EPCOR UTILITIES INC.

Management's Discussion and Analysis

For six months ended June 30, 2026

EPCOR Utilities Inc.
Interim Management's Discussion and Analysis
June 30, 2026

This interim management's discussion and analysis (MD&A), dated July 30, 2026 should be read in conjunction with the unaudited condensed consolidated interim financial statements of EPCOR Utilities Inc. for the six months ended June 30, 2026 and 2025, including the cautionary statement regarding forward-looking information at the end of this MD&A, and the audited consolidated financial statements, MD&A, and Annual Information Form (AIF) for the year ended December 31, 2025. In this MD&A, any reference to "the Company", "EPCOR", "we" or "our", except where otherwise noted or the context otherwise indicates, means EPCOR Utilities Inc., together with its subsidiaries. Financial information in this MD&A is based on the unaudited condensed consolidated interim financial statements, which were prepared in accordance with International Accounting Standard – 34 "*Interim Financial Reporting*" as issued by International Accounting Standards Board (IASB) and is presented in Canadian dollars unless otherwise specified.

In accordance with its terms of reference, the Audit Committee of the Company's Board of Directors reviews the contents of the MD&A and recommends its approval by the Board of Directors. The Board of Directors approved this MD&A on July 30, 2026.

Overview of Business and Financial Results

The Company builds, owns and operates water, electrical, natural gas transmission and distribution networks, water and wastewater treatment facilities, and sanitary and stormwater systems in North America. The Company also provides water, electricity and natural gas products and services to residential and commercial customers. The Company provides regulated and default supply electricity related services and sells electricity and natural gas to Alberta residential and commercial consumers under contracts through its Encor brand. In addition, EPCOR provides design, build, finance, operating and maintenance services for electrical, water and wastewater infrastructure for municipal and industrial customers in Canada and the United States (U.S.). EPCOR operates its business under the Water Services, Distribution and Transmission, Energy Services, North American Commercial Services and U.S. Regulated Water segments.

Net income was $111 million and $219 million for the three and six months ended June 30, 2026, compared with net income of $151 million and $254 million for the comparative periods in 2025, respectively. The decrease of $40 million and $35 million for the three and six months ended June 30, 2026, respectively, was primarily due to fair value adjustments related to financial electricity purchase contracts and higher depreciation, partially offset by lower income tax expense. Additionally, for the three months ended June 30, 2026, there was lower Adjusted EBITDA (as described below) and for the six months ended June 30, 2026, there was lower transmission system access service charge net collections.

Adjusted EBITDA is a non-GAAP financial measure and is not a standardized financial measure under IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and might not be comparable to similar financial measures disclosed by other issuers. It is described in the Adjusted EBITDA and Net Income section on page 3 of this MD&A.

Adjusted EBITDA was $297 million and $600 million for the three and six months ended June 30, 2026, compared with $311 million and $600 million for the comparative periods in 2025, respectively. The decrease of $14 million for the three months ended June 30, 2026, was primarily due to lower construction activity driven by the Samsung projects, higher operating and staff costs, partially offset by higher rates and customer growth. Adjusted EBITDA for the six months ended June 30, 2026 was consistent with the comparative period in 2025 as the impacts of lower construction activity driven by the Samsung projects as well as higher operating and staff costs were offset by higher rates and customer growth.

Significant Events

Strathmore Contract Renewal

On June 30, 2026, the Town of Strathmore provided notice of its intent to renew an eight-year utility services contract with EPCOR. The renewal commences January 1, 2028 and continues EPCOR's provision of services to operate and maintain Strathmore's water, wastewater and stormwater systems to the end of 2035.

Private Debt Issuance

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

Material Accounting Policies Information

The unaudited condensed consolidated interim financial statements for the six months ended June 30, 2026 and 2025 have been prepared following the same accounting policies and methods as those used in preparing the Company's most recent annual consolidated financial statements.

Consolidated Results of Operations

Revenues

(Unaudited, $ millions)	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Water Services segment	$ 230	$ 229	$ 444	$ 435
Distribution and Transmission segment	134	128	278	269
Energy Services segment	105	106	223	230
North American Commercial Services segment	85	191	175	441
U.S. Regulated Water segment	118	107	216	196
Other	2	1	3	2
Intersegment eliminations	(21)	(19)	(39)	(34)
Revenues	**$ 653**	**$ 743**	**$ 1,300**	**$ 1,539**

Consolidated revenues were lower by $90 million and $239 million for the three and six months ended June 30, 2026, respectively, compared with the corresponding periods in 2025 primarily due to the net impact of the following:

- Water Services segment revenues increased by $1 million and $9 million for the three and six months ended June 30, 2026, respectively, primarily due to higher rates and customer growth, partially offset by lower consumption per customer.
- Distribution and Transmission segment revenues increased by $6 million and $9 million for the three and six months ended June 30, 2026, respectively, primarily due to higher electricity distribution and transmission rates and distribution volumes.
- Energy Services segment revenues decreased by $1 million and $7 million for the three and six months ended June 30, 2026, respectively, primarily due to lower electricity volumes resulting from fewer regulated customer sites, partially offset by higher competitive revenues due to increases in service fee rates.
- North American Commercial Services segment revenues decreased by $106 million and $266 million for the three and six months ended June 30, 2026, respectively, primarily due to lower construction revenues driven by the Samsung projects, partially offset by higher Project Sandow finance lease revenues as final commissioning was achieved in September 2025. For the six months ended June 30, 2026, the decrease was further impacted by lower energy sales due to the sale of EPCOR's Texas Natural Gas Utility (Texas Gas) in June 2025 and foreign exchange.
- U.S. Regulated Water segment revenues increased by $11 million and $20 million for the three and six months

ended June 30, 2026, respectively, primarily due to higher rates, consumption per customer and customer growth. For the six months ended June 30, 2026, the increase was partially offset by foreign exchange.

Adjusted EBITDA and Net Income

We use earnings before gain (loss) on disposal of assets, finance expenses, income tax recovery (expense), depreciation and amortization, changes in the fair value of derivative financial instruments, transmission system access service charge net collections, and other unusual items (collectively, Adjusted EBITDA) to discuss operating results for the Company's lines of business.

Change in fair value of derivative financial instruments represents the change in fair value of financial electricity purchase contracts between the electricity market forward prices and the contracted prices at the end of the reporting period, for the contracted volumes of electricity. Transmission system access service charge net collections are the difference between the transmission system access service charges paid to the provincial system operators and the transmission system access service charges collected from electricity retailers. Transmission system access service charge net collections are timing differences, which are collected from or returned to electricity retailers as the transmission system access service charges and customer billing determinants are finalized.

We believe that Adjusted EBITDA provides an indicator of the Company's ongoing ability to fund capital expenditures, to incur and service debt and to pay dividends to its shareholder and may be useful for external stakeholders in evaluating the operations and performance of the Company. Adjusted EBITDA is a non-GAAP financial measure and is not a standardized financial measure under IFRS and might not be comparable to similar financial measures disclosed by other issuers.

(Unaudited, $ millions)	**Three months ended June 30,**		**Six months ended June 30,**	
	2026	**2025**	**2026**	**2025**
Adjusted EBITDA by Segment				
Water Services segment	$ 133	$ 137	$ 260	$ 256
Distribution and Transmission segment	71	66	146	137
Energy Services segment	24	24	55	53
North American Commercial Services segment	13	21	31	42
U.S. Regulated Water segment	47	56	92	97
Other	9	7	16	15
Adjusted EBITDA	**297**	**311**	**600**	**600**
Loss on disposal of assets	-	(6)	-	(6)
Finance expenses	(56)	(52)	(112)	(105)
Income tax expense	(8)	(18)	(14)	(24)
Depreciation and amortization	(123)	(116)	(245)	(231)
Change in fair value of financial electricity purchase contracts	6	37	(10)	13
Transmission system access service charge net collections	(5)	(5)	-	7
Net income	**$ 111**	**$ 151**	**$ 219**	**$ 254**

Changes in each business segment's Adjusted EBITDA, for the three and six months ended June 30, 2026, compared with the corresponding periods in 2025, are described in Segment Results below. Explanations of the remaining significant variances in net income for the three and six months ended June 30, 2026, compared with the corresponding periods in 2025, are as follows:

- Lower loss on disposal of assets of $6 million for the three and six months ended June 30, 2026, respectively, was primarily due to the divestiture of Texas Gas in the second quarter of 2025.
- Higher finance expense of $4 million and $7 million for the three and six months ended June 30, 2026, respectively, was primarily due to interest expense on long-term debt issued in October 2025.

- Lower income tax expense of $10 million for the three and six months ended June 30, 2026, respectively, was primarily due to lower income subject to tax in Canada and the U.S.
- Higher depreciation and amortization of $7 million and $14 million for the three and six months ended June 30, 2026, respectively, was primarily due to assets placed into service.
- During the three months ended June 30, 2026, the unrealized gain of $6 million was primarily due to the reversal of prior period unrealized losses that settled in the period, partially offset by Alberta power forward prices being lower than contracted prices. During the three months ended June 30, 2025, the unrealized gain of $37 million was primarily due to Alberta power forward prices being higher than contracted prices. During the six months ended June 30, 2026, the unrealized loss of $10 million was primarily due to Alberta power forward prices being lower than contracted prices, partially offset by the reversal of prior period unrealized losses that settled in the period. During the six months ended June 30, 2025, the unrealized gain of $13 million was primarily due to the reversal of prior period unrealized losses that settled in the period, partially offset by Alberta power forward prices being lower than contracted prices.
- Lower transmission system access service charge net collections of $7 million for the six months ended June 30, 2026.

Segment Results

Water Services

(Unaudited, $ millions, including intersegment transactions)	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 230	$ 229	$ 444	$ 435
Expenses	150	142	290	279
Operating income	**80**	**87**	**154**	**156**
Exclude depreciation and amortization	53	50	106	100
Adjusted EBITDA	**$ 133**	**$ 137**	**$ 260**	**$ 256**

Water Services' Adjusted EBITDA decreased by $4 million for the three months ended June 30, 2026, compared with the corresponding period in 2025, primarily due to lower consumption per customer and higher operating expenses, partially offset by higher rates and customer growth. Water Services' Adjusted EBITDA increased by $4 million for the six months ended June 30, 2026, compared with the corresponding period in 2025, primarily due to higher rates and customer growth, partially offset by lower consumption per customer and higher operating expenses.

Distribution and Transmission

(Unaudited, $ millions, including intersegment transactions)	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 134	$ 128	$ 278	$ 269
Expenses	98	96	194	185
Operating income	**36**	**32**	**84**	**84**
Exclude depreciation and amortization	31	31	62	60
Exclude transmission system access service charge net collections	4	3	-	(7)
Adjusted EBITDA	**$ 71**	**$ 66**	**$ 146**	**$ 137**

Distribution and Transmission's Adjusted EBITDA increased by $5 million and $9 million for the three and six months ended June 30, 2026, respectively, compared with the corresponding periods in 2025, primarily due to higher electricity distribution and transmission rates and distribution volumes.

In July 2025, the Company filed its 2026-2027 Transmission General Tariff Application (GTA) with the Alberta Utilities Commission (AUC) which resulted in an approved Negotiated Settlement Agreement (NSA) in March 2026.

In addition, the AUC issued a decision for two issues that were not negotiated as part of the approved NSA related to the Transmission GTA, and denied EPCOR's request for deferral account treatment for the information technology project replacing EPCOR's enterprise level systems and capital treatment for cloud computing implementation costs. EPCOR does not consider the impact of the decision to be significant to the 2026-2027 Transmission GTA. In June 2026, EPCOR's compliance filing reflecting the NSA and the AUC's decision related to cloud computing costs was approved by the AUC. EPCOR will complete the true-up of interim to final rates in the third quarter of 2026 and will charge approved rates through to the end of 2026. All processes related to this proceeding are now concluded.

In March 2026, the Company received AUC approval to construct and operate the infrastructure identified in its City of Edmonton Transmission Reinforcement (CETR) project facility application. The CETR project will build new transmission power lines and a new substation to replace aging infrastructure and meet an increased demand for power in northeast Edmonton (see Capital Requirements and Contractual Obligations).

Energy Services

(Unaudited, $ millions, including intersegment transactions)	**Three months ended June 30,**		**Six months ended June 30,**	
	2026	**2025**	**2026**	**2025**
Revenues	$ 105	$ 106	$ 223	$ 230
Expenses	77	47	182	168
Operating income	**28**	**59**	**41**	**62**
Exclude depreciation and amortization	2	2	4	4
Exclude change in fair value of financial electricity purchase contracts	(6)	(37)	10	(13)
Adjusted EBITDA	**$ 24**	**$ 24**	**$ 55**	**$ 53**

Energy Services' Adjusted EBITDA increased by $2 million for the six months ended June 30, 2026, compared with the corresponding period in 2025, primarily due to higher competitive margins as a result of increases in service fee rates, partially offset by lower regulated electricity margins due to lower consumption net of higher rates.

In July 2025, the Company filed its 2025-2027 Non-Energy Regulated Rate Tariff (RRT) Application with the AUC which resulted in an approved NSA in March 2026. In addition, the AUC issued a decision for two issues that were not negotiated as part of the approved Non-Energy RRT NSA, and denied EPCOR's request for deferral account treatment for the information technology project replacing EPCOR's enterprise level systems and capital treatment for cloud computing implementation costs. EPCOR does not consider the impact to be significant to the 2025-2027 Non-Energy RRT Application. In June 2026, EPCOR's compliance filing reflecting the Non-Energy RRT NSA and AUC's decision related to cloud computing costs was approved by the AUC. The approved rates, including the interim rate true up, will be charged to customers effective from July 1, 2026.

North American Commercial Services

(Unaudited, $ millions, including intersegment transactions)	**Three months ended June 30,**		**Six months ended June 30,**	
	2026	**2025**	**2026**	**2025**
Revenues	$ 85	$ 191	$ 175	$ 441
Expenses	77	175	152	406
Operating income	**8**	**16**	**23**	**35**
Exclude depreciation and amortization	4	3	8	7
Exclude transmission system access service charge net collections	1	2	-	-
Adjusted EBITDA	**$ 13**	**$ 21**	**$ 31**	**$ 42**

North American Commercial Services' Adjusted EBITDA decreased by $8 million and $11 million for the three and six months ended June 30, 2026, respectively, compared with the corresponding periods in 2025, primarily due to lower construction activity driven by the Samsung projects and lower operation and maintenance margins, partially offset by higher finance lease income. Additionally, Adjusted EBITDA for the six months ended June 30, 2026, was further impacted by lower energy sales margins due to the sale of Texas Gas in June 2025.

U.S. Regulated Water

(Unaudited, $ millions, including intersegment transactions)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenues	$ 118	$ 107	$ 216	$ 196
Expenses	97	74	175	145
Operating income	**21**	**33**	**41**	**51**
Exclude depreciation and amortization	26	23	51	46
Adjusted EBITDA	**$ 47**	**$ 56**	**$ 92**	**$ 97**

U.S. Regulated Water's Adjusted EBITDA decreased by $9 million and $5 million for the three and six months ended June 30, 2026, respectively, compared with the corresponding periods in 2025, primarily due to higher operating and staff costs, partially offset by higher rates, consumption per customer and customer growth.

In June 2026, the Company filed a rate case for the Sonoran Water district with the Arizona Corporation Commission. The Company expects to receive a decision in 2028.

Capital Expenditures

(Unaudited, $ millions) **Six months ended June 30,**	**2026**	**2025**
Water Services segment	$ 235	$ 202
Distribution and Transmission segment	159	128
Energy Services	1	-
North American Commercial Services segment	69	39
U.S. Regulated Water segment	160	91
Other	9	12
Total capital expenditures	**$ 633**	**$ 472**

We continued to invest in our infrastructure assets to improve reliability and meet increasing treated water, sanitary and stormwater collection, wastewater treatment, electricity, and natural gas demands, as well as grow our water business in the U.S. through purchased leased water rights and production wells in the Company's North American Commercial Services segment. As a result, capital expenditures increased by $161 million compared to the corresponding period in 2025.

The increased spending in the U.S. Regulated Water segment was due to water and wastewater infrastructure projects focused on reliability and increasing capacity to support community growth, including completing reconstruction of the Wishing Well plant in Fort Mohave, Arizona following damage sustained during a significant weather event in 2025 that caused widespread flooding. In the Water Services segment, higher capital expenditures included lifecycle replacements of electrical equipment, flood protection projects and wastewater dry ponds growth projects to support community growth and improve resiliency. Capital expenditures also increased in the Distribution and Transmission segment to accommodate load requirements to support growth and strengthen system capacity, including expenditures associated with the CETR project.

Significant Changes in Financial Position

The following table outlines the significant changes in balance sheet:

(Unaudited, $ millions)	June 30, 2026	December 31, 2025	Increase (decrease)	Explanation of primary changes
Trade and other receivables	$ 546	$ 586	$ (40)	Lower energy receivables due to seasonal impacts and receivables related to the Samsung projects outstanding at year end and received in 2026.
Trade and other payables	544	674	(130)	Lower energy procurement costs due to seasonal impacts and lower accrued liabilities related to the Samsung projects.
Loans and borrowings	5,623	5,284	339	Issuance of short-term debt incurred to fund increased cash requirements associated with higher capital expenditures.
Provisions	249	200	49	Higher contributions from customers and developers due to increased project volumes and larger developments, partially offset by lower employee benefit accruals due to incentive payments made in the second quarter of 2026.
Other liabilities	196	163	33	Unrealized losses on derivative financial liabilities due to lower Alberta power forward prices.

Liquidity and Capital Resources

Consolidated Statements of Cash Flows

(Unaudited, $ millions) **Cash inflows (outflows)** **Three months ended June 30,**	**2026**	**2025**	**Increase (decrease)**	**Explanation**
Operating	$ 177	$ 159	$ 18	Favourable changes in non-cash operating working capital primarily due to lower energy procurement as a result of seasonal impacts reducing trade and other payables, partially offset by lower Adjusted EBITDA (as described above).
Investing	(312)	(171)	(141)	Proceeds received from the Texas Gas divestiture in 2025 and higher capital expenditures in 2026.
Financing	171	6	165	Higher short term debt issuances.
Opening cash	23	92	(69)	
Closing cash	**$ 59**	**$ 86**	**$ (27)**	

(Unaudited, $ millions) **Cash inflows (outflows)** **Six months ended June 30,**	**2026**	**2025**	**Increase (decrease)**	**Explanation**
Operating	$ 386	$ 507	$ (121)	Higher cash outflows from changes in non-cash operating working capital primarily due to lower construction activity resulting in settlement of outstanding trade and other payables.
Investing	(625)	(339)	(286)	Higher capital expenditures in 2026 and proceeds received from the Texas Gas divestiture in 2025.
Financing	215	(144)	359	Higher short term debt issuances.
Opening cash	83	62	21	
Closing cash	**$ 59**	**$ 86**	**$ (27)**	

Operating Activities and Liquidity

The Company maintains its financial position through rate-regulated utility and contracted operations, which generate stable cash flows.

The Company expects to have sufficient liquidity for the next twelve months, from a combination of available cash, funds from operations, issuance of commercial paper, private debt offerings and availability of liquidity from committed credit facilities described under the Financing section below to finance its plans and fund its obligations, including current liabilities in excess of current assets. Cash flows from operating activities would be impaired by events that cause severe damage to our facilities and would require unplanned cash outlays for system restoration repairs. Under those circumstances, more reliance would be placed on our credit facilities for working capital requirements until a regulatory approved recovery mechanism or insurance proceeds are put in place.

Capital Requirements and Contractual Obligations

There were no material changes to the Company's capital requirements or purchase obligations, including payments for the next five years and thereafter, from those previously disclosed in the 2025 annual MD&A, except as described below.

Following the March 2026 AUC approval of the CETR project (see Segment Results), the Company's commitments for the project are as follows and commenced in the second quarter of 2026:

(Unaudited, $ millions)	2026	2027	2028	2029	2030	Total
Distribution and Transmission CETR Project	$ 72	$ 155	$ 90	$ 17	$ 17	$ 351

Financing

Generally, our external financing is raised at the corporate level and invested in the operating business units. Our external financing has consisted of commercial paper issuance, bank loans under credit facilities, debentures payable to the City of Edmonton (the City) related to utility assets transferred from the City, debentures payable to other municipalities, senior unsecured debentures issued in Canada and U.S. private debt notes.

The Company has bank credit facilities which are used principally for the purpose of backing the Company's commercial paper program, issuance of bank loans for operational requirements and providing letters of credit, as outlined below:

(Unaudited, $ millions) June 30, 2026	Expiry	Total facilities	Banking commercial paper issued	Letters of credit issued and other facility draws	Net amounts available
Committed					
Syndicated bank credit facility[1]	November 2030	$ 750			
Bank credit facility[1]	November 2028	200			
Bank credit facility[1]	November 2029	150			
Total committed		$ 1,100	$ 475	$ -	$ 625
Uncommitted					
Bank credit facilities[2]	No expiry	340	-	34	306
Bank credit facility	No expiry	25	-	-	25
Total uncommitted		365	-	34	331
Total credit facilities		**$ 1,465**	**$ 475**	**$ 34**	**$ 956**

(Unaudited, $ millions) December 31, 2025	Expiry	Total facilities	Banking commercial paper issued	Letters of credit issued and other facility draws	Net amounts available
Committed					
Syndicated bank credit facility[1]	November 2030	$ 750			
Bank credit facility[1]	November 2028	200			
Bank credit facility[1]	November 2029	150			
Total committed		$ 1,100	$ 133	$ -	$ 967
Uncommitted					
Bank credit facilities[2]	No expiry	340	-	32	308
Bank credit facility	No expiry	25	-	-	25
Total uncommitted		365	-	32	333
Total credit facilities		**$ 1,465**	**$ 133**	**$ 32**	**$ 1,300**

1. The Company's committed bank credit facilities are available and can be used for direct borrowings, issuance of letters of credit and backstopping EPCOR's commercial paper program. The committed bank credit facilities cannot be withdrawn by the lenders until expiry, provided that the Company operates within the related terms and covenants. The extension feature of EPCOR's committed bank credit facility gives the Company the option each year to re-price and extend the term of the facilities by one or more years subject to agreement with the lenders. The Company regularly monitors market conditions and may elect to enter into negotiations to extend the maturity dates.

2. The Company's uncommitted bank credit facility consists of six bilateral credit which are restricted to letters of credit to meet the credit requirements of electricity market participants and to meet conditions of certain service agreements.

If the economy or capital market conditions were to deteriorate in the longer term, particularly in Canada and the U.S., the Company's ability to extend the maturity or revise the terms of bank credit facilities, arrange long-term financing for its capital expenditure programs and acquisitions, or refinance outstanding indebtedness when it matures could be adversely impacted. We believe that these circumstances have a low probability of occurring. We continually monitor our capital programs and operating costs to minimize the risk that the Company becomes short of cash or unable to honor its debt servicing obligations. If required, the Company would look to add temporary liquidity sources and reduce capital expenditures and operating costs.

Credit Ratings

EPCOR's current ratings from DBRS Morningstar are A (low)/stable for both its issuer rating and senior unsecured debenture rating and R-1 (low)/stable for its short-term debt. EPCOR's current ratings from Fitch Ratings are A- for its issuer default rating and A for its instrument rating of EPCOR's senior unsecured debentures.

These credit ratings reflect the Company's ability to meet its financial obligations given the stable cash flows generated from the rate-regulated water, wastewater, natural gas, and electricity businesses. A credit rating downgrade for EPCOR could result in higher interest costs on new borrowings and reduce the availability of sources and tenor of investment capital.

Financial Covenants

EPCOR is currently in compliance with all of its financial covenants in relation to its committed bank credit facility, Canadian senior unsecured debentures and U.S. private debt notes. Based on current financial covenant calculations, the Company has sufficient borrowing capacity to fund current and long-term requirements. Although the risk is low, breaching these covenants could potentially result in a revocation of EPCOR's credit facilities causing a significant loss of access to liquidity or resulting in the Company's senior unsecured debentures and private debt notes becoming immediately due and payable causing the Company to find a means of funding which could include the sale of assets.

Risk Factors and Risk Management

Risk management is an ongoing process, and we continually review our risks and look for ways to enhance our risk management processes. As part of ongoing risk management practices, the Company reviews current and developing events and proposed transactions to consider their impact on the risk profile of the Company. The Company's risk factors and mitigation strategies have not changed materially compared with the disclosures in the 2025 annual MD&A; however, the Company continues to see emerging risks in supply chain, cyber, and general economic risks as a result of indirect impacts associated with geopolitical tensions and increasing demand for labour, and power-related and technology equipment. Management continues to monitor and assess the resulting impacts to the Company.

Litigation Update

The Company is not involved in any material litigation at this time.

Certification of Interim Filings

For purposes of certain Canadian securities regulations, EPCOR is a venture issuer. As such, it is exempt from certain of the requirements of National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings. EPCOR's Certifications of Interim Filings - Venture Issuer Basic Certificate include a note to reader stating that the certifying officers are not making any representations to the establishment or maintenance of disclosure controls and procedures and internal controls over financial reporting.

The Chief Executive Officer and Chief Financial Officer have reviewed the unaudited condensed consolidated interim financial statements and interim MD&A, for the six months ended June 30, 2026. Based on their knowledge and exercise of reasonable diligence, they have concluded that the interim filings do not contain any untrue statement of a material fact or omit to state a material fact and that these documents fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date of and for the periods presented.

Critical Accounting Estimates

In preparing the unaudited condensed consolidated interim financial statements, management necessarily made judgments, estimates and assumptions in determining transaction amounts and financial statement balances. Consequently, actual results may differ from these estimates, and interim results are not necessarily indicative of annual results. There have been no significant changes to EPCOR's use of judgments and estimates as described in our 2025 consolidated financial statements and MD&A.

For further information on the Company's other critical accounting estimates, refer to the consolidated financial statements and MD&A for the year ended December 31, 2025.

Outlook

For the remainder of 2026, EPCOR will focus on the expansion and construction of electricity, wastewater treatment and water treatment infrastructure and will continue to target growth in its rate-regulated and contracted utility businesses. We expect much of this investment to come from lifecycle replacement of existing infrastructure primarily related to the Edmonton and U.S. based operations and new infrastructure. The Company reviews its operations from time-to-time and may divest of those that are no longer viewed as strategic. The Company will also continue to actively manage EPCOR's commodity risk exposures related to electricity and natural gas for future periods by entering into various financial and physical purchase contracts. The Company's dividend to its shareholder has been increased from $201 million in 2025 to $206 million in 2026. Based on updated forecasts, the projected cash requirements for capital expenditures in 2026 are estimated to be at the upper end of our annual guidance range of $1,180 million and $1,460 million.

Quarterly Results

(Unaudited, $ millions)	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Revenues	$ 653	$ 647	$ 749	$ 646
Expenses	478	477	488	458
Operating income	**175**	**170**	**261**	**188**
Other income and gain (loss) on disposals	-	-	(30)	7
Finance expenses	(56)	(56)	(55)	(52)
Income tax expense	(8)	(6)	(29)	(11)
Net income	**$ 111**	**$ 108**	**$ 147**	**$ 132**

(Unaudited, $ millions)	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Revenues	$ 743	$ 796	$ 796	$ 867
Expenses	516	634	623	673
Operating income	**227**	**162**	**173**	**194**
Other income and loss on disposals	(6)	-	(23)	-
Finance expenses	(52)	(53)	(54)	(52)
Income tax expense	(18)	(6)	(8)	(11)
Net income	**$ 151**	**$ 103**	**$ 88**	**$ 131**

Quarterly results may fluctuate due to the seasonal demands for energy, water, related impact on sanitary system, changes in energy prices, and the timing and recognition of regulatory decisions.

Forward-looking Information

Certain information in this MD&A is forward-looking within the meaning of Canadian securities laws as it relates to anticipated financial performance, events or strategies. When used in this context, words such as “will”, “anticipate”, “believe”, “plan”, “intend”, “target”, and “expect” or similar words suggest future outcomes.

The purpose of forward-looking information is to provide investors with management’s assessment of future plans and possible outcomes and may not be appropriate for other purposes. Material forward-looking information within this MD&A, including related material factors or assumptions and risk factors, are noted in the table below:

Forward-looking Information	Material Factors or Assumptions	Risk Factors
The Company expects to have sufficient liquidity to finance its plans and fund its obligations, including current liabilities in excess of current assets, for the next twelve months.	EPCOR is able to generate the expected cash flow from operations and various means of funding remain available to the Company.	EPCOR’s operations do not generate the expected level of cash flow and/or circumstances arise, limiting or restricting the Company’s ability to access funds through the various means otherwise available.
The Company’s dividend to its shareholder has been increased to $206 million in 2026.	EPCOR is able to generate the expected cash flow from operations and various means of funding remain available to the Company. There is no revision to the dividends to be paid to its shareholder.	EPCOR is not able to generate the expected cash flow from operations and various means of funding are not available to the Company. There is a revision to the dividends to be paid to its shareholder.
EPCOR’s projected cash requirements for capital expenditures for 2026 are estimated to range between $1,180 million and $1,460 million.	EPCOR is able to complete its 2026 capital expenditure program on time and on budget and no material unplanned asset acquisitions are closed in the year.	EPCOR is successful in closing a material, unplanned acquisition or unforeseen circumstances result in construction or acquisition delays. Based on updated forecasts, the projected cash requirements for capital expenditures in 2026 are estimated to be at the upper end of our annual guidance range.

For further information on the Company’s forward-looking information, refer to the 2025 annual MD&A.

Whether actual results, performance or achievements will conform to the Company’s expectations and predictions is subject to a number of known and unknown risks and uncertainties, which could cause actual results to differ from expectations and are discussed in the Risk Factors and Risk Management section above.

Readers are cautioned not to place undue reliance on forward-looking statements as actual results could differ materially from the plans, expectations, estimates or intentions expressed in the forward-looking statements. Except as required by law, EPCOR disclaims any intention and assumes no obligation to update any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

Additional Information

Additional information relating to EPCOR, including the Company’s 2025 Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.