ 50	\$ 2
Plan assets	\$ 2	\$ —	\$ 2	\$ —

The following amounts are recorded in accumulated other comprehensive income and have not yet been recognized in net periodic benefit cost:

Year Ended December 31, 2025	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service cost	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (1)
Net actuarial loss	(1)	—	—	(2)	(1)	(2)
<b>Net amount in AOCI after-tax</b>	<b>\$ (1)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (3)</b>	<b>\$ (1)</b>	<b>\$ (3)</b>

Year Ended December 31, 2024	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service cost	\$ —	\$ —	\$ —	\$ (1)	\$ —	\$ (1)
Net actuarial loss	(2)	—	—	(2)	(2)	(2)
Recognized in AOCI pre-tax	\$ (2)	\$ —	\$ —	\$ (3)	\$ (2)	\$ (3)
Increase by the amount included in deferred tax liabilities	—	—	—	1	—	1
<b>Net amount in AOCI after-tax</b>	<b>\$ (2)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ (2)</b>	<b>\$ (2)</b>

The following amounts were recorded in a regulatory liability and have not yet been recognized in net periodic benefit cost:

Year Ended December 31, 2025	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service credit	\$ —	\$ —	\$ —	\$ (45)	\$ —	\$ (45)
Net actuarial gain	—	—	(121)	(141)	(121)	(141)
<b>Recognized in regulatory liability</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (121)</b>	<b>\$ (186)</b>	<b>\$ (121)</b>	<b>\$ (186)</b>

Year Ended December 31, 2024	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Past service credit	\$ —	\$ —	\$ —	\$ (74)	\$ —	\$ (74)
Net actuarial gain	—	—	(78)	(163)	(78)	(163)
Recognized in regulatory liability	\$ —	\$ —	\$ (78)	\$ (237)	\$ (78)	\$ (237)

The costs of the defined benefit and post-retirement benefit plans are based on Management's estimate of the future rate of return on the fair value of pension plan assets, salary escalations, mortality rates and other factors affecting the payment of future benefits.

The net pension expense by plan was as follows:

	Year Ended December 31, 2025					
	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Current service cost <sup>(a)</sup>	\$ 1	\$ —	\$ 11	\$ 3	\$ 12	\$ 3
Interest cost <sup>(b)</sup>	1	—	72	9	73	9
Expected return on plan assets <sup>(b)</sup>	—	—	(87)	(48)	(87)	(48)
Amortization of past service credit <sup>(b)</sup>	—	—	—	(23)	—	(23)
Amortization of net actuarial gain <sup>(b)</sup>	—	—	—	(2)	—	(2)
Plan settlements <sup>(b)(c)</sup>	—	—	—	(68)	—	(68)
<b>Net benefit cost (income) recognized</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ (4)</b>	<b>\$ (129)</b>	<b>\$ (2)</b>	<b>\$ (129)</b>

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income.

(b) Recorded under the line item "other income" on the Consolidated Statements of Income.

(c) Relates to the partial settlement of Washington Gas' post-retirement benefit plan as discussed above.

	Year Ended December 31, 2024					
	Canada		United States		Total	
	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Current service cost <sup>(a)</sup>	\$ 1	\$ —	\$ 13	\$ 6	\$ 14	\$ 6
Interest cost <sup>(b)</sup>	1	—	68	15	69	15
Expected return on plan assets <sup>(b)</sup>	—	—	(84)	(52)	(84)	(52)
Amortization of past service credit <sup>(b)</sup>	—	—	—	(21)	—	(21)
Amortization of net actuarial gain <sup>(b)</sup>	—	—	—	(6)	—	(6)
Plan settlements <sup>(b)(c)</sup>	—	—	—	(65)	—	(65)
Other <sup>(b)</sup>	—	—	—	3	—	3
<b>Net benefit cost (income) recognized</b>	<b>\$ 2</b>	<b>\$ —</b>	<b>\$ (3)</b>	<b>\$ (120)</b>	<b>\$ (1)</b>	<b>\$ (120)</b>

(a) Recorded under the line item "operating and administrative" expenses on the Consolidated Statements of Income.

(b) Recorded under the line item "other income" on the Consolidated Statements of Income.

(c) Relates to the partial settlement of Washington Gas' post-retirement benefit plan as discussed above.

The objective for fund returns for the pension plans in the United States, over three to five-year periods, is the sum of two components - a passive component, which is the benchmark index market returns for the asset mix in effect, plus the added value expected from active management, if applicable to the fund. It is the Corporation's belief that the potential additional returns justify the additional risk associated with active management. The risk inherent in the investment strategy over a market cycle (a three-to five-year period) is two-fold. There is a risk that the market returns, as measured by the benchmark returns, will not be in line with expectations. The other risk is that the expected added value of active management over passive management will not be realized over the time period prescribed in each fund manager's mandate. There is also the risk of annual volatility in returns, which means that in any one year the actual return may be very different from the expected return.

Cash and money market investments may be held from time to time as short-term investment decisions at the discretion of the fund manager(s) within the constraints prescribed by their mandate(s).

The assets in Canada consist solely of cash and cash equivalents attributable to the Canadian SERP and will continue to be held as such. The target asset mix for SEMCO plans is 40 percent fixed income assets and for WGL plans is 50 percent to 70 percent fixed income assets. These objectives have taken into account the nature of the liabilities and the risk-reward tolerance of the Corporation.

The collective investment mixes for the defined benefit plans are as follows as at December 31, 2025 and December 31, 2024:

Canada	Fair value		Level 1		Level 2		Percentage of Plan Assets (%)
<b>December 31, 2025</b>							
Cash and short-term equivalents	\$	2	\$	2	\$	—	100
	\$	2	\$	2	\$	—	100
<b>December 31, 2024</b>							
Cash and short-term equivalents	\$	2	\$	2	\$	—	100
	\$	2	\$	2	\$	—	100

Year Ended December 31, 2025				
United States	Fair value	Level 1	Level 2	Percentage of Plan Assets (%)
<b>December 31, 2025</b>				
Cash and short-term equivalents	\$ 8	\$ 8	\$ —	1
Foreign equities <sup>(a)</sup>	157	157	—	12
Fixed income				
Government debt	414	72	342	31
Corporate debt	31	31	—	2
Derivatives <sup>(b)</sup>	(2)	—	(2)	—
Total investments in the fair value hierarchy	\$ 608	\$ 268	\$ 340	46
<i>Investments measured at net asset value using the NAV practical expedient <sup>(c)</sup></i>				
Private equity/limited partnership <sup>(d)</sup>	249			18
Pooled separate accounts <sup>(e)</sup>	33			2
Collective trust funds <sup>(f)</sup>	459			34
Total fair value of plan investments	\$ 1,349			100
Net receivable <sup>(g)</sup>	3			—
	\$ 1,352			100
<b>December 31, 2024</b>				
Cash and short-term equivalents	\$ 19	\$ 19	\$ —	1
Foreign equities <sup>(a)</sup>	154	154	—	11
Fixed income				
Government debt	462	74	388	34
Corporate debt	341	32	309	25
Derivatives <sup>(b)</sup>	(11)	—	(11)	—
Other <sup>(h)</sup>	13	—	13	1
Total investments in the fair value hierarchy	\$ 978	\$ 279	\$ 699	72
<i>Investments measured at net asset value using the NAV practical expedient <sup>(c)</sup></i>				
Pooled separate accounts <sup>(e)</sup>	39			3
Collective trust funds <sup>(f)</sup>	342			25
	\$ 1,359			100

- (a) Consists of investments in foreign equities include U.S. and international securities.
- (b) Includes a combination of long-term U.S. Treasury interest rate future contracts, currency forwards, currency option interest rate swaps, and put and call options on both interest rate swaps and credit default swap index products.
- (c) In accordance with ASC Topic 820, these investments are measured at fair value using net asset value ("NAV") per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.
- (d) At December 31, 2025 investments in private equity/limited partnerships consisted of 68 percent hedge funds (December 31, 2024 - nil), 27 percent U.S fixed income (December 31, 2024 - nil), 3 percent direct lending (December 31, 2024 - nil), 1 percent real estate (December 31, 2024 - nil), and 1 percent private equity (December 31, 2024 - nil).
- (e) As at December 31, 2025, investments in pooled separate accounts consisted of 100 percent income producing properties located in the United States (December 31, 2024 - 100 percent).
- (f) As at December 31, 2025, investments in collective trust funds consisted of 35 percent U.S fixed income (December 31, 2024 - nil), 22 percent U.S equity (December 31, 2024 - nil), 16 percent Non-U.S. equity (December 31, 2024 - nil), 14 percent short-term money market investments (December 31, 2024 - 90 percent), 8 percent global equity (December 31, 2024 - nil), and 5 percent income producing properties located in the United States (December 31, 2024 - 10 percent).
- (g) As at December 31, 2025, the net receivable primarily represents pending trades for investments sold and interest receivable net of pending trades for investments purchased.
- (h) As at December 31, 2024, these investments consisted primarily of non-U.S. government bonds.

The collective investment mixes for the post-retirement benefit plans are as follows as at December 31, 2025 and December 31, 2024:

United States	Fair value	Level 1	Level 2	Percentage of Plan Assets (%)
<b>December 31, 2025</b>				
Cash and short-term equivalents	\$ 66	\$ 66	\$ —	7
Foreign equities <sup>(a)</sup>	59	59	—	6
Fixed income				
Government debt	266	27	239	29
Corporate debt	81	12	69	9
Other <sup>(b)</sup>	4	—	4	—
Total investments in the fair value hierarchy	\$ 476	\$ 164	\$ 312	51
<i>Investments measured at net asset value using the NAV practical expedient <sup>(c)</sup></i>				
Commingled funds <sup>(d)</sup>	447			49
	\$ 923			100
<b>December 31, 2024</b>				
Cash and short-term equivalents	\$ 6	\$ 6	\$ —	1
Foreign equities <sup>(a)</sup>	56	56	—	6
Fixed income				
Government debt	114	27	87	12
Corporate debt	84	11	73	9
Other <sup>(b)</sup>	4	—	4	—
Total investments in the fair value hierarchy	\$ 264	\$ 100	\$ 164	28
<i>Investments measured at net asset value using the NAV practical expedient <sup>(c)</sup></i>				
Commingled funds <sup>(d)</sup>	687			72
	\$ 951			100

(a) Consists of investments in foreign equities include U.S. and international securities.

(b) As at December 31, 2025 and December 31, 2024, these investments consisted primarily of non-U.S. government bonds.

(c) In accordance with ASC Topic 820, these investments are measured at fair value using net asset value (NAV) per share as a practical expedient and, therefore, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliations of the fair value hierarchy to the statements of net assets available for plan benefits.

(d) As at December 31, 2025, investments in commingled funds consisted of 67 percent common stock of large-cap U.S. companies (December 31, 2024 - 47 percent) and 33 percent corporate bonds for WGL's post-retirement benefit plans (December 31, 2024 - 27 percent). As at December 31, 2024, investments in commingled funds also consisted of 26 percent U.S. Government fixed income securities.

Year Ended December 31	2025		2024	
Significant actuarial assumptions used in measuring net benefit plan costs	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Discount rate (%)	4.75 - 5.76	4.60 - 5.78	4.60 - 5.73	4.65 - 5.40
Expected long-term rate of return on plan assets (%) <sup>(a)</sup>	6.45 - 7.25	4.25 - 6.45	6.70 - 6.75	4.50 - 6.70
Rate of compensation increase (%)	3.00 - 4.00	n/a	3.00 - 4.00	n/a

(a) Only applicable for funded plans

As at December 31	2025		2024	
Significant actuarial assumptions used in measuring benefit obligations	Defined Benefit	Post-Retirement Benefits	Defined Benefit	Post-Retirement Benefits
Discount rate (%)	4.75 - 5.64	4.90 - 5.69	4.60 - 5.76	4.60 - 5.78
Rate of compensation increase (%)	3.00 - 4.00	n/a	3.00 - 4.00	n/a

The expected rate of return on assets is based on the current level of expected returns on risk free investments, the historical level of risk premium associated with other asset classes in which the portfolio is invested, and the

expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected rate of return on assets assumption for the portfolio.

The discount rate is based on yields available on high-quality long-term corporate bonds, with maturities matching the estimated timing and amount of expected benefit payments.

The following table shows the expected cash flows for defined benefit pension and other post-retirement plans:

	Defined Benefit	Post-Retirement Benefits
<b>Expected employer contributions:</b>		
2026	\$ 1	\$ —
<b>Expected benefit payments:</b>		
2026	\$ 96	\$ 10
2027	\$ 96	\$ 10
2028	\$ 96	\$ 9
2029	\$ 96	\$ 9
2030	\$ 96	\$ 9
2031 - 2035	\$ 483	\$ 41

## 27. Commitments, Guarantees, and Contingencies

### Commitments

AltaGas has long-term natural gas purchase and transportation arrangements, LPG purchase agreements, crude oil and condensate purchase agreements, service agreements, pipeline and storage service contracts, capital commitments, environmental commitments, finance leases, and operating leases for office space, office equipment, vehicles, VLGCs, rail cars, land, storage, aquatic surface use, and other equipment, all of which are transacted at market prices and in the normal course of business.

Future payments of these commitments as at December 31, 2025 are estimated as follows:

	2026	2027	2028	2029	2030	2031 & beyond	Total
Gas purchase <sup>(a)</sup>	\$ 1,007	\$ 831	\$ 696	\$ 539	\$ 536	\$ 4,707	\$ 8,316
Transportation and storage services <sup>(b)</sup>	1,016	1,027	720	477	309	1,528	5,077
LPG purchase <sup>(c)</sup>	731	768	1,099	992	882	6,009	10,481
Electricity purchase <sup>(d)</sup>	868	514	128	25	11	—	1,546
Operating and finance leases <sup>(e)</sup>	181	180	159	140	119	455	1,234
Service agreements <sup>(f) (g) (h) (i)</sup>	80	77	77	66	66	302	668
Environmental <sup>(j)</sup>	14	2	1	1	—	3	21
Capital projects <sup>(k)</sup>	320	—	—	—	—	—	320
	\$ 4,217	\$ 3,399	\$ 2,880	\$ 2,240	\$ 1,923	\$ 13,004	\$ 27,663

(a) AltaGas enters into contracts to purchase natural gas from various suppliers for its utilities. These contracts are used to ensure that there is an adequate supply of natural gas to meet the needs of customers and to minimize exposure to market price fluctuations. Gas purchase commitments are valued based on fixed prices and forward prices, which may fluctuate significantly from period to period.

(b) Transportation and storage commitments include minimum payments for natural gas transportation, storage and peaking contracts that have expiration dates through 2045.

(c) AltaGas enters into contracts to purchase LPGs for its operations at RIPET and Ferndale. These contracts are used to ensure that there is an adequate supply of LPGs to meet shipment commitments and to minimize exposure to market price fluctuations. LPG purchase commitments are valued based on forward prices, which may fluctuate significantly from period to period.

(d) AltaGas enters into contracts to purchase electricity from various suppliers for its non-utility business. Electricity purchase commitments are based on existing fixed price and fixed volume contracts and include US\$125 million of commitments related to renewable energy credits.

(e) Operating and finance leases include lease arrangements for office space, office equipment, field equipment, rail cars, aquatic use, vehicles, VLGCs, power and gas facilities, transmission and distribution assets, and land. Operating leases also include US\$222 million in future undiscounted cash flows associated with leasing arrangements for the use of two VLGCs, which are anticipated to commence in 2026.

(f) In 2014, AltaGas' Blythe facility entered into a Long-Term Program Contract ("LTPC") with a service provider to complete various upgrade and maintenance services on the Combustion Turbines ("CT") at the Blythe facility. The LTPC term is 116,000 Equivalent Operating Hours ("EOH") per CT, or 25 years, whichever comes first.

(g) In 2017, AltaGas entered into a 12-year service agreement commencing in 2019 for tug services to support the marine operations of RIPET.

(h) In 2015, AltaGas entered into a Project Agreement that contemplated the sublease of lands from Ridley Terminals Inc. ("RTI", now Trigon Pacific Terminals Ltd. ("Trigon")), provision of certain terminal services, and access to Trigon's terminal facilities to support RIPET's operations for an initial term of 20 years ending in 2039. In 2019, RILE LP and Trigon executed a Terminal Services Agreement that formalized the concepts outlined in the Project Agreement, which was amended in 2025.

(i) Includes commitments related to service contracts that involve hosting arrangements.

(j) Environmental commitments include committed payments related to certain environmental response costs.

(k) Estimated amounts are subject to variability depending on the actual construction costs.

## Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at December 31, 2025, AltaGas has no guarantees issued on behalf of external parties.

## Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. While the final outcome of such legal claims and actions cannot be predicted with certainty, the Corporation does not believe that the resolution of such claims and actions will have a material impact on the Corporation's consolidated financial position or results of operations.

## 28. Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates and certain investments accounted for by the equity method. Amounts due to or from related parties on the Consolidated Balance Sheets were measured at the exchange amount and were as follows:

As at	December 31, 2025	December 31, 2024
<b>Due from related parties</b>		
Accounts receivable <sup>(a)</sup>	\$ 8	\$ 3
<b>Due to related parties</b>		
Accounts payable <sup>(b)</sup>	\$ 14	\$ 10

(a) Receivables from affiliates.

(b) Payables to affiliates and an equity investment.

The following transactions with related parties have been recorded on the Consolidated Statements of Income for the years ended December 31, 2025 and 2024:

Year Ended December 31	2025	2024
Cost of sales <sup>(a) (b)</sup>	\$ 85	\$ 45

(a) In the ordinary course of business, AltaGas' subsidiary obtained natural gas storage services from an investment accounted for by the equity method.

(b) Includes pipeline capacity demand charges for the delivery of 200,000 Dth/d of natural gas from MVP, in connection with an agency agreement that WGL entered into with a third party in 2024.

## 29. Supplemental Cash Flow Information

The following table details the changes in operating assets and liabilities from operating activities:

	Year Ended December 31	
	2025	2024
Source (use) of cash:		
Accounts receivable	\$ (191)	\$ 201
Inventory	24	165
Risk management assets	50	46
Prepaid expenses and other current assets	(22)	4
Regulatory assets - current	20	(29)
Accounts payable and accrued liabilities	113	78
Customer deposits	(2)	(3)
Regulatory liabilities - current	84	(13)
Risk management liabilities	(38)	34
Other current liabilities	9	15
Regulatory assets - non-current	40	(109)
Regulatory liabilities - non-current	(107)	28
Other operating assets and liabilities	(9)	13
<b>Changes in operating assets and liabilities</b>	<b>\$ (29)</b>	<b>\$ 430</b>

The following table details the changes in non-cash investing and financing activities:

	Year Ended December 31	
	2025	2024
Decrease (increase) of balance:		
Exercise of stock options	\$ 5	\$ 6
Net right-of-use assets obtained in exchange for new operating lease liabilities	\$ (118)	\$ (239)
Net right-of-use assets obtained in exchange for new finance lease liabilities	\$ (16)	\$ (42)
Capital expenditures included in accounts payable and accrued liabilities	\$ (149)	\$ (60)
Contributions from non-controlling interests to subsidiaries included in accounts receivable	\$ —	\$ (27)

The following cash payments have been included in the determination of earnings:

	Year Ended December 31	
	2025	2024
Interest paid (net of capitalized interest)	\$ 468	\$ 434

Income taxes paid (net of refunds received) for the year were as follows:

	Year Ended December 31	
	2025	2024
Income taxes paid <sup>(a)</sup>		
Federal - Canada	\$ 11	n/a
Foreign - U.S.	15	n/a
	\$ 26	\$ 31

(a) On December 31, 2025, AltaGas adopted ASU 2023-09 on a prospective basis, requiring the disclosure of federal, state (local), and foreign income taxes paid. See Note 2 for additional information.

Income taxes paid (net of refunds) that exceeded 5 percent of total income taxes paid (net of refunds) were as follows:

	Year Ended December 31	
	2025	
Income taxes paid (refund) by jurisdiction <sup>(a) (b)</sup>		
Federal - Canada	\$ 11	
Federal - U.S.	\$ 13	
Virginia	\$ 3	
Pennsylvania	\$ 1	
Alaska	\$ (3)	

(a) Jurisdictions disclosed are those where cash income taxes paid (net of refunds received) exceeds the threshold of 5 percent of total income taxes paid (net of refunds received) for the year ended December 31, 2025.

(b) On December 31, 2025, AltaGas adopted ASU 2023-09, requiring the disclosure of additional categories about federal, state (local), and foreign income taxes paid. This was applied prospectively. See Note 2 for additional information.

The following table is a reconciliation of cash and restricted cash balances:

As at December 31	2025	2024
Cash and cash equivalents	\$ 99	\$ 85
Restricted cash included in prepaid expenses and other current assets	—	2
Restricted cash included in long-term investments and other assets <i>(note 9)</i>	3	5
<b>Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows</b>	<b>\$ 102</b>	<b>\$ 92</b>

## 30. Segmented Information

AltaGas owns and operates a portfolio of assets and services used to move energy from the source to the end-user. The following describes the Corporation's reportable segments:

<b>Utilities</b>	<ul style="list-style-type: none"> <li>■ rate-regulated natural gas distribution assets in Michigan, D.C., Maryland, and Virginia;</li> <li>■ rate-regulated natural gas storage in the United States; and</li> <li>■ sale of natural gas and power to residential, commercial, and industrial customers in D.C., Maryland, Virginia, Delaware, Pennsylvania, Ohio, and New Jersey.</li> </ul>
<b>Midstream</b>	<ul style="list-style-type: none"> <li>■ NGL processing and extraction plants;</li> <li>■ natural gas storage facilities;</li> <li>■ LPG export terminals;</li> <li>■ transmission pipelines to transport natural gas and NGLs;</li> <li>■ natural gas gathering lines and field processing facilities;</li> <li>■ purchase and sale of natural gas;</li> <li>■ natural gas and NGL marketing;</li> <li>■ marketing, storage and distribution of wellsite fluids and fuel, crude oil and condensate diluents; and</li> <li>■ interest in a regulated gas pipeline in the Marcellus/Utica gas formation.</li> </ul>
<b>Corporate/ Other</b>	<ul style="list-style-type: none"> <li>■ the cost of providing corporate services, financing and general corporate overhead, corporate assets, financing other segments, and the effects of changes in the fair value of certain risk management contracts; and</li> <li>■ a small portfolio of power assets.</li> </ul>

AltaGas' Chief Operating Decision-Maker ("CODM") is the Executive Leadership Team ("ELT") which includes the President & Chief Executive Officer, the other Executive Officers of the Company, and certain other senior leaders.

The ELT assesses segment performance and determines how to allocate resources based on segment earnings reported on a periodic basis. Segment profitability guides the ELT in making decisions regarding prudent capital allocation, reinvestment of profits, acquisition and disposition of assets, and driving shareholder returns through sustainable dividends. AltaGas has disclosed income (loss) before income taxes by segment as the measure in accordance with the measurement principles with those used in measuring the corresponding amounts in the consolidated financial statements.

The following table provides a reconciliation of segment revenue to the disaggregated revenue table disclosed in Note 22:

Year Ended December 31, 2025				
	Utilities	Midstream	Corporate/ Other	Total
External revenue (note 22)	\$ 5,171	\$ 7,460	\$ 74	\$ 12,705
Segment revenue	\$ 5,171	\$ 7,460	\$ 74	\$ 12,705

Year Ended December 31, 2024				
	Utilities	Midstream	Corporate/ Other	Total
External revenue (note 22)	\$ 4,444	\$ 7,918	\$ 86	\$ 12,448
Segment revenue	\$ 4,444	\$ 7,918	\$ 86	\$ 12,448

## Geographic Information

Year Ended December 31	2025	2024
<b>Revenue</b> <sup>(a) (b)</sup>		
Canada	\$ 5,430	\$ 5,468
United States	7,175	7,048
<b>Total</b>	<b>\$ 12,605</b>	<b>\$ 12,516</b>

(a) Operating revenue from external customers, excluding unrealized gains and losses on risk management contracts.

(b) Includes reclassification of certain prior period balances to reflect appropriate split of Canada vs. United States revenue.

As at December 31	2025	2024
<b>Property, plant and equipment</b> <sup>(a)</sup>		
Canada	\$ 4,600	\$ 3,787
United States	10,862	10,867
<b>Total</b>	<b>\$ 15,462</b>	<b>\$ 14,654</b>

<b>Operating right-of-use assets</b>		
Canada	\$ 403	\$ 426
United States	78	64
<b>Total</b>	<b>\$ 481</b>	<b>\$ 490</b>

(a) Includes reclassification of certain prior period balances to reflect appropriate split of Canada vs. United States property, plant and equipment.

The following tables show the composition by segment:

	Year Ended December 31, 2025			
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue <i>(note 22)</i>	\$ 5,171	\$ 7,460	\$ 74	\$ 12,705
Cost of sales	(3,070)	(5,935)	(13)	(9,018)
Operating and administrative	(1,099)	(662)	(112)	(1,873)
Accretion expenses	—	(5)	—	(5)
Depreciation and amortization	(325)	(161)	(31)	(517)
Provisions on assets <i>(note 3)</i>	(1)	(3)	—	(4)
Income from equity investments	3	58	—	61
Other income <i>(note 25)</i> <sup>(a)</sup>	143	5	3	151
Foreign exchange losses	—	—	(6)	(6)
Interest expense	—	—	(465)	(465)
<b>Income (loss) before income taxes</b>	<b>\$ 822</b>	<b>\$ 757</b>	<b>\$ (550)</b>	<b>\$ 1,029</b>
Net additions to:				
Property, plant and equipment <sup>(b)</sup>	\$ 728	\$ 626	\$ 17	\$ 1,371
Intangible assets	\$ 20	\$ 4	\$ 18	\$ 42

(a) Other income for each reportable segment is comprised of:

- Utilities – primarily other components of net benefit cost (income), including the partial settlement of Washington Gas' post-retirement benefit pension plan, losses on asset sales, and interest income of \$1 million.
- Midstream – primarily interest income of \$5 million and other revenue, partially offset by losses on the monetization of accounts receivable and losses on asset sales.
- Corporate – primarily interest income of \$3 million.

(b) Net additions to property, plant, and equipment and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to timing differences for additions that have been accrued for but not yet paid, as well as additions relating to non-controlling interests.

Year Ended December 31, 2024				
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue (note 22)	\$ 4,444	\$ 7,918	\$ 86	\$ 12,448
Cost of sales	(2,584)	(6,586)	(31)	(9,201)
Operating and administrative	(1,075)	(604)	(117)	(1,796)
Accretion expenses	(1)	(4)	—	(5)
Depreciation and amortization	(296)	(149)	(30)	(475)
Provision on assets (note 3)	—	(16)	(4)	(20)
Income from equity investments	3	57	—	60
Other income (note 25) (a)	136	30	11	177
Foreign exchange gains	—	—	13	13
Interest expense	—	—	(455)	(455)
Income (loss) before income taxes	\$ 627	\$ 646	\$ (527)	\$ 746
Net additions to:				
Property, plant and equipment (b)	\$ 722	\$ 534	\$ 57	\$ 1,313
Intangible assets	\$ —	\$ 5	\$ 6	\$ 11

- (a) Other income for each reportable segment is comprised of:
- Utilities – primarily other components of net benefit cost (income), including the partial settlement of Washington Gas' post-retirement benefit pension plan, and interest income of \$2 million.
  - Midstream – primarily gains on asset sales, gain on settlement of ARO, and interest income of \$4 million.
  - Corporate – primarily interest income of \$7 million, gain on partial debt extinguishment, and other components of net benefit cost (income).
- (b) Net additions to property, plant, and equipment and intangible assets may not agree to changes reflected in the Consolidated Statements of Cash Flows due to timing differences for additions that have been accrued for but not yet paid, as well as additions relating to non-controlling interests.

The following table shows goodwill and total assets by segment:

	Utilities	Midstream	Corporate /Other	Total
<b>As at December 31, 2025</b>				
Goodwill	\$ 3,762	\$ 1,686	\$ —	\$ 5,448
Segmented assets	\$ 17,231	\$ 8,881	\$ 658	\$ 26,770
<b>As at December 31, 2024</b>				
Goodwill	\$ 3,950	\$ 1,741	\$ —	\$ 5,691
Segmented assets	\$ 17,184	\$ 8,223	\$ 685	\$ 26,092

### 31. Subsequent Events

On January 7, 2026, AltaGas redeemed its \$350 million of senior unsecured medium-term notes with a 4.12 percent coupon rate, which were originally scheduled to mature on April 7, 2026. The redemption was at par plus any accrued and unpaid interest.

On January 26, 2026, AltaGas entered into a five-year, \$500 million term loan. The proceeds will be used for general corporate purposes.

Subsequent events have been reviewed through March 5, 2026, the date on which these audited Consolidated Financial Statements were approved for issuance by the Board of Directors.

# Supplemental Quarterly Operating Information

	Q4-25	Q3-25	Q2-25	Q1-25	Q4-24
<b>OPERATING HIGHLIGHTS</b>					
<b>UTILITIES</b>					
Natural gas deliveries - end use (Bcf) <sup>(1)</sup>	47.2	8.9	16.4	73.5	38.3
Natural gas deliveries - transportation (Bcf) <sup>(1)</sup>	30.8	23.4	20.7	44.5	27.6
Service sites (thousands) <sup>(2)</sup>	1,576	1,567	1,567	1,571	1,568
Degree day variance from normal - SEMCO (%) <sup>(3)</sup>	6.3	(13.3)	3.6	(0.3)	(13.5)
Degree day variance from normal - Washington Gas (%) <sup>(3) (4) (5)</sup>	7.8	(100.0)	(31.1)	(5.2)	(15.8)
WGL retail energy marketing - gas sales volumes (Mmcf)	17,644	10,046	11,572	22,505	17,191
WGL retail energy marketing - electricity sales volumes (GWh)	3,381	3,840	3,575	3,689	3,851
<b>MIDSTREAM</b>					
LPG export volumes (Bbls/d) <sup>(6)</sup>	124,593	133,147	127,814	119,241	122,233
Total inlet gas processed (Mmcf/d) <sup>(6)</sup>	1,534	1,374	1,531	1,552	1,477
Extracted ethane volumes (Bbls/d) <sup>(6)</sup>	27,469	25,294	23,231	33,051	25,454
Extracted NGL volumes (Bbls/d) <sup>(6) (7)</sup>	49,674	43,624	50,982	49,051	47,745
Fractionation volumes (Bbls/d) <sup>(6) (8)</sup>	45,908	43,038	42,625	42,415	45,398
Frac spread - realized (\$/Bbl) <sup>(6) (9)</sup>	19.85	22.27	24.48	27.77	20.99
Frac spread - average spot price (\$/Bbl) <sup>(6) (10)</sup>	12.79	23.75	24.46	32.13	26.07
Propane Far East Index ("FEI") to Mont Belvieu spread (US\$/Bbl) <sup>(6) (11)</sup>	13.53	12.91	10.15	12.17	18.85
Butane FEI to Mont Belvieu spread (US\$/Bbl) <sup>(6) (12)</sup>	14.55	13.19	11.57	12.41	10.81

(1) Bcf is one billion cubic feet.

(2) Service sites reflect all of the service sites of the utilities, including transportation and non-regulated business lines.

(3) A degree day is a measure of coldness determined daily as the number of degrees the average temperature during the day in question is below 65 degrees Fahrenheit. Degree days for a particular period are determined by adding the degree days incurred during each day of the period. Normal degree days for a particular period are the average of degree days during the prior 15 years for SEMCO and during the prior 30 years for Washington Gas. A positive number indicates that weather is colder than normal and a negative number indicates that weather is warmer than normal.

(4) In certain of Washington Gas' jurisdictions (Virginia and Maryland) there are billing mechanisms in place which are designed to eliminate the effects of variance in customer usage caused by weather and other factors such as conservation. In D.C., there is no weather normalization billing mechanism nor does Washington Gas hedge to offset the effects of weather. As a result, colder or warmer weather will result in variances to financial results.

(5) The -100 percent degree day variance for Washington Gas in the third quarter of 2025 is a result of there being 12 normal degree days in the third quarter of any given year, compared to nil actual degree days in the third quarter of 2025. Given that the normal degree days in the third quarter are so low compared to other quarters, any change causes a large variance when shown as a percentage.

(6) Average for the period.

(7) NGL volumes refer to propane, butane, and condensate.

(8) Fractionation volumes include NGL mix volumes processed.

(9) Realized frac spread or NGL margin, expressed in dollars per barrel of NGL, is derived from sales recorded by the segment during the period for frac spread exposed volumes plus the settlement value of frac hedges settled in the period less extraction premiums, divided by the total frac exposed volumes produced during the period.

(10) Average spot frac spread or NGL margin, expressed in dollars per barrel of NGL, is indicative of the average sales price that AltaGas receives for propane, butane and condensate less extraction premiums, before accounting for hedges, divided by the respective frac spread exposed volumes for the period.

(11) Average propane price spread between FEI and Mont Belvieu TET commercial index.

(12) Average butane price spread between FEI and Mont Belvieu TET commercial index.

# Other Information

## Definitions

Bbls/d	barrels per day
Bcf	billion cubic feet
CBM	cubic meter
Dth	dekatherm
Dth/d	dekatherm per day
GJ	gigajoule
GWh	gigawatt-hour
MBbl	thousands of barrels
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
MW	megawatt
MWh	megawatt-hour
US\$	United States dollar

## About AltaGas

AltaGas is a leading North American energy infrastructure Company that connects NGLs and natural gas to domestic and global markets. The Company operates a diversified, lower-risk, high-growth Utilities and Midstream business that is focused on delivering resilient and durable value for its stakeholders.

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