ALTAGAS REPORTS RECORD FIRST QUARTER RESULTS

On Track to Deliver 2026 Results at Top End of 2026 Guidance; Potential Upside with Continued LPG Market Strength

Calgary, Alberta (April 30, 2026)

AltaGas Ltd. ("AltaGas" or the "Company") (TSX: ALA) reported first quarter 2026 financial results and provided an update on its operations, growth initiatives and corporate developments.

First Quarter Highlights

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

Financial Results

- Normalized EBITDA[1] was a record $818 million in the first quarter of 2026 compared to $689 million in the first quarter of 2025. Income before income taxes was $207 million in the first quarter of 2026, a decrease from $513 million in the first quarter of 2025, primarily due to unrealized hedging impacts.
- Normalized EBITDA growth was driven by higher global export volumes and margins, stronger processing and liquids handling margins, new Utilities rates in D.C. and Virginia, strong asset optimization, and partial settlement of a pension liability.
- Normalized EPS[1] was $1.33 compared to $1.15 in the first quarter of 2025, while GAAP EPS[2] was $0.47 in the first quarter of 2026 compared to $1.31 in the first quarter of 2025.

Operational Highlights

- AltaGas exported 124,917 Bbl/d of liquid petroleum gases ("LPG") to Asia, a 5 percent year-over-year increase. In the first quarter, the Company delivered 20 Very Large Gas Carriers ("VLGCs") to a diversified customer base across Asia.
- In mid-April, the Company took delivery of a new VLGC time charter, the Aurora Guardian. This brings AltaGas' long-term contracted fleet to three vessels, with a fourth scheduled to be delivered later in 2026.

Business Development and Growth

- Construction of the 56,000 Bbl/d Ridley Island Energy Export Facility ("REEF") remains on time and on budget with the project approximately 75 percent complete. REEF Optimization I remains on schedule and is expected to add 30,000 Bbl/d of propane export capacity in the second half of 2027.
- Dimsdale Phase I and II storage expansions are on budget and more than 40 percent complete. Expansions will add six Bcf of natural gas storage capacity by 2026 year-end and an additional 30 Bcf by mid-2027.
- Keweenaw Connector Pipeline advanced as planned in the quarter, achieving key pre-construction milestones. Construction mobilization is expected in May 2026 with completion now targeted for 2026 year-end.
- The Company executed a second behind-the-meter agreement for data center development in its Utilities segment. The Company will provide back-up gas-fired power generation for a 15 MW operational data center in Virginia. Additional opportunities are progressing across AltaGas' jurisdictions.

Financial Outlook and Balance Sheet

- AltaGas is expecting to deliver 2026 results towards the top end of its guidance for both normalized EBITDA and normalized EPS, with upside potential from continued LPG market strength. Additionally, AltaGas is increasing its 2026 capital program to $1.7 billion to capture planned spending for Dimsdale II through 2026.
- Adjusted net debt to normalized EBITDA[1] exited the quarter at 4.4x on a trailing twelve-month basis, including 50 percent debt treatment for its subordinated hybrid notes and preferred shares. This is below the low end of AltaGas' 4.5x - 5.0x targeted range.

(1) Non-GAAP measure; see discussion and reconciliation to US GAAP financial measures in the advisories of this news release or in AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended March 31, 2026, which is available on www.sedarplus.ca. (2) GAAP EPS is equivalent to Net income applicable to common shares divided by shares outstanding.

CEO Message

“AltaGas' first quarter results were above our expectations and reflect strong operational performance across the enterprise and supportive energy fundamentals,” said Vern Yu, President and Chief Executive Officer of AltaGas.

"The conflict in the Middle East has dramatically altered global energy flows. LPG supply disruptions and on-going global trade tensions have heightened demand for Canadian LPG exports, and illustrate the growing importance of Canada as a secure and reliable supplier of energy.

“AltaGas continued to grow its export platform during the first quarter, serving a diverse and expanding customer base across Asia. We look forward to bringing REEF online, which will further expand our open-access export infrastructure, enable greater volumes of Canadian LPGs to reach premium Asian markets, and further enhance Canada’s global trade relationships.

“Our Utilities delivered safe, reliable and affordable service through the coldest Mid-Atlantic winter in over two decades, demonstrating the resilience of our network and the value of our modernization investments. By leveraging natural gas storage and disciplined inventory management during Winter Storm Fern, we helped shield customer bills from extreme price volatility – reinforcing the cost and reliability advantages of natural gas as affordability remains a priority for customers and policymakers across the U.S.

“With strong momentum continuing through 2026 and a highly visible growth outlook, we remain focused on executing our strategy, advancing key projects, and delivering predictable, long-term value for our stakeholders.”

Forward Focus, Guidance and Funding

Following a strong first quarter of 2026, AltaGas is positioned to deliver results near the top end of its previously disclosed 2026 guidance. Should the global LPG market strength continue, AltaGas has the potential to exceed current guidance of:

- 2026 Normalized EBITDA guidance of $1.925 billion–$2.025 billion, compared to actual normalized EBITDA of $1.86 billion and income before taxes of $1.03 billion in 2025; and
- 2026 Normalized EPS guidance of $2.20–$2.45, compared to normalized EPS of $2.23 and GAAP EPS of $2.48 in 2025.

AltaGas is focused on delivering resilient and growing normalized EPS and normalized FFO per share while operating with strong financial flexibility. This strategy is designed to support steady dividend growth and provide the opportunity for continued capital appreciation for long-term shareholders.

Reflecting the advancement of key Midstream growth projects, specifically, Dimsdale Phase II and the now more visible project milestone payments in 2026, AltaGas has increased its 2026 capital program guidance from approximately $1.6 billion to approximately $1.7 billion, excluding ARO. The Company is allocating approximately 65 percent of its consolidated 2026 capital to its Utilities business, approximately 31 percent to the Midstream business, and the balance to the Corporate/Other segment.

Results by Segment

Normalized EBITDA [1]		**Three Months Ended March 31**		
($ millions)		**2026**		2025
Utilities	**$**	**555**	$	501
Midstream		**273**		197
Corporate/Other		**(10)**		(9)
Normalized EBITDA [1]	**$**	**818**	$	689

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

Income (Loss) Before Income Taxes		**Three Months Ended March 31**		
($ millions)		**2026**		2025
Utilities	**$**	**458**	$	446
Midstream		**(111)**		204
Corporate/Other		**(140)**		(137)
Income Before Income Taxes	**$**	**207**	$	513

Business Performance

Midstream

The Midstream segment reported normalized EBITDA of $273 million in the first quarter of 2026 compared to $197 million in the first quarter of 2025, while loss before income taxes was $111 million in the first quarter of 2026 compared to income before income taxes of $204 million in the first quarter of 2025. The 2026 first quarter loss in income before taxes was primarily due to the mark-to-market impacts of unrealized hedging positions. The 39 percent year-over-year increase in normalized Midstream EBITDA was driven by strong global export merchant margins and volumes, contributions from Pipestone II, which came online in December 2025, and increased throughput at the Company's Townsend and North Pine processing facilities. These results were partially offset by lower earnings at the extraction facilities due to lower realized frac spreads.

AltaGas exported 124,917 Bbl/d of LPGs to Asia through its open access terminals in the first quarter of 2026, across a total of 20 VLGCs. This included a record of over 88,600 Bbl/d from 14 ships at RIPET, and over 36,200 Bbl/d from 6 ships at Ferndale. The quarter included strong operational execution and logistics management with volumes five percent above 2025 first quarter levels.

Performance across the balance of the Midstream platform was robust with gas processing volumes up eight percent year-over-year, driven by the Pipestone Complex, as Pipestone II entered service in December 2025. AltaGas' Montney exposed infrastructure continues to demonstrate steady growth, with fractionation volumes up 11 percent year-over-year and gathering and processing volumes up 15 percent over the same period, led by Townsend.

Construction progress at REEF continues with the project now approximately 75 percent complete and nearly 90 percent of total project costs either incurred or committed. Recent milestones include final installation of the LPG accumulators, commencement of the second phase of the railroad utility corridor, and recent completion of piers 9, 10 and 12 on the jetty, which faced additional weather related challenges during the quarter.

Dimsdale Phase I and II construction continued to advance with the overall project more than 40 percent complete. Construction of the pipeline system is mechanically complete with Phase I and Phase II facility construction underway. The drilling program for the injection wells is set to commence in the third quarter. Phase I will add six Bcf of storage capacity by 2026 year-end, while Phase II will add an incremental 30 Bcf by mid-2027.

AltaGas is also progressing regulatory, engineering, and commercial work on other organic Midstream growth projects, including REEF Optimization II, Townsend de-propanizer, North Pine expansion, Pipestone III and additional export and liquids infrastructure opportunities.

Risk Management

Consistent with the Company's de-risking focus, AltaGas' Midstream operations are well-hedged for the remainder of 2026 with approximately 82 percent of the remaining 2026 expected global export volumes tolled or financially hedged. Merchant volumes are hedged at an average Far East Index ("FEI") to North American financial hedge price of US$20.30/Bbl while tolling volumes are in line with previously disclosed levels.

Approximately 83 percent of the Company's remaining 2026 expected frac exposed volumes are hedged at US$21.60/Bbl, prior to transportation costs. AltaGas continues to actively manage risk across the Midstream platform through commercial contracting and a systematic hedging program to manage its commodity price exposure.

For the remainder of 2026, AltaGas has hedged all of its expected Baltic freight exposure through time charters, financial hedges, and tolled volumes.

Midstream Hedge Program	Q2 2026	Q3 2026	Q4 2026	Remainder of 2026
Global Exports volumes hedged (%) (1)	95	76	73	82
Average propane/butane FEI to North America hedge (US$/Bbl) (2) (3)	18.16	19.08	28.60	20.30
Fractionation volume hedged (%) (3)	84	88	78	83
Frac spread hedge rate - (US$/Bbl) (3)	21.02	20.64	23.14	21.60

(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.

Utilities

Utilities reported normalized EBITDA of $555 million in the first quarter of 2026 compared to $501 million in the first quarter of 2025, while income before income taxes was $458 million in the first quarter of 2026 compared to $446 million in the first quarter of 2025. The 11 percent year-over-year increase in normalized EBITDA was driven by positive rate case outcomes in D.C. and interim rates in Virginia, strong asset optimization activities, and a partial settlement of Washington Gas' post-retirement benefit pension plan. Growth was partially offset by lower margins in the Retail business and higher O&M costs, where the extreme cold weather experienced in the early part of the year drove increased overtime costs.

AltaGas continues to remain active in regulatory proceedings with rate cases underway in three of the Company's four jurisdictions. AltaGas anticipates new rates to be implemented in Virginia and Maryland by 2026 year-end, with Michigan rates anticipated by early 2027. In Maryland, AltaGas has requested rates designed to generate approximately US$67 million of incremental annual revenue, net of a US$15 million ARP surcharge. In Virginia, interim rates subject to refund are currently in effect, with AltaGas seeking approximately US$65 million of incremental annual revenue, net of a US$39 million SAVE surcharge.

On February 26, 2026, SEMCO filed a rate application with the Michigan Public Service Commission ("MPSC") requesting approximately US$61 million of additional annual revenue and an allowed return on equity of 10.75 percent. The filing reflects capital investments made since January 2020 and includes recovery of pre-approved capital associated with the Keweenaw Connector Pipeline. The application also proposes a US$284 million extension of Michigan's modernization programs, extending the programs from 2027 through 2031.

AltaGas is also advancing a portfolio of growth projects across its Utilities. The Keweenaw Connector Pipeline continued to progress as planned in the first quarter of 2026, achieving several key pre-construction milestones, including receipt of major state permitting approvals, completion of clearing activities, and full right-of-way acquisition. The project remains on schedule, with construction mobilization expected in May 2026 and completion now targeted for 2026 year-end.

AltaGas' Utilities continue to progress the Company's data center development opportunities with two agreements now executed, multiple FEED studies completed, and a backlog of additional projects at various stages of advancement. The second agreement is for back-up power generation to an existing 15 MW data center that carries further expansion potential. The Company will continue to pursue these opportunities on a de-risked basis by constructing pipeline interconnects to onsite power generation through de-risked and rate regulated investments.

AltaGas invested $146 million in the Utilities segment during the quarter, which was slightly behind plan due to extreme cold weather conditions. This included investing approximately $56 million towards the Company's various asset modernization programs and $23 million towards new customer growth. These investments improve the safety and reliability of the network while helping maintain affordability through operating cost management.

Corporate/Other

The Corporate/Other segment reported a normalized EBITDA loss of $10 million for the first quarter of 2026, which was slightly larger than the $9 million loss reported in the same quarter of 2025. Loss before income taxes in the Corporate/Other segment was $140 million in the first quarter of 2026, compared to a loss before income taxes of $137 million in the same quarter of 2025. Higher general and administrative ("G&A") expenses related to employee incentive costs were the main driver of the increased loss.

Consolidated Financial Results

	Three Months Ended March 31	
($ millions)	**2026**	2025
Normalized EBITDA [1]	**$ 818**	$ 689
Add (deduct):		
Depreciation and amortization	**(135)**	(128)
Interest expense	**(119)**	(115)
Income tax expense, net of normalizing items	**(138)**	(98)
Preferred share dividends	**(3)**	(5)
Other [2]	**(8)**	(1)
Normalized net income [1]	**$ 415**	$ 342
Net income applicable to common shares	**$ 147**	$ 392
Normalized funds from operations [1]	**$ 651**	$ 551
Cash from operations	**$ 574**	$ 627
($ per share, except shares outstanding)		
Shares outstanding - basic (millions)		
During the period [3]	**311**	298
End of period	**311**	299
Normalized net income - basic [1]	**1.33**	1.15
Normalized net income - diluted [1]	**1.33**	1.14
Net income per common share - basic	**0.47**	1.31
Net income per common share - diluted	**0.47**	1.31

(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 losses (gains) on intercompany accounts payable and accounts receivables balances.
(3) Weighted average.

Normalized EBITDA for the first quarter of 2026 was $818 million compared to $689 million for the same quarter in 2025. The largest factors contributing to the year-over-year increase are described in the Business Performance sections above.

Income before income taxes was $207 million for the first quarter of 2026 compared to $513 million for the same quarter in 2025. Performance for the first quarter of 2026 was mainly due to higher unrealized losses on risk management contracts, higher depreciation and amortization expense, and higher interest expense, partially offset by the same previously referenced factors impacting normalized EBITDA and lower transition and restructuring costs. Please refer to the "Three Months Ended March 31" section of the Q1 2026 Management's Discussion and Analysis ("MD&A") for further details on the variance in income before income taxes and net income applicable to common shareholders.

Normalized net income was $415 million or $1.33 per share for the first quarter of 2026, compared to $342 million or $1.15 per share reported for the same quarter of 2025.

Normalized FFO was $651 million or $2.09 per share for the first quarter of 2026, compared to $551 million or $1.85 per share for the same quarter in 2025. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and lower current income tax expense net of normalization adjustments, partially offset by higher non-cash items included in normalized EBITDA, lower distributions from equity investments, and higher interest expense.

Cash from operations in the first quarter of 2026 was $574 million ($1.84 per share), compared to $627 million ($2.10 per share) for the same quarter of 2025. 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 distributions from equity investments, partially offset by higher net income after taxes (after adjusting for non-cash items).

Interest expense for the first quarter of 2026 was $119 million, compared to $115 million for the same quarter in 2025. The increase was mainly due to the issuance of additional subordinated hybrid notes in the third quarter of 2025 and lower capitalized interest, partially offset by the impact of a lower average U.S./Canadian dollar exchange rate. Interest expense recorded on the subordinated hybrid notes in the first quarter of 2026 was $37 million, compared to $34 million for the same quarter of 2025.

Income tax expense was $55 million for the first quarter of 2026, compared to $113 million for the same quarter of 2025. The decrease was mainly due to lower income before income taxes compared to the same quarter of 2025.

Quarterly Common Share Dividend and Preferred Share Dividend

The Board of Directors approved the following schedule of Dividends:

Type [1]	Dividend (per share)	Period	Payment Date	Record
Common Shares	$0.334	n.a.	30-Jun-26	16-Jun-26
Series G Preferred Shares	$0.376063	31-Mar-26 to 29-Jun-26	30-Jun-26	16-Jun-26

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

Conference Call and Webcast

AltaGas will hold a conference call today, April 30, 2026, at 9:00 a.m. MT (11:00 a.m. ET) to discuss first quarter of 2026 results and other corporate developments.

Date:	Thursday, April 30, 2026
Time:	9:00 a.m. MT (11:00 a.m. ET)
Webcast:	https://app.webinar.net/y6vbPR1zkj7
Dial-in (Audio only):	+1 437 900 0527 or toll free at +1 888 510 2154

Shortly after the conclusion of the call a replay will be available on the Company's website or by dialing +1 289 819 1450 or toll free +1 888 660 6345. Passcode 28764 #.

AltaGas' Consolidated Financial Statements and accompanying notes for the first quarter of 2026, as well as its related MD&A, are now available online at 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.

Non-GAAP Measures

This news release contains references to certain financial measures that do not have a standardized meaning prescribed by U.S. GAAP and may not be comparable to similar measures presented by other entities. The non-GAAP measures and their reconciliation to U.S. GAAP financial measures are shown below and within AltaGas' Management's Discussion and Analysis (MD&A) as at and for the period ended March 31, 2026. 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 U.S. GAAP.

Normalized EBITDA

	Three Months Ended March 31	
($ millions)	**2026**	2025
Income before income taxes (GAAP financial measure)	**$ 207**	$ 513
Add:		
Depreciation and amortization	**135**	128
Interest expense	**119**	115
EBITDA	**$ 461**	$ 756
Add (deduct):		
Transaction costs related to acquisitions and dispositions [(1)]	**1**	—
Unrealized losses (gains) on risk management contracts [(2)]	**349**	(85)
Losses on sale of assets [(3)]	**—**	2
Transition and restructuring costs [(4)]	**7**	11
Provisions on assets	**—**	2
Accretion expenses	**1**	1
Foreign exchange losses (gains) [(5)]	**(1)**	2
Normalized EBITDA	**$ 818**	$ 689

(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 12 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 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 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

	Three Months Ended March 31	
($ millions)	**2026**	2025
Net income applicable to common shares (GAAP financial measure)	**$ 147**	$ 392
Add (deduct) after-tax:		
Transaction costs related to acquisitions and dispositions [1]	**1**	—
Unrealized losses (gains) on risk management contracts [2]	**266**	(65)
Losses on sale of assets [3]	**—**	1
Provisions on assets	**—**	1
Transition and restructuring costs [4]	**6**	9
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances [5]	**(5)**	4
Normalized net income	**$ 415**	$ 342

(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 12 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 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 CFO transition). These pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.
(5) 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

	Three Months Ended March 31	
($ millions)	**2026**	2025
Cash from operations (GAAP financial measure)	**$ 574**	$ 627
Add (deduct):		
Net change in operating assets and liabilities	**69**	(87)
Funds from operations	**$ 643**	$ 540
Add (deduct):		
Transaction costs related to acquisitions and dispositions [1]	**1**	—
Transition and restructuring costs [2]	**7**	11
Normalized funds from operations	**$ 651**	$ 551

(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) Comprised of transition and restructuring costs (including CFO transition). These pre-tax 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.

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

($ millions, except adjusted net debt to normalized EBITDA)	March 31, 2026	December 31, 2025
Short-term debt	**$ 61**	$ 231
Current portion of long-term debt [1]	**362**	469
Current portion of finance lease liabilities	**25**	24
Long-term debt [2]	**7,332**	7,010
Finance lease liabilities	**124**	124
Subordinated hybrid notes [3]	**2,180**	2,159
Total debt	**10,084**	10,017
Less: cash and cash equivalents	**(163)**	(99)
Net debt	**$ 9,921**	$ 9,918
Add (deduct):		
Current portion of finance lease liabilities	**(25)**	(24)
Finance lease liabilities	**(124)**	(124)
50 percent debt treatment of subordinated hybrid notes	**(1,090)**	(1,080)
50 percent debt treatment of preferred shares	**98**	98
Adjusted net debt	**$ 8,780**	$ 8,788
Adjusted net debt to normalized EBITDA [4]	**4.4**	4.7

(1) Net of debt issuance costs, unamortized premiums, and unamortized discounts of less than $1 million as at March 31, 2026 (December 31, 2025 - less than $1 million).
(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of $29 million as at March 31, 2026 (December 31, 2025 - $29 million).
(3) Net of debt issuance costs of $25 million as at March 31, 2026 (December 31, 2025 - $25 million).
(4) 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

	Three Months Ended March 31	
($ millions)	**2026**	2025
Cash used in investing activities (GAAP financial measure)	**$ 451**	$ 352
Deduct:		
Net change in non-cash capital expenditures [1]	**(85)**	(30)
Contributions from non-controlling interests [2]	**(78)**	(70)
Invested capital and net invested capital	**$ 288**	$ 252

(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 18 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 for further details.
(2) Excludes cash received from advance cash calls related to forecasted capital spend.

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, 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.

	Three Months Ended March 31	
($ millions)	**2026**	**2025**
Normalized EBITDA	**$ 818**	$ 689
Add (deduct):		
Depreciation and amortization	**(135)**	(128)
Interest expense	**(119)**	(115)
Income tax expense	**(55)**	(113)
Normalizing items impacting income taxes [1]	**(83)**	15
Accretion expenses	**(1)**	(1)
Foreign exchange gains (losses)	**1**	(2)
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances	**(6)**	5
Net income applicable to non-controlling interests	**(2)**	(3)
Preferred share dividends	**(3)**	(5)
Normalized net income	**$ 415**	$ 342

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

Consolidated Financial Review

	Three Months Ended March 31	
($ millions, except effective income tax rates)	**2026**	2025
Revenue	**3,970**	3,969
Normalized EBITDA [1]	**818**	689
Income before income taxes	**207**	513
Net income applicable to common shares	**147**	392
Normalized net income [1]	**415**	342
Total assets	**27,363**	26,164
Total long-term liabilities	**14,031**	13,729
Invested capital [1]	**288**	252
Cash used in investing activities	**451**	352
Dividends declared [2]	**105**	94
Cash from operations	**574**	627
Normalized funds from operations [1]	**651**	551
Effective income tax rate (%) [3]	**26.8**	22.1

	Three Months Ended March 31	
($ per share, except shares outstanding)	**2026**	2025
Net income per common share - basic	**0.47**	1.31
Net income per common share - diluted	**0.47**	1.31
Normalized net income - basic [1]	**1.33**	1.15
Normalized net income - diluted [1]	**1.33**	1.14
Dividends declared [2]	**0.33**	0.32
Cash from operations	**1.84**	2.10
Normalized funds from operations [1]	**2.09**	1.85
Shares outstanding - basic (millions)		
During the period [4]	**311**	298
End of period	**311**	299

(1) Non-GAAP financial measure or non-GAAP financial ratio; see discussion in Non-GAAP Financial Measures section of the MD&A.
(2) Dividends declared per common share per quarter: $0.315 per share beginning March 2025, increased to $0.334 per share effective March 2026.
(3) The increase in the effective income tax rate for the three months ended March 31, 2026 was primarily driven by changes in the mix of earnings across jurisdictions.
(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", "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 belief that the long-term outlook for continued production growth across Western Canada and AltaGas' footprint is robust; the delivery of a fourth VLGC later in 2026; progress on REEF and the anticipated timing and benefits thereof; REEF Optimization One, including the anticipated capital cost, timing and benefits thereof; the Dimsdale Phase I and II storage expansions, including the anticipated capital cost, timing and benefits thereof; the Keweenaw Connector Pipeline project including anticipated capital costs, timing and benefits thereof; data center opportunities in the Utilities segment and the anticipated benefits thereof; AltaGas' focus on executing its strategy, advancing key projects, and delivering predicable, long-term value for our stakeholders; AltaGas' focus on delivering resilient and growing normalized EPS and normalized FFO per share while operating with strong financial flexibility and the anticipated benefits thereof; additional midstream growth projects, including REEF Optimization II, Townsend de-propanizer, North Pine expansion, Pipestone III and additional export and liquids infrastructure opportunities; AltaGas' 2026 guidance including normalized earnings per share of $2.20 to $2.45 and normalized EBITDA of $1.925 to $2.025 billion; that AltaGas is positioned to deliver results towards the top end of its 2026 guidance range, with the potential for additional upside; the value to be achieved through disciplined execution of AltaGas' long-term strategy; the belief that AltaGas is positioned to benefit from the long-term fundamentals of growing Canadian natural gas and NGL production, rising Asian demand and the Company's structural shipping advantage from the west coast; the Company's hedging program and AltaGas' 2026 Midstream Hedge Program quarterly estimates; AltaGas' commitment to investing in its Utilities business to improve safety and reliability and connect customers to critical energy while balancing the need for customer affordability; 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' ability to execute its corporate strategy, including building a diversified platform that operates long-life energy infrastructure assets that are positioned to provide resilient and growing value for stakeholders and the Company's focus on growing normalized EPS and normalized FFO per share while targeting lower leverage ratios to support steady dividend growth and provide ongoing capital appreciation for long-term shareholders; AltaGas' commitment to maintaining a disciplined, self-funded 2026 capital program of approximately $1.7 billion, excluding ARO; the allocation of consolidated 2026 capital to the Company's Utilities, Midstream and Corporate/ Other segments; and AltaGas' dividend policy.

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: effective tax rates; 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 and butane 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; cybersecurity, information, and control systems; climate-related risks; environmental regulation risks; regulatory risks; litigation; changes in law; Indigenous and treaty rights; dependence on certain partners; political uncertainty and civil unrest; risks related to conflict, including the conflicts in Eastern Europe and the Middle East; decommissioning, abandonment and reclamation costs; reputation risk; weather data; capital market and liquidity risks; interest rates; internal credit risk; foreign exchange risk; debt financing, refinancing, and debt service risk; counterparty and supplier risk; technical systems and processes incidents; growth strategy risk; construction and development; 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 ("AIF") 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 or through SEDAR+ at www.sedarplus.ca.

AltaGas Ltd.

Management's Discussion & Analysis

For the three months ended March 31, 2026

Dated: April 29, 2026

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 the first quarter of 2026, AltaGas' Utilities provided energy to 1.6 million residential and commercial customers with an average rate base of US$5.6 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 334,000 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 Liquified 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 approximately 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.

First Quarter 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 a record $818 million in the first quarter of 2026 compared to $689 million in the first quarter of 2025, while income before income taxes was $207 million in the first quarter of 2026, a decrease from $513 million in the first quarter of 2025, primarily due to unrealized hedging impacts.
- Normalized EBITDA growth was driven by higher global export volumes and margins, stronger processing and liquids handling margins, new Utilities rates in D.C. and Virginia, strong asset optimization, and partial settlement of a pension liability.
- Normalized earnings per share ("EPS") was $1.33 in the first quarter of 2026 compared to $1.15 in the first quarter of 2025, while GAAP EPS was $0.47 in the first quarter of 2026 compared to $1.31 in the first quarter of 2025.

Operational Highlights

- AltaGas exported 124,917 Bbl/d of LPGs to Asia, a 5 percent year-over-year increase. In the first quarter, the Company delivered 20 Very Large Gas Carriers ("VLGCs") to a diversified customer base across Asia.
- In mid-April, the Company took delivery of a new VLGC time charter, the Aurora Guardian. This brings AltaGas' long-term contracted fleet to three vessels, with a fourth scheduled to be delivered later in 2026.

Business Development and Growth

- Construction of the 56,000 Bbl/d Ridley Island Energy Export Facility ("REEF") remains on time and on budget with the project approximately 75 percent complete. REEF Optimization I remains on schedule and is expected to add 30,000 Bbl/d of propane export capacity in the second half of 2027.
- Dimsdale Phase I and II storage expansions are on budget and more than 40 percent complete. Expansions will add six Bcf of natural gas storage capacity by 2026 year-end and an additional 30 Bcf by mid-2027.
- Keweenaw Connector Pipeline advanced as planned in the quarter, achieving key pre-construction milestones. Construction mobilization is expected in May 2026 with completion now targeted for 2026 year-end.
- The Company executed a second behind-the-meter agreement for data center development in its Utilities segment. The Company will provide back-up gas-fired power generation for a 15 MW operational data center in Virginia. Additional opportunities are progressing across AltaGas' jurisdictions.

Financial Outlook and Balance Sheet

- AltaGas is expecting to deliver 2026 results towards the top end of its guidance for both normalized EBITDA and normalized EPS, with upside potential from continued LPG market strength. Additionally, AltaGas is increasing its 2026 capital program to $1.7 billion to capture planned spending for Dimsdale II through 2026.
- Adjusted net debt to normalized EBITDA exited the quarter at 4.4x on a trailing twelve-month basis, including 50 percent debt treatment for its subordinated hybrid notes and preferred shares. This is below the low end of AltaGas' 4.5x - 5.0x targeted range.
- On January 26, 2026, AltaGas entered into a five-year, $500 million term loan. The proceeds were used for general corporate purposes.
- On April 28, 2026, SEMCO entered into a bond purchase agreement to issue US$186 million of First Mortgage Bonds, comprised of a US$86 million 10-year tranche with a coupon rate of 5.16 percent, maturing on July 15, 2036, and a US$100 million 30-year tranche with a coupon rate of 5.87 percent,

maturing on September 15, 2056. The 10-year and 30-year tranches are scheduled to be issued on July 15, 2026 and September 15, 2026, respectively. The proceeds will be used to fund construction of the Keweenaw Connector Pipeline, other capital expenditures, and general corporate purposes.

Consolidated Financial Review

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($ millions, except effective income tax rates)	**2026**	2025
Revenue	**3,970**	3,969
Normalized EBITDA [1]	**818**	689
Income before income taxes	**207**	513
Net income applicable to common shares	**147**	392
Normalized net income [1]	**415**	342
Total assets	**27,363**	26,164
Total long-term liabilities	**14,031**	13,729
Invested capital [1]	**288**	252
Cash used in investing activities	**451**	352
Dividends declared [2]	**105**	94
Cash from operations	**574**	627
Normalized funds from operations [1]	**651**	551
Effective income tax rate (%) [3]	**26.8**	22.1

	Three Months Ended March 31	
($ per share, except shares outstanding)	**2026**	2025
Net income per common share - basic	**0.47**	1.31
Net income per common share - diluted	**0.47**	1.31
Normalized net income - basic [1]	**1.33**	1.15
Normalized net income - diluted [1]	**1.33**	1.14
Dividends declared [2]	**0.33**	0.32
Cash from operations	**1.84**	2.10
Normalized funds from operations [1]	**2.09**	1.85
Shares outstanding - basic (millions)		
During the period [4]	**311**	298
End of period	**311**	299

(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: $0.315 per share beginning March 2025, increased to $0.334 per share effective March 2026.

(3) The increase in the effective income tax rate for the three months ended March 31, 2026 was primarily driven by changes in the mix of earnings across jurisdictions.

(4) Weighted average.

Results of Operations by Reporting Segment

Normalized EBITDA [1]	Three Months Ended March 31	
($ millions)	**2026**	2025
Utilities	**$ 555**	$ 501
Midstream	**273**	197
Sub-total: Operating Segments	**$ 828**	$ 698
Corporate/Other	**(10)**	(9)
	$ 818	$ 689

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

Income (Loss) Before Income Taxes	Three Months Ended March 31	
($ millions)	**2026**	2025
Utilities	**$ 458**	$ 446
Midstream	**(111)**	204
Sub-total: Operating Segments	**$ 347**	$ 650
Corporate/Other	**(140)**	(137)
	$ 207	$ 513

Revenue	Three Months Ended March 31	
($ millions)	**2026**	2025
Utilities	**$ 2,030**	$ 1,870
Midstream	**1,925**	2,084
Sub-total: Operating Segments	**$ 3,955**	$ 3,954
Corporate/Other	**15**	15
	$ 3,970	$ 3,969

Three Months Ended March 31

Normalized EBITDA for the first quarter of 2026 was $818 million, compared to $689 million for the same quarter of 2025, driven by strong performance from both the Midstream and Utilities segments.

In the Utilities segment, the increase in normalized EBITDA was primarily attributable to the partial settlement of Washington Gas' post-retirement benefit pension plan in the first quarter of 2026, the impacts of the 2024 D.C. and 2025 Virginia rate cases, and increased asset optimization activities at Washington Gas. These factors were partially offset by lower contributions from WGL's retail marketing business and higher operating and administrative expenses. 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 stronger contributions from the global exports business, attributed to higher margins and tolling volumes, higher contributions from the fractionation and liquids handling business supported by improved margins, and contributions from Pipestone II, which was placed into service in December 2025. These factors were partially offset by lower extraction frac spreads. 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 slight decrease in normalized EBITDA was mainly driven by higher expenses related to employee incentive plans. Please refer to the Corporate/Other Segment section of this MD&A for more details on the factors impacting Corporate/Other results.

Income before income taxes for the first quarter of 2026 was $207 million, compared to $513 million for the same quarter of 2025. The decrease was mainly due to higher unrealized losses on risk management contracts, higher depreciation and amortization expense, and higher interest expense, partially offset by the same previously referenced factors impacting normalized EBITDA and lower transition and restructuring costs. Net income applicable to common shares for the first quarter of 2026 was $147 million ($0.47 per share), compared to $392

million ($1.31 per share) for the same quarter of 2025. The decrease was primarily due to the same previously referenced factors impacting income before income taxes, partially offset by lower income tax expense.

Normalized funds from operations for the first quarter of 2026 was $651 million ($2.09 per share), compared to $551 million ($1.85 per share) for the same quarter of 2025. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and lower current income tax expense net of normalization adjustments, partially offset by higher non-cash items included in normalized EBITDA, lower distributions from equity investments, and higher interest expense.

Cash from operations in the first quarter of 2026 was $574 million ($1.84 per share), compared to $627 million ($2.10 per share) for the same quarter of 2025. 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 distributions from equity investments, partially offset by higher 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 first quarter of 2026 was $119 million, compared to $115 million for the same quarter of 2025. The increase was mainly due to the issuance of additional subordinated hybrid notes in the third quarter of 2025 and lower capitalized interest, partially offset by the impact of a lower average U.S./Canadian dollar exchange rate. Interest expense recorded on the subordinated hybrid notes in the first quarter of 2026 was $37 million, compared to $34 million for the same quarter of 2025.

AltaGas recorded income tax expense of $55 million for the first quarter of 2026, compared to $113 million for the same quarter of 2025. The decrease was mainly due to lower income before income taxes compared to the same quarter of 2025.

Normalized net income was $415 million ($1.33 per share) for the first quarter of 2026, compared to $342 million ($1.15 per share) for the same quarter of 2025. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by higher income tax expense net of normalization adjustments, higher depreciation and amortization expense, unfavourable variances in foreign exchange gains after foreign exchange related normalizations, and higher interest expense. Please refer to the Non-GAAP Financial Measures section of this MD&A for further details on normalization adjustments.

2026 Outlook

In 2026, AltaGas expects to achieve normalized EBITDA and normalized earnings per share towards the top end of its previously disclosed guidance ranges of $1.925 to $2.025 billion and $2.20 to $2.45, respectively. This compares to actual normalized EBITDA of $1.863 billion and normalized earnings per share of $2.23 in 2025, as well as 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 stronger expected global export volumes and margins and a full year of contributions from the Pipestone II facility, 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 income tax expense after normalization adjustments, 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.

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 the remainder of 2026, AltaGas has hedged materially all of its expected Baltic freight exposure through time charters, financial hedges, and tolled volumes, in addition to the hedges in the following table:

Midstream Hedge Program	Q2 2026	Q3 2026	Q4 2026	Remainder of 2026
Global Exports volumes hedged (%) (1)	95	76	73	82
Average propane/butane Far East Index ("FEI") to North America hedge (US$/Bbl) (2) (3)	18.16	19.08	28.60	20.30
Fractionation volumes hedged (%) (3)	84	88	78	83
Frac spread hedge rate (US$/Bbl) (3)	21.02	20.64	23.14	21.60

(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.

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 results for the remainder of 2026:

Factor	Increase or decrease	Approximate impact on normalized results for the remainder of 2026 ($ millions)
Degree day variance from normal - Utilities (1) (2)	5 percent	4
Change in Canadian dollar per U.S. dollar exchange rate (3) (4)	0.05	2
Propane and butane FEI to North America spreads (1) (5)	US$1/Bbl	10

(1) Represents expected impact on normalized EBITDA for the remainder of 2026.
(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 normalized net income for the remainder of 2026.
(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 approximately $1.7 billion of invested capital in 2026. The increase from the previous estimate of $1.6 billion is due to the advancement of several Midstream growth capital projects, including the Dimsdale Phase II expansion which was sanctioned after guidance was provided and now has more visible project milestone payments in 2026.

	2026 Estimated	2025 Actuals
Invested Capital	**$1.7 billion**	$1.4 billion
Split by segment:		
Utilities	**65 %**	52 %
Midstream	**31 %**	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 the Keweenaw Connector Pipeline in Michigan and Accelerated Replacement Program ("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 [1]	Project Description and Status	Expected In-Service Date
Midstream Projects				
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, adjacent to RIPET. The project is being developed by AltaGas and Vopak and will have export capacity of approximately 56,000 Bbl/d. 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 complete and the remaining fabrication continues to make strong progress. Equipment and module deliveries for the uplands were completed in April and remaining fabrication deliveries for the jetty are on track to support construction completion 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 installed. Foundations are now complete. The final phase of rail construction is set to commence mid-2026. Jetty construction remains a focus, with marine civil works supporting the trestle module setting sequence, marked by the successful installation of eleven of the thirteen trestle modules. Site building infrastructure has also been significantly advanced while mitigation efforts continue to ensure alignment with the overall execution schedule.	2026 Year-end

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Midstream Projects, continued				
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. Detailed engineering and procurement are well underway and progressing per plan. Design, fabrication, and construction activities have advanced for the parts of scope that integrate into the active REEF project area. These activities have been advanced to synchronize with the REEF project schedule requirements to optimize efforts between the two active projects.	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. The engineering, procurement, and fabrication contract has been awarded and fabrication of the equipment package has commenced. 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 is ongoing with the intent to initiate construction in the second quarter of 2026.	2026 Year-end
Dimsdale Phase I Expansion	100%	$65 million	AltaGas reached a positive FID on the Phase I expansion of the Company's Dimsdale Gas Storage Facility in August 2025. 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. Construction of the pipeline system for Phase I is mechanically complete.	2026 Year-end
Dimsdale Phase II Expansion	100%	$165 million	AltaGas reached a positive FID on the Phase II expansion of the Company's Dimsdale Gas Storage Facility in January 2026. 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. Drilling of the injection wells is set to commence in the third quarter of 2026.	Mid 2027

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Midstream Projects, continued				
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. In October 2025, the project sponsors filed a formal application with the Federal Energy Regulatory Commission ("FERC") seeking authorization to construct the project, which includes compression upgrades at existing facilities and one new compressor station. The project is targeting a mid-2028 in-service date, which is a year earlier than previously expected. The entire 600 MMcf/d of incremental capacity is 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. In March 2026, FERC issued a partial Notice to Proceed authorizing the commencement of construction activities in Virginia, following receipt of required federal and state permits for that jurisdiction. Late in March 2026, construction activity was suspended. A hearing occurred on April 28, 2026, regarding motions to stay the Clean Water Act Section 401 Water Quality Certification in North Carolina and Virginia, and the outcome from that hearing will follow shortly. Construction authorization for other project segments remains subject to the satisfaction of applicable regulatory requirements and ongoing project execution considerations. 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 that the MVP Southgate Project will be completed and placed into service and remains committed to supporting the project and enabling downstream customer connectivity to this critical transportation capacity, which is expected to enhance U.S. energy security.	Mid 2028 with majority of the spend expected in 2027.

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Utilities Projects [2]				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - D.C.***	100%	Estimated US$118 million for the period from March 2024 through June 2026, as well as incremental expenditures of US$150 million from July 2026 to June 2029.	The Public Service Commission of the District of Columbia ("PSC of D.C.") has issued several orders extending the second phase of Washington Gas' ARP in D.C. The November 2025 order extended the program through June 30, 2026 with an additional approved spending limit of US$25 million towards the completion of already approved projects. On September 27, 2024, Washington Gas filed its restructured plan for the third phase of its ARP in D.C., District SAFE, requesting US$215 million for the period from March 1, 2025 through December 31, 2027. On March 4, 2026, the PSC of D.C. 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 – ***Washington Gas - Maryland***	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. On February 26, 2026, the MD PSC approved the Company's 2026 Project List and surcharges and directed Commission Staff to file proposed regulations to establish standards for NGEA compliance within 120 days of the Order. The 2026 Project List outlook is approximately US$60 million.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

Project	AltaGas' Ownership Interest	Estimated Cost [1]	Project Description and Status	Expected In-Service Date
Utilities Projects, continued [2]				
Accelerated Utility Pipe Replacement Programs – ***Washington Gas - Virginia***	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 Virginia State Corporation Commission ("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.
Accelerated Mains Replacement program ("MRP") and Infrastructure Reliability Improvement Program ("IRIP") – ***SEMCO ENERGY - Michigan***	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 – ***SEMCO ENERGY – Michigan***	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 design have been completed. The material and construction contracts have been awarded and pipeline construction is planned to begin in the second quarter of 2026.	2026 year-end

(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.

Utilities

Financial Results

	Three Months Ended March 31	
	2026	2025
Normalized EBITDA	**$ 555**	$ 501
Income before income taxes	**$ 458**	$ 446
Revenue	**$ 2,030**	$ 1,870

Operating Statistics

	Three Months Ended March 31	
	2026	2025
Natural gas deliveries - end-use (Bcf) (1)	**66.8**	73.5
Natural gas deliveries - transportation (Bcf) (1)	**42.1**	44.5
Service sites (thousands) (2)	**1,578**	1,571
Degree day variance from normal - SEMCO (Michigan) (%) (3)	**(0.6)**	(0.3)
Degree day variance from normal - Washington Gas (D.C.) (%) (3) (4)	**4.6**	(5.2)
Retail energy marketing - gas sales volumes (Mmcf)	**20,192**	22,505
Retail energy marketing - electricity sales volumes (GWh)	**3,070**	3,689

(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.

Three Months Ended March 31

Normalized EBITDA in the Utilities segment was $555 million in the first quarter of 2026, compared to $501 million in the same quarter of 2025. The increase in normalized EBITDA was mainly due to the gain on partial settlement of Washington Gas' post-retirement benefit pension plan in the first quarter of 2026, the positive net impact of the 2024 D.C. and 2025 Virginia rate cases, increased asset optimization activities at Washington Gas, higher revenue from ARP spend, and customer growth. These factors were partially offset by lower contributions from WGL's retail marketing business, higher operating and administrative expenses, and the impact of the lower average U.S./Canadian dollar exchange rate.

The Utilities segment income before income taxes was $458 million in the first quarter of 2026, compared to $446 million in the same quarter of 2025. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA and lower transition and restructuring costs, partially offset by higher unrealized losses on risk management contracts and higher depreciation and amortization expense.

Utilities Regulatory Updates

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
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. Intervenor testimony was received in April 2026 and Washington Gas rebuttal testimony is due on May 12, 2026. Evidentiary hearing is scheduled for June 9, 2026.	Second half of 2026.
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. Intervenor testimony was received on March 31, 2026 and Washington Gas rebuttal testimony was filed on April 28, 2026. Evidentiary hearing is scheduled for the week of May 18, 2026. New rates are expected to be effective in late July 2026.	Second half of 2026.
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 the District of Columbia challenging the legality of this law. On March 26, 2026, the District Court issued an opinion concluding that the D.C. law is not preempted by the federal Energy Policy and Conservation Act ("EPCA"). On April 14, 2026, plaintiffs filed a Notice of Appeal to the District of Columbia Circuit Court of Appeals.

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. On March 25, 2026, the District Court issued an opinion that the Montgomery County law is not preempted by the federal EPCA. On April 14, 2026, plaintiffs filed a Notice of Appeal to the Fourth Circuit Court of Appeals.

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 March 31, 2026, the District Court issued an opinion that the Maryland BEPS are not preempted by federal EPCA. An appeal to the Fourth Circuit Court of Appeals is due by April 30, 2026.

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 March 31	
	2026	2025
Normalized EBITDA	**$ 273**	$ 197
Income (loss) before income taxes	**$ (111)**	$ 204
Revenue	**$ 1,925**	$ 2,084

Operating Statistics

	Three Months Ended March 31	
	2026	2025
LPG export volumes (Bbls/d) [1]	**124,917**	119,241
Total inlet gas processed (Mmcf/d) [1]	**1,669**	1,552
Extracted ethane volumes (Bbls/d) [1]	**22,173**	33,051
Extracted NGL volumes (Bbls/d) [1] [2]	**58,587**	49,051
Fractionation volumes (Bbls/d) [1] [3]	**45,476**	42,415
Frac spread - realized ($/Bbl) [1] [4]	**13.85**	27.77
Frac spread - average spot price ($/Bbl) [1] [5]	**17.94**	32.13
Propane FEI to Mont Belvieu spread (US$/Bbl) [1] [6]	**26.01**	12.17
Butane FEI to Mont Belvieu spread (US$/Bbl) [1] [7]	**29.75**	12.41

(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 March 31

The Midstream segment reported normalized EBITDA of $273 million in the first quarter of 2026, compared to $197 million in the same quarter of 2025. The increase in normalized EBITDA was primarily due to stronger performance from the global exports business as a result of higher export margins and tolling volumes, which were partially offset by higher operating expenses. In addition, normalized EBITDA in the Midstream segment was impacted by higher contributions from the fractionation and liquids handling business supported by improved storage and marketing margins, contributions from Pipestone II, which was placed into service in December 2025, and increased volumes from AltaGas' Montney facilities. These factors were partially offset by lower earnings at the extraction facilities due to lower realized frac spreads.

Loss before income taxes in the Midstream segment was $111 million in the first quarter of 2026, compared to income before income taxes of $204 million in the same quarter of 2025. The decrease was mainly due to higher unrealized losses on risk management contracts and higher depreciation and amortization expense, partially offset by the same previously referenced factors impacting normalized EBITDA.

Midstream Hedges

	Three Months Ended March 31	
	2026	2025
Frac spread exposed volumes (Bbls/d)	**11,608**	11,416
NGL volumes hedged (Bbls/d)	**9,616**	9,069
Frac exposed volumes hedged (%)	**83 %**	79 %
Average price of NGL volumes hedged ($/Bbl) [1]	**28**	40
Average FEI to North American NGL price spread for volumes hedged (US$/Bbl)	**18**	15

(1) Excludes basis differential.

Corporate/Other

Financial Results

	Three Months Ended March 31	
	2026	2025
Normalized EBITDA (loss)	**$ (10)**	$ (9)
Loss before income taxes	**$ 140**	$ 137
Revenue	**$ 15**	$ 15

Three Months Ended March 31

In the Corporate/Other segment, normalized EBITDA for the first quarter of 2026 was a loss of $10 million, compared to a loss of $9 million in the same quarter of 2025. The slight decrease in normalized EBITDA was primarily due to higher expenses related to employee incentive plans.

Loss before income taxes in the Corporate/Other segment was $140 million in the first quarter of 2026, compared to $137 million in the same quarter of 2025. The increased loss was mainly due to higher interest expense.

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 March 31, 2026			
($ millions)	**Utilities**	**Midstream**	**Corporate/ Other**	**Total**
Invested capital:				
Property, plant and equipment	**$ 139**	**$ 129**	**$ 2**	**$ 270**
Intangible assets	**7**	**1**	**5**	**13**
Long-term investments	**—**	**5**	**—**	**5**
Invested capital and net invested capital	**$ 146**	**$ 135**	**$ 7**	**$ 288**

	Three Months Ended March 31, 2025			
($ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	$ 127	$ 112	$ 9	$ 248
Intangible assets	—	—	3	3
Long-term investments	—	1	—	1
Invested capital and net invested capital	$ 127	$ 113	$ 12	$ 252

During the first quarter of 2026, AltaGas' invested capital was $288 million, compared to $252 million in the same quarter of 2025. The increase in invested capital was primarily due to the higher additions to property, plant, and equipment in the Midstream segment as a result of higher growth capital spend and higher additions to long-term investments as a result of capital cash calls related to certain growth capital projects. Higher growth capital spend in the Midstream segment primarily related to the Dimsdale Phase I and Phase II expansions, the RIPET methanol removal project, and REEF Optimization Phase I, partially offset by lower spend at Pipestone II which was placed into service in December 2025. In the Utilities segment, the increase in capital spend was primarily related to higher spend on system betterment programs at WGL and SEMCO and higher ARP spend at WGL, partially offset by a decrease in general plant program spend at WGL and SEMCO. In the Corporate segment, the decrease in capital spend was primarily due to the completion of the Calgary office relocation in the second quarter of 2025. Across all segments, additions to intangible assets increased primarily due to higher spend on digital projects.

Invested capital in the first quarter of 2026 included maintenance capital of $5 million (2025 - $4 million) in the Midstream segment and $1 million (2025 - $1 million) related to Blythe in the Corporate/Other segment.

During the first quarter of 2026, AltaGas' cash flow used in investing activities was an outflow of $451 million compared to $352 million in the same quarter of 2025. 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.

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.

	Three Months Ended March 31	
($ millions)	**2026**	2025
Cash from operations	**$ 574**	$ 627
Investing activities	**(451)**	(352)
Financing activities	**(60)**	(164)
Increase in cash, cash equivalents, and restricted cash	**$ 63**	$ 111

Cash From Operations

Cash from operations decreased by $53 million for the three months ended March 31, 2026 compared to the same period of 2025, primarily due to unfavourable variances in the net change in operating assets and liabilities. The majority of the variance in the net change in operating assets and liabilities was primarily driven by lower cash inflows from risk management assets and liabilities as a result of higher margin requirements, which increased collateral postings and reduced operating assets, as well as reduced cash flows from regulatory assets, accounts receivable, and inventory due to fluctuations in commodity prices. These impacts were partially offset by lower cash outflows from accounts payable, largely attributable to fluctuations in commodity prices and weather-related impacts.

Working Capital

($ millions, except working capital ratio)	**March 31, 2026**	December 31, 2025
Current assets	**$ 3,046**	$ 2,907
Current liabilities	**3,468**	3,559
Working deficiency	**$ (422)**	$ (652)
Working capital ratio [1]	**0.88**	0.82

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

The increase in the working capital ratio was primarily due to decreases in short-term debt, current portion of long-term debt, other current liabilities, regulatory liabilities, and customer deposits, as well as increases in accounts receivable, prepaid expenses and other current assets, cash and cash equivalents, and risk management assets. This was partially offset by increases in risk management liabilities and accounts payable and accrued 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 three months ended March 31, 2026 was $451 million, compared to $352 million in the same period of 2025. Investing activities for the three months ended March 31, 2026 included expenditures of $446 million for property, plant and equipment and intangible assets, as well as $5 million of contributions to equity investments. Investing activities for the three months ended March 31, 2025 included expenditures of $351 million for property, plant and equipment and intangible assets, as well as $1 million of contributions to equity investments.

Financing Activities

Cash used in financing activities for the three months ended March 31, 2026 was $60 million, compared to $164 million in the same period of 2025. Financing activities for the three months ended March 31, 2026 included repayments of long-term debt and finance lease liabilities of $357 million, net repayments under credit facilities of $171 million, dividends of $108 million, and distributions to non-controlling interests of $4 million, partially offset by long-term debt issuances (net of debt issuance costs) of $498 million, contributions from non-controlling interests of $78 million, and net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of $4 million. Financing activities for the three months ended March 31, 2025 were primarily comprised of repayments of long-term debt and finance lease liabilities of $308 million, dividends of $99 million, and distributions to non-controlling interests of $4 million, partially offset by net borrowings under credit facilities of $142 million, contributions from non-controlling interests of $87 million, and net proceeds from common shares issued on the exercise of Share Options of $18 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 March 31, 2026, AltaGas' total debt primarily consisted of outstanding medium term notes ("MTNs") of $3.1 billion (December 31, 2025 - $3.4 billion), WGL and Washington Gas MTNs and private placement notes of $3.3 billion (December 31, 2025 - $3.3 billion), reflecting fair value adjustments on acquisition, SEMCO First Mortgage Bonds of $414 million (December 31, 2025 - $406 million), $2.2 billion of subordinated hybrid notes (December 31, 2025 - $2.2 billion), $891 million drawn under the bank credit facilities (December 31, 2025 - $386 million), and commercial paper of $61 million outstanding for WGL and Washington Gas (December 31, 2025 – $231 million). In addition, AltaGas had $202 million of letters of credit outstanding (December 31, 2025 - $185 million).

As at March 31, 2026, AltaGas' total market capitalization was approximately $15.0 billion based on approximately 311 million common shares outstanding and a closing trading price of $48.25 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended March 31, 2026 was 2.3 times (twelve months ended March 31, 2025 - 2.3 times).

Credit Facilities ($ millions)	Borrowing capacity	Drawn at March 31, 2026	Drawn at December 31, 2025
AltaGas demand credit facilities [1] [2]	$ 70	**$ —**	$ —
AltaGas revolving credit facilities [1] [2]	2,300	**375**	385
AltaGas term credit facility	500	**500**	—
SEMCO Energy US$150 million credit facilities [1] [2]	209	**16**	1
WGL US$300 million revolving credit facility [1] [2] [3]	418	**61**	13
Washington Gas US$450 million revolving credit facility [1] [2] [3]	627	**—**	218
	$ 4,124	**$ 952**	$ 617

(1) Amount drawn at March 31, 2026 converted at the month-end rate of 1 U.S. dollar = 1.3939 Canadian dollar (December 31, 2025 - 1 U.S. dollar = 1.3706 Canadian dollar).
(2) All US$ borrowing capacity was converted at the March 31, 2026 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 $449 million (December 31, 2025 - $441 million). As at March 31, 2026, there were letters of credit for $202 million (December 31, 2025 - $184 million) issued on these facilities and less than $1 million (December 31, 2025 - 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 March 31, 2026 and December 31, 2025.

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

Ratios	Debt covenant requirements	As at March 31, 2026
Bank debt-to-capitalization [1] [2]	not greater than 65%	less than 42%
Bank EBITDA-to-interest expense [1] [2]	not less than 2.5x	greater than 5.0x
Bank debt-to-capitalization (SEMCO Energy) [2] [3]	not greater than 60%	less than 41%
Bank EBITDA-to-interest expense (SEMCO Energy) [2] [3]	not less than 2.25x	greater than 8.0x
Bank debt-to-capitalization (WGL) [2] [4]	not greater than 65%	less than 46%
Bank debt-to-capitalization (Washington Gas) [2] [4]	not greater than 65%	less than 45%

(1) Calculated in accordance with the Corporation's $2.3 billion credit facility agreement, which is available on SEDAR+ at 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.

Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates, and joint ventures. There were no significant changes in the nature of the related party transactions described in Note 28 of the 2025 Annual Consolidated Financial Statements.

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.

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, which is available on SEDAR+ at 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 March 31, 2026 and December 31, 2025, the fair values of the Corporation's derivatives were as follows:

($ millions)	**March 31, 2026**	December 31, 2025
Natural gas	**$ 22**	$ 3
Energy exports	**(132)**	52
NGL frac spread	**(27)**	2
Power	**(76)**	(63)
Crude oil and NGLs	**5**	1
Foreign exchange	**(37)**	(32)
Net derivative liability	**$ (245)**	$ (37)

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 average indicative spot NGL frac spread for the three months ended March 31, 2026 was approximately $18/Bbl (2025 - $32/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 three months ended March 31, 2026 was approximately $14/Bbl inclusive of basis differentials (2025 - $28/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 the remainder of 2026, AltaGas has hedged approximately:

- 82 percent of its remaining 2026 expected global export volumes through a combination of tolls and financial hedges, with the average FEI to North American financial hedge price of US$20/Bbl for non-tolled propane and butane volumes.
- 83 percent of its 2026 expected frac exposed volumes hedged at US$22/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.

Foreign Exchange Contracts

The following foreign exchange related contracts were outstanding as at March 31, 2026:

	Duration		Fair Value ($ millions)
Foreign exchange contracts			
Forward USD sales (non-deliverable)	**Less than 1 year**	**$**	**(20)**
Forward USD sales (non-deliverable)	**1 - 5 years**	**$**	**(15)**
Foreign exchange option	**Less than 1 year**	**$**	**(2)**
Foreign exchange option	**1 - 2 years**	**$**	**3**
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	**9 years**	**$**	**(3)**

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

	Duration		Fair Value ($ millions)
Foreign exchange contracts			
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)
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	9 years	$	(25)

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

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
Objective of foreign exchange contract		**Losses**		Losses
Cash management [1]	**$**	**(2)**	$	—
Income statement risk management [2]	**$**	**(29)**	$	(6)

(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".

For the three months ended March 31, 2026, after-tax gains of $21 million (three months ended March 31, 2025 - after-tax gains of $17 million) related to the cross-currency swaps were recorded in AOCI.

Weather Instruments

For the three months ended March 31, 2026, pre-tax gains of $10 million (three months ended March 31, 2025 - $nil) were recorded related to heating degree day ("HDD") and cooling degree day ("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:

	Three Months Ended March 31	
($ millions)	**2026**	2025
Natural gas	**$ 6**	$ 2
Energy exports	**(298)**	41
Crude oil and NGLs	**4**	5
NGL frac spread	**(29)**	(1)
Power	**(5)**	19
Foreign exchange	**(27)**	19
	$ (349)	$ 85

Please refer to Note 21 of the 2025 Annual Consolidated Financial Statements and Note 12 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 for further details regarding AltaGas' risk management activities.

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 March 31, 2026:

Common Share Dividends

Year ended December 31		
($ per common share)	**2026**	2025
First quarter	**$ 0.334000**	$ 0.315000
Second quarter	**—**	0.315000
Third quarter	**—**	0.315000
Fourth quarter	**—**	0.315000
Total	**$ 0.334000**	$ 1.260000

Series A Preferred Share Dividends [1]

Year ended December 31		
($ per preferred share)	**2026**	2025
First quarter	**$ —**	$ 0.191250
Second quarter	**—**	0.191250
Third quarter	**—**	0.191250
Fourth quarter	**—**	—
Total	**$ —**	$ 0.573750

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

Series B Preferred Share Dividends [1]

Year ended December 31		
($ per preferred share)	**2026**	2025
First quarter	**$ —**	$ 0.378550
Second quarter	**—**	0.342680
Third quarter	**—**	0.334220
Fourth quarter	**—**	—
Total	**$ —**	$ 1.055450

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

Series G Preferred Share Dividends

Year ended December 31		
($ per preferred share)	**2026**	2025
First quarter	**$ 0.376063**	$ 0.376063
Second quarter	**—**	0.376063
Third quarter	**—**	0.376063
Fourth quarter	**—**	0.376063
Total	**$ 0.376063**	$ 1.504252

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 have remained unchanged and 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. For a full discussion of AltaGas' critical accounting estimates and judgements, refer to Note 2 of the 2025 Annual Consolidated Financial Statements. There have been no material changes to AltaGas' critical estimates and judgements during the three months ended March 31, 2026.

Refer to Note 2 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 for discussion of the adoption of new accounting standards and future changes in accounting principles.

Off-Balance Sheet Arrangements

AltaGas did not enter into any material off-balance sheet arrangements during the three months ended March 31, 2026. Reference should be made to the audited Consolidated Financial Statements and MD&A as at and for the year ended December 31, 2025 for further information on off-balance sheet arrangements.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Management of AltaGas ("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, has 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 United States generally accepted accounting principles ("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 period covered by this MD&A, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

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.

Share Information

	As at April 24, 2026
Issued and outstanding	
Common shares	311,559,998
Preferred Shares	
Series G	8,000,000
Issued	
Share Options	505,030
Share Options exercisable	505,030

Summary of Consolidated Results for the Eight Most Recent Quarters [1]

($ millions)	**Q1-26**	Q4-25	Q3-25	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24
Total revenue	**3,970**	3,294	2,598	2,844	3,969	3,259	2,759	2,775
Normalized EBITDA	**818**	564	268	342	689	520	294	295
Net income (loss) applicable to common shares	**147**	205	(25)	175	392	203	9	(42)
($ per share)	**Q1-26**	Q4-25	Q3-25	Q2-25	Q1-25	Q4-24	Q3-24	Q2-24
Net income (loss) per common share								
Basic	**0.47**	0.67	(0.08)	0.59	1.31	0.68	0.03	(0.14)
Diluted	**0.47**	0.67	(0.08)	0.58	1.31	0.68	0.03	(0.14)
Dividends declared	**0.33**	0.32	0.32	0.32	0.32	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.

Other significant items that impacted quarter-over-quarter revenue during the periods noted include:

- The impact of Pipestone II being placed into service in December 2025.

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 $1 million, $8 million, and $5 million incurred in the first quarter of 2026, throughout 2025, and the last three quarters of 2024, respectively;
- After-tax transition and restructuring costs of $6 million, $46 million, and $43 million incurred in the first quarter of 2026, throughout 2025, and the last three quarters of 2024, respectively;
- The gains on partial settlement of Washington Gas' post-retirement benefit pension plan recorded in the third quarter of 2024, the fourth quarter of 2025, and the first quarter of 2026;
- 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; and
- Current tax expense of $34 million recorded in the fourth quarter of 2025 related to legal entity restructuring.

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, 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.

Normalized EBITDA

	Three Months Ended March 31	
($ millions)	**2026**	2025
Income before income taxes (GAAP financial measure)	**$ 207**	$ 513
Add:		
Depreciation and amortization	**135**	128
Interest expense	**119**	115
EBITDA	**$ 461**	$ 756
Add (deduct):		
Transaction costs related to acquisitions and dispositions [1]	**1**	—
Unrealized losses (gains) on risk management contracts [2]	**349**	(85)
Losses on sale of assets [3]	**—**	2
Transition and restructuring costs [4]	**7**	11
Provisions on assets	**—**	2
Accretion expenses	**1**	1
Foreign exchange losses (gains) [5]	**(1)**	2
Normalized EBITDA	**$ 818**	$ 689

(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 12 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 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 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

	Three Months Ended March 31	
($ millions)	**2026**	2025
Net income applicable to common shares (GAAP financial measure)	**$ 147**	$ 392
Add (deduct) after-tax:		
Transaction costs related to acquisitions and dispositions [1]	**1**	—
Unrealized losses (gains) on risk management contracts [2]	**266**	(65)
Losses on sale of assets [3]	**—**	1
Provisions on assets	**—**	1
Transition and restructuring costs [4]	**6**	9
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances [5]	**(5)**	4
Normalized net income	**$ 415**	$ 342

(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 12 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 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 CFO transition). These pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.
(5) 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

	Three Months Ended March 31	
($ millions)	**2026**	2025
Cash from operations (GAAP financial measure)	**$ 574**	$ 627
Add (deduct):		
Net change in operating assets and liabilities	**69**	(87)
Funds from operations	**$ 643**	$ 540
Add (deduct):		
Transaction costs related to acquisitions and dispositions [1]	**1**	—
Transition and restructuring costs [2]	**7**	11
Normalized funds from operations	**$ 651**	$ 551

(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) Comprised of transition and restructuring costs (including CFO transition). These pre-tax 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.

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

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.

($ millions, except adjusted net debt to normalized EBITDA)	**March 31, 2026**	December 31, 2025
Short-term debt	**$ 61**	$ 231
Current portion of long-term debt [1]	**362**	469
Current portion of finance lease liabilities	**25**	24
Long-term debt [2]	**7,332**	7,010
Finance lease liabilities	**124**	124
Subordinated hybrid notes [3]	**2,180**	2,159
Total debt	**10,084**	10,017
Less: cash and cash equivalents	**(163)**	(99)
Net debt	**$ 9,921**	$ 9,918
Add (deduct):		
Current portion of finance lease liabilities	**(25)**	(24)
Finance lease liabilities	**(124)**	(124)
50 percent debt treatment of subordinated hybrid notes	**(1,090)**	(1,080)
50 percent debt treatment of preferred shares	**98**	98
Adjusted net debt	**$ 8,780**	$ 8,788
Adjusted net debt to normalized EBITDA [4]	**4.4**	4.7

(1) Net of debt issuance costs, unamortized premiums, and unamortized discounts of less than $1 million as at March 31, 2026 (December 31, 2025 - less than $1 million).
(2) Net of debt issuance costs, unamortized premiums, and unamortized discounts of $29 million as at March 31, 2026 (December 31, 2025 - $29 million).
(3) Net of debt issuance costs of $25 million as at March 31, 2026 (December 31, 2025 - $25 million).
(4) Calculated as adjusted net debt at the balance sheet date, divided by normalized EBITDA for the preceding twelve month period.

Invested Capital and Net Invested Capital

	Three Months Ended March 31	
($ millions)	**2026**	2025
Cash used in investing activities (GAAP financial measure)	**$ 451**	$ 352
Deduct:		
Net change in non-cash capital expenditures [1]	**(85)**	(30)
Contributions from non-controlling interests [2]	**(78)**	(70)
Invested capital and net invested capital	**$ 288**	$ 252

(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 18 of the unaudited condensed interim Consolidated Financial Statements as at and for the three months ended March 31, 2026 for further details.
(2) Excludes cash received from advance cash calls related to forecasted capital spend.

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, 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.

	Three Months Ended March 31	
($ millions)	**2026**	**2025**
Normalized EBITDA	**$ 818**	$ 689
Add (deduct):		
Depreciation and amortization	**(135)**	(128)
Interest expense	**(119)**	(115)
Income tax expense	**(55)**	(113)
Normalizing items impacting income taxes [1]	**(83)**	15
Accretion expenses	**(1)**	(1)
Foreign exchange gains (losses)	**1**	(2)
Unrealized foreign exchange losses (gains) on intercompany accounts payable and accounts receivable balances	**(6)**	5
Net income applicable to non-controlling interests	**(2)**	(3)
Preferred share dividends	**(3)**	(5)
Normalized net income	**$ 415**	$ 342

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

Forward-Looking Information and Statements

This MD&A dated April 29, 2026 is provided to enable readers to assess the results of operations, liquidity, and capital resources of AltaGas as at and for the three months ended March 31, 2026. This MD&A should be read in conjunction with the accompanying unaudited condensed interim Consolidated Financial Statements and notes thereto of AltaGas as at and for the three months ended March 31, 2026 and the audited Consolidated Financial Statements and MD&A 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 belief that the long-term outlook for continued production growth across Western Canada and AltaGas' footprint is robust; the expected delivery of a fourth VLGC in late 2026; progress on the construction of REEF and the expected timing for in-service; REEF Optimization I, including the anticipated capital cost, in-service date and benefits thereof; the Keweenaw Connector Pipeline project including anticipated capital costs, timing and benefits thereof; Phase I and II expansions of the Dimsdale Gas Storage Facility, including the anticipated capital cost, in-service date and benefits thereof; advancement of data center development opportunities; SEMCO's issuance of First Mortgage Bonds, including expected issuance dates and use of proceeds therefrom; AltaGas' commitment to advancing growth projects across the Utilities segment including new customer growth and execution of existing asset modernization programs; the Company's focus on operational excellence and cost management at the Utilities and the anticipated benefits thereof; 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; that AltaGas is positioned to deliver full-year results towards the top end of its 2026 guidance ranges, with potential additional upside; the expectation that the Utilities and Midstream segments will contribute approximately 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; expected growth drivers of 2026 normalized earnings per share; 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; AltaGas' commitment to maintaining a disciplined capital program; expected invested capital expenditures of approximately $1.7 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 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, including the anticipated benefits of such projects; Washington Gas' ARP replacement programs and the expected benefits therefrom; SEMCO Energy's MRP and IRIP programs and the anticipated benefits therefrom; 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' 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; 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; and AltaGas' dividend policy.

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 rates; 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 and butane 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 or through SEDAR+ at www.sedarplus.ca.

AltaGas Ltd.

Condensed Interim Consolidated Financial Statements

(unaudited)

As at and for the three months ended March 31, 2026

Dated: April 29, 2026

Consolidated Balance Sheets

(condensed and unaudited)

As at *($ millions)*	March 31, 2026	December 31, 2025
ASSETS		
Current assets		
Cash and cash equivalents *(note 18)*	**$ 163**	$ 99
Accounts receivable *(net of credit losses of $45 million) (note 12)*	**1,984**	1,864
Inventory *(note 3)*	**521**	633
Regulatory assets	**27**	67
Risk management assets *(note 12)*	**96**	56
Prepaid expenses and other current assets *(note 18)*	**255**	188
	3,046	2,907
Property, plant and equipment	**15,894**	15,462
Intangible assets	**110**	110
Operating right of use assets	**472**	481
Goodwill *(note 4)*	**5,531**	5,448
Regulatory assets	**274**	327
Risk management assets *(note 12)*	**89**	127
Prepaid post-retirement benefits	**935**	913
Long-term investments and other assets *(net of credit losses of $1 million) (notes 5, 12, and 18)*	**256**	257
Investments accounted for by the equity method *(note 7)*	**756**	738
	$ 27,363	$ 26,770
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,394**	$ 2,300
Short-term debt	**61**	231
Current portion of long-term debt *(notes 8 and 12)*	**362**	469
Customer deposits	**72**	91
Regulatory liabilities	**119**	159
Risk management liabilities *(note 12)*	**294**	89
Current portion of finance lease liabilities *(note 12)*	**25**	24
Current portion of operating lease liabilities	**127**	126
Other current liabilities *(note 12)*	**14**	70
	3,468	3,559
Long-term debt *(notes 8 and 12)*	**7,332**	7,010
Asset retirement obligations	**502**	488
Unamortized investment tax credits	**1**	1
Deferred income taxes	**2,016**	1,947
Subordinated hybrid notes *(notes 9 and 12)*	**2,180**	2,159
Regulatory liabilities	**1,197**	1,220
Risk management liabilities *(note 12)*	**136**	131
Finance lease liabilities *(note 12)*	**124**	124
Operating lease liabilities	**393**	399
Other long-term liabilities	**106**	139
Future employee obligations	**44**	45
	$ 17,499	$ 17,222

As at *($ millions)*	**March 31, 2026**	December 31, 2025
Shareholders' equity		
Common shares, no par values, unlimited shares authorized; 2026 - 311.4 million and 2025 - 311.2 million issued and outstanding *(note 14)*	**$ 7,666**	$ 7,661
Preferred shares *(note 14)*	**195**	195
Contributed surplus	**612**	613
Accumulated deficit	**(184)**	(226)
Accumulated other comprehensive income ("AOCI") *(note 10)*	**856**	672
Total shareholders' equity	**9,145**	8,915
Non-controlling interests	**719**	633
Total equity	**$ 9,864**	$ 9,548
	$ 27,363	$ 26,770

Variable interest entities (note 6)
Commitments, guarantees, and contingencies (note 16)
Seasonality (note 19)
Segmented information (note 20)
Subsequent events (note 21)

See accompanying notes to the Consolidated Financial Statements.

Consolidated Statements of Income

(condensed and unaudited)

Three Months Ended March 31	2026	2025
REVENUE *(note 11)*	**$ 3,970**	$ 3,969
EXPENSES		
Cost of sales, exclusive of items shown separately	**3,074**	2,764
Operating and administrative	**504**	481
Accretion expenses	**1**	1
Depreciation and amortization	**135**	128
Provisions on assets	**—**	2
	3,714	3,376
Income from equity investments *(note 7)*	**17**	16
Other income	**52**	21
Foreign exchange gains (losses)	**1**	(2)
Interest expense	**(119)**	(115)
Income before income taxes	**207**	513
Income tax expense		
Current	**18**	34
Deferred	**37**	79
Net income after taxes	**152**	400
Net income applicable to non-controlling interests	**2**	3
Net income applicable to controlling interests	**150**	397
Preferred share dividends	**(3)**	(5)
Net income applicable to common shares	**$ 147**	$ 392
Net income per common share *(note 15)*		
Basic	**$ 0.47**	$ 1.31
Diluted	**$ 0.47**	$ 1.31
Weighted average number of common shares outstanding (millions) *(note 15)*		
Basic	**311.3**	298.1
Diluted	**311.7**	299.2

See accompanying notes to the Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(condensed and unaudited)

Three Months Ended March 31	2026	2025
Net income after taxes	**$ 152**	$ 400
Other comprehensive income ("OCI"), net of taxes		
Gains (losses) on foreign currency translation	**203**	(12)
Unrealized gains (losses) on net investment hedge *(note 12)*	**(15)**	1
Gains on cash flow hedges *(note 12)*	**23**	36
Reclassification of losses (gains) on cash flow hedges *(note 12)*	**(26)**	1
Reclassification of gain on partial settlement of PRB plan (*note 17)*	**(1)**	—
Total other comprehensive income ("OCI"), net of taxes	**$ 184**	$ 26
Comprehensive income attributable to controlling interests and non-controlling interests, net of taxes	**$ 336**	$ 426
Comprehensive income attributable to:		
Non-controlling interests	**$ 2**	$ 3
Controlling interests	**334**	423
	$ 336	$ 426

See accompanying notes to the Consolidated Financial Statements.

Consolidated Statements of Equity

(condensed and unaudited)

Three Months Ended March 31	2026	2025
Common shares *(note 14)*		
Balance, beginning of period	**$ 7,661**	$ 7,180
Shares issued for cash on exercise of options	**5**	21
Balance, end of period	**$ 7,666**	$ 7,201
Preferred shares *(note 14)*		
Balance, beginning of period	**$ 195**	$ 391
Balance, end of period	**$ 195**	$ 391
Contributed surplus		
Balance, beginning of period	**$ 613**	$ 618
Exercise of share options	**(1)**	(3)
Balance, end of period	**$ 612**	$ 615
Accumulated deficit		
Balance, beginning of period	**$ (226)**	$ (592)
Net income applicable to controlling interests	**150**	397
Common share dividends	**(105)**	(94)
Preferred share dividends	**(3)**	(5)
Balance, end of period	**$ (184)**	$ (294)
AOCI *(note 10)*		
Balance, beginning of period	**$ 672**	$ 1,155
Other comprehensive income	**184**	26
Balance, end of period	**$ 856**	$ 1,181
Total shareholders' equity	**$ 9,145**	$ 9,094
Non-controlling interests		
Balance, beginning of period	**$ 633**	$ 294
Net income applicable to non-controlling interests	**2**	3
Contributions from non-controlling interests to subsidiaries	**88**	87
Distributions by subsidiaries to non-controlling interests	**(4)**	(4)
Balance, end of period	**$ 719**	$ 380
Total equity	**$ 9,864**	$ 9,474

See accompanying notes to the Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(condensed and unaudited)

Three Months Ended March 31	2026	2025
Cash from operations		
Net income after taxes	**$ 152**	$ 400
Items not involving cash:		
Depreciation and amortization	**135**	128
Provisions on assets	**—**	2
Accretion expenses	**1**	1
Deferred income tax expense	**37**	79
Losses on sale of assets	**—**	2
Income from equity investments *(note 7)*	**(17)**	(16)
Unrealized losses (gains) on risk management contracts *(note 12)*	**349**	(85)
Amortization of deferred financing costs	**2**	1
Allowance for credit losses *(note 12)*	**15**	14
Change in pension and other post-retirement benefits	**(51)**	(17)
Other	**6**	11
Distributions from equity investments	**14**	20
Changes in operating assets and liabilities *(note 18)*	**(69)**	87
	$ 574	$ 627
Investing activities		
Capital expenditures - property, plant and equipment	**(433)**	(348)
Capital expenditures - intangible assets	**(13)**	(3)
Contributions to equity investments	**(5)**	(1)
	$ (451)	$ (352)
Financing activities		
Issuance of long-term debt, net of debt issuance costs	**498**	—
Repayment of long-term debt and finance lease liabilities	**(357)**	(308)
Net borrowing (repayment) under credit facilities	**(171)**	142
Dividends - common shares	**(105)**	(94)
Dividends - preferred shares	**(3)**	(5)
Distributions to non-controlling interests	**(4)**	(4)
Contributions from non-controlling interests	**78**	87
Net proceeds from shares issued on exercise of options *(note 14)*	**4**	18
	$ (60)	$ (164)
Change in cash, cash equivalents, and restricted cash	**63**	111
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	**1**	—
Cash, cash equivalents, and restricted cash, beginning of period	**102**	92
Cash, cash equivalents, and restricted cash, end of period *(note 18)*	**$ 166**	$ 203

See accompanying notes to the Consolidated Financial Statements.

Notes to the Condensed Interim Consolidated Financial Statements

(unaudited)

(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 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' 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$5.6 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 Liquified 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 unaudited condensed interim Consolidated Financial Statements have been prepared by Management in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP"). As a result, these unaudited condensed interim Consolidated Financial Statements do not include all of the information and disclosures required in the annual Consolidated Financial Statements and should be read in conjunction with the Corporation's 2025 annual audited Consolidated Financial Statements prepared in accordance with U.S. GAAP. In Management's opinion, these unaudited condensed interim Consolidated Financial Statements include all adjustments that are of a recurring nature and necessary to present fairly the financial position of the Corporation.

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 unaudited condensed interim 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.

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 (or loss) 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. Critical estimates and judgements used in the preparation of these condensed interim Consolidated Financial Statements are described in Note 2 of the Corporation's 2025 annual audited Consolidated Financial Statements. There have been no material changes to AltaGas' critical estimates and judgements during the three months ended March 31, 2026.

Significant Accounting Policies

These unaudited condensed interim Consolidated Financial Statements have been prepared following the same accounting policies and methods as those used in preparing the Corporation's 2025 annual audited Consolidated Financial Statements.

Adoption of New Accounting Standards

Effective January 1, 2026, AltaGas adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU"):

- 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. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements; and
- 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 adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

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 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 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. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In November 2025, FASB issued ASU 2025-08 "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 a 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. Inventory

As at	March 31, 2026	December 31, 2025
Natural gas liquids	**$ 152**	$ 108
Renewable energy credits and emission compliance instruments	**134**	175
Natural gas held in storage [(a)]	**83**	216
Crude oil and condensate	**74**	56
Materials and supplies	**69**	71
Processed finished products	**9**	7
	$ 521	$ 633

(a) As at March 31, 2026, $72 million of the natural gas held in storage was held by rate-regulated utilities (December 31, 2025 - $187 million).

4. Goodwill

As at		March 31, 2026		December 31, 2025
Balance, beginning of period	**$**	**5,448**	$	5,691
Foreign exchange translation		**83**		(243)
Balance, end of period	**$**	**5,531**	$	5,448

5. Long-term Investments and Other Assets

As at		March 31, 2026		December 31, 2025
Deferred lease receivable	**$**	**16**	$	16
Debt issuance costs associated with credit facilities		**4**		5
Refundable deposits		**10**		10
Prepayment on long-term service agreements		**62**		60
Deferred information technology costs		**57**		54
Cash calls from joint venture partners		**12**		13
Contract asset *(net of credit losses of $1 million) (notes 11 and 12)*		**1**		2
Rabbi trust *(note 18)*		**3**		3
Capitalized contract costs		**4**		4
Deferred energy program payments		**8**		8
Financial transmission rights		**31**		35
Blend-and-extend contract		**24**		25
Other		**24**		22
	$	**256**	$	257

6. 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	March 31, 2026	December 31, 2025
Current assets	**$ 27**	$ 7
Property, plant and equipment	**357**	348
Long-term investments and other assets	**35**	36
Current liabilities	**(26)**	(21)
Asset retirement obligations	**(4)**	(4)
Net assets	**$ 389**	$ 366

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	March 31, 2026	December 31, 2025
Current assets	**$ 72**	$ 78
Property, plant and equipment	**1,162**	1,013
Operating right of use assets	**54**	55
Current portion of operating lease liabilities	**(4)**	(4)
Asset retirement obligations	**(1)**	(1)
Operating lease liabilities	**(53)**	(54)
Other long-term liabilities	**(1)**	(1)
Net assets	**$ 1,229**	$ 1,086

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 9). 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 9). 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 9). 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 March 31, 2026, AltaGas held a 40 percent equity investment in SSLP with a carrying value of $127 million (December 31, 2025 - $126 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.

7. Investments Accounted for by the Equity Method

			Carrying value as at	
	Location	Ownership Percentage	March 31, 2026	December 31, 2025
Eaton Rapids Gas Storage System	United States	**50**	**$ 29**	$ 29
Mountain Valley Pipeline, LLC ("MVP") [(a)]	United States	**10**	**583**	566
Sarnia Airport Storage Pool LP	Canada	**50**	**16**	16
Petrogas Terminals Penn LLC	United States	**50**	**1**	1
SSLP	Canada	**40**	**127**	126
			$ 756	$ 738

(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.

			Equity income for the three months ended March 31	
	Location	Ownership Percentage	2026	2025
Eaton Rapids Gas Storage System	United States	**50**	**$ 1**	$ 1
MVP [(a)]	United States	**10**	**14**	13
SSLP	Canada	**40**	**2**	2
			$ 17	$ 16

(a) Equity income includes equity earnings from income generated by MVP and 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.

8. Long-term Debt

As at	Maturity date	March 31, 2026	December 31, 2025
Credit facilities			
$2.3 billion unsecured extendible revolving facility [(a)]	2-May-2029	**$ 375**	$ 385
$500 million term loan	26-Jan-2031	**500**	—
US$150 million unsecured extendible revolving facility	21-Nov-2030	**16**	1
AltaGas Ltd. medium-term notes ("MTNs")			
$350 million Senior unsecured - 4.12 percent [(b)]	7-Apr-2026	**—**	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
$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$53 million Senior unsecured - 6.62 to 6.82 percent	Oct 2026	**73**	72
US$72 million Senior unsecured - 6.40 to 6.57 percent	Feb - Sep 2027	**100**	99
US$52 million Senior unsecured - 6.57 to 6.85 percent	Jan - Mar 2028	**72**	71
US$9 million Senior unsecured - 7.50 percent	1-Apr-2030	**12**	12
US$150 million Senior unsecured - 6.06 percent	14-Oct-2033	**208**	206
US$100 million Senior unsecured - 4.84 percent	1-Apr-2035	**139**	137
US$50 million Senior unsecured - 5.70 to 5.78 percent	Jan - Mar 2036	**70**	69
US$75 million Senior unsecured - 5.21 percent	3-Dec-2040	**105**	103
US$75 million Senior unsecured - 5.00 percent	15-Dec-2043	**105**	103
US$300 million Senior unsecured - 4.22 to 4.60 percent	Sep - Dec 2044	**418**	411
US$450 million Senior unsecured - 3.80 percent	15-Sep-2046	**627**	617
US$400 million Senior unsecured - 3.65 percent	15-Sep-2049	**558**	548
US$200 million Senior unsecured - 2.98 percent	15-Dec-2051	**279**	274
US$25 million Senior unsecured - 5.25 percent	29-Dec-2042	**35**	34
US$175 million Senior unsecured - 5.33 percent	29-Dec-2052	**244**	240
US$50 million Senior unsecured - 6.43 percent	15-Oct-2053	**70**	69
US$100 million Senior unsecured - 5.40 percent	1-Oct-2054	**139**	137
SEMCO long-term debt			
US$225 million First Mortgage Bonds - 2.45 percent [(c)]	21-Apr-2030	**100**	99
US$225 million First Mortgage Bonds - 3.15 percent [(c)]	21-Apr-2050	**314**	307
Fair value adjustment on WGL Acquisition		**71**	70
		$ 7,724	$ 7,508
Less: unamortized premiums, discounts, and debt issuance costs		**(30)**	(29)
		$ 7,694	$ 7,479
Less: current portion		**(362)**	(469)
		$ 7,332	$ 7,010

(a) Includes 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.
(b) Redeemed on January 7, 2026, at par plus any accrued and unpaid interest.
(c) The First Mortgage Bonds are secured by certain assets of SEMCO.

9. Subordinated Hybrid Notes

As at	Maturity date	March 31, 2026	December 31, 2025
$300 million Subordinated Notes, Series 1 - 5.25 percent [(a)]	11-Jan-2082	**$ 300**	$ 300
$250 million Subordinated Notes, Series 2 - 7.35 percent [(b)]	17-Aug-2082	**250**	250
$200 million Subordinated Notes, Series 3 - 8.90 percent [(c)]	10-Nov-2083	**200**	200
$200 million Subordinated Notes, Series 4 - 5.38 percent [(d)]	5-Dec-2055	**200**	200
US$900 million Subordinated Notes - 7.20 percent [(e)] [(f)]	15-Oct-2054	**1,255**	1,234
		$ 2,205	$ 2,184
Less: debt issuance costs		**(25)**	(25)
		$ 2,180	$ 2,159

(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 approximately $1.2 billion. Refer to Note 12 for more details.

For the three months ended March 31, 2026, AltaGas recorded interest expense of $37 million on the subordinated hybrid notes (three months ended March 31, 2025 - $34 million).

10. Accumulated Other Comprehensive Income (Loss)

	Cash Flow Hedges	DB pension and PRB plans	Hedge net investments	Translation foreign operations	Total
Opening balance, January 1, 2026	**$ (45)**	**$ (4)**	**$ (188)**	**$ 909**	**$ 672**
OCI before reclassification	**22**	**—**	**(15)**	**203**	**210**
Amounts reclassified from OCI	**(26)**	**(1)**	**—**	**—**	**(27)**
Current period OCI (pre-tax)	**$ (4)**	**$ (1)**	**$ (15)**	**$ 203**	**$ 183**
Income tax on amounts retained in AOCI	**1**	**—**	**—**	**—**	**1**
Net current period OCI	**$ (3)**	**$ (1)**	**$ (15)**	**$ 203**	**$ 184**
Ending balance, March 31, 2026	**$ (48)**	**$ (5)**	**$ (203)**	**$ 1,112**	**$ 856**
Opening balance, January 1, 2025	$ (92)	$ (4)	$ (232)	$ 1,483	$ 1,155
OCI before reclassification	43	—	1	(12)	32
Amounts reclassified from OCI	1	—	—	—	1
Current period OCI (pre-tax)	$ 44	$ —	$ 1	$ (12)	$ 33
Income tax on amounts retained in AOCI	(7)	—	—	—	(7)
Net current period OCI	$ 37	$ —	$ 1	$ (12)	$ 26
Ending balance, March 31, 2025	$ (55)	$ (4)	$ (231)	$ 1,471	$ 1,181

Reclassification From Accumulated Other Comprehensive Income (Loss)

AOCI components reclassified	Income statement line item	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
		Gains	Losses
Cash flow hedges - commodity contracts	Cost of sales	$ 5	$ —
Cash flow hedges - cross-currency swaps	Foreign exchange gains (losses)	21	(1)
DB pension and PRB plans [a]	Other income	1	—
		$ 27	$ (1)

(a) Reclassification from AOCI for the three months ended March 31, 2026 relates to the partial settlement of Washington Gas' post-retirement benefit plan. Refer to Note 17 for more details.

11. Revenue

The following tables disaggregate revenue by major sources for the period:

	Three Months Ended March 31, 2026			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 816	$ 1,894	$ 3	$ 2,713
Midstream service contracts	—	384	—	384
Gas sales and transportation services	1,245	—	—	1,245
Storage services	—	21	—	21
Other [a]	3	—	12	15
Total revenue from contracts with customers	$ 2,064	$ 2,299	$ 15	$ 4,378
Other sources of revenue				
Revenue from alternative revenue programs [b]	$ 5	$ —	$ —	$ 5
Leasing revenue [c]	—	65	—	65
Risk management and trading activities [d]	(32)	(439)	—	(471)
Other	(7)	—	—	(7)
Total revenue from other sources	$ (34)	$ (374)	$ —	$ (408)
Total revenue	$ 2,030	$ 1,925	$ 15	$ 3,970

(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.

	Three Months Ended March 31, 2025			
	Utilities	Midstream	Corporate/ Other	Total
Revenue from contracts with customers				
Commodity sales contracts	$ 652	$ 1,659	$ 2	$ 2,313
Midstream service contracts	—	324	—	324
Gas sales and transportation services	1,243	—	—	1,243
Storage services	—	18	—	18
Other [(a)]	2	—	13	15
Total revenue from contracts with customers	$ 1,897	$ 2,001	$ 15	$ 3,913
Other sources of revenue				
Revenue from alternative revenue programs [(b)]	$ 24	$ —	$ —	$ 24
Leasing revenue [(c)]	—	65	—	65
Risk management and trading activities [(d)]	(45)	17	—	(28)
Other	(6)	1	—	(5)
Total revenue from other sources	$ (27)	$ 83	$ —	$ 56
Total revenue	$ 1,870	$ 2,084	$ 15	$ 3,969

(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.

Contract Assets

As at	March 31, 2026	December 31, 2025
Balance, beginning of period	**$ 2**	$ 3
Amortization	**(1)**	(1)
Balance, end of period	**$ 1**	$ 2

Contract Liabilities

As at	March 31, 2026	December 31, 2025
Balance, beginning of year	**$ 4**	$ —
Additions	**—**	4
Revenue recognized from contract liabilities	**(1)**	—
Balance, end of period	**$ 3**	$ 4

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 March 31, 2026:

	Remainder of 2026	2027	2028	2029	2030	2031 & beyond	Total
Commodity sales contracts	$ —	$ 19	$ 26	$ 26	$ 26	$ 161	**$ 258**
Midstream service contracts	148	196	185	165	138	727	**1,559**
Storage services	6	22	27	27	26	90	**198**
Other revenue from contracts with customers	42	55	4	4	4	17	**126**
	$ 196	$ 292	$ 242	$ 222	$ 194	$ 995	**$ 2,141**

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.

12. 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	March 31, 2026				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [(a) (b) (c)]					
Risk management assets - current	$ 93	$ —	$ 89	$ 4	$ 93
Risk management assets - non-current	52	—	15	37	52
Fair value through regulatory assets [(a)]					
Risk management assets - current	3	—	1	2	3
Risk management assets - non-current	37	—	—	37	37
	$ 185	$ —	$ 105	$ 80	$ 185
Financial liabilities					
Fair value through net income [(a) (b) (c)]					
Risk management liabilities - current	$ 279	$ —	$ 187	$ 92	$ 279
Risk management liabilities - non-current	119	—	59	60	119
Fair value through regulatory liabilities [(a)]					
Risk management liabilities - current	15	—	5	10	15
Risk management liabilities - non-current	17	—	5	12	17
Amortized cost					
Current portion of long-term debt	362	—	362	—	362
Current portion of finance lease liabilities	25	—	25	—	25
Long-term debt	7,332	—	6,590	—	6,590
Finance lease liabilities	124	—	124	—	124
Subordinated hybrid notes	2,180	—	2,244	—	2,244
Other current liabilities [(d)]	13	—	13	—	13
	$ 10,466	$ —	$ 9,614	$ 174	$ 9,788

(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 $10 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 $3 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, 2025				
	Carrying Amount	Level 1	Level 2	Level 3	Total Fair Value
Financial assets					
Fair value through net income [a] [b]					
Risk management assets - current	$ 51	$ —	$ 48	$ 3	$ 51
Risk management assets - non-current	94	—	66	28	94
Fair value through regulatory assets [a]					
Risk management assets - current	5	—	4	1	5
Risk management assets - non-current	33	—	—	33	33
	$ 183	$ —	$ 118	$ 65	$ 183
Financial liabilities					
Fair value through net income [a] [b] [c]					
Risk management liabilities - current	$ 72	$ —	$ 26	$ 46	$ 72
Risk management liabilities - non-current	108	—	35	73	108
Fair value through regulatory liabilities [a]					
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 [d]	67	—	67	—	67
	$ 10,073	$ —	$ 9,349	$ 145	$ 9,494

(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.

Financial assets and liabilities not included in the fair value hierarchy table include money market funds, short-term debt, accounts receivable, and accounts payable and accrued liabilities. The carrying value of these financial instruments approximates 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 at March 31, 2026:

	Net Fair Value	Valuation Technique	Unobservable Inputs	Range			Weighted Average [a]
Natural gas	$ 33	Discounted Cash Flow	Natural Gas Basis Price (per Dth)	$ (7.05)	-	$ 8.08	$ 0.01
Natural gas	$ (1)	Option Model	Natural Gas Basis Price (per Dth)	$ (1.70)	-	$ 7.95	$ 0.46
			Annualized Volatility of Spot Market Natural Gas	10 %	-	86 %	39 %
Electricity	$ (126)	Discounted Cash Flow	Electricity Congestion Price (per MWh)	$(48.86)	-	$165.39	$ 17.01

(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:

Three Months Ended	March 31, 2026			March 31, 2025		
	Natural Gas	Electricity	Total	Natural Gas	Electricity	Total
Balance, beginning of period	**$ 13**	**$ (93)**	**$ (80)**	$ (36)	$ (41)	$ (77)
Gains (losses):						
Recorded in income [a]	**(3)**	**(72)**	**(75)**	(10)	(38)	(48)
Recorded in regulatory assets [b]	**1**	**—**	**1**	(16)	—	(16)
Purchases	**—**	**6**	**6**	—	1	1
Settlements	**19**	**35**	**54**	(1)	—	(1)
Foreign exchange translation	**2**	**(2)**	**—**	—	(1)	(1)
Balance, end of period	**$ 32**	**$ (126)**	**$ (94)**	$ (63)	$ (79)	$ (142)

(a) Includes unrealized losses of $32 million and $50 million for the three months ended March 31, 2026 and 2025, respectively.
(b) Includes unrealized gains of $9 million and unrealized losses of $15 million for the three months ended March 31, 2026 and 2025, respectively.

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, if applicable, are presented at the fair value as of the beginning of the period.

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

	Three Months Ended March 31	
	2026	**2025**
Natural gas	**$ 6**	$ 2
Energy exports	**(298)**	41
Crude oil and NGLs	**4**	5
NGL frac spread	**(29)**	(1)
Power	**(5)**	19
Foreign exchange	**(27)**	19
	$ (349)	$ 85

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	March 31, 2026				
	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 [(a)]					
Natural gas	$ 173	$ 2	$ (83)	$ 9	$ 101
Energy exports	244	—	(228)	—	16
Crude oil and NGLs	9	—	(4)	—	5
Power	73	—	(17)	—	56
Foreign exchange	4	3	—	—	7
	$ 503	$ 5	$ (332)	$ 9	$ 185
Risk management liabilities [(b)]					
Natural gas	$ 150	$ 12	$ (83)	$ —	$ 79
Energy exports	376	—	(228)	—	148
Crude oil and NGLs	4	—	(4)	—	—
NGL frac spread	27	—	—	—	27
Power	149	—	(17)	—	132
Foreign exchange	38	6	—	—	44
	$ 744	$ 18	$ (332)	$ —	$ 430

(a) Net amount of risk management assets on the Balance Sheet is comprised of risk management assets (current) balance of $96 million and risk management assets (non-current) balance of $89 million.

(b) Net amount of risk management liabilities on the Balance Sheet is comprised of risk management liabilities (current) balance of $294 million and risk management liabilities (non-current) balance of $136 million.

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 [a]					
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
	$ 340	$ 2	$ (159)	$ —	$ 183
Risk management liabilities [b]					
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
	$ 351	$ 35	$ (159)	$ (7)	$ 220

(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.

Cash Collateral

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

As at	March 31, 2026	December 31, 2025
Collateral posted with counterparties	**$ 49**	$ 29

Any collateral posted that is not offset against risk management assets and liabilities is included in the 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 the 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 March 31, 2026 and December 31, 2025, 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	March 31, 2026	December 31, 2025
Risk management liabilities with credit-risk-contingent features	**$ 119**	$ 122
Maximum potential collateral requirements	**$ 114**	$ 43

Notional Summary

The following table presents the notional quantity outstanding related to the Corporation's commodity contracts:

As at	March 31, 2026	December 31, 2025
Natural Gas		
Sales	**237,776,376 GJ**	193,228,983 GJ
Purchases	**462,500,257 GJ**	454,309,955 GJ
Swaps [(a)]	**76,106,450 GJ**	64,216,853 GJ
Crude Oil and NGLs		
Swaps	**1,122,151 Bbl**	1,165,671 Bbl
Energy Exports		
Purchases	**14,308,573 Bbl**	15,514,000 Bbl
Propane and butane swaps	**56,274,574 Bbl**	51,015,743 Bbl
NGL Frac Spread		
Propane swaps	**1,910,955 Bbl**	586,444 Bbl
Crude oil swaps	**398,379 Bbl**	116,952 Bbl
Natural gas swaps	**11,264,224 GJ**	3,434,170 GJ
Power		
Sales	**4,277,271 MWh**	4,245,786 MWh
Purchases	**4,448,493 MWh**	4,454,126 MWh
Swaps	**13,293,505 MWh**	16,229,764 MWh

(a) Includes approximately 40,096,876 GJ of natural gas swaps at March 31, 2026 designated as hedging instruments that have terms extending until 2030.

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 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 March 31, 2026, AltaGas has designated US$645 million of outstanding loans as a net investment hedge (December 31, 2025 - US$645 million). For the three months ended March 31, 2026, unrealized after-tax losses on the net investment hedge of $15 million were recorded in OCI (three months ended March 31, 2025 - unrealized after-tax gains of $1 million).

The following foreign exchange related contracts were outstanding as at March 31, 2026:

	Duration		Fair Value ($ millions)
Foreign exchange contracts			
Forward USD sales (non-deliverable)	**Less than 1 year**	**$**	**(20)**
Forward USD sales (non-deliverable)	**1 - 5 years**	**$**	**(15)**
Foreign exchange option	**Less than 1 year**	**$**	**(2)**
Foreign exchange option	**1 - 2 years**	**$**	**3**
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	**9 years**	**$**	**(3)**

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

	Duration		Fair Value ($ millions)
Foreign exchange contracts			
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)
Cross-currency swaps			
Fixed-to-fixed cross-currency swaps	9 years	$	(25)

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

	Three Months Ended March 31, 2026		Three Months Ended March 31, 2025	
Objective of foreign exchange contract		**Losses**		**Losses**
Cash management [(a)]	**$**	**(2)**	$	—
Income statement risk management [(b)]	**$**	**(29)**	$	(6)

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

(b) Recorded in the Consolidated Statements of Income 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 March 31, 2026, the estimated amount of existing losses 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 March 31, 2026, 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 U.S. 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

March 31, 2026, 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 $6 million. Actual amounts reclassified to earnings depends on the movement in foreign exchange rates.

The following is a summary of gains on designated cash flow hedges recognized in AOCI prior to any reclassifications:

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Designated cash flow hedges [a]	**Gains**	**Gains**
Cross-currency swaps	**$ 21**	$ 17
Commodity contracts	**$ 2**	$ 19

(a) Amounts presented are after-tax.

Refer to note 10 for amounts reclassified from AOCI to the income statement related to designated cash flow hedges for the three months ended March 31, 2026 and 2025.

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 three months ended March 31, 2026, there were pre-tax gains of $10 million recorded related to these instruments (three months ended March 31, 2025 - $nil).

Allowance for Credit Losses

The following table presents changes to the allowance for credit losses by segment and major type:

	Three Months Ended March 31, 2026		
	Accounts Receivable	**Contract Assets [a]**	**Total**
Utilities			
Balance, beginning of period	**$ 34**	**$ —**	**$ 34**
Foreign exchange translation	**1**	**—**	**1**
Adjustments to allowance	**15**	**—**	**15**
Written off	**(7)**	**—**	**(7)**
Recoveries collected	**1**	**—**	**1**
Balance, end of period	**$ 44**	**$ —**	**$ 44**
Midstream			
Balance, beginning of period	**$ 1**	**$ 1**	**$ 2**
Balance, end of period	**$ 1**	**$ 1**	**$ 2**
Total	**$ 45**	**$ 1**	**$ 46**

(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.

	Three Months Ended March 31, 2025		
	Accounts Receivable	Contract Assets [a]	Total
Utilities			
Balance, beginning of period	$ 30	$ —	$ 30
Adjustments to allowance	14	—	14
Written off	(8)	—	(8)
Recoveries collected	2	—	2
Balance, end of period	$ 38	$ —	$ 38
Midstream			
Balance, beginning of period	$ 1	$ 1	$ 2
Balance, end of period	$ 1	$ 1	$ 2
Total	$ 39	$ 1	$ 40

(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.

With the exception of accounts receivable which are due in one year or less, AltaGas does not have any past due receivables as at March 31, 2026.

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 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 is presented net of 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 three months ended March 31, 2026, accounts receivable sold under a receivables purchase agreement were US$194 million (three months ended March 31, 2025 - US$80 million).

13. Leases

Lessor

Certain of AltaGas' revenues are obtained through take-or-pay contracts whereby AltaGas is the lessor in these operating lease arrangements. Minimum lease payments received are amortized over the term of the lease. Revenue from these arrangements have been disclosed in Note 11.

14. 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 [a]	Number of shares	Amount
January 1, 2025	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
December 31, 2025	311,177,196	$ 7,661
Shares issued for cash on exercise of options	229,736	5
Issued and outstanding at March 31, 2026	**311,406,932**	**$ 7,666**

(a) Dividends declared per share for the three months ended March 31, 2026 were $0.334 (three months ended March 31, 2025 - $0.315).

Preferred Shares

As at	March 31, 2026		December 31, 2025	
Issued and Outstanding [a] [b] [c]	Number of shares	Amount	Number of shares	Amount
Series G Preferred Shares ("Series G Shares")	**8,000,000**	**$ 200**	8,000,000	$ 200
Share issuance costs, net of taxes		**(5)**		(5)
	8,000,000	**$ 195**	8,000,000	$ 195

(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, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 6 and 9 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, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 6 and 9 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, to be held in the AltaGas Hybrid Trust with Computershare Trust Company of Canada acting as a trustee. Refer to Notes 6 and 9 for more details.

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 March 31, 2026, 5,919,705 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 March 31, 2026, share options granted under the plan have a term of six years until expiry and vest over no longer than a three-year period.

As at March 31, 2026 and December 31, 2025, the unexpensed fair value of share option compensation cost associated with future periods was $nil.

The following table summarizes information about the Corporation's share options:

As at	March 31, 2026		December 31, 2025	
	Number of options	Exercise price [a]	Number of options	Exercise price [a]
Share options outstanding, beginning of period	**887,832**	**$ 18.82**	2,525,013	$ 19.17
Exercised	**(229,736)**	**19.12**	(1,637,181)	19.36
Share options outstanding, end of period	**658,096**	**$ 18.72**	887,832	$ 18.82
Share options exercisable, end of period	**658,096**	**$ 18.72**	887,832	$ 18.82

(a) Weighted average.

As at March 31, 2026, the aggregate intrinsic value of the total share options exercisable was $19 million (December 31, 2025 - $20 million), the total intrinsic value of share options outstanding was $19 million (December 31, 2025 - $20 million), and the total intrinsic value of share options exercised was $6 million (December 31, 2025 - $33 million).

The following table summarizes the employee share option plan as at March 31, 2026:

	Options outstanding			Options exercisable		
Price	Number outstanding	Weighted average exercise price	Weighted average remaining contractual life	Number exercisable	Weighted average exercise price	Weighted average remaining contractual life
$18.72	658,096	$ 18.72	0.76	658,096	$ 18.72	0.76
	658,096	**$ 18.72**	**0.76**	**658,096**	**$ 18.72**	**0.76**

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.

PUs, RUs, and DSUs *(number of units)*	March 31, 2026	December 31, 2025
Balance, beginning of year	**5,689,280**	4,957,515
Granted [(a)]	**52,782**	2,481,163
Vested and paid out	**(2,108,870)**	(1,631,673)
Forfeited and expired	**(103,647)**	(257,851)
Units in lieu of dividends	**23,483**	140,126
Outstanding, end of period	**3,553,028**	5,689,280

(a) Includes amounts previously presented as "Additional units added by performance factor". Prior period amounts have been updated to conform to current year presentation.

For the three months ended March 31, 2026, the compensation expense recorded for the Phantom Plan and DSUP was $31 million (three months ended March 31, 2025 - $24 million). As at March 31, 2026, the unrecognized compensation expense relating to the remaining vesting period for the Phantom Plan was $63 million (December 31, 2025 - $68 million) and is expected to be recognized over the vesting period.

15. Net Income Per Common Share

The following table summarizes the computation of net income per common share:

	Three Months Ended March 31	
	2026	2025
Numerator:		
Net income applicable to controlling interests	**$ 150**	$ 397
Less: Preferred share dividends	**(3)**	(5)
Net income applicable to common shares	**$ 147**	$ 392
Denominator:		
(millions of shares)		
Weighted average number of common shares outstanding	**311.3**	298.1
Dilutive equity instruments [(a)]	**0.4**	1.1
Weighted average number of common shares outstanding - diluted	**311.7**	299.2
Basic net income per common share	**$ 0.47**	$ 1.31
Diluted net income per common share	**$ 0.47**	$ 1.31

(a) Determined using the treasury stock method.

For the three months ended March 31, 2026 and 2025, no share options were excluded from the diluted net income per common share calculation.

16. 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, merger commitments, finance leases, and operating leases for office space, office equipment, vehicles, Very Large Gas Carriers ("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. Please refer to Note 27 of the 2025 Annual Consolidated Financial Statements for further details regarding AltaGas' commitments.

At March 31, 2026, AltaGas has US$223 million in future undiscounted cash flows associated with operating leases not yet commenced. The leases are for the use of two VLGCs, both of which are expected to commence in 2026. The lessor is primarily involved in the design and construction of the VLGCs.

Guarantees

AltaGas has guaranteed payments primarily for certain commitments on behalf of some of its subsidiaries. As at March 31, 2026, AltaGas had 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.

17. 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. Additional information relating to the retirement benefit plans is provided in Note 26 of the 2025 Annual Consolidated Financial Statements.

In the first quarter of 2026, Washington Gas partially settled one of its post-retirement benefit plans by purchasing a guaranteed life insurance funding account, which transferred all of the future financial and administrative responsibilities to the insurance carriers, effective January 2026. As a result, AltaGas recognized a settlement credit under the line item "other income".

The net pension expense by plan for the period was as follows:

	Three Months Ended March 31, 2026					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ —	$ —	$ 3	$ 1	$ 3	$ 1
Interest cost [(b)]	—	—	18	3	18	3
Expected return on plan assets [(b)]	—	—	(22)	(12)	(22)	(12)
Amortization of past service credit [(b)]	—	—	—	(6)	—	(6)
Amortization of net actuarial gain [(b)]	—	—	—	(1)	—	(1)
Plan settlements [(b)] [(c)]	—	—	—	(35)	—	(35)
Net benefit income recognized	$ —	$ —	$ (1)	$ (50)	$ (1)	$ (50)

(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.

	Three Months Ended March 31, 2025					
	Canada		United States		Total	
	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits	Defined Benefit	Post-retirement Benefits
Current service cost [(a)]	$ —	$ —	$ 3	$ 1	$ 3	$ 1
Interest cost [(b)]	—	—	18	3	18	3
Expected return on plan assets [(b)]	—	—	(22)	(12)	(22)	(12)
Amortization of past service credit [(b)]	—	—	—	(6)	—	(6)
Amortization of net actuarial gain [(b)]	—	—	—	(1)	—	(1)
Net benefit income recognized	$ —	$ —	$ (1)	$ (15)	$ (1)	$ (15)

(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.

18. Supplemental Cash Flow Information

The following table details the changes in operating assets and liabilities from operating activities:

	Three Months Ended March 31	
	2026	2025
Source (use) of cash:		
Accounts receivable	**$ (115)**	$ (43)
Inventory	**121**	161
Risk management assets - current	**(266)**	18
Prepaid expenses and other current assets	**(55)**	16
Regulatory assets - current	**38**	31
Accounts payable and accrued liabilities	**160**	(117)
Customer deposits	**(21)**	(35)
Regulatory liabilities - current	**(39)**	(2)
Risk management liabilities - current	**147**	(13)
Regulatory assets - non-current	**44**	121
Regulatory liabilities - non-current	**(3)**	24
Other current liabilities	**(58)**	(42)
Other long-term liabilities	**(23)**	(30)
Other operating assets and liabilities	**1**	(2)
Changes in operating assets and liabilities	**$ (69)**	$ 87

The following table details the changes in non-cash investing and financing activities:

	Three Months Ended March 31	
	2026	2025
Decrease (increase) of balance:		
Exercise of stock options	**$ 1**	$ 3
Net right-of-use assets obtained in exchange for new operating lease liabilities	**$ (20)**	$ (17)
Net right-of-use assets obtained in exchange for new finance lease liabilities	**$ (3)**	$ (4)
Capital expenditures included in accounts payable and accrued liabilities	**$ 85**	$ 30
Contributions from non-controlling interests to subsidiaries included in accounts receivable	**$ (10)**	$ —

The following table is a reconciliation of cash and cash equivalents and restricted cash balances:

As at March 31	2026	2025
Cash and cash equivalents	**$ 163**	$ 197
Restricted cash included in prepaid expenses and other current assets [(a)]	**—**	2
Restricted cash included in long-term investments and other assets *(note 5)* [(a)]	**3**	4
Cash, cash equivalents, and restricted cash per Consolidated Statements of Cash Flows	**$ 166**	$ 203

(a) The restricted cash balances included in "prepaid expenses and other current assets" and "long-term investments and other assets" relate to Rabbi trusts associated with WGL's pension plans.

19. Seasonality

The Utilities business is highly seasonal with the majority of natural gas deliveries occurring during the winter heating season. Gas sales increase during the winter resulting in stronger first and fourth quarter results and weaker second and third quarter results. The retail business within the Utilities segment is also seasonal, with larger amounts of electricity being sold in the summer and peak winter months and larger amounts of natural gas being sold in the winter months.

20. 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:

Utilities	• rate-regulated natural gas distribution assets in Michigan, D.C., Maryland, and Virginia; • rate-regulated natural gas storage in the United States; and • sale of natural gas and power to residential, commercial, and industrial customers in D.C., Maryland, Virginia, Delaware, Pennsylvania, Ohio, and New Jersey.
Midstream	• NGL processing and extraction plants; • natural gas storage facilities; • LPG export terminals; • transmission pipelines to transport natural gas and NGLs; • natural gas gathering lines and field processing facilities; • purchase and sale of natural gas; • natural gas and NGL marketing; • marketing, storage and distribution of wellsite fluids and fuel, crude oil and condensate diluents; and • interest in a regulated gas pipeline in the Marcellus/Utica gas formation.
Corporate/ Other	• 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 • a small portfolio of power assets.

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 11:

	Three Months Ended March 31, 2026			
	Utilities	Midstream	Corporate/ Other	Total
External revenue (*note 11*)	**$ 2,030**	**$ 1,925**	**$ 15**	**$ 3,970**
Segment revenue	**$ 2,030**	**$ 1,925**	**$ 15**	**$ 3,970**

	Three Months Ended March 31, 2025			
	Utilities	Midstream	Corporate/ Other	Total
External revenue (*note 11*)	$ 1,870	$ 2,084	$ 15	$ 3,969
Segment revenue	$ 1,870	$ 2,084	$ 15	$ 3,969

The following tables show the composition by segment:

	Three Months Ended March 31, 2026			
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue *(note 11)*	**$ 2,030**	**$ 1,925**	**$ 15**	**$ 3,970**
Cost of sales	**(1,238)**	**(1,835)**	**(1)**	**(3,074)**
Operating and administrative	**(303)**	**(171)**	**(30)**	**(504)**
Accretion expenses	**—**	**(1)**	**—**	**(1)**
Depreciation and amortization	**(83)**	**(45)**	**(7)**	**(135)**
Income from equity investments *(note 7)*	**1**	**16**	**—**	**17**
Other income [(a)]	**51**	**—**	**1**	**52**
Foreign exchange gains	**—**	**—**	**1**	**1**
Interest expense	**—**	**—**	**(119)**	**(119)**
Income (loss) before income taxes	**$ 458**	**$ (111)**	**$ (140)**	**$ 207**
Net additions to:				
Property, plant and equipment [(b)]	**$ 139**	**$ 129**	**$ 2**	**$ 270**
Intangible assets [(b)]	**$ 7**	**$ 1**	**$ 5**	**$ 13**

(a) Other income for each reportable segment is comprised of:
- Utilities – primarily consists of the partial settlement of one of Washington Gas' post-retirement benefit plans and other components of net benefit cost (income), partially offset by other miscellaneous expenses (*note 17*).
- Midstream – interest income of $1 million which is offset by other miscellaneous expenses.
- Corporate/Other – interest income of $1 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.

	Three Months Ended March 31, 2025			
	Utilities	Midstream	Corporate/ Other	Total
Segment revenue *(note 11)*	$ 1,870	$ 2,084	$ 15	$ 3,969
Cost of sales	(1,066)	(1,698)	—	(2,764)
Operating and administrative	(297)	(157)	(27)	(481)
Accretion expenses	—	(1)	—	(1)
Depreciation and amortization	(80)	(39)	(9)	(128)
Provisions on assets	—	(2)	—	(2)
Income from equity investments *(note 7)*	1	15	—	16
Other income [(a)]	18	2	1	21
Foreign exchange losses	—	—	(2)	(2)
Interest expense	—	—	(115)	(115)
Income (loss) before income taxes	$ 446	$ 204	$ (137)	$ 513
Net additions to:				
Property, plant and equipment [(b)]	$ 127	$ 112	$ 9	$ 248
Intangible assets [(b)]	$ —	$ —	$ 3	$ 3

(a) Other income for each reportable segment is comprised of:
- Utilities – primarily other components of net benefit cost (income) (*note 17*).
- Midstream – primarily interest income of $1 million.
- Corporate/Other – primarily interest income of $1 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.

The following table shows goodwill and total assets by segment:

	Utilities	Midstream	Corporate/ Other	Total
As at March 31, 2026				
Goodwill *(note 4)*	**$ 3,826**	**$ 1,705**	**$ —**	**$ 5,531**
Segmented assets	**$ 17,311**	**$ 9,312**	**$ 740**	**$ 27,363**
As at December 31, 2025				
Goodwill *(note 4)*	$ 3,762	$ 1,686	$ —	$ 5,448
Segmented assets	$ 17,231	$ 8,881	$ 658	$ 26,770

21. Subsequent Events

On April 28, 2026, SEMCO entered into a bond purchase agreement to issue US$186 million of First Mortgage Bonds, comprised of a US$86 million 10-year tranche with a coupon rate of 5.16 percent, maturing on July 15, 2036, and a US$100 million 30-year tranche with a coupon rate of 5.87 percent, maturing on September 15, 2056. The 10-year and 30-year tranches are scheduled to be issued on July 15, 2026 and September 15, 2026, respectively. The proceeds will be used to fund construction of the Keweenaw Connector Pipeline, other capital expenditures, and general corporate purposes.

Subsequent events have been reviewed through April 29, 2026, the date on which these unaudited condensed interim Consolidated Financial Statements were approved for issuance.

Supplemental Quarterly Operating Information

	Q1-26	Q4-25	Q3-25	Q2-25	Q1-25
Operating Highlights					
Utilities					
Natural gas deliveries - end use (Bcf) (1)	**66.8**	47.2	8.9	16.4	73.5
Natural gas deliveries - transportation (Bcf) (1)	**42.1**	30.8	23.4	20.7	44.5
Service sites (thousands) (2)	**1,578**	1,576	1,567	1,567	1,571
Degree day variance from normal - SEMCO (Michigan) (%) (3)	**(0.6)**	6.3	(13.3)	3.6	(0.3)
Degree day variance from normal - Washington Gas (%) (3) (4) (5)	**4.6**	7.8	(100.0)	(31.1)	(5.2)
WGL retail energy marketing - gas sales volumes (Mmcf)	**20,192**	17,644	10,046	11,572	22,505
WGL retail energy marketing - electricity sales volumes (GWh)	**3,070**	3,381	3,840	3,575	3,689
Midstream					
LPG export volumes (Bbls/d) (6)	**124,917**	124,593	133,147	127,814	119,241
Total inlet gas processed (Mmcf/d) (6)	**1,669**	1,534	1,374	1,531	1,552
Extracted ethane volumes (Bbls/d) (6)	**22,173**	27,469	25,294	23,231	33,051
Extracted NGL volumes (Bbls/d) (6) (7)	**58,587**	49,674	43,624	50,982	49,051
Fractionation volumes (Bbls/d) (6) (8)	**45,476**	45,908	43,038	42,625	42,415
Frac spread - realized ($/Bbl) (6) (9)	**13.85**	19.85	22.27	24.48	27.77
Frac spread - average spot price ($/Bbl) (6) (10)	**17.94**	12.79	23.75	24.46	32.13
Propane Far East Index ("FEI") to Mont Belvieu spread (US$/Bbl) (6) (11)	**26.01**	13.53	12.91	10.15	12.17
Butane FEI to Mont Belvieu spread (US$/Bbl) (6) (12)	**29.75**	14.55	13.19	11.57	12.41

(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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