EPCOR UTILITIES INC.

Management's Discussion and Analysis

For nine months ended September 30, 2026

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

This interim management's discussion and analysis (MD&A), dated November 4, 2026 should be read in conjunction with the unaudited condensed consolidated interim financial statements of EPCOR Utilities Inc. for the nine months ended September 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 November 4, 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. Other primarily includes the cost of the Company's net unallocated corporate office expenses and does not meet the criteria of a reportable segment.

Net income was $140 million and $359 million for the three and nine months ended September 30, 2026, compared with net income of $132 million and $386 million for the comparative periods in 2025, respectively. The increase of $8 million for the three months ended September 30, 2026, was primarily due to higher Adjusted EBITDA (as described below) and fair value adjustments related to financial electricity purchase contracts, partially offset by lower other income and gain (loss) on disposal of assets, higher depreciation, finance expenses and income tax expense. The decrease of $27 million for the nine months ended September 30, 2026, was primarily due to higher depreciation, fair value adjustments related to financial electricity purchase contracts, finance expenses and lower other income and gain (loss) on disposal of assets, partially offset by higher Adjusted EBITDA (as described below).

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 $352 million and $952 million for the three and nine months ended September 30, 2026, compared with $321 million and $921 million for the comparative periods in 2025, respectively. The increase of $31 million for both the three and nine months ended September 30, 2026, was primarily due to higher rates, customer growth and finance lease income, partially offset by lower regulated electricity margins due to fewer sites, lower water consumption per customer and higher operating costs. Adjusted EBITDA for the nine months ended September 30, 2026 was further impacted by lower Samsung construction activity and higher staff costs.

Significant Events

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 were 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 nine months ended September 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 September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Water Services segment	$ 241	$ 234	$ 685	$ 669
Distribution and Transmission segment	143	130	421	399
Energy Services segment	107	114	330	344
North American Commercial Services segment	91	71	266	512
U.S. Regulated Water segment	127	115	343	311
Other	-	2	3	4
Intersegment eliminations	(21)	(20)	(60)	(54)
Revenues	**$ 688**	**$ 646**	**$ 1,988**	**$ 2,185**

Consolidated revenues were higher by $42 million and lower by $197 million for the three and nine months ended September 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 $7 million and $16 million for the three and nine months ended September 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 $13 million and $22 million for the three and nine months ended September 30, 2026, respectively, primarily due to higher electricity distribution and transmission rates and distribution volumes.
- Energy Services segment revenues decreased by $7 million and $14 million for the three and nine months ended September 30, 2026, respectively, primarily due to lower electricity volumes resulting from fewer regulated customer sites. For the nine months ended September 30, 2026, the decrease was partially offset by higher competitive revenues, reflecting the impact of updated service fee rates.
- North American Commercial Services segment revenues increased by $20 million for the three months ended September 30, 2026, primarily due to higher Project Sandow finance lease revenues as final commissioning was achieved in September 2025, partially offset by lower operation and maintenance revenues as Project Blue Sky was transferred to Samsung in October 2025.

  North American Commercial Services segment revenues decreased by $246 million for the nine months ended September 30, 2026, primarily due to lower construction revenues driven by the Samsung projects, lower operation and maintenance revenues as Project Blue Sky was transferred to Samsung in October 2025, lower energy sales due to the sale of EPCOR's Texas Natural Gas Utility (Texas Gas) in June 2025 and foreign exchange, partially offset by higher Project Sandow finance lease revenues as final commissioning was achieved in September 2025.
- U.S. Regulated Water segment revenues increased by $12 million and $32 million for the three and nine months ended September 30, 2026, respectively, primarily due to higher rates and customer growth. For the nine months ended September 30, 2026, the increase was further impacted by higher consumption per customer, partially offset by foreign exchange.

Adjusted EBITDA and Net Income

We use earnings before other income and 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 September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Adjusted EBITDA by Segment				
Water Services segment	$ 139	$ 140	$ 399	$ 396
Distribution and Transmission segment	81	73	227	210
Energy Services segment	22	25	77	78
North American Commercial Services segment	17	9	48	51
U.S. Regulated Water segment	68	62	160	159
Other	25	12	41	27
Adjusted EBITDA	**352**	**321**	**952**	**921**
Other income and (loss) gain on disposal of assets	(7)	7	(7)	1
Finance expenses	(58)	(52)	(170)	(157)
Income tax expense	(16)	(11)	(30)	(35)
Depreciation and amortization	(129)	(121)	(374)	(352)
Change in fair value of financial electricity purchase contracts	1	(9)	(9)	4
Transmission system access service charge net collections	(3)	(3)	(3)	4
Net income	**$ 140**	**$ 132**	**$ 359**	**$ 386**

Changes in each business segment's Adjusted EBITDA, for the three and nine months ended September 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 nine months ended September 30, 2026, compared with the corresponding periods in 2025, are as follows:

- Other income and (loss) gain on disposal of assets was lower by $14 million and $8 million for the three and nine months ended September 30, 2026, respectively, primarily due to impairment on North American Commercial Services assets and a fair value gain on a long-term receivable included with other financial assets in the third quarter of 2025. Lower other income and (loss) gain on disposal of assets for the nine months ended September 30, 2026 was partially offset by the absence of the loss on divestiture of Texas Gas recorded in the second quarter 2025.
- Higher finance expense of $6 million and $13 million for the three and nine months ended September 30, 2026,

respectively, was primarily due to interest expense on long-term debt issued in October 2025 and August 2026.

- Higher income tax expense of $5 million for the three months ended September 30, 2026, was primarily due to higher income subject to tax in Canada as well as higher effective income tax rates in the U.S. Lower income tax expense of $5 million for the nine months ended September 30, 2026, was primarily due to lower income subject to tax in Canada and the U.S.
- Higher depreciation and amortization of $8 million and $22 million for the three and nine months ended September 30, 2026, respectively, was primarily due to assets placed into service.
- During the three months ended September 30, 2026, the unrealized gain of $1 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 September 30, 2025, the unrealized loss of $9 million was primarily due to Alberta power forward prices being lower than contracted prices, partially offset by the reversal of unrealized losses settled in the period. During the nine months ended September 30, 2026, the unrealized loss of $9 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 nine months ended September 30, 2025, the unrealized gain of $4 million was primarily due to the reversal of prior period unrealized losses that settled in the period, and Alberta power forward prices being higher than contracted prices in 2025.
- Lower transmission system access service charge net collections of $7 million for the nine months ended September 30, 2026.

Segment Results

Water Services

(Unaudited, $ millions, including intersegment transactions)	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 241	$ 234	$ 685	$ 669
Expenses	159	149	449	428
Operating income	**82**	**85**	**236**	**241**
Exclude depreciation and amortization	57	55	163	155
Adjusted EBITDA	**$ 139**	**$ 140**	**$ 399**	**$ 396**

Water Services' Adjusted EBITDA decreased by $1 million for the three months ended September 30, 2026, compared with the corresponding periods in 2025 primarily due to lower consumption per customer and higher operating and administrative expenses, partially offset by higher rates and customer growth.

Water Services' Adjusted EBITDA increased by $3 million for the nine months ended September 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 and administrative expenses.

Distribution and Transmission

(Unaudited, $ millions, including intersegment transactions)	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 143	$ 130	$ 421	$ 399
Expenses	100	93	294	278
Operating income	**43**	**37**	**127**	**121**
Exclude depreciation and amortization	34	31	96	91
Exclude transmission system access service charge net collections	4	5	4	(2)
Adjusted EBITDA	**$ 81**	**$ 73**	**$ 227**	**$ 210**

Distribution and Transmission's Adjusted EBITDA increased by $8 million and $17 million for the three and nine months ended September 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 completed 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 September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 107	$ 114	$ 330	$ 344
Expenses	86	100	268	268
Operating income	**21**	**14**	**62**	**76**
Exclude depreciation and amortization	2	2	6	6
Exclude change in fair value of financial electricity purchase contracts	(1)	9	9	(4)
Adjusted EBITDA	**$ 22**	**$ 25**	**$ 77**	**$ 78**

Energy Services' Adjusted EBITDA decreased by $3 million and $1 million for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025, primarily due to lower regulated electricity margins as a result of fewer regulated customer sites, partially offset by lower procurement rates. Additionally, Adjusted EBITDA for the nine months ended September 30, 2026 is partially offset by higher competitive margins, reflecting the impact of updated service fee 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. EPCOR completed the true-up of interim to final rates in the third quarter of 2026 and the approved rates are being charged to customers effective from July 1, 2026.

On October 29, 2026, the Company submitted an application for approval of the 2027- 2028 two-year fixed Rate of Last Resort (RoLR) rate pursuant to the RoLR Regulation, under which the approved rate may only be adjusted by up to +/- 10% from the preceding two-year term. A decision from the AUC is expected prior to the new RoLR term commencing on January 1, 2027.

North American Commercial Services

(Unaudited, $ millions, including intersegment transactions)	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 91	$ 71	$ 266	$ 512
Expenses	76	64	228	470
Operating income	**15**	**7**	**38**	**42**
Exclude depreciation and amortization	3	4	11	11
Exclude transmission system access service charge net collections	(1)	(2)	(1)	(2)
Adjusted EBITDA	**$ 17**	**$ 9**	**$ 48**	**$ 51**

North American Commercial Services' Adjusted EBITDA increased by $8 million for the three months ended September 30, 2026, compared with the corresponding period in 2025, primarily due to higher finance lease income, partially offset by lower operation and maintenance margins.

North American Commercial Services' Adjusted EBITDA decreased by $3 million for the nine months ended September 30, 2026, compared with the corresponding period in 2025, primarily due to lower construction activity, lower energy sales margins due to the sale of Texas Gas in June 2025 and lower operation and maintenance margins, partially offset by higher finance lease income.

U.S. Regulated Water

(Unaudited, $ millions, including intersegment transactions)	Three months ended September 30,		Nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenues	$ 127	$ 115	$ 343	$ 311
Expenses	86	75	261	220
Operating income	**41**	**40**	**82**	**91**
Exclude depreciation and amortization	27	22	78	68
Adjusted EBITDA	**$ 68**	**$ 62**	**$ 160**	**$ 159**

U.S. Regulated Water's Adjusted EBITDA increased by $6 million and $1 million for the three and nine months ended September 30, 2026, respectively, compared with the corresponding periods in 2025, primarily due to higher rates and customer growth. Additionally, Adjusted EBITDA for the nine months ended September 30, 2026, was further impacted by higher consumption per customer, partially offset by higher staff and operating costs.

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.

In August 2026, the Company filed a rate case for the Clovis Water District with the New Mexico Public Regulation Commission. The Company expects to receive a decision in 2028.

Capital Expenditures

(Unaudited, $ millions) **Nine months ended September 30,**	**2026**	**2025**
Water Services segment	$ 385	$ 372
Distribution and Transmission segment	251	193
Energy Services	1	1
North American Commercial Services segment	88	59
U.S. Regulated Water segment	256	137
Other	17	17
Total capital expenditures	**$ 998**	**$ 779**

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 $219 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. 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)	**September 30, 2026**	**December 31, 2025**	**Increase (decrease)**	**Explanation of primary changes**
Property, plant and equipment	16,163	15,204	959	Increased capital expenditures relating to growth, process improvement and life cycle replacement projects and foreign currency valuation adjustments, partially offset by depreciation expense.
Loans and borrowings	5,715	5,284	431	Issuance of $250 million long-term debt in the third quarter of 2026 and higher short-term debt incurred to fund increased cash requirements associated with higher capital expenditures.
Deferred Revenue	5,758	5,492	266	Cash and asset contributions received from customers and developers due to increased project volumes and larger developments and foreign currency valuation adjustments, partially offset by deferred revenue recognized.
Provisions	270	200	70	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	237	163	74	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** **September 30,**	**2026**	**2025**	**Increase (decrease)**	**Explanation**
Operating	$ 368	$ 310	$ 58	Higher Adjusted EBITDA (as described above) and cash contributions received due to increased project volumes and larger developments.
Investing	(340)	(357)	17	Lower cash outflows due to changes in non-cash investing working capital related to holdbacks payable as a result of project completion, partially offset by higher capital expenditures in 2026.
Financing	40	15	25	Higher long-term debt issuances, partially offset by net repayments of short-term debt.
Opening cash	59	86	(27)	
Closing cash	**$ 127**	**$ 54**	**$ 73**	

(Unaudited, $ millions) **Cash inflows (outflows)** **Nine months ended** **September 30,**	**2026**	**2025**	**Increase (decrease)**	**Explanation**
Operating	$ 754	$ 817	$ (63)	Lower cash inflows from changes in non-cash operating working capital primarily due to lower Samsung billings as a result of project completion. This was partially offset by higher cash contributions received from increased project volumes and larger developments and higher Adjusted EBITDA (as described above).
Investing	(965)	(696)	(269)	Higher capital expenditures in 2026 and proceeds received from the Texas Gas divestiture in 2025.
Financing	255	(129)	384	Higher long-term and short-term debt issuances.
Opening cash	83	62	21	
Closing cash	**$ 127**	**$ 54**	**$ 73**	

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	$ 34	$ 159	$ 89	$ 21	$ 27	$ 330

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)					
September 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	$ 333	$ -	$ 767
Uncommitted					
Bank credit facilities[2]	No expiry	340	-	36	304
Bank credit facility	No expiry	25	-	-	25
Total uncommitted		365	-	36	329
Total credit facilities		**$ 1,465**	**$ 333**	**$ 36**	**$ 1,096**

(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 facilities which are restricted to letters of credit to meet the credit requirements of electricity market participants and 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.

During the three months ended September 30, 2026, the Company entered into interest rate swap contracts to manage interest rate risk exposure. Certain of the swaps were designated as fair value hedges to manage exposure to changes in the fair value of $400 million of the Company's long-term fixed rate debt arising from changes to benchmark interest rate while the remaining swaps were designated as cash flow hedges as they were entered to manage exposure to variability in future cash flows arising from changes in the floating interest rate that was created on the $400 million of debt designated in the fair value hedge. For further information on the Company's interest rate swap contracts, refer to financial risk management (note 9) in the condensed consolidated interim financial statements for the periods ended September 30, 2026 and September 30, 2025.

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 nine months ended September 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)	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025
Revenues	$ 688	$ 653	$ 647	$ 749
Expenses	467	478	477	488
Operating income	**221**	**175**	**170**	**261**
Other income and loss on disposals of assets	(7)	-	-	(30)
Finance expenses	(58)	(56)	(56)	(55)
Income tax expense	(16)	(8)	(6)	(29)
Net income	**$ 140**	**$ 111**	**$ 108**	**$ 147**

(Unaudited, $ millions)	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Revenues	$ 646	$ 743	$ 796	$ 796
Expenses	458	516	634	623
Operating income	**188**	**227**	**162**	**173**
Other income and gain (loss) on disposals of assets	7	(6)	-	(23)
Finance expenses	(52)	(52)	(53)	(54)
Income tax expense	(11)	(18)	(6)	(8)
Net income	**$ 132**	**$ 151**	**$ 103**	**$ 88**

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.