

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") dated March 7, 2024 is provided to enable readers to assess the results of operations, liquidity, and capital resources of AltaGas Ltd. ("AltaGas", the "Company" or the "Corporation") as at and for the year ended December 31, 2023. This MD&A should be read in conjunction with the accompanying audited Consolidated Financial Statements and notes thereto of AltaGas as at and for the year ended December 31, 2023.

The Consolidated Financial Statements and comparative information have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("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, 2023 or the Annual Information Form for the year ended December 31, 2023.

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; AltaGas' 2024 strategic priorities; AltaGas' belief in the role and importance of the Blythe Energy Center in meeting California's power needs and reliability on the power grid; expected 2024 annual consolidated normalized EBITDA of approximately \$1.675 to \$1.775 billion; anticipated 2024 normalized earnings per share of approximately \$2.05 to \$2.25; the expectation that the Utilities segment will contribute approximately 55 percent of normalized EBITDA for 2024; expected growth drivers of normalized EBITDA in the Utilities segment; the expectation that the Midstream segment will contribute approximately 45 percent of normalized EBITDA for 2024; drivers of expected growth in the Midstream segment; expected higher normalized EBITDA from the Corporate/Other segment in 2024; expected growth drivers of 2024 normalized earnings per share; AltaGas' expectation of an active 2024 hedging program and anticipated outcomes therefrom; the Company's ability to deliver on its 2024 guidance; the percentage of AltaGas' expected 2024 frac exposed volumes that are hedged; the percentage of AltaGas' expected 2024 global export volumes that are tolled or financially hedged; AltaGas' 2024 Midstream Hedge Program quarterly estimates; estimated impact of changes in commodity prices, exchange rates, and weather on normalized annual EBITDA; AltaGas' commitment to maintaining a disciplined, self-funded capital program; expected invested capital expenditures of approximately \$1.2 billion in 2024; anticipated segment allocation and focus of capital expenditures in 2024; the expectation that the 2024 committed capital program will be funded through internally-generated cash flow, asset sales and normal course borrowings on existing committed credit facilities; the estimated cost, status and expected in-service dates for growth capital projects in the Midstream and Utilities businesses; anticipated annual average capital spending at SEMCO through 2025; AltaGas' pursuit of opportunities and its long-term objectives in the Utilities segment including, among other things, RNG and lower carbon investments, anticipated rate base growth and ensuring energy affordability for its customers; REEF reaching a positive FID, the timing thereof and AltaGas' responsibilities with respect to the construction and operation of REEF; anticipated benefits of the Pipestone Phase II expansion project and the Dimsdale expansion project; anticipated in-service date for MVP and completion date of MVP Southgate; expected timing and outcomes of the Harmattan carbon capture opportunity; AltaGas' pursuit of opportunities and its long-term objectives in the Midstream segment including, among other things, increasing export volumes and throughput, advancing ESG initiatives, goals and opportunities, and mitigating commodity, volume and counterparty risk; 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; Washington Gas' ARP

modernization programs and the expected benefits therefrom; proposed expenditures on waste reduction; penalties for breaching merger conditions associated with the WGL acquisition; objectives and expected results from AltaGas' commodity price contract strategies by segment; AltaGas' dividend policy and the dividend rate for 2024; future changes in accounting policies and adoption of new accounting standards; and the expected delivery and in-service date of the VLGCs and the anticipated benefits of the seven-year time charter including reduced shipping costs.

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 rate of approximately 21 percent, U.S./Canadian dollar exchange rates; inflation; interest rates, credit ratings, regulatory approvals and policies; expected commodity supply, demand and pricing; volumes and rates; propane price differentials; degree day variance from normal; pension discount rate; financing initiatives; the performance of the businesses underlying each sector; impacts of the hedging program; weather; frac spread; access to capital; future operating and capital costs; timing and receipt of regulatory approvals; seasonality; planned and unplanned plant outages; timing of in-service dates of new projects and acquisition and divestiture activities; taxes; operational expenses; returns on investments; dividend levels; and transaction costs.

AltaGas' forward-looking statements are subject to certain risks and uncertainties which could cause results or events to differ from current expectations, including, without limitation: health and safety risks; operating risks; infrastructure; natural gas supply risks; volume throughput; service interruptions; transportation of petroleum products; market risk; inflation; general economic conditions; 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, 2023 ("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 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 Business Overview and Organization

AltaGas is a leading North American energy infrastructure company that connects customers and markets to affordable and reliable sources of energy. The Company operates a diversified, lower-risk, high-growth energy infrastructure business that is 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. AltaGas' Utilities provided energy to approximately 1.6 million residential and commercial customers in 2023 with an average rate base of approximately US\$5.1 billion.

The Utilities segment includes two utilities that operate across four major U.S. jurisdictions:

- Washington Gas Light Company ("Washington Gas"), which is the Company's largest operating utility that serves approximately 1.2 million customers across Maryland, Virginia, and the District of Columbia; and
- SEMCO Energy, Inc. ("SEMCO Energy"), which delivers essential energy to approximately 328,000 customers in Southern Michigan and Michigan's Upper Peninsula.

The Utilities business also includes other 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 located in Maryland, Virginia, Delaware, Pennsylvania, Ohio, and the District of Columbia. AltaGas also previously owned ENSTAR Natural Gas Company and a 65 percent indirect interest in Cook Inlet Natural Gas Storage Alaska ("CINGSA") and other ancillary operations in Alaska, which were divested to TriSummit Utilities Inc. on March 1, 2023 (the "Alaska Utilities Disposition").

Midstream Segment

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

Throughout AltaGas' Midstream operations, the Company is playing a vital role within the larger energy ecosystem that keeps the global economy moving forward in a safe, reliable, and affordable manner.

AltaGas' Midstream platform is heavily focused on the Montney and Deep Basin resource plays and centers around global 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 value chain. These include:

- Global Exports, which includes AltaGas' two operational LPG export terminals where the Company has capacity to export up to 150,000 Bbl/d of propane and butane to key markets in Asia;
- Natural Gas Gathering, Processing and Extraction, which includes 1.2 Bcf/d of extraction processing capacity and approximately 1.2 Bcf/d of raw field gas processing capacity, which is heavily focused on the Montney and Deep Basin; and
- Fractionation and Liquids Handling platform, which includes 85 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and NGL marketing businesses, domestic logistics, trucking and rail terminals, and approximately 3.2 million barrels of liquid storage capability 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 recently acquired Dimsdale natural gas storage facility ("Dimsdale") in the Alberta Montney, as well as AltaGas' 10 percent interest in the Mountain Valley Pipeline ("MVP").

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.

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

Fourth Quarter and Full Year 2023 Highlights

(Normalized EBITDA, normalized funds from operations, normalized net income, and net debt are non-GAAP financial measures. Normalized funds from operations per share and normalized net income per share are non-GAAP ratios. Please see Non-GAAP Financial Measures section of this MD&A.)

Financial and Operational Highlights

- Normalized EBITDA was \$502 million in the fourth quarter and \$1,575 million for the full year of 2023, while income before income taxes was \$161 million in the fourth quarter and \$912 million for the full year of 2023. Full year normalized EBITDA was in the upper-half of the Company's 2023 guidance range of \$1.5 billion to \$1.6 billion and included strong performance across the Midstream platform and ongoing enterprise growth.
- Normalized net income per share was \$0.76 in the fourth quarter and \$1.90 for the full year of 2023, while GAAP net income per share was \$0.40 in the fourth quarter and \$2.27 for the full year of 2023. Full year normalized net income per share was slightly below the mid-point of the Company's 2023 net income per share guidance range of \$1.85 to \$2.05, principally due to higher interest costs weighing on strong operating performance across the business.
- Normalized funds from operation per share was \$1.33 in the fourth quarter and \$4.00 for the full year of 2023, while cash from operations per share was \$0.54 in the fourth quarter and \$3.98 for the full year of 2023. Normalized funds from operations per share for the quarter increased slightly year-over-year due to higher normalized EBITDA, partially offset by non-cash items included in normalized EBITDA, higher normalized current income tax expense, and higher interest expense.
- The Utilities segment reported normalized EBITDA of \$311 million in the fourth quarter of 2023 compared to \$294 million in the fourth quarter of 2022, while income before taxes was \$207 million in the fourth quarter of 2023 compared to \$80 million in the fourth quarter of 2022. The largest drivers of the fourth quarter year-over-year increase in normalized EBITDA were strong contributions from WGL's retail business, lower operating and administrative expenses, continued rate base growth, and the Virginia rate case. These positive factors were partially offset by the Alaska Utilities divestiture, lower asset optimization, and warmer weather in Michigan and the District of Columbia ("DC").
- The Midstream segment reported normalized EBITDA of \$182 million in the fourth quarter of 2023 compared to \$163 million in the fourth quarter of 2022, while income before taxes in the segment was \$79 million in the fourth quarter of 2023 compared to \$113 million in the fourth quarter of 2022. The largest drivers of the fourth quarter year-over-year increase in normalized EBITDA included strong performance from the global exports business, Allowance for Funds Used During Construction ("AFUDC") on the MVP project, and the absence of inventory write downs.
- On March 1, 2023, AltaGas closed the Alaska Utilities Disposition for consideration of approximately US\$800 million (approximately CAD\$1.1 billion) prior to closing adjustments, resulting in a pre-tax gain of approximately \$304 million. Sale proceeds were used to reduce debt while providing AltaGas with the financial flexibility to advance its strong growth opportunities across the Midstream and Utilities platforms over the coming years.
- The global exports business shipped 90,996 Bbl/d of liquified petroleum gases ("LPGs") in the fourth quarter of 2023 and an average of 106,071 Bbls/d during 2023 from the Ridley Island Propane Export Terminal ("RIPET") and the Ferndale terminal ("Ferndale"). Although the fourth quarter is a seasonally low quarter for exports, volumes were below internal expectations this quarter due to delayed ship arrivals at both terminals during December 2023, which were loaded in the first quarter of 2024. Despite these timing effects, AltaGas continued to demonstrate the multi-year

growth trajectory since 2019 while connecting the Canadian upstream and Asian downstream markets and driving stronger Canadian industry netbacks.

- On December 22, 2023, AltaGas closed the previously announced acquisition of natural gas processing and storage infrastructure assets in the Pipestone area of the Alberta Montney (the "Pipestone Acquisition"), including the Pipestone natural gas processing facility Phase I ("Pipestone Phase I"), the Pipestone natural gas processing facility Phase II expansion project ("Pipestone Phase II"), the Dimsdale storage facility, and ancillary assets from Tidewater Midstream and Infrastructure Ltd. ("Tidewater"). AltaGas also declared a positive final investment decision ("FID") on Pipestone Phase II with 100 percent of the capacity contracted under long-term take-or-pay agreements.
- AltaGas continued to advance key activities on the Ridley Island Energy Export Facility ("REEF") during and subsequent to the fourth quarter of 2023. This included commencing site clearing work, including logging, clearing, and drainage work that will further solidify the project's readiness to reaching FID, which is expected during the second quarter of 2024.
- In December 2023, AltaGas commissioned the first of two new very large gas carriers ("VLGCs"), the Boreal Pioneer, which made its maiden voyage from Ferndale to Asia in early January 2024. The second VLGC, the Boreal Voyager, was commissioned in February 2024. These two seven-year time charters with optional extensions will reduce and de-risk shipping costs with materially all of AltaGas' expected Baltic freight exposure protected through time charters, financial hedges, and tolled volumes in 2024.
- On October 20, 2023, Washington Gas executed a definitive agreement with Opal Fuels Inc. ("Opal Fuels") to support a renewable natural gas ("RNG") project at the Prince William County Landfill in Virginia. As part of the agreement, Washington Gas will become an offtake customer for RNG production and purchase key interconnect infrastructure for approximately US\$25 million and continue to advance long-term climate goals.
- On December 14, 2023, the Public Service Commission of Maryland ("PSC of MD") approved a US\$10 million rate increase with a 9.5 percent return on equity and 52 percent equity thickness. The new rates became effective immediately.
- On December 22, 2023, the Public Service Commission of the District of Columbia ("PSC of DC") approved an increase of approximately US\$20 million in revenues, net of approximately US\$5 million of costs collected through Washington Gas' 40-year accelerated pipeline replacement program ("PROJECTpipes") surcharge. This included a 9.65 percent return on equity and 52 percent equity thickness. The new rates went into effect January 19, 2024.
- On December 5, 2023, AltaGas' Board of Directors approved a 6 percent increase to its annual common share dividends to \$1.19 per common share annually (\$0.2975 per common share quarterly). This change will be effective for the dividend that will be paid on March 29, 2024.
- On December 5, 2023, AltaGas released its 2023 ESG Report, highlighting 2022 data for key topics and outlining progress towards the Company's sustainability goals within the areas of climate, diversity and inclusion, and safety.
- AltaGas is pleased with the construction progress on MVP. The pipeline is now 99 percent complete and expected to be placed into service in the second quarter of 2024, and will provide critical energy security to customers in the Eastern U.S.
- AltaGas had a series of financings during the fourth quarter, including:

- On October 19, 2023, Washington Gas issued US\$200 million in private placement notes, which includes US\$150 million of notes with a 6.06 percent interest rate, maturing on October 14, 2033, and US\$50 million of notes at a 6.43 percent interest rate, maturing on October 15, 2053.
- On November 10, 2023, AltaGas issued \$200 million of hybrid 8.90 percent Fixed-to-Fixed Rate Subordinated Notes, Series 3, due November 10, 2083. On December 31, 2023, AltaGas used the proceeds of the hybrid issuance to redeem all of its issued and outstanding Series E Preferred Shares for \$25 per Series E Share, together with all accrued and unpaid dividends.
- AltaGas is reiterating the Company's 2024 full year guidance, including normalized EBITDA of \$1,675 million to \$1,775 million, and normalized net income per share of \$2.05 to \$2.25.

Highlights Subsequent to 2023 Year End

- On January 8, 2024, AltaGas issued \$400 million of senior unsecured medium-term notes with a 4.67 percent coupon, due on January 8, 2029. The net proceeds were used to pay down existing indebtedness under AltaGas' credit facilities (part of which was incurred to fund the debt portion of the Pipestone Acquisition), to fund working capital, and for general corporate purposes.

2024 Outlook

In 2024, AltaGas expects to achieve normalized EBITDA of approximately \$1.675 to \$1.775 billion, compared to actual normalized EBITDA of \$1.58 billion in 2023, and normalized earnings per share of approximately \$2.05 to \$2.25 compared to actual normalized earnings per share and GAAP net income per share of \$1.90 and \$2.27 in 2023. For the year ended December 31, 2023, income before income taxes and net income applicable to common shares were \$912 million and \$641 million, respectively.

The Utilities segment is expected to contribute approximately 55 percent of normalized EBITDA in 2024, with year-over-year growth driven primarily by positive contribution from the continued rate base growth through ongoing capital investments in asset modernization programs on behalf of AltaGas' customers, the DC rate case, normal 2024 weather, and new customer growth, partially offset by the lost contribution from the Alaskan utilities due to the Alaska Utilities Disposition in the first quarter of 2023, and higher operating and administrative expenses associated with a higher inflationary and cost environment. The Midstream segment is expected to contribute approximately 45 percent of normalized EBITDA, with year-over-year expected growth driven primarily by contributions from the Pipestone Acquisition, strong expected global export volumes and margins, higher utilization at the Company's Northeastern B.C. facilities, and the absence of wildfire impacts, partially offset by the absence of the resolution of certain commercial disputes in 2023, and lower co-generation revenue at the Harmattan gas processing facility and extraction plant ("Harmattan"). Normalized EBITDA from the Corporate/Other segment, which includes AltaGas' remaining power assets, is expected to be higher in 2024 mainly due to the impact of higher expected financial performance at Blythe.

The expected variance in normalized earnings per share from \$1.90 in 2023 to approximately \$2.05 to \$2.25 in 2024 is expected to be primarily due to the same factors impacting normalized EBITDA and lower expected preferred share dividends, partially offset by higher expected interest expense, higher depreciation and amortization expense, and higher income tax expense.

The forecasted normalized EBITDA and earnings per share include assumptions around the Canadian/U.S. dollar exchange rate. 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' 2023 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 does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For 2024, AltaGas has hedged:

- Approximately 90 percent of AltaGas' 2024 expected global export volumes through a combination of tolls and financial hedges with an average FEI to North American financial hedge price of approximately US\$18/Bbl for non-tolled propane and butane volumes.
- Approximately 80 percent of its 2024 expected frac exposed volumes hedged at approximately US\$27/Bbl, prior to transportation costs.
- Materially all of AltaGas' expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in 2024.

2024 Midstream Hedge Program	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Full Year 2024
Global Exports volumes hedged (%) ⁽¹⁾	99	88	90	84	90
Average propane/butane FEI to North America average hedge (US\$/Bbl) ⁽²⁾	18.47	17.37	16.54	19.24	17.88
Fractionation volume hedged (%) ⁽³⁾	75	91	91	66	80
Frac spread hedge rate (US\$/Bbl) ⁽³⁾	28.13	27.51	27.51	25.06	27.04

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

(2) Approximate average for the period. Does not include 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, exchange rates, and weather. The following table illustrates the approximate effect of these key variables on AltaGas' expected normalized EBITDA for 2024:

Factor	Increase or decrease	Approximate impact on normalized annual EBITDA (\$ millions)
Degree day variance from normal - Utilities ⁽¹⁾	5 percent	8
Change in Canadian dollar per U.S. dollar exchange rate ⁽²⁾	0.05	6
Propane and butane Far East Index to Mont Belvieu spread ⁽³⁾	US\$1/Bbl	23
Pension discount rate	1 percent	2

(1) Degree days – Utilities relate to SEMCO and District of Columbia 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.

(2) 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.

(3) The sensitivity is net of hedges currently in place. The impact on normalized EBITDA due to changes in the spread will vary and is being managed through an active hedging program.

Growth Capital

AltaGas is maintaining a disciplined, equity self-funded capital program, and currently expects to deploy approximately \$1.2 billion of invested capital in 2024, compared to actual invested capital of \$946 million in 2023. The Utilities segment is expected to account for approximately 58 percent of total 2024 capital expenditures, while the Midstream segment is expected to account for approximately 36 percent, and the Corporate/Other segment will account for the balance. In 2024, AltaGas' capital expenditures for the Utilities segment are expected to focus primarily on maintenance, safety, and reliability programs including system betterment, asset modernization and pipeline replacement programs, and new customer additions. In the Midstream segment, capital expenditures are anticipated to primarily relate to new project development, maintenance and administrative capital, optimization of existing assets, and environmental initiatives. The Corporation continues to focus on capital efficient organic growth and disciplined capital allocation while improving balance sheet strength and flexibility.

AltaGas' 2024 committed capital program is expected to be funded through internally-generated cash flow, opportunistic asset sales, and normal course borrowings on existing committed credit facilities.

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⁾	Expenditures to Date ⁽²⁾	Project Description and Status	Expected In-Service Date
Midstream Projects					
Pipestone Phase II	100%	\$425 million - \$450 million	\$107 million ⁽³⁾	Pipestone Phase II is a 100 MMcf/d sour deep-cut natural gas processing facility with 20,000 Bbls/d of liquids handling capabilities. The project reached a positive FID in December 2023 and is 100 percent contracted under long-term take-or-pay agreements. The project will be adjacent to Pipestone Phase I, which AltaGas acquired in December 2022, and will be constructed on a fixed price turnkey basis for the majority of the capital costs. The project will begin construction in 2024 and when complete, will deliver critical gas processing and liquids handling capacity in the Pipestone region of Alberta, which is one of the fastest growing liquids-rich natural gas developments in Canada.	2025 Year-end
REEF	50%	Currently undergoing FEED and detailed cost estimations.	\$33 million (net of partner recoveries)	REEF is a proposed large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is planned to be constructed on Ridley Island, British Columbia. The project is being developed by AltaGas and Vopak Development Canada Holdings Inc. ("Vopak") and is planned to be located adjacent to the partners' existing RIPET facility. Should REEF reach a positive FID, the project is planned to be developed and brought online in phases. This approach will provide the most capital efficient build out of the project, match energy export supply with throughput capacity, mitigate the challenges that a large development project can have on the local community, and provide local construction and employment opportunities that would extend over longer time horizons. AltaGas will hold a 50 percent working interest in REEF and will be the project operator with Vopak holding the other 50 percent interest. If a positive FID is made, Phase 1 is anticipated to begin construction in 2024 and will include construction of a new deep water marine jetty with significant capacity for potential future phases. During the fourth quarter of 2023, site clearing work including logging, clearing, and draining activities commenced, that will further solidify the project's readiness to reaching FID, which is expected during the second quarter of 2024.	Site clearing work is underway and FID is expected in the second quarter of 2024.

Project	AltaGas' Ownership Interest	Estimated Cost ⁽¹⁾	Expenditures to Date ⁽²⁾	Project Description and Status	Expected In-Service Date
Midstream Projects, continued					
Harmattan Acid Gas Injection Well	100%	\$49 million	\$46 million	AltaGas is nearing the completion of the Harmattan Acid Gas Injection Well, which is a project that will be capable of capturing up to 60,000 tonnes/year of carbon emissions at AltaGas' Harmattan facility. The project involves decommissioning Harmattan's existing sulfur plant, which significantly reduces the facility's operational complexity and extends the facility's turnaround cycle from 4 years to 5 years, which is expected to result in ongoing cost savings. The acid gas injection well was placed in service in January 2024.	Placed in service in January 2024.
Rolling Hills Carbon Sequestration Hub	50%	Currently undergoing evaluation work	N/A	Rolling Hills is a prospective open-access carbon hub being evaluated by AltaGas and Whitecap Resources Inc. ("Whitecap"). Rolling Hills would be strategically located near AltaGas' Harmattan gas plant and is surrounded by Whitecap's extensive production and geological leadership in Central Alberta. The project is designed to include CO ₂ injection wells, carbon storage in underground reservoirs, and various intra-hub pipelines. AltaGas would have a 50 percent interest in the project with Whitecap holding the other 50 percent interest. The project has been awarded carbon sequestration hub evaluation rights with evaluation work progressing.	In-service date to be determined
MVP	10%	US\$352 million	US\$352 million	MVP is an interstate natural gas pipeline system that spans more than 300 miles from northwestern West Virginia to southern Virginia. The project is owned by a consortium with AltaGas owning a 10 percent equity stake. The project is expected to provide up to 2 Bcf/day of firm transmission capacity to markets in the Mid- and South Atlantic regions of the United States. MVP has a targeted in-service date in the second quarter of 2024. The total project costs are estimated to be US\$7.6 billion. AltaGas' exposure is contractually capped to the original estimated contributions of approximately US\$352 million.	Second quarter of 2024.

Project	AltaGas' Ownership Interest	Estimated Cost ⁽¹⁾	Expenditures to Date ⁽²⁾	Project Description and Status	Expected In-Service Date
Midstream Projects, continued					
MVP Southgate Project	5%	US\$19 million	US\$4 million	The MVP Southgate Project is an interstate natural gas pipeline that will extend MVP by approximately 75 miles from southern Virginia into central North Carolina. The project is owned by a consortium with AltaGas owning a 5 percent equity stake. In December 2023, MVP announced it entered into precedent agreements with two counterparties to collectively provide 550,000 Dth per day of firm capacity commitments for 20-year terms with two potential five-year extensions. The precedent agreements contemplate a redesigned project, which would extend 31-miles from the terminus of MVP in Pittsylvania County, Virginia to planned new delivery points in Rockingham County, North Carolina using a 30-inch diameter pipe, substantially fewer water crossings, and would not require a new compressor station. MVP expects to finalize the redesigned project scope after it conducts an open season and executes any additional agreements for firm capacity. The redesigned MVP Southgate Project is expected to cost approximately US\$370 million, of which approximately US\$19 million will be AltaGas' portion. In the fourth quarter of 2021, AltaGas impaired its equity investment in the MVP Southgate project to a carrying value of \$nil as a result of legal and regulatory challenges the project has encountered.	June 2028 with majority of the spend expected in 2027.
Utilities Projects					
Accelerated Utility Pipe Replacement Programs – Washington Gas - District of Columbia	100%	Estimated US\$150 million over the three year period from January 2021 to December 2023 and an additional US\$50 million for the 12-month period ending February 2025, plus additional expenditures for subsequent phases upon approval.	US\$149 million ⁽⁴⁾	The second phase of Washington Gas' accelerated pipe replacement program ("ARP") modernization in D.C. ended in December 2023. On December 22, 2022, Washington Gas filed an application with the PSC of DC for PROJECTpipes 3, seeking approval of approximately US\$672 million for the five-year period from January 1, 2024 to December 31, 2028. On November 6, 2023, Washington Gas filed a request to extend PROJECTpipes 2 through December 31, 2024, while the PSC of DC continues to evaluate the PROJECTpipes 3 application. The Office of the People's Counsel for the District of Columbia ("DC OPC") opposed the request, and Washington Gas responded. On December 20, 2023, the PSC of DC held Washington Gas' extension request in abeyance and directed the filing of additional information to justify the extension. On January 4, 2024, Washington Gas filed the requested information. Other parties subsequently filed comments responding to Washington Gas' submission. On February 23, 2024, the PSC of DC granted Washington Gas' request to extend PROJECTpipes 2 and the surcharge for 12 months, through February 2025, with a surcharge spending limit of US\$50 million. Washington Gas must also file a project list for the extension period within 15 days of the date of the Order. Washington Gas continues to view ARP modernization programs as critical initiatives to ensure the long-term safety and reliability of the network.	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⁾	Expenditures to Date ⁽²⁾	Project Description and Status	Expected In-Service Date
Utilities Projects, continued					
Accelerated Utility Pipe Replacement Programs – Washington Gas - Maryland	100%	Estimated US\$350 million over the five year period from January 2019 to December 2023, plus additional expenditures for subsequent phases upon approval.	US\$350 million ⁽⁴⁾	The second phase of Washington Gas' ARP modernization program in Maryland ("STRIDE 2.0") ended in December 2023. Beginning in March 2022, the PSC of MD has issued orders reducing the Strategic Infrastructure Development Enhancement Plan (STRIDE) surcharge for 2022 and 2023 by 14.7 percent each year. Recovery of STRIDE expenditures not included in this surcharge will be requested through the normal rate-making process. On June 16, 2023, Washington Gas filed an application with the PSC of MD for the third phase of its ARP modernization program ("STRIDE 3"), seeking approval for approximately US\$495 million of modernization investments on behalf of customers over the five-year period from January 1, 2024 to December 31, 2028. On October 25, 2023, a public law judge issued a proposed order to approve the STRIDE 3 plan, subject to a reduced number of replacement projects equal to a reduction to the five-year budget by at least one third. On November 13, 2023, Washington Gas notified the PSC of MD that it accepts the order. Two other parties [Maryland Office of People's Counsel ("MD OPC") and Sierra Club] appealed, with Sierra Club arguing for a smaller ARP program. On December 13, 2023, the PSC of MD affirmed the public law judge's proposed order in part, and directed Washington Gas to negotiate the terms of a notice to be sent to impacted customers. On January 10, 2024, the PSC of MD issued a memorandum explaining its December 13, 2023 decision. On February 9, 2024, the MD OPC filed a motion for rehearing with the PSC of MD. Washington Gas filed a response on February 22, 2024 and a PSC of MD decision for rehearing is pending.	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 - Virginia	100%	Estimated US\$878 million over the five year period from January 2023 to December 2027, plus additional expenditures for subsequent phases upon approval.	US\$150 million ⁽⁴⁾	On May 26, 2022, the Commonwealth of Virginia State Corporation Commission ("SCC of VA") approved the proposed amendment for the 2023 to 2027 SAVE Plan with a total five-year spending cap of approximately US\$878 million, which may be exceeded by up to 5 percent.	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⁾	Expenditures to Date ⁽²⁾	Project Description and Status	Expected In-Service Date
Utilities Projects, continued					
Accelerated Mains Replacement and Infrastructure Reliability Improvement Programs – SEMCO ENERGY - Michigan	100%	Estimated US\$115 million over five year period from 2021 to 2025, plus additional expenditures for subsequent phases upon approval.	US\$67 million ⁽⁴⁾	A Main Replacement Program ("MRP") was agreed to in SEMCO's last rate case settled in December 2019. The five-year MRP program began in 2021 with a total spend of approximately US\$60 million. In addition to the MRP program, SEMCO was also granted an Infrastructure Reliability Improvement Program ("IRIP"), which is also a five-year program with a total spend of approximately US\$55 million beginning in 2021.	Individual assets are placed into service throughout the program and are captured in rate base through rate riders.

(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) Expenditures to date reflect total cumulative capital expenditures incurred from inception of the projects to December 31, 2023.

(3) Includes expenditures made prior to acquisition and incurred after the close of the Pipestone Acquisition on December 22, 2023.

(4) 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. Expenditures to date only include amounts for the current programs described above, and exclude any expenditures made under prior increments of the programs. Actual regulatory filings may differ from reported amounts.

Utilities

Description of Assets



AltaGas owns and operates utilities assets that store and deliver natural gas to residential, commercial, and industrial end-users in Virginia, Maryland, Michigan, and the District of Columbia. Subsequent to the Alaska Utilities Disposition on March 1, 2023, AltaGas' Utilities provide energy to approximately 1.6 million customers with an average rate base of approximately US\$5.1 billion.

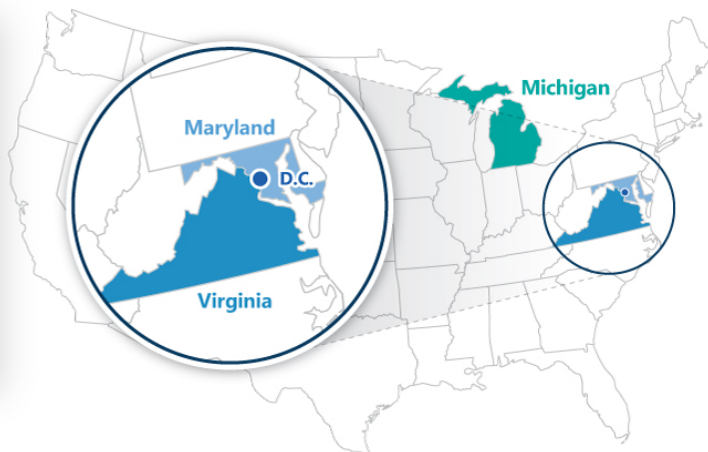
The Utilities are underpinned by regulated returns and regulatory regimes that generally provide AltaGas with stable earnings and cash flows. The Utilities segment enhances the diversification of AltaGas' portfolio of energy infrastructure assets and strengthens the Corporation's business profile, thus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

The Utilities segment includes:

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



Breakdown	Customers ¹	Rate Base (US\$MM)	Allowed ROE
 Washington Gas	Maryland	515,000	1,569 9.50%
	Virginia	553,000	1,860 9.65%
	D.C.	165,000	777 9.65%
 SEMCOENERGY	Michigan	328,000	894 9.87%



1) Numbers are rounded/approximate.

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

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

Washington Gas

Washington Gas is a regulated gas utility that distributes natural gas to end users in Virginia, Maryland, and the District of Columbia. At the end of 2023, Washington Gas had approximately 1.2 million customers, of which approximately 94 percent were residential and the balance were commercial and industrial. The number of customers at Washington Gas increased approximately 1 percent in 2023. The average rate base for the year ended December 31, 2023 was approximately US\$4.2 billion. At the end of 2023, the approved regulated ROE for Washington Gas in its various jurisdictions ranged from 9.3 - 9.7 percent based on an equity ratio ranging from 52.0 - 52.5 percent.

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

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

investments, these ARP programs ensure that Washington Gas is receiving recovery for these investments as the programs are executed against over three to five-year approved increments.

Washington Gas' customers are eligible to purchase their natural gas from unregulated third-party marketers through natural gas unbundling. As at December 31, 2023, approximately 13 percent of its customers have chosen to purchase gas from marketers. This does not negatively impact Washington Gas' earnings as the Corporation does not earn a margin on the sale of natural gas to firm customers, rather only from the delivery and distribution of the gas.

Washington Gas obtains natural gas supplies that originate from multiple regions throughout the United States. At December 31, 2023, it had service agreements with four pipeline companies that provided firm transportation and storage services with contract expiration dates ranging from 2024 to 2044. Washington Gas has also contracted with various interstate pipeline and storage companies to add to its storage and transportation capacity. Washington Gas, under its asset optimization program, makes use of storage and transportation capacity resources available, when those assets are not required to serve utility customers. The objective of this program is to derive a profit from excess storage and transportation capacity that is shared with its utility customers. These profits are earned by entering into commodity-related physical and financial contracts with third parties and the profits help reduce overall utility costs for Washington Gas' customers.

Hampshire Gas

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

SEMCO

SEMCO is a regulated gas utility that distributes natural gas to end users in Michigan's southern half of the Lower Peninsula and in the central, eastern, and western parts of the state's Upper Peninsula. At the end of 2023, SEMCO had approximately 320,000 regulated customers, of which approximately 92 percent were residential, and the balance were commercial and industrial. In 2023, SEMCO experienced customer growth of approximately 1 percent reflecting growth in the franchise areas and customer conversions with the favourable price of natural gas compared to other heating sources. The average 2023 rate base was approximately US\$894 million. In 2023, the approved regulated ROE for SEMCO was 9.87 percent with an approved capital structure based on 45.86 percent equity, inclusive of the impact of deferred income tax.

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

SEMCO has an Accelerated MRP surcharge to recover a stated amount of accelerated main replacement capital expenditures in excess of what is authorized in its current base rates. For the years 2021 to 2025, the anticipated annual average capital spending is approximately US\$12 million. Any MRP revenue associated with unspent capital will be placed into a regulatory liability account to be addressed in the next general rate base case. Additionally, an IRIP was approved in the 2019 rate case, pursuant to which SEMCO will complete certain projects totaling US\$55 million to improve the reliability of infrastructure. Similar to the MRP, any unspent IRIP capital is placed into a regulatory liability account to be addressed in the next general rate base case. At December 31, 2023, there was less than \$1 million of underspent IRIP capital.

Retail Energy Marketing

The U.S. retail gas marketing business sells natural gas directly to residential, commercial, and industrial customers in Maryland, Virginia, Delaware, Pennsylvania, and the District of Columbia.

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

Natural gas and electricity are purchased with the objective of earning a profit through competitively priced sales contracts with end users. Requirements to serve retail customers is closely matched with commitments for deliveries, and thus, a secured supply arrangement expiring in March 2026 has been entered into with Shell Energy North America (US), L.P, which reduces credit requirements.

Capitalize on Opportunities

AltaGas expects to grow its existing utility infrastructure through continued investment and capital improvements in franchise areas, which will result in rate base growth and continued customer growth including the conversion of users of alternative energy sources to natural gas. AltaGas' utilities have had annual rate base growth averaging approximately 9 percent over the past three years after adjusting for the impact of foreign exchange translation and excluding the impact of asset sales. The growth in rate base is a result of prudent investments in current areas of operations and the addition of new customers. Customer growth rates for AltaGas' utilities are moderate, as is typical with mature utilities, with growth rates generally tied closely to the economic growth of the respective franchise regions.

Midstream

Description of Assets

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

Throughout AltaGas' Midstream operations, the Company is playing a vital role within the larger energy ecosystem that keeps the global economy moving forward in a safe, reliable, and affordable manner.

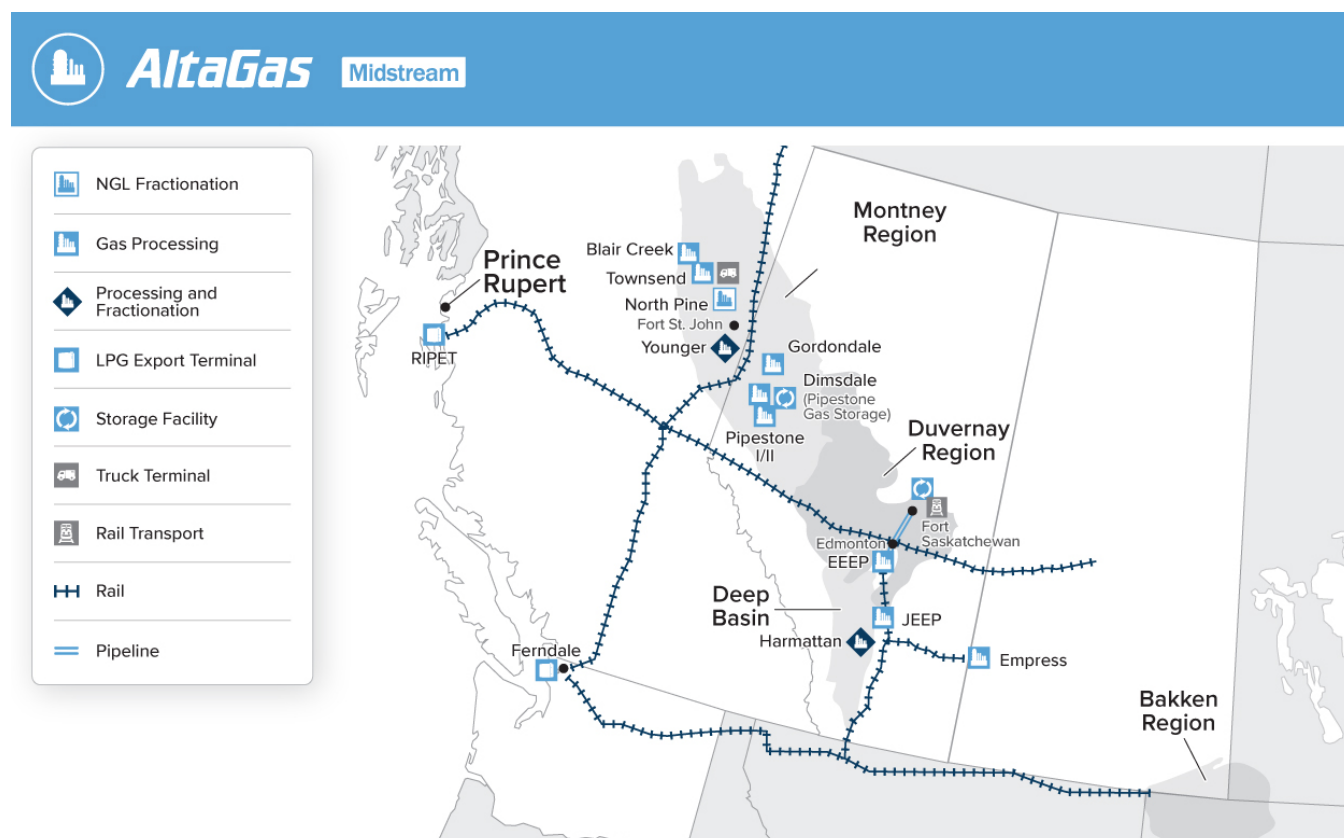
AltaGas' Midstream platform is heavily focused on the Montney and Deep Basin resource plays and centers around global exports, which is where the Company believes the market is headed for Canadian resource development over the long-term. AltaGas also operates a broader set of midstream infrastructure assets across the 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 value chain. These include:

- **Global Exports**, which includes AltaGas' two operational LPG export terminals where the Company has capacity to export up to 150,000 Bbl/d of propane and butane to key markets in Asia;
- **Natural Gas Gathering, Processing and Extraction**, which includes 1.2 Bcf/d of extraction processing capacity and approximately 1.2 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 85 MBbl/d of fractionation capacity and a sizable liquids handling footprint.

The Midstream segment also consists of natural gas and NGL marketing business, domestic logistics, trucking and rail terminals, and approximately 3.2 million barrels of liquid storage capability through a network of underground salt caverns through the Company's Strathcona Storage Joint Venture with ATCO Energy Solutions Ltd, 15 Bcf of natural gas storage through the recently acquired Dimsdale facility, as well as AltaGas' 10 percent interest in MVP, which is nearing completion.

The Midstream segment includes expansion projects under development or construction, as discussed under the *Growth Capital* section of this MD&A.



Global Exports

AltaGas' global export business provides market connectivity for north American LPGs to reach global downstream markets and realize the strongest pricing. The business owns and operates two large-scale operational export terminals and has one

proposed new export terminal that is currently undergoing FEED evaluation with expectations of reaching an FID in the second quarter of 2024.

The operational terminals include RIPET, which is located on Ridley Island in Northern B.C. and exclusively exports propane, and the Ferndale terminal, which is located in Washington State and exports propane and butane to key downstream markets. The two facilities have the combined capacity to export up to 150,000 Bbls/d of LPGs and are supported by 1.4 million barrels of onsite LPG storage capacity. Both of these facilities are capable of loading VLGCs, which provide the strongest economies of scale and are the most efficient, safest, and lowest-carbon solution to transporting across the Pacific Ocean. VLGCs are also the most in demand vessels from a destination perspective in key import markets, like Japan and South Korea.

REEF is a proposed large-scale LPG and bulk liquids export terminal with supporting marine infrastructure that is planned to be constructed on Ridley Island in Northern B.C. and will be adjacent to the current RIPET terminal. The project is being developed by AltaGas and Vopak and is proposed to have the capability to export propane and butane in the first phase of development, with bulk liquids, ethane and other products as potential next phases of development. Should REEF reach a positive FID, the project is planned to be developed and brought online in phases. This approach will provide the most capital efficient build out of the project, match energy export supply with throughput capacity, mitigate the challenges that a large development project can have on the local community, and provide local construction and employment opportunities that would extend over longer time horizons. If a positive FID is made, Phase 1 is anticipated to begin construction in 2024 and will include construction of a new deep water marine jetty with significant capacity for potential future phases. During the fourth quarter of 2023, site clearing work, including logging, clearing, and draining activities commenced, which further solidifies the project's readiness to advance the project.

Natural Gas Gathering, Processing and Extraction

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

Natural Gas Gathering, Processing, and Extraction Facilities				
Facility	Location	Interest (%)	Operated / Non-Operated	2023 Licensed Capacity Gas Processing - Net (Mmcf/d)
Townsend	North of Fort St. John, BC	100 %	Operated	550
Pipestone Phase I	Grand Prairie, AB	100 %	Operated	110
Gordondale	Bonanza, AB	100 %	Operated	150
Blair Creek	North of Fort St. John, BC	100 %	Operated	120
JEEP	Joffre, AB	100 %	Operated	250
EEEEP	Edmonton, AB	100 %	Operated	390
Empress Pembina ("PEEP")	Empress, AB	11 %	Non-Operated	135
Harmattan	Sundre, AB	100 %	Operated	490
Younger	Taylor, BC	28 %	Non-Operated	213
Total				2,408

AltaGas also owns and operates the Pipestone II facility, for which a positive FID has been made. Pipestone Phase II is a fully permitted, shovel-ready expansion project that will provide an additional 100 MMcf/d of sour deep-cut natural gas processing capacity and an additional 20,000 Bbls/d of liquids handling capabilities.

Fractionation and Liquids Handling

Fractionation production is a function of NGL mix volumes processed, liquids composition, recovery efficiency of the plants, and plant on-line time. Due to the integration and inter-connectivity of AltaGas' Midstream assets, the fractionation and liquids handling activities provide integral services to the other Midstream businesses and customers by providing access to high value NGL products with access to North American and global markets through rail networks, pipelines, RIPET, and Ferndale.

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

AltaGas' fractionation and liquids handling facilities are as follows:

Fractionation and Liquids Handling Facilities				
Facility	Location	Interest (%)	Operated / Non-Operated	2023 Licensed Capacity NGL Fractionation - Net (Bbls/d)
Harmattan	Sundre, AB	100 %	Operated	35,000
Younger	Taylor, BC	50 %	Non-Operated	9,750
North Pine	Fort St. John, BC	100 %	Operated	20,000
Pipestone Phase I	Grand Prairie, AB	100 %	Operated	20,000
Total				84,750

Other fractionation and liquids handling infrastructure includes:

- A network of NGL pipelines in the NEBC area that connects upstream gas plant producers to the AltaGas North Pine facility. The NEBC NGL pipelines consist of three liquids egress lines. The third line, which connects the Townsend facility to the Townsend truck terminal on the Alaska Highway (30 km) and AltaGas' North Pine facility (70 km), was commissioned in the third quarter of 2020;

- NGL and spec propane lines that connect the Townsend complex in the North, to the Aitken Creek facilities through the 60 km Aitken Connector NGL pipeline, Canadian Natural Resources Limited's Nig plant through a lateral, and to the Tourmaline Gundy facility in the West through a 15 km spec propane line, were commissioned in the first half of 2020;
- A rail logistics network consisting of more than 4,000 rail cars that AltaGas manages to support LPG and NGL handling.

Terminals and Storage

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

The terminals and storage business consists of strategically located crude, NGL, and natural gas assets which provide storage, blending, rail, and truck logistical support and waterborne LPG export capabilities. Significant infrastructure includes:

Terminals						
Facility	Location	Interest (%)	Operated / Non-Operated	Operational Capacity NGL/Crude - Gross (Bbls/d)	Operational Capacity LPG - Gross (Bbls/d)	2023 Storage Capacity - Gross (Bbls)
Griffith LPG Terminal	Griffith, IN	100 %	Operated	12,000		700,000
Fort Sask. NGL Terminal	Fort Saskatchewan, AB	100 %	Operated	25,000		180,000
Strathcona Storage JV	Fort Saskatchewan, AB	40 %	Non-Operated	—		3,215,500
Crude Blending Terminals	Various	100 %	Operated	25,700		20,000
Total				62,700		4,115,500

Natural Gas Storage Facilities					
Facility	Location	Interest (%)	Operated / Non-Operated	Operational Capacity - Gross (Bcf)	2023 Storage Capacity - Gross (Bcf)
Sarnia Gas Storage	Sarnia, ON	50 %	Non-Operated		5.9
Dimsdale Natural Gas Storage	Grand Prairie, AB	100 %	Operated		15.0

Other terminals and storage infrastructure includes:

- Sarnia Storage and Crude Oil Terminal JV agreement, which provides up to 2.1 million barrels of crude oil and refined product storage capacity with outbound throughput supported by 10,000 Bbls/d of rail loading capacity. The right to access the terminal assets under the joint venture arrangement have been recorded as a lease by AltaGas;
- Three primary trucking entities which AltaGas operates, providing transportation related services within the WCSB and the Pacific Northwest in the U.S. by hauling frac fluid, produced water, crude oil, and NGLs between producers, terminals, customers and end users; and
- Enerchem International Inc., a wholly owned subsidiary of AltaGas, is a Canadian corporation which focuses on the production of drilling and wellsite fluids and consumer fuels. Enerchem operates two primary facilities located in Sundre and Slave Lake, Alberta, which are capable of processing over 1.5 million barrels of finished products per year. These plants are supported by various ancillary storage and distribution facilities located across the WCSB, providing over 150,000 barrels of storage capacity, strategically placed within the vicinity of active drilling regions.

Energy Services

In addition to supporting the other Midstream activities within AltaGas, the logistics business identifies opportunities to buy and resell NGLs for producers, and exchange, reallocate or resell pipeline and storage capacity to earn a profit. Net revenues from these activities are derived from low risk opportunities based on transportation cost differentials between pipeline systems and differences in commodity prices from one period to another. Margins are earned by locking in buy and sell transactions in compliance with AltaGas' credit and commodity risk policies. AltaGas also provides energy procurement services for utilities gas users and manages the third-party pipeline transportation requirements for many of its gas marketing customers.

AltaGas' marketing business is focused on the purchase, sale, exchange, and distribution of NGLs and crude oil, primarily in proximity to its strategically owned and leased asset base. By leveraging AltaGas' fully integrated infrastructure base and extensive logistical capabilities, the marketing team is able to source competitively priced supply at the key hubs and across various hydrocarbon basins in order to capture arbitrage opportunities derived through regional pricing differentials. Marketing efforts are driven by two primary focuses: 1) domestic NGL and crude oil wholesale, and 2) LPG waterborne exports. AltaGas supports its distribution efforts by maintaining an extensive leased rail fleet. Leases are on a full-service basis and are established on a staggered maturity schedule with multiple lessors to ensure railcar integrity and up-to-date DOT classification.

Pipeline Investments

AltaGas has a 10 percent equity interest in the MVP, which is an interstate natural gas pipeline system that spans more than 300 miles from northwestern West Virginia to southern Virginia. The project is owned by a consortium with AltaGas owning a 10 percent equity stake. The project is expected to provide up to 2.0 Bcf/d of firm transmission capacity to markets in the Mid- and South Atlantic regions of the United States and has throughput expansion opportunities. AltaGas also owns a 5 percent equity stake in the MVP Southgate Project, which is an interstate natural gas pipeline that will extend MVP by approximately 75 miles from Southern Virginia into central North Carolina. The targeted in-service date for MVP is the second quarter of 2024, and the completion date for MVP Southgate is June 2028. Please refer to the Growth Capital section of the MD&A for additional details on MVP and MVP Southgate.

Harmattan Acid Gas Injection Well and Rolling Hills Carbon Capture Project

AltaGas is nearing the completion of the Harmattan Acid Gas Injection well, which is a project that will be capable of capturing up to 60,000 tonnes/year of carbon emissions at the Company's Harmattan gas plant. The project involves decommissioning Harmattan's existing sulfur plant, which significantly reduces the facility's operational complexity and extends the facility's turnaround cycle from 4 years to 5 years, which is expected to result in ongoing cost savings. The acid gas injection well was placed in service in January 2024.

Rolling Hills is a prospective open-access carbon hub being evaluated by AltaGas and Whitecap and would be strategically located near AltaGas' Harmattan gas plant and is surrounded by Whitecap's extensive production and geological leadership in Central Alberta. The project is designed to include CO₂ injection wells, carbon storage in underground reservoirs, and various intra-hub pipelines. AltaGas would have a 50 percent interest in the project with Whitecap Resources holding the other 50 percent interest. The project has been awarded carbon sequestration hub evaluation rights with evaluation work progressing.

Capitalize on Opportunities

To take advantage of opportunities, including the continued Montney LPG growth and the increasing Asian demand for LPG, AltaGas plans to grow its Midstream business by expanding and optimizing strategically-located assets as well as its global export platform. New infrastructure consists of larger scale facilities supporting the vast reserves in North America and growing the footprint and integration of AltaGas' existing assets. While providing safe and reliable service, AltaGas pursues opportunities in the Midstream segment to deliver value to its customers while enhancing long-term shareholder value.

Corporate/Other

Description of Assets

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

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

Consolidated Financial Review

	Three Months Ended December 31		Year Ended December 31	
(\$ millions, except where noted)	2023	2022	2023	2022
Revenue	3,288	3,898	12,997	14,087
Normalized EBITDA ⁽¹⁾	502	454	1,575	1,537
Income before income taxes	161	78	912	716
Net income applicable to common shares	113	54	641	399
Normalized net income ⁽¹⁾⁽²⁾	214	189	536	544
Total assets	23,471	23,965	23,471	23,965
Total long-term liabilities	12,195	12,940	12,195	12,940
Invested capital ⁽¹⁾⁽³⁾	290	326	946	948
Cash flows used in investing activities	(594)	(336)	(199)	(997)
Dividends declared ⁽⁴⁾	79	75	316	298
Cash from (used by) operations	154	(289)	1,121	539
Normalized funds from operations ⁽¹⁾	376	371	1,128	1,204
Normalized effective income tax rate (%) ⁽¹⁾⁽²⁾	21.1	21.5	20.9	20.4
Effective income tax rate (%)	20.5	15.4	24.5	20.0

	Three Months Ended December 31		Year Ended December 31	
(\$ per share, except shares outstanding)	2023	2022	2023	2022
Net income per common share - basic	0.40	0.19	2.27	1.42
Net income per common share - diluted	0.40	0.19	2.26	1.41
Normalized net income - basic ⁽¹⁾⁽²⁾	0.76	0.67	1.90	1.94
Normalized net income - diluted ⁽¹⁾⁽²⁾	0.75	0.67	1.89	1.92
Dividends declared ⁽⁴⁾	0.28	0.27	1.12	1.06
Cash from (used by) operations	0.54	(1.02)	3.98	1.92
Normalized funds from operations ⁽¹⁾	1.33	1.32	4.00	4.28
Shares outstanding - basic (millions)				
During the period ⁽⁵⁾	283	282	282	281
End of period	295	282	295	282

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

(2) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. Prior periods have been restated to reflect this change. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for additional details.

(3) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude cash paid for business acquisitions and for the purchase of remaining non-controlling interest in a subsidiary from invested capital. Prior periods have been restated to reflect this change.

(4) Dividends declared per common share per quarter: \$0.265 per share beginning March 2022, increased to \$0.28 per share beginning March 31, 2023, increased to \$0.2975 per share beginning March 31, 2024.

(5) Weighted average.

Three Months Ended December 31

Normalized EBITDA for the fourth quarter of 2023 was \$502 million, compared to \$454 million for the same quarter in 2022. The largest positive impact was from the Midstream segment, followed by the Utilities and Corporate/Other segments.

In the Midstream segment, normalized EBITDA was positively impacted by higher profitability from the global exports business, including hedging gains, AFUDC at MVP as a result of the resumption of construction activities in June 2023, stronger marketing profitability due to the absence of the 2022 write down of natural gas storage inventory to its net realizable value, and lower operating and administrative expenses in the quarter. These factors were partially offset by the absence of the

favourable resolution of certain acquisition related commercial disputes and contingencies in the fourth quarter of 2022, lower profitability at the extraction facilities driven by lower frac spreads, third party pipeline restrictions, and lower power revenue at Harmattan primarily driven by lower power prices.

In the Utilities segment, factors positively impacting normalized EBITDA included higher contribution from WGL's retail marketing business, customer growth, higher rate base from ongoing ARP modernization investments, foreign exchange hedge gains, contribution from Washington Gas' 2022 Virginia rate case, and lower operating and administrative expenses. These factors were partially offset by the impact of the Alaska Utilities Disposition, decreased asset optimization activities at Washington Gas relative to the larger-than-normal contribution in the fourth quarter of 2022, and warmer weather in Michigan and the District of Columbia where the Utilities do not have weather normalization and decoupled rate structures.

In the Corporate/Other segment, normalized EBITDA was positively impacted by lower personnel-related expenses and lower corporate operating and administrative expenses.

For the three months ended December 31, 2023, the average Canadian/U.S. dollar exchange rate increased to 1.362 from an average of 1.358 in the same quarter of 2022, resulting in an increase in normalized EBITDA of less than \$1 million.

Income before income taxes for the fourth quarter of 2023 was \$161 million, compared to \$78 million for the same quarter in 2022. The increase was mainly due to lower unrealized losses on risk management contracts, the same previously referenced factors impacting normalized EBITDA, and the absence of provisions on assets, partially offset by higher foreign exchange losses and costs related to the CEO transition and other restructuring initiatives that took place in 2023. Net income applicable to common shares for the fourth quarter of 2023 was \$113 million (\$0.40 per share), compared to \$54 million (\$0.19 per share) for the same quarter in 2022. The increase was primarily due to the same previously referenced factors impacting income before income taxes, partially offset by higher income tax expense and the loss on the redemption of the Series E Preferred Shares on December 31, 2023.

Normalized funds from operations for the fourth quarter of 2023 was \$376 million (\$1.33 per share), compared to \$371 million (\$1.32 per share) for the same quarter in 2022. The increase was mainly due to the same previously referenced factors impacting normalized EBITDA, partially offset by the impact of non-cash items included in normalized EBITDA, higher normalized current income tax expense, and higher interest expense.

Cash from operations for the fourth quarter of 2023 was \$154 million (\$0.54 per share), compared to cash used by operations of \$289 million (\$1.02 per share) for the same quarter in 2022. The increase was mainly due to favourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, partially offset by lower net income after taxes (after adjusting for non-cash items). Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

In the fourth quarter of 2022, AltaGas recorded pre-tax provisions on assets of approximately \$6 million (\$5 million after-tax) primarily related to the abandoned Alton natural gas storage projects as a result of updated reclamation cost estimates.

Operating and administrative expense for the fourth quarter of 2023 was \$427 million, compared to \$396 million for the same quarter in 2022. The increase was mainly due to the absence of acquisition related contingencies, partially offset by the impact of the Alaska Utilities Disposition. Depreciation and amortization expense for the fourth quarter of 2023 was \$110 million, compared to \$112 million for the same quarter in 2022. The decrease was due to the impact of the Alaska Utilities Disposition, partially offset by the impact of new assets placed in-service. Interest expense for the fourth quarter of 2023 was \$101 million, compared to \$99 million for the same quarter in 2022. The increase was due to \$3 million of incremental hybrid interest costs compared to the same quarter in 2022 due to hybrid notes replacing preferred shares. Excluding the impact of shifting the financing costs between preferred shares and hybrid notes, interest costs were relatively comparable. For the three months

ended December 31, 2023, AltaGas recorded total interest expense of \$11 million on the subordinated hybrid notes, which previously would have been captured in preferred share dividends.

AltaGas recorded income tax expense of \$33 million for the fourth quarter of 2023 compared to \$12 million in the same quarter in 2022. The increase in income tax expense was mainly due to an increase in income before income taxes in the fourth quarter of 2023 compared to the same quarter in 2022.

Normalized net income was \$214 million (\$0.76 per share) for the fourth quarter of 2023, compared to \$189 million (\$0.67 per share) reported for the same quarter in 2022. The increase was mainly due to the same factors impacting normalized EBITDA, partially offset by higher foreign exchange losses and higher normalized income tax expense. Normalizing items in the fourth quarter of 2023 increased normalized net income by \$101 million and included after-tax amounts related to unrealized losses on risk management contracts, CEO transition and other restructuring costs, transaction costs related to acquisitions and dispositions, unrealized foreign exchange losses on intercompany balances, and loss on redemption of preferred shares. Normalizing items in the fourth quarter of 2022 increased normalized net income by \$135 million and included after-tax amounts related to transaction costs related to acquisitions and dispositions, provisions on assets, unrealized foreign exchange losses on intercompany balances, and unrealized losses on risk management contracts. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further details on normalization adjustments.

Year Ended December 31

Normalized EBITDA for the year ended December 31, 2023 was \$1,575 million, compared to \$1,537 million in 2022, with the largest positive impact coming from the Midstream segment.

In the Midstream segment, normalized EBITDA was positively impacted by higher earnings from the export facilities, AFUDC at MVP, the absence of the 2022 write down of natural gas storage inventory to its net realizable value, the favourable resolution of certain acquisition related commercial disputes and contingencies, and other smaller factors. These were partially offset by the absence of turnaround recoveries in the third quarter of 2022, the impact of the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022, lower inventory withdrawals, lower earnings at the extraction facilities driven by lower frac spreads, higher operating costs within the global export business, downtime from turnarounds at the extraction facilities in the third quarter of 2023, and lower marketing contribution.

In the Utilities segment, factors positively impacting normalized EBITDA included the impact of a higher average Canadian/U.S. dollar exchange rate, contribution from the 2022 Virginia rate case, higher revenue from ARP modernization investment, the gain resulting from the partial debt defeasance associated with the Alaska Utilities Disposition in the first quarter of 2023 (please refer to Note 15 of the Consolidated Financial Statements as at and for the year ended December 31, 2023 for further details), customer growth, and foreign exchange hedge gains. These factors were more than offset by the impact of the Alaska Utilities Disposition, decreased asset optimization activities at Washington Gas relative to the larger-than-normal contribution in 2022, warmer weather in Michigan and the District of Columbia where the utilities do not have weather normalization and rate decoupling, higher operating and administrative expenses, and lower contributions from WGL's retail marketing business.

Factors that positively impacted the Corporate/Other segment normalized EBITDA included lower corporate operating and administrative expenses and lower personnel related expenses, partially offset by lower contributions from Blythe.

For the year ended December 31, 2023, the average Canadian/U.S. dollar exchange rate increased to 1.35 from an average of 1.30 in 2022, resulting in an increase in normalized EBITDA of approximately \$34 million.

Income before income taxes for the year ended December 31, 2023 was \$912 million, compared to \$716 million in 2022. The increase was mainly due to higher pre-tax gains on dispositions of assets, including the gain on the Alaska Utilities Disposition

and additional proceeds received due to contract contingencies on the sale of the Goleta energy storage development in Goleta, California ("Goleta") that was divested in the first quarter of 2022, as well as the same previously referenced factors impacting normalized EBITDA, and the absence of provisions on assets, partially offset by higher interest expense, higher transaction costs related to acquisitions and dispositions, higher unrealized losses on risk management contracts, CEO transition and other restructuring costs incurred in 2023, and higher foreign exchange losses. Net income applicable to common shares for the year ended December 31, 2023 was \$641 million (\$2.27 per share), compared to \$399 million (\$1.42 per share) in 2022. The increase was mainly due to the same previously referenced factors impacting income before income taxes, lower loss on the redemption of preferred shares, lower net income applicable to non-controlling interests, and lower preferred share dividends, partially offset by higher income tax expense.

Normalized funds from operations for the year ended December 31, 2023 was \$1,128 million (\$4.00 per share), compared to \$1,204 million (\$4.28 per share) in 2022. The decrease was mainly due to higher interest expense and the impact of non-cash items included in normalized EBITDA, partially offset by the same factors impacting normalized EBITDA and lower normalized current income tax expense.

Cash from operations for the year ended December 31, 2023 was \$1,121 million (\$3.98 per share), compared to \$539 million (\$1.92 per share) in 2022. The increase was mainly due to favourable variances in the net change in operating assets and liabilities, primarily as a result of fluctuations in commodity prices and sales volumes, partially offset by lower net income after taxes after adjusting for non-cash items. Please refer to the *Liquidity* section of this MD&A for further details on the variance in cash from operations.

In 2023, AltaGas recorded pre-tax gains on dispositions of assets of approximately \$319 million which was primarily comprised of the gain on the Alaska Utilities Disposition. Additional proceeds included the favourable settlement of contract contingencies related to the sale of Goleta, and the cash proceeds received from an escrow account related to the 2019 disposition of AltaGas' interest in the Central Penn pipeline ("Central Penn"). In 2022, AltaGas recorded a pre-tax gain on disposition of assets of approximately \$3 million.

Operating and administrative expense for the year ended December 31, 2023 was \$1,579 million, compared to \$1,568 million in 2022. The increase was due to a number of factors, including higher operating and administrative expense at the Utilities, the impact of the higher average Canadian/U.S. dollar exchange rate, and higher operating costs within the global exports business, partially offset by the impact of the Alaska Utilities Disposition, lower operating costs at the extraction facilities and trucking business, the favourable resolution of select commercial disputes and contingencies, lower corporate operating and administrative expenses, and lower expenses related to employee incentive plans. Depreciation and amortization expense for the year ended December 31, 2023 was \$441 million, compared to \$439 million in 2022. The increase was mainly due to new assets placed in-service, partially offset by the impact of the Alaska Utilities Disposition. Interest expense for the year ended December 31, 2023 was \$394 million, compared to \$330 million in 2022. The increase was due to higher average interest rates, higher average debt balances, \$15 million of incremental hybrid interest costs due to hybrid notes replacing preferred shares, and a higher average Canadian/U.S. dollar exchange rate. For the year ended December 31, 2023, AltaGas recorded total interest expense of \$37 million on the subordinated hybrid notes, which previously would have been captured in preferred share dividends.

AltaGas recorded income tax expense of \$223 million for the year ended December 31, 2023 compared to \$143 million in 2022. The increase in tax expense was mainly due to higher income before income taxes and the tax impact of the Alaska Utilities Disposition. Current tax expense of \$43 million was recorded for the year ended December 31, 2023, compared to current tax expense of \$23 million in 2022. The increase in current tax expense was mainly due to the tax impact of the Alaska Utilities Disposition in the first quarter of 2023.

Normalized net income was \$536 million (\$1.90 per share) for the year ended December 31, 2023, compared to \$544 million (\$1.94 per share) in 2022. The decrease was mainly due to higher interest expense, higher foreign exchange losses, and higher accretion expense, partially offset by the same previously referenced factors impacting normalized EBITDA, lower net income applicable to non-controlling interests, lower preferred share dividends, and lower normalized income tax expense. Normalizing items in the year ended December 31, 2023 reduced normalized net income by \$105 million and included after-tax amounts related to gains on the sale of assets, unrealized losses on risk management contracts, transaction costs related to acquisitions and dispositions, CEO transition and other restructuring costs, unrealized foreign exchange losses on intercompany balances, loss on the redemption of preferred shares, and wind-up of the Canadian defined benefit pension plan. Normalizing items in the year ended December 31, 2022 increased normalized net income by \$145 million and included after-tax amounts related to gains on sale of assets, transaction costs related to acquisitions and dispositions, loss on redemption of preferred shares, provisions on assets, reversal of provisions on investments accounted for by the equity method, non-controlling interest portion of non-GAAP adjustments, unrealized foreign exchange losses on intercompany balances, and unrealized losses on risk management contracts.

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 of AltaGas ("Management") believes is meaningful in describing AltaGas' operational performance, liquidity and capacity to fund dividends, capital expenditures, and other investing activities. The specific rationale for, and incremental information associated with, each non-GAAP measure is discussed below.

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

Change in Composition of Non-GAAP Measures

In the fourth quarter of 2023, Management has changed the composition of certain of AltaGas' non-GAAP measures such that normalized net income now excludes the impact of unrealized intercompany foreign exchange gains (losses) resulting from intercompany balances between a U.S. subsidiary and a Canadian entity, where the foreign exchange impact in the U.S. subsidiary is recorded through gain (loss) on foreign currency translation in the Consolidated Statements of Comprehensive Income and the Canadian entity revaluation is recorded through the foreign exchange gain (loss) line item on the Consolidated Statements of Income. This change was made as a result of Management's assessment that excluding these intercompany foreign exchange impacts from normalized net income is more representative of the Company's ongoing financial performance. Prior period calculations of the relevant non-GAAP measures have been restated to reflect this change. The following table summarizes the impact of this change on the periods presented in this MD&A:

Increase (decrease) as result of change (\$ millions, except where noted)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Normalized net income ⁽¹⁾	\$ 6	\$ 11	\$ 7	\$ 14
Normalized income tax expense	\$ 2	\$ 3	\$ 2	\$ 5
Normalized effective tax rate (%)	0.1 %	— %	— %	0.2 %

(1) Corresponding per share amounts have also been adjusted.

Normalized EBITDA

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Income before income taxes (GAAP financial measure)	\$ 161	\$ 78	\$ 912	\$ 716
Add:				
Depreciation and amortization	110	112	441	439
Interest expense	101	99	394	330
EBITDA	\$ 372	\$ 289	\$ 1,747	\$ 1,485
Add (deduct):				
Transaction costs related to acquisitions and dispositions ⁽¹⁾	6	2	36	6
Unrealized losses on risk management contracts ⁽²⁾	94	156	70	49
Gains on sale of assets ⁽³⁾	—	—	(319)	(3)
CEO transition and other restructuring costs ⁽⁴⁾	15	—	22	—
Wind-up of pension plan ⁽⁵⁾	—	—	2	—
Provisions on assets	—	6	—	6
Reversal of provisions on investments accounted for by the equity method ⁽⁶⁾	—	—	—	(3)
Accretion expenses	3	2	11	7
Foreign exchange losses (gains)	12	(1)	6	(10)
Normalized EBITDA	\$ 502	\$ 454	\$ 1,575	\$ 1,537

- (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 "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. Please refer to Notes 3 and 4 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' acquisition and disposition of assets in the period.
- (2) Included in the "revenue" and "cost of sales" line items on the Consolidated Statements of Income. Please refer to Note 23 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.
- (3) Included in the "other income" line item on the Consolidated Statements of Income. Please refer to Note 4 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' disposition of assets in the period.
- (4) Comprised of costs related to the transition of AltaGas' CEO and other restructuring costs. These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.
- (5) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income. Please refer to Note 28 of the 2023 Annual Consolidated Financial Statements for further details regarding the wind-up of the pension plan.
- (6) Relates to the return of certain costs associated with the Constitution pipeline project as a result of its cancellation in February 2020. The provisions are included in the "income from equity investments" line item on the Consolidated Statements of Income.

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

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

Normalized Net Income

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Net income applicable to common shares (GAAP financial measure)	\$ 113	\$ 54	\$ 641	\$ 399
Add (deduct) after-tax:				
Transaction costs related to acquisitions and dispositions ⁽¹⁾	5	1	27	4
Unrealized losses on risk management contracts ⁽²⁾	74	118	54	39
Gains on sale of assets ⁽³⁾	—	—	(217)	(4)
Non-controlling interest portion of non-GAAP adjustments ⁽⁴⁾	—	—	—	5
CEO transition and other restructuring costs ⁽⁵⁾	11	—	17	—
Loss on redemption of preferred shares, including foreign exchange impact ⁽⁶⁾	5	—	5	84
Wind-up of pension plan ⁽⁷⁾	—	—	2	—
Provisions on assets	—	5	—	5
Reversal of provisions on investments accounted for by the equity method ⁽⁸⁾	—	—	—	(2)
Unrealized foreign exchange losses on intercompany balances ⁽⁹⁾	6	11	7	14
Normalized net income	\$ 214	\$ 189	\$ 536	\$ 544

- (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 "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. Please refer to Notes 3 and 4 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' acquisition and disposition of assets in the period.
- (2) The pre-tax amounts are included in the "revenue" and "cost of sales" line items on the Consolidated Statements of Income. Please refer to Note 23 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.
- (3) The pre-tax amounts are included in the "other income" line item on the Consolidated Statements of Income. Please refer to Note 4 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' disposition of assets in the period.
- (4) The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the "net income applicable to non-controlling interests" line item on the Consolidated Statements of Income.
- (5) Comprised of costs related to the transition of AltaGas' CEO and other restructuring costs. The pre-tax costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.
- (6) Comprised of losses on the redemption of Series K Preferred Shares on March 31, 2022, the redemption of U.S. dollar denominated Series C Preferred Shares on September 30, 2022 including an associated foreign exchange loss of approximately \$69 million, and the redemption of Series E Preferred Shares on December 31, 2023. The loss on redemption of preferred shares is recorded on the "loss of redemption of preferred shares" line on the Consolidated Statements of Income.
- (7) Relates to the completion of the wind-up of the Canadian defined benefit pension plan in the second quarter of 2023. The settlement charge is included in the "other income" line on the Consolidated Statements of Income. Please refer to Note 28 of the 2023 Annual Consolidated Financial Statements for further details regarding the wind-up of the pension plan.
- (8) Relates to the return of certain costs associated with the Constitution pipeline project as a result of its cancellation in February 2020. The pre-tax provisions are included in the "income from equity investments" line item on the Consolidated Statements of Income.
- (9) 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. As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

Normalized net income and normalized net income per share are used by Management to enhance the comparability of AltaGas' earnings, as it reflects the underlying performance of AltaGas' business activities.

Normalized Funds From Operations

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Cash from (used by) operations (GAAP financial measure)	\$ 154	\$ (289)	\$ 1,121	\$ 539
Add (deduct):				
Net change in operating assets and liabilities	198	653	(100)	650
Asset retirement obligations settled	3	5	15	10
Funds from operations	\$ 355	\$ 369	\$ 1,036	\$ 1,199
Add (deduct):				
Transaction costs related to acquisitions and dispositions ⁽¹⁾	6	2	36	6
Current tax expense (recovery) on asset sales ⁽²⁾	—	—	34	(1)
CEO transition and other restructuring costs ⁽³⁾	15	—	22	—
Normalized funds from operations	\$ 376	\$ 371	\$ 1,128	\$ 1,204

(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 "cost of sales" and "operating and administrative" line items on the Consolidated Statements of Income. Transaction costs include expenses, such as legal fees, which are directly attributable to the acquisition or disposition. Please refer to Notes 3 and 4 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' acquisition and disposition of assets in the period.

(2) Included in the "current income tax expense" line item on the Consolidated Statements of Income.

(3) Comprised of costs related to the transition of AltaGas' CEO and other restructuring costs. These costs are included in the "operating and administrative" line item on the Consolidated Statements of Income.

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

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

Normalized Income Tax Expense

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Income tax expense (GAAP financial measure)	\$ 33	\$ 12	\$ 223	\$ 143
Add (deduct) tax impact of:				
Transaction costs related to acquisitions and dispositions	1	1	9	2
Unrealized losses on risk management contracts	20	38	16	10
Gains on sale of assets	—	—	(102)	1
CEO transition and other restructuring costs	4	—	5	—
Provisions on assets	—	1	—	1
Reversal of provisions on investments accounted for by the equity method	—	—	—	(1)
Unrealized foreign exchange losses on intercompany balances ⁽¹⁾	2	3	2	5
Normalized income tax expense	\$ 60	\$ 55	\$ 153	\$ 161

(1) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

The above table provides a reconciliation of normalized income tax expense from the GAAP financial measure, income tax expense. The reconciling items are comprised of the income tax impacts of normalizing items present in the calculation of

normalized net income. For more information on the individual normalizing items, please refer to the normalized net income reconciliation above.

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

Net Debt and Net Debt to Total Capitalization

Net debt and net debt to total capitalization are used by the Corporation to monitor its capital structure and financing requirements. 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, and subordinated hybrid notes, less cash and cash equivalents. Total capitalization is defined as net debt plus shareholders' equity and non-controlling interests. Additional information regarding these non-GAAP measures can be found under the *Capital Resources* section of this MD&A.

Invested Capital and Net Invested Capital

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Cash used in investing activities (GAAP financial measure)	\$ 594	\$ 336	\$ 199	\$ 997
Add (deduct):				
Net change in non-cash capital expenditures ⁽¹⁾	26	(7)	3	(6)
AFUDC ⁽²⁾	(3)	(3)	(3)	(3)
Net invested capital	\$ 617	\$ 326	\$ 199	\$ 988
Business acquisition ⁽³⁾	(327)	—	(327)	—
Purchase of remaining non-controlling interest in a subsidiary	—	—	—	(285)
Asset dispositions	—	—	1,073	245
Disposals of equity investments ⁽⁴⁾	—	—	1	—
Invested capital ⁽⁵⁾	\$ 290	\$ 326	\$ 946	\$ 948

(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 31 of the 2023 Annual Consolidated Financial Statements for further details.

(2) AFUDC is the amount that a rate-regulated enterprise is allowed to recover for its cost of financing assets under construction and is included in the "property, plant and equipment" line item on the Consolidated Balance Sheets.

(3) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

(4) Relates to escrow account proceeds received from AltaGas' previous investment in Central Penn. Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

(5) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude cash paid for business acquisitions and for the purchase of remaining non-controlling interest in a subsidiary from invested capital. Prior periods have been restated to reflect this change.

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, cash paid for the purchase of remaining non-controlling interest in a subsidiary, and proceeds from disposals of assets and equity investments in the period. Net invested capital is calculated based on the investing activities section in the Consolidated Statements of Cash Flows, adjusted for items such as non-cash capital expenditures, AFUDC, and contributions from non-controlling interests. Invested capital and net invested capital are used by Management, investors, and analysts to enhance the understanding of AltaGas' capital expenditures from period to period and provide additional detail on the Company's use of capital.

Supplemental Calculations

Reconciliation of Normalized EBITDA to Normalized Net Income

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

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Normalized EBITDA ⁽¹⁾	\$ 502	\$ 454	\$ 1,575	\$ 1,537
Add (deduct):				
Depreciation and amortization	(110)	(112)	(441)	(439)
Interest expense	(101)	(99)	(394)	(330)
Income tax expense	(33)	(12)	(223)	(143)
Normalizing items impacting income taxes ⁽¹⁾	(27)	(43)	70	(18)
Accretion expenses	(3)	(2)	(11)	(7)
Foreign exchange gains (losses)	(12)	1	(6)	10
Unrealized foreign exchange losses on intercompany balances ⁽²⁾	8	14	9	19
Non-controlling interest portion of non-GAAP adjustments ⁽³⁾	—	—	—	5
Net income applicable to non-controlling interests	(3)	(5)	(16)	(50)
Preferred share dividends	(7)	(7)	(27)	(40)
Normalized net income ^{(1) (2)}	\$ 214	\$ 189	\$ 536	\$ 544

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

(2) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.

(3) The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the "net income applicable to non-controlling interests" line item on the Consolidated Statements of Income.

Calculation of Normalized Effective Income Tax Rate

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

(\$ millions, except where noted)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Normalized net income ⁽¹⁾	\$ 214	\$ 189	\$ 536	\$ 544
Add (deduct):				
Normalized income tax expense ⁽¹⁾⁽²⁾	60	55	153	161
Net income applicable to non-controlling interests	3	5	16	50
Non-controlling interest portion of non-GAAP adjustments ⁽³⁾	—	—	—	(5)
Preferred share dividends	7	7	27	40
Normalized net income before taxes ⁽¹⁾	\$ 284	\$ 256	\$ 732	\$ 790
Normalized effective income tax rate (%) ⁽¹⁾⁽⁴⁾	21.1	21.5	20.9	20.4

- (1) As noted previously in this MD&A, in the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude the impact of unrealized foreign exchange losses (gains) on intercompany balances between Canadian and U.S. entities. The amounts presented in this table reflect the restated figures to align with the revised policy.
- (2) Calculated in the section above.
- (3) The portion of non-GAAP adjustments applicable to non-controlling interests are excluded in the computation of normalized net income to ensure consistency of normalizations applied to controlling and non-controlling interests. These amounts are included in the "net income applicable to non-controlling interests" line item on the Consolidated Statements of Income.
- (4) Calculated as normalized income tax expense divided by normalized net income before taxes.

Results of Operations by Reporting Segment

Normalized EBITDA ⁽¹⁾	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
(\$ millions)				
Utilities	\$ 311	\$ 294	\$ 886	\$ 933
Midstream	182	163	684	607
Sub-total: Operating Segments	\$ 493	\$ 457	\$ 1,570	\$ 1,540
Corporate/Other	9	(3)	5	(3)
	\$ 502	\$ 454	\$ 1,575	\$ 1,537

- (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 December 31		Year Ended December 31	
	2023	2022	2023	2022
(\$ millions)				
Utilities	\$ 207	\$ 80	\$ 886	\$ 548
Midstream	79	113	460	526
Sub-total: Operating Segments	\$ 286	\$ 193	\$ 1,346	\$ 1,074
Corporate/Other	(125)	(115)	(434)	(358)
	\$ 161	\$ 78	\$ 912	\$ 716

Revenue	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
(\$ millions)				
Utilities	\$ 1,288	\$ 1,725	\$ 4,827	\$ 4,980
Midstream	1,971	2,145	8,069	9,010
Sub-total: Operating Segments	\$ 3,259	\$ 3,870	\$ 12,896	\$ 13,990
Corporate/Other	29	28	101	97
	\$ 3,288	\$ 3,898	\$ 12,997	\$ 14,087

Utilities

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Natural gas deliveries - end-use (Bcf) ⁽¹⁾	48.3	54.3	133.5	164.6
Natural gas deliveries - transportation (Bcf) ⁽¹⁾	30.5	34.0	108.0	126.9
Service sites (thousands) ⁽²⁾	1,560	1,704	1,560	1,704
Degree day variance from normal - SEMCO (%) ⁽³⁾	(9.8)	(1.7)	(10.6)	1.2
Degree day variance from normal - ENSTAR (%) ⁽³⁾	n/a	8.7	(4.9)	(2.2)
Degree day variance from normal - Washington Gas (%) ⁽³⁾⁽⁴⁾	(9.2)	9.2	(17.9)	4.5
Retail energy marketing - gas sales volumes (Mmcf)	16,863	18,064	56,438	59,302
Retail energy marketing - electricity sales volumes (GWh)	3,518	3,328	14,339	13,217

(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, during the prior 10 years for ENSTAR, and during the prior 30 years for Washington Gas. The degree day variance from normal for ENSTAR is for the period prior to the close of the Alaska Utilities Disposition on March 1, 2023.

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

Regulatory Metrics

	Year Ended December 31	
	2023	2022
Approved ROE (%) ⁽¹⁾	9.6	9.6
Approved return on debt (%) ⁽¹⁾	4.5	4.7
Rate base (\$ millions) ⁽²⁾⁽³⁾⁽⁴⁾	5,100	5,211

(1) Weighted average of all the regulated utilities.

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

(3) In U.S. dollars.

(4) 2023 rate base excludes ENSTAR and SEMCO Energy's 65 percent interest in CINGSA, which were sold on March 1, 2023 pursuant to the Alaska Utilities Disposition.

During the fourth quarter of 2023, AltaGas' Utilities segment experienced warmer weather at SEMCO and warmer weather at Washington Gas compared to the same quarter of 2022.

For the year ended December 31, 2023, AltaGas' Utilities segment experienced warmer weather at SEMCO, warmer weather at ENSTAR prior to the close of the Alaska Utilities Disposition, and warmer weather at Washington Gas compared to 2022.

Service sites at December 31, 2023 decreased by approximately 144,000 sites compared to December 31, 2022 due to the impact of the close of the Alaska Utilities Disposition on March 1, 2023, which was partially offset by continued customer additions across the remaining jurisdictions.

In the fourth quarter of 2023, U.S. retail gas sales volumes were 16,863 Mmcf, compared to 18,064 Mmcf in the same quarter of 2022. The decrease was primarily due to a decrease in commercial customers served by the business and warmer weather in the fourth quarter of 2023 compared to the same quarter of 2022. In the fourth quarter of 2023, U.S. retail electricity sales volumes were 3,518 GWh compared to 3,328 GWh in the same quarter of 2022. The increase was primarily due to an

increase in commercial customers served by the business, partially offset by warmer weather in the fourth quarter of 2023 compared to the same quarter of 2022.

For the year ended December 31, 2023, U.S. retail gas sales volumes were 56,438 Mmcf, compared to 59,302 Mmcf in the same period in 2022. The decrease was primarily due to significantly warmer weather in the year ended December 31, 2023 compared to 2022. For the year ended December 31, 2023, U.S. retail electricity sales volumes were 14,339 GWh compared to 13,217 GWh in the same period in 2022. The slight increase was primarily due to an increase in commercial customers served by the business.

Three Months Ended December 31

The Utilities segment reported normalized EBITDA of \$311 million in the fourth quarter of 2023, compared to \$294 million in the same quarter in 2022. The increase in normalized EBITDA was mainly due to higher gas and power margins from WGL's retail marketing business, customer growth, higher revenue from accelerated pipe replacement program spend, foreign exchange hedge gains, the impact of Washington Gas' Virginia rate case, and lower operating and administrative expenses. These factors were partially offset by the impact of the Alaska Utilities Disposition in the first quarter of 2023, decreased asset optimization activities at Washington Gas relative to the larger-than-normal contribution in the fourth quarter of 2022, and warmer weather in Michigan and the District of Columbia where the Utilities do not have weather normalization.

The Utilities segment income before income taxes was \$207 million in the fourth quarter of 2023, compared to \$80 million in the same quarter in 2022. The increase was mainly due to lower unrealized losses on risk management contracts, the same previously referenced factors impacting normalized EBITDA, and lower depreciation expense, partially offset by costs related to restructuring initiatives.

Year Ended December 31

The Utilities segment reported normalized EBITDA of \$886 million in the year ended December 31, 2023, compared to \$933 million in 2022. The decrease in normalized EBITDA was mainly due to the impact of the Alaska Utilities Disposition, decreased asset optimization activities at Washington Gas as a result of lower margins relative to larger-than-normal contributions in 2022, warmer weather in Michigan and the District of Columbia where the Utilities do not have weather normalization, higher operating and administrative expenses, and lower contributions from WGL's retail marketing business. These factors were partially offset by an impact of approximately \$35 million due to the change in foreign exchange rates, the impact of Washington Gas' 2022 Virginia rate case, higher revenue from accelerated pipe replacement program spend, the gain resulting in the partial debt defeasance associated with the Alaska Utilities Disposition in the first quarter of 2023, customer growth, and foreign exchange hedge gains.

The Utilities segment income before income taxes was \$886 million in the year ended December 31, 2023, compared to \$548 million in 2022. The increase was mainly due to the to the gain on the Alaska Utilities Disposition and higher unrealized gains on risk management contracts, partially offset by the same previously referenced factors impacting normalized EBITDA, higher transaction costs related to acquisitions and dispositions, and costs related to restructuring initiatives.

In 2023, the Utilities segment recognized a pre-tax gain on disposition of assets of approximately \$304 million due to the gain on the Alaska Utilities Disposition.

Rate Case Updates

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - Maryland	May 2023	US\$49 million increase in base rates, including US\$21 million currently collected through the STRIDE surcharge for system upgrades. Therefore, the incremental amount of the base rate increase requested was approximately US\$28 million.	On May 18, 2023, Washington Gas filed an application for authority to increase charges for gas service in Maryland. On December 14, 2023, the PSC of MD approved a US\$10 million rate increase with a 9.5 percent return on equity and 52 percent equity thickness. The amount comprised of approximately US\$12 million for costs currently recovered through the STRIDE plan surcharge and a US\$2 million decrease in base rates, including a reduction in the allowed ROE. Two parties, the PSC of MD Staff and the General Service Administration, filed motions for clarification. The PSC of MD Staff motion for clarification recommended that the PSC of MD amend its finding to adopt a revised revenue increase of approximately US\$8 million to address inconsistencies it believes exist in the order. Washington Gas was the only party to file a petition for rehearing, on January 16, 2024. The MD OPC, the Apartment and Office Building Association of Greater Washington, and the Chesapeake Climate Action Network filed responses to the Washington Gas petition for rehearing. PSC of MD action on the motions is pending. The new rates went into effect December 14, 2023.	Final order received on December 14, 2023.
Washington Gas - District of Columbia	April 2022	US\$53 million increase in base rates, including US\$5 million currently collected through the PROJECTpipes surcharge. Therefore, the incremental amount of the base rate increase requested was approximately US\$48 million.	On April 4, 2022, Washington Gas filed an application for authority to increase charges for gas service in the District of Columbia. On December 22, 2023, the PSC of DC approved a revenue increase of approximately US\$25 million, of which approximately US\$5 million is currently collected through the PROJECTpipes 2 surcharge (net revenue increase of approximately US\$20 million), based on 9.65 percent return on equity and 52 percent equity thickness. The new rates went into effect January 19, 2024. Requests for reconsideration of certain limited findings in the Commission's decision were filed by certain parties. On February 22, 2024, the PSC of DC issued an Order with parameters for an affiliate cost of service study ("ACOSS"), which would include the allocation and assignment of costs for services Washington Gas has provided to affiliated entities and has received payment for such services. Parties in the case have 20 days from the date of the order to file any additional information they believe should be included in the ACOSS. Washington Gas must file its ACOSS 90 days before filing its next base rate case. The Order denied other requests for reconsideration.	Final order received on December 22, 2023.

Utility/ Jurisdiction	Date Filed	Request	Status	Expected Timing of Decision
Washington Gas - Virginia	June 2022	US\$48 million increase in base rates, plus the request to transfer an additional US\$39 million currently collected in SAVE surcharge into base rates, for a total increase of approximately US\$87 million.	On June 29, 2022, Washington Gas filed an application for authority to increase rates in the Commonwealth of Virginia. On July 17, 2023, the Hearing Examiner report was issued and recommended the SCC of VA approve the proposed stipulation with certain recommendations. On August 29, 2023, the SCC of VA adopted the Hearing Examiner's report, approving approximately US\$41 million of incremental base rates plus approximately US\$32 million of SAVE surcharges for a total rate increase of approximately US\$73 million. Amounts refundable to customers were paid with interest by December 15, 2023, per the extension granted by the SCC of VA.	Final order received August 29, 2023.
Washington Gas - Maryland	August 2020	US\$27 million increase in base rates, including US\$6 million currently collected through STRIDE surcharges for system upgrades. Therefore, the incremental amount of the base rate increase requested was approximately US\$21 million.	On April 9, 2021, a final order was received from the PSC of MD related to this rate increase application, authorizing Washington Gas to increase its Maryland natural gas distribution rates by approximately US\$13 million (including US\$6 million currently collected through the STRIDE surcharge), reflecting a return on equity of 9.70 percent. The revenue increase became effective on March 26, 2021. On May 14, 2021, the MD OPC filed a petition for re-hearing of the PSC of MD's finding on merger synergy savings and certain rate base additions. On May 31, 2022, the Circuit Court of Baltimore City Circuit Court granted the PSC of MD and Washington Gas' joint motion, determining that the PSC of MD properly permitted Washington Gas' recovery of corporate costs and relieving the PSC of MD of the obligation to rule on merger synergy savings on remand. On June 30, 2022, the MD OPC appealed the Circuit Court's new order on merger synergy savings to the Appellate Court of Maryland (formerly the Maryland Court of Special Appeals). On August 11, 2023, the Supreme Court of Maryland granted OPC's petition. On February 23, 2024, the Supreme Court of Maryland issued a decision upholding the PSC of MD's decision in the rate case regarding merger synergy savings.	Final order issued April 2021. Decision by Court of Special Appeals received February 2024.

Other Regulatory Updates

Merger Commitments - District of Columbia

On August 9, 2023, the PSC of DC determined that AltaGas had failed to fulfill Term No. 5 Commitment of the PSC of DC's merger approval order related to the June 2018 merger of AltaGas, WGL, and Washington Gas. On reconsideration, the PSC of DC confirmed, in relevant part, that it had credited AltaGas with causing the development of 2.4 MW of Tier one renewable resources by the July 6, 2023 deadline, and that the Company had breached its Term No. 5 Commitment only for the remaining 7.6 MW. As directed by the PSC of DC, AltaGas, the District of Columbia Government ("DCG"), and the District of Columbia Office of People's Counsel ("DC OPC") conducted negotiations in good faith to reach agreement on a penalty. On November 14, 2023, DCG reported that DCG and AltaGas believed that further negotiations would be fruitless. In a November 21, 2023 motion, AltaGas confirmed that it will specifically perform its Term No. 5 obligations by continuing to cause the development of the remaining 7.6 MW of solar renewable energy. AltaGas also proposed a penalty of approximately US\$0.5 million if the Company fulfills the balance of its renewable development obligation before the end of 2024, or US\$0.6 million if the balance is not completed until after the end of 2024. On December 19, 2023, DCG proposed that AltaGas pay a penalty of

approximately US\$8 million. OPC proposed a penalty not less than DCG's proposed penalty, to be paid before September 30, 2024. Management believes that the likelihood of a civil penalty is probable however, is unable to estimate the maximum possible penalty.

Prince William County Biogas Pipeline

On December 4, 2023, Washington Gas filed an application with the SCC of VA seeking approval for a biogas supply investment plan and rate adjustment clause. Washington Gas seeks approval to purchase, own, operate, and maintain an eight-mile pipeline, associated interconnection facilities and other necessary equipment to transport RNG from a biogas production facility located at the Prince William County Landfill. Washington Gas also proposes to purchase a portion of the facilities output, a subset of which will be accompanied by marketable environmental attributes. Washington Gas is seeking recovery of the project costs and RNG costs through a RNG rider. Evidentiary hearing is set for March 19, 2024 and a decision is expected around early June 2024.

SEMCO Energy Waste Reduction Program ("EWRP")

On June 30, 2023, SEMCO submitted its 2024-2025 EWRP seeking approval to spend approximately US\$35 million on energy waste reduction over 2024 and 2025. SEMCO reached an in-principle settlement agreement with the MPSC staff and the Michigan Department of Attorney General. The MPSC formally approved the settlement agreement on December 21, 2023.

EmPOWER Maryland Plan

Effective January 1, 2024, the PSC of MD approved Washington Gas' three-year plan modifying and expanding the existing portfolio of programs for residential, commercial, industrial, and low-income customers with a total three-year budget of approximately US\$64 million. The approved EmPOWER Plan also includes a new Demand Response program for eligible residential customers and a pilot to test and monitor Energy Management Systems for commercial buildings with centralized boiler heating systems.

Midstream

Operating Statistics

	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
LPG export volumes (Bbls/d) ⁽¹⁾	90,996	97,152	106,071	101,654
Total inlet gas processed (Mmcf/d) ⁽¹⁾	1,312	1,274	1,303	1,268
Extracted ethane volumes (Bbls/d) ⁽¹⁾	23,879	21,947	25,533	23,816
Extracted NGL volumes (Bbls/d) ⁽¹⁾⁽²⁾	36,138	34,782	34,369	32,853
Fractionation volumes (Bbls/d) ⁽¹⁾⁽³⁾	38,150	36,658	38,745	33,602
Frac spread - realized (\$/Bbl) ⁽¹⁾⁽⁴⁾	23.13	25.14	24.15	26.07
Frac spread - average spot price (\$/Bbl) ⁽¹⁾⁽⁵⁾	20.55	23.14	22.37	32.02
Propane Far East Index ("FEI") to Mont Belvieu spread (US\$/Bbl) ⁽¹⁾⁽⁶⁾	26.44	18.95	20.68	13.81
Butane FEI to Mont Belvieu spread (US\$/Bbl) ⁽¹⁾⁽⁷⁾	27.74	18.59	21.73	13.31

(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.

LPG volumes exported to Asia from RIPET and Ferndale for the three months ended December 31, 2023 averaged 90,996 Bbls/d compared to 97,152 Bbls/d for the same period in 2022. There were 15 full shipments and 1 partial shipment in the fourth quarter of 2023, compared to 16 full shipments in the same period in 2022. Lower export volumes were primarily the result of logistical constraints and the timing of ship loadings around quarter end, partially offset by higher available supply.

LPG volumes exported to Asia from RIPET and Ferndale for the year ended December 31, 2023 averaged 106,071 Bbls/d compared to 101,654 Bbls/d for the same period in 2022. There were 71 full shipments and 1 partial shipment during the year ended December 31, 2023 compared to 68 shipments in the same period of 2022. The partially loaded vessels are a function of revenue recognition taking place at the point of ship loading and select loadings taking place over quarter-ends. Higher export volumes and shipments were primarily the result of increased offtake demand, higher available supply, and improved logistics.

Inlet gas processing volumes for the fourth quarter of 2023 increased by 38 Mmcf/d compared to the same quarter in 2022. Higher inlet gas processing volumes in the fourth quarter of 2023 were primarily the result of higher producer volumes at the Townsend complex and higher volumes at the Harmattan raw gas and co-stream facilities, partially offset by lower volumes at the Edmonton ethane extraction plant ("EEEP") due to the September turnaround, which extended into the fourth quarter of 2023 and third party pipeline restrictions, as well as lower volumes at the Younger extraction plant ("Younger") due to the extension of a plant turnaround in the area.

Inlet gas processing volumes for the year ended December 31, 2023 increased by 35 Mmcf/d compared to the same period in 2022. Higher inlet gas processing volumes in the year ended December 31, 2023 were primarily the result of higher producer volumes at the Townsend complex, higher volumes at the Harmattan raw gas and co-stream facilities, and higher frac exposed volumes, partially offset by the impact of the Aitken Creek sale in the second quarter of 2022, and lower volumes at EEEP due to the turnaround in September 2023 which extended into the fourth quarter of 2023, and third party pipeline restrictions.

Average ethane volumes for the fourth quarter of 2023 increased by 1,932 Bbls/d, while average NGL production volumes increased by 1,356 Bbls/d compared to the same quarter in 2022. Higher ethane volumes were primarily a result of higher co-stream inlet volumes and higher raw gas production at Harmattan, partially offset by lower volumes at EEEP due to the extension of the plant turnaround and lower volumes at PEEP due to higher reinjection rates. Higher extracted NGL volumes were due to higher raw gas inlet volumes at the Townsend facilities due to higher demand from third party customers.

Average ethane volumes for the year ended December 31, 2023 increased by 1,717 Bbls/d compared to 2022, while average extracted NGL volumes increased by 1,516 Bbls/d compared to the same period in 2022. Higher ethane volumes were a result of higher co-stream inlet volumes and higher raw gas production at Harmattan, as well as higher volumes at the Joffre ethane extraction plant ("JEEP") due to the absence of a turnaround in the third quarter of 2022, partially offset by lower volumes at EEEP due to the turnaround in September 2023 and higher reinjection rates at PEEP. Higher extracted NGL volumes were a result of increased production at the Townsend facilities due to higher demand from third party customers and higher production at Harmattan due to the absence of a turnaround in the second quarter of 2022, partially offset by a third party pipeline outage which resulted in the re-injection of NGL volumes at Gordondale in the first quarter of 2023.

Fractionation volumes for the fourth quarter of 2023 increased by 1,492 compared to the same quarter in 2022. The increase was due to higher Harmattan trucked-in NGL mix and raw gas volumes as a result of plant turnarounds in the area increasing spot volumes and additional volumes resulting from increased customer production, higher fractionation volumes at the Younger facility due to additional volumes sold during the turnaround extension, and higher North Pine volumes and utilization.

Fractionation volumes for the year ended December 31, 2023 increased by 5,143 Bbls/d compared to the same period in 2022. Higher fractionation volumes were a result of higher North Pine volumes and utilization, higher Harmattan trucked-in NGL mix and raw gas volumes as a result of plant turnarounds in the area increasing spot volumes and additional volumes resulting from increased customer production, and higher fractionation volumes at the Younger facility due to additional volumes sold during the turnaround extension, partially offset by the impact of the wildfires at the NEBC facilities in the second quarter of 2023.

Three Months Ended December 31

The Midstream segment reported normalized EBITDA of \$182 million in the fourth quarter of 2023, compared to \$163 million in the same quarter in 2022. The increase in normalized EBITDA in the fourth quarter of 2023 was mainly due to strong performance from the global exports business as a result of higher LPG margins (inclusive of hedges), partially offset by lower merchant volumes, as well as AFUDC at MVP as a result of the resumption of construction activities in June 2023, higher marketing volumes and margins due to the absence of the 2022 write down of natural gas storage inventory to its net realizable value, and lower operating expenses at the processing and trucking facilities. The increase in normalized EBITDA was partially offset by the absence of the favourable resolution of certain acquisition related commercial disputes and contingencies in the fourth quarter of 2022, lower earnings at the extraction facilities driven by lower frac spreads and volumes due to third party pipeline restrictions, lower power revenue at Harmattan primarily driven by lower power prices, and lower crude marketing margins.

Income before income taxes in the Midstream segment was \$79 million in the fourth quarter of 2023, compared to \$113 million in the same quarter in 2022. The decrease was mainly due to higher unrealized losses on risk management contracts and higher depreciation expense, partially offset by the same previously referenced factors impacting normalized EBITDA and the absence of provisions on assets.

In the fourth quarter of 2022, the Midstream segment recognized a pre-tax provision on assets of approximately \$6 million (\$5 million after-tax) primarily related to the abandoned Alton natural gas storage project.

Year Ended December 31

The Midstream segment reported normalized EBITDA of \$684 million in the year ended December 31, 2023, compared to \$607 million in 2022. There were several positive and negative contributors underpinning the year-over-year variance. Positive factors included strong performance from the global exports business as a result of higher LPG margins (inclusive of hedges) and tolling volume growth, as well as AFUDC at MVP as a result of the resumption of construction activities in June 2023, the absence of the 2022 write down of natural gas inventory to its net realizable value, resolution of certain commercial disputes and contingencies, stronger performance at Harmattan, and cost management across a number of businesses. These were partially offset by the absence of turnaround recoveries in the third quarter of 2022, the impact of the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022, lower inventory withdrawals, lower earnings at the extraction facilities driven by lower frac spreads, lower marketing performance, and lower power revenue at Harmattan primarily due to lower power prices. Other factors negatively impacting normalized EBITDA include the impact of the turnarounds at the extraction facilities in the third quarter of 2023 and the wildfires at NEBC facilities in the second quarter of 2023, the latter of which included a 12.5 day force majeure.

Income before income taxes in the Midstream segment was \$460 million in the year ended December 31, 2023, compared to \$526 million in 2022. The decrease was mainly due to higher unrealized losses on risk management contracts, higher depreciation expense, and higher transaction costs related to acquisitions and dispositions, partially offset by the same previously referenced factors impacting normalized EBITDA and the absence of provision on assets.

Midstream Hedges

	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Frac exposed volumes (Bbls/d)	10,597	10,927	10,062	10,440
NGL volumes hedged (Bbls/d)	8,000	8,000	7,496	8,204
Average price of NGL volumes hedged (\$/Bbl) ⁽¹⁾	36	34	36	34
Average export volumes hedged (Bbls/d) ⁽²⁾	60,418	55,953	63,254	54,721
Average FEI to North American NGL price spread for volumes hedged (US\$/Bbl)	15	11	14	16

(1) Excludes basis differential.

(2) Represents volumes hedged using financial contracts excluding tolling and take or pay volumes.

Corporate/Other

Three Months Ended December 31

In the Corporate/Other segment, normalized EBITDA for the fourth quarter of 2023 was \$9 million, compared to a loss of \$3 million in the same quarter in 2022. The increase in normalized EBITDA was mainly due to lower expenses related to employee incentive plans and lower corporate operating and administrative expenses.

Loss before income taxes in the Corporate/Other segment was \$125 million in the fourth quarter of 2023, compared to \$115 million in the same quarter in 2022. The higher loss was mainly due to higher foreign exchange losses and costs related to the CEO transition and other restructuring initiatives, partially offset by the same previously referenced factors impacting normalized EBITDA and lower unrealized losses on risk management contracts.

Year Ended December 31

In the Corporate/Other segment, normalized EBITDA for the year ended December 31, 2023 was \$5 million, compared to a loss of \$3 million in 2022. The increase in normalized EBITDA was mainly due to lower corporate operating and administrative expenses and lower expenses related to employee incentive plans, partially offset by a lower contribution from Blythe.

Loss before income taxes in the Corporate/Other segment was \$434 million in the year ended December 31, 2023, compared to \$358 million in 2022. The higher loss was mainly due to higher interest expense, costs related to the CEO transition and other restructuring initiatives, higher foreign exchange losses, and higher transaction costs on acquisitions and dispositions, partially offset by higher unrealized gains on risk management contracts, the same factors impacting normalized EBITDA, and additional proceeds received due to contract contingencies on the sale of Goleta in the first quarter of 2022.

In 2023, the Corporate/Other segment recognized an additional pre-tax gain of approximately \$11 million on the sale of Goleta in 2022 as a result of a payment received in the first quarter of 2023 for the favourable settlement of outstanding contingencies based on contract outcomes. In 2022, the Corporate/Other segment recognized a pre-tax gain on disposition of assets of approximately \$5 million which was comprised of a pre-tax gain of \$7 million on the previously mentioned sale of Goleta, partially offset by a pre-tax loss of \$2 million on the sale of a power plant in Brush, Colorado.

Net Invested Capital

Net invested capital is a non-GAAP financial measure. Please refer to the *Non-GAAP Financial Measures* section of this MD&A for further discussion.

	Three Months Ended December 31, 2023			
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	\$ 192	\$ 89	\$ 4	\$ 285
Intangible assets	—	4	1	5
Invested capital	\$ 192	\$ 93	\$ 5	\$ 290
Acquisitions and dispositions:				
Business acquisition ⁽¹⁾	—	327	—	327
Net invested capital	\$ 192	\$ 420	\$ 5	\$ 617

(1) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

	Three Months Ended December 31, 2022			
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	\$ 271	\$ 49	\$ 1	\$ 321
Intangible assets	1	3	—	4
Long-term investments	—	1	—	1
Invested capital and net invested capital	\$ 272	\$ 53	\$ 1	\$ 326

During the fourth quarter of 2023, AltaGas' invested capital was \$290 million, compared to \$326 million in the same quarter in 2022. The decrease in invested capital was primarily due to lower additions to property, plant, and equipment as a result of lower spend primarily on system betterment, new business, and general plant programs at Washington Gas, partially offset by

higher maintenance capital in the Midstream segment. In the fourth quarter of 2023, acquisitions related to the cash paid for the Pipestone Acquisition.

The invested capital in the fourth quarter of 2023 included maintenance capital of \$31 million (2022 - \$18 million) in the Midstream segment and \$1 million (2022 - less than \$1 million) related to remaining power assets in the Corporate/Other segment. The increase in Midstream maintenance capital in the fourth quarter of 2023 primarily related to routine maintenance expenditures at the Younger, Harmattan, and Sarnia facilities, as well as turnaround expenditures at the EEEP and Ferndale facilities.

During the fourth quarter of 2023, AltaGas' cash flow from investing activities was an outflow of \$594 million, compared to \$336 million in the same quarter in 2022. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

	Year Ended December 31, 2023			
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	\$ 745	\$ 180	\$ 8	\$ 933
Intangible assets	—	8	1	9
Long-term investments	—	4	—	4
Invested capital	\$ 745	\$ 192	\$ 9	\$ 946
Acquisitions and dispositions:				
Business acquisition ⁽¹⁾	—	327	—	327
Asset dispositions	(1,059)	(3)	(11)	(1,073)
Disposals of equity method investments ⁽²⁾	—	(1)	—	(1)
Net invested capital	\$ (314)	\$ 515	\$ (2)	\$ 199

(1) Includes only the cash portion of the total consideration paid for the Pipestone Acquisition, net of cash acquired.

(2) Relates to escrow account proceeds received from AltaGas' previous investment in Central Penn. Upon close of the sale in 2019, various escrow accounts were established to provide the purchaser a form of recourse for the settlement of indemnification obligations.

	Year Ended December 31, 2022			
(\$ millions)	Utilities	Midstream	Corporate/ Other	Total
Invested capital:				
Property, plant and equipment	\$ 822	\$ 108	\$ 10	\$ 940
Intangible assets	2	6	1	9
Long-term investments	—	(1)	—	(1)
Invested capital ⁽¹⁾	\$ 824	\$ 113	\$ 11	\$ 948
Acquisitions and dispositions:				
Purchase of remaining non-controlling interest in a subsidiary	—	285	—	285
Asset dispositions	—	(225)	(20)	(245)
Net invested capital	\$ 824	\$ 173	\$ (9)	\$ 988

(1) In the fourth quarter of 2023, AltaGas changed its non-GAAP policy to exclude cash paid for business acquisitions and for the purchase of remaining non-controlling interest in a subsidiary from invested capital. Prior periods have been restated to reflect this change.

During the year ended December 31, 2023, AltaGas' invested capital was \$946 million, compared to \$948 million in 2022. The slight decrease in invested capital was primarily due to the lower spend on system betterment and new business programs in the Utility segment, the impact of the Alaska Utilities Disposition, and lower maintenance capital in both the Midstream and Corporate/Other segments. The decrease was partially offset by higher spend on accelerated pipe replacement programs at Washington Gas, the impact of the higher average Canadian/U.S. dollar exchange rate, higher spend on the Harmattan acid

gas injection well, and higher growth capital spend in the Midstream segment primarily related to Pipestone Phase II, new business development, and various optimization projects.

In 2023, acquisitions related to the cash paid for the Pipestone Acquisition, while asset dispositions primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta in the first quarter of 2022. In 2022, acquisitions related to cash paid to purchase the remaining equity ownership of Petrogas, while asset dispositions primarily related to proceeds received from the sale of AltaGas' interest in the Aitken Creek processing facilities, a power plant in Brush, Colorado, and the previously mentioned sale of Goleta.

The invested capital for the year ended December 31, 2023 included maintenance capital of \$53 million (2022 - \$66 million) in the Midstream segment and \$4 million (2022 - \$8 million) related to remaining power assets in the Corporate/Other segment. The decrease in maintenance capital for the Midstream segment was primarily due to lower turnaround spend while the decrease in maintenance capital for the Corporate/Other segment was primarily due to lower maintenance costs at Blythe.

During the year ended December 31, 2023, AltaGas' cash flow from investing activities was an outflow of \$199 million, compared to \$997 million in 2022. Please refer to the *Non-GAAP Financial Measures* and *Liquidity* sections of this MD&A for further information on AltaGas' cash flow from investing activities.

Risk Management

AltaGas is subject to a variety of risks which could have a material impact on the financial results and operations of the Company. Shareholders and prospective investors should carefully evaluate risk factors noted by the Company before investing in the Company's securities, as each of these risks may negatively affect the trading price of the Company's securities, the amount of dividends paid to shareholders and the ability of the Company to fund its debt obligations, including debt obligations under its outstanding notes and any other debt securities that the Company may issue from time to time. For discussion of the risks and trends that could materially affect the Company's performance please refer to AltaGas' 2023 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 and foreign exchange 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 or foreign exchange rates. The Board of Directors of AltaGas has established a risk management policy for the Corporation establishing AltaGas' risk management control framework. Derivative instruments are governed under, and subject to, this policy. As at December 31, 2023 and December 31, 2022, the fair values of the Corporation's derivatives were as follows:

(\$ millions)	December 31, 2023	December 31, 2022
Natural gas	\$ (46)	\$ (203)
Energy exports	(4)	27
NGL frac spread	1	(3)
Power	(75)	(78)
Crude oil and NGLs	4	4
Foreign exchange	19	—
Net derivative liability	\$ (101)	\$ (253)

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 forward derivatives to manage the risk associated with variations in foreign exchange rates.

Commodity Price Contracts

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

- The average indicative spot NGL frac spread for the year ended December 31, 2023 was approximately \$22/Bbl (2022 – \$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 year ended December 31, 2023 was approximately \$24/Bbl inclusive of basis differentials (2022 - \$26/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 does have exposure, it plans to maintain an active hedging program that proactively hedges commodity price and spread risk to mitigate the impact of fluctuations in margins and cash flows. For 2024, AltaGas has hedged:

- Approximately 90 percent of AltaGas’ 2024 expected global export volumes through a combination of tolls and financial hedges with an average FEI to North American financial hedge price of approximately US\$18/Bbl for non-tolled propane and butane volumes.
- Approximately 80 percent of its 2024 expected frac exposed volumes hedged at approximately US\$27/Bbl, prior to transportation costs.
- Materially all of AltaGas’ expected Baltic freight exposure is protected through time charters, financial hedges, and tolled volumes in 2024.

Additionally, AltaGas uses physical and financial derivatives for the purchase and sale of natural gas in order to optimize owned storage and transportation capacity as well as manage transportation and storage assets on behalf of third parties.

The Utilities segment enters into hedging contracts and other contracts that may qualify as derivative instruments related to the purchase of natural gas to manage price risk for its ratepayers. Additionally, Washington Gas executes commodity-related physical and financial contracts in the form of forward, futures, and option contracts as part of an asset optimization program.

Under this program, Washington Gas realizes value from its long-term natural gas transportation and storage capacity resources when they are not being fully used to serve utility customers. To serve retail customers, WGL Energy Services enters into both physical and financial contracts for the purchase and sale of electricity and natural gas. Beginning in 2023, WGL Energy Services also began purchasing 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.

The Corporate/Other segment has various fixed-for-floating power purchase and sale contracts in the Alberta market, which are expected to be settled over the next year.

Foreign Exchange Contracts

AltaGas is exposed to foreign exchange risk as changes in foreign exchange rates may affect the fair value or future cash flows of the Corporation's financial instruments. AltaGas has foreign operations whereby the functional currency is the U.S. dollar. As a result, the Corporation's earnings, cash flows, and other comprehensive income are exposed to fluctuations resulting from changes in foreign exchange rates. This risk is partially mitigated to the extent that AltaGas has U.S. dollar-denominated debt outstanding. AltaGas may also enter into foreign exchange forward derivatives to manage the risk of fluctuating cash flows and earnings due to variations in foreign exchange rates as well as to benefit from favorable 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.

- As at December 31, 2023, Management has designated US\$715 million of outstanding loans as a net investment hedge to hedge against the currency translation effect of its foreign investments (December 31, 2022 - US\$281 million).
- For the year ended December 31, 2023, a \$25 million after-tax unrealized gain on the net investment hedge was recorded in other comprehensive income (2022 - after-tax unrealized loss \$15 million).

As at December 31, 2022, AltaGas did not have any outstanding foreign exchange forward contracts. The following foreign exchange forward contracts are outstanding as at December 31, 2023:

Foreign exchange forward contract	Duration	Fair Value (\$ millions)
Forward USD sales (deliverable)	Less than 1 month	less than \$1 million
Forward USD sales (non-deliverable)	Less than 1 year	\$ 10
Forward USD sales (non-deliverable)	1 - 2 years	\$ 9

For the year ended December 31, 2023, AltaGas had pre-tax gains on foreign exchange contracts of \$25 million. Of this, an unrealized gain of less than \$1 million, as well as a realized gain of less than \$1 million related to foreign exchange contracts entered into for the purpose of risk associated with cash management, was recorded in the Consolidated Statements of Income under the line item "foreign exchange gains" (year ended December 31, 2022 - \$nil). Additionally, an unrealized gain of \$19 million, as well as a realized gain of \$6 million related to foreign exchange contracts entered into for the purpose of managing income statement risk, was recorded in the Consolidated Statements of Income under the line item "revenue" (year ended December 31, 2022 - \$nil).

Interest Rate Contracts

AltaGas is exposed to interest rate risk as changes in interest rates may impact future cash flows and the fair value of its financial instruments. The Corporation manages its interest rate risk by holding a mix of both fixed and floating interest rate debt.

From time to time, AltaGas may concurrently draw on its credit facility in U.S. dollars and enter into cross currency basis swaps whereby, on final settlement, AltaGas receives U.S. dollars from the counterparty and pays Canadian dollars to the counterparty.

Weather Instruments

WGL Energy Services utilizes heating degree day ("HDD") instruments from time to time to manage weather and price risks related to its natural gas and electricity sales during the winter heating season. WGL Energy Services also utilizes cooling degree day ("CDD") instruments and other instruments to manage weather and price risks related to its electricity sales during the summer cooling season. These instruments cover a portion of estimated revenue or energy-related cost exposure to variations in HDDs or CDDs. For the year ended December 31, 2023, a pre-tax loss of \$8 million (2022 - pre-tax loss of less than \$1 million) was recorded related to HDD and CDD instruments.

The Effects of Derivative Instruments on the Consolidated Statements of Income

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

(\$ millions)	Three Months Ended December 31		Year Ended December 31	
	2023	2022	2023	2022
Natural gas	\$ (29)	\$ (98)	\$ (12)	\$ (57)
Energy exports	(50)	(12)	(78)	21
Crude oil and NGLs	(16)	(4)	(5)	2
NGL frac spread	1	(5)	4	16
Power	(20)	(37)	2	(31)
Foreign exchange	20	—	19	—
	\$ (94)	\$ (156)	\$ (70)	\$ (49)

Please refer to Note 23 of the 2023 Annual Consolidated Financial Statements for further details regarding AltaGas' risk management activities.

Liquidity

As a result of certain commitments made to the PSC of DC, 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 DC, 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.

(\$ millions)	Year Ended December 31	
	2023	2022
Cash from operations	\$ 1,121	\$ 539
Investing activities	(199)	(997)
Financing activities	(882)	435
Increase (decrease) in cash, cash equivalents, and restricted cash	\$ 40	\$ (23)

Cash From Operations

Cash from operations increased by \$582 million for the year ended December 31, 2023 compared to 2022, primarily due to favourable variances in the net change in operating assets and liabilities, partly offset by lower net income after taxes (after adjusting for non-cash items). The majority of the variance in net change in operating assets and liabilities was due to increased cash flow from accounts receivable due to fluctuations in commodity prices, sales volumes, and weather, and higher cash flows from inventory as a result of increased volumes held, partially offset by lower cash flow from accounts payable and accrued liabilities due to fluctuations in commodity prices, and lower cash flows from regulatory liabilities primarily due to overall warmer weather experienced by the Utilities segment.

Working Capital

(\$ millions, except working capital ratio)	December 31, 2023	December 31, 2022
Current assets	\$ 3,045	\$ 4,638
Current liabilities	3,413	3,407
Working capital (deficiency)	\$ (368)	\$ 1,231
Working capital ratio ⁽¹⁾	0.89	1.36

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

The decrease in the working capital ratio was primarily due to decreases in assets held for sale related to the Alaska Utilities Disposition, accounts receivable, inventory, and risk management assets, as well as an increase in current portion of long-term debt. This was partially offset by decreases in liabilities associated with assets held for sale, accounts payable and accrued liabilities, short-term debt, regulatory liabilities, and risk management liabilities. AltaGas' working capital will fluctuate in the normal course of business. The working capital deficiency is expected to be funded using cash flow from operations and available credit facilities as required.

Investing Activities

Cash used in investing activities for the year ended December 31, 2023 was \$199 million, compared to \$997 million in 2022. Investing activities for the year ended December 31, 2023 primarily included proceeds of approximately \$1.1 billion from the disposition of assets primarily related to the Alaska Utilities Disposition and additional proceeds received for the favourable settlement of outstanding contingencies on the sale of Goleta, partially offset by expenditures of approximately \$943 million for property, plant, and equipment and intangible assets, the cash payment, net of cash acquired, of \$327 million for the Pipestone Acquisition, and approximately \$4 million of net contributions to equity investments. Investing activities for the year ended December 31, 2022 included expenditures of approximately \$958 million for property, plant, and equipment and intangible assets, and a cash payment of approximately \$285 million for the purchase of the remaining non-controlling interest of Petrogas, partially offset by proceeds of \$245 million from the disposition of assets primarily related to the disposition of the

interest in the Aitken Creek processing facilities, a 60 MW stand-alone energy development project in Goleta, California, and a power plant in Brush, Colorado, as well as approximately \$1 million of contributions to equity investments.

Financing Activities

Cash used in financing activities for the year ended December 31, 2023 was \$882 million, compared to cash from financing activities of \$435 million in 2022. Financing activities for the year ended December 31, 2023 were primarily comprised of net repayments under credit facilities of \$678 million, repayments of long-term debt of \$338 million, dividends of \$343 million, redemption of preferred shares of \$200 million, purchase of marketable securities in connection with debt defeasance of \$193 million, and distributions to non-controlling interests of \$18 million, partially offset by long-term debt issuances of \$673 million, issuance of subordinated hybrid notes, net of issuance costs of \$198 million, and net proceeds from common shares issued on the exercise of options granted pursuant to AltaGas' share option plan ("Share Options") of \$17 million. Financing activities for the year ended December 31, 2022 were primarily comprised of long-term debt issuances of \$718 million, net issuances under credit facilities of \$466 million, issuance of subordinated hybrid notes, net of debt issuance costs of \$544 million, issuances of short-term debt of \$128 million, and net proceeds from common shares issued on the exercise of Share Options of \$25 million, partially offset by repayments of long-term debt of \$513 million, dividends of \$338 million, redemption of preferred shares of \$574 million, and distributions to non-controlling interests of \$21 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 and debt classified as held for sale), 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.

(\$ millions)	December 31, 2023	December 31, 2022
Short-term debt	\$ 129	\$ 293
Current portion of long-term debt ⁽¹⁾	999	327
Current portion of finance lease liabilities	11	7
Long-term debt ⁽²⁾	7,528	8,679
Subordinated hybrid notes ⁽³⁾⁽⁴⁾	742	544
Finance lease liabilities	120	15
Debt classified as held for sale	—	60
Finance lease liabilities classified as held for sale	—	3
Total debt	9,529	9,928
Less: cash and cash equivalents	(95)	(53)
Net debt	\$ 9,434	\$ 9,875
Shareholders' equity	7,713	7,456
Non-controlling interests	150	162
Total capitalization	\$ 17,297	\$ 17,493
Net debt-to-total capitalization (%)	55	56

(1) Net of debt issuance costs of less than \$1 million as at December 31, 2023 (December 31, 2022 - less than \$1 million).

(2) Net of debt issuance costs of \$38 million as at December 31, 2023 (December 31, 2022 - \$41 million).

(3) The \$300 million subordinated hybrid notes, Series 1 have a coupon rate of 5.25 percent, and are due on January 11, 2082. The \$250 million subordinated hybrid notes, Series 2 have a coupon rate of 7.35 percent and are due on August 17, 2082. The \$200 million subordinated hybrid notes, Series 3, have a coupon rate of 8.90% and are due on November 10, 2083. These notes were offered under AltaGas' short form base shelf prospectus dated March 31, 2023, as supplemented by a prospectus supplement dated November 7, 2023.

(4) Net of debt issuance costs of \$8 million as at December 31, 2023 (December 31, 2022 - \$6 million).

As at December 31, 2023, AltaGas' total debt primarily consisted of outstanding medium-term notes ("MTNs") of \$3.9 billion (December 31, 2022 - \$3.8 billion), WGL and Washington Gas long-term debt of \$3.0 billion (December 31, 2022 - \$2.8 billion), reflecting fair value adjustments on acquisition, SEMCO long-term debt of \$393 million (December 31, 2022 - \$670 million, of which \$63 million was classified as held for sale), \$1.0 billion drawn under the bank credit facilities (December 31, 2022 - \$1.5 billion), \$750 million of subordinated hybrid notes (December 31, 2022 - \$550 million), and short-term debt of \$129 million (December 31, 2022 - \$293 million). In addition, AltaGas had \$252 million of letters of credit outstanding (December 31, 2022 - \$198 million).

As at December 31, 2023, AltaGas' total market capitalization was approximately \$8.2 billion based on approximately 295 million common shares outstanding and a closing trading price on December 31, 2023 of \$27.82 per common share.

AltaGas' earnings interest coverage for the rolling twelve months ended December 31, 2023 was 3.0 times (twelve months ended December 31, 2022 - 2.4 times).

Credit Facilities (\$ millions)	Borrowing capacity	Drawn at December 31, 2023	Drawn at December 31, 2022
AltaGas demand credit facilities ^{(1) (2)}	\$ 70	\$ —	\$ —
AltaGas revolving credit facilities ^{(1) (2)}	2,300	484	861
AltaGas term credit facility ⁽¹⁾⁽³⁾	450	450	450
SEMCO Energy US\$150 million credit facilities ^{(1) (2)}	198	86	189
WGL US\$300 million revolving credit facility ^{(1) (2) (4)}	397	199	250
Washington Gas US\$450 million revolving credit facility ^{(1) (2) (4)}	595	261	429
	\$ 4,010	\$ 1,480	\$ 2,179

(1) Amount drawn at December 31, 2023 converted at the month-end rate of 1 U.S. dollar = 1.3226 Canadian dollar (December 31, 2022 - 1 U.S. dollar = 1.3544 Canadian dollar).

(2) All US\$ borrowing capacity was converted at the December 31, 2023 U.S./Canadian dollar month-end exchange rate.

(3) Draws on the facility can be by way of prime loans, U.S. base-rate loans, SOFR loans, or banker's acceptances where interest is prepaid and netted against the face value repayable at maturity. As at December 31, 2023 the net amount outstanding on the facility is \$449 million.

(4) 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 with the bank's approval, for a total of US\$400 million and US\$550 million on their respective facilities.

In addition to the facilities listed above, AltaGas has demand Letter of Credit facilities of \$451 million (December 31, 2022 - \$461 million). At December 31, 2023, there were letters of credit for \$252 million (December 31, 2022 - \$198 million) issued on these facilities and an additional less than \$1 million (December 31, 2022 - 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. As at December 31, 2023, commercial paper outstanding totaled \$461 million for WGL and Washington Gas (December 31, 2022 – \$679 million).

All of the borrowing facilities have covenants customary for these types of facilities, which must be met at each quarter end. AltaGas and its subsidiaries have been in compliance with all financial covenants each quarter since the establishment of the facilities. AltaGas and its subsidiaries are also in compliance with trust indenture requirements for its MTNs as at December 31, 2023 and December 31, 2022.

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

Ratios	Debt covenant requirements	As at December 31, 2023
Bank debt-to-capitalization ^{(1) (2)}	not greater than 65%	less than 52%
Bank EBITDA-to-interest expense ^{(1) (2)}	not less than 2.5x	greater than 3.8x
Bank debt-to-capitalization (SEMCO) ^{(2) (3)}	not greater than 60%	less than 43%
Bank EBITDA-to-interest expense (SEMCO) ^{(2) (3)}	not less than 2.25x	greater than 6.5x
Bank debt-to-capitalization (WGL) ^{(2) (4)}	not greater than 65%	less than 49%
Bank debt-to-capitalization (Washington Gas) ^{(2) (4)}	not greater than 65%	less than 50%

(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) and bank debt-to-capitalization (SEMCO) are calculated based on SEMCO'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 31, 2023, 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 February 22, 2021. This enables AltaGas to access the Canadian capital markets on a timely basis during the 25-month period that the short form base shelf prospectus remains effective.

Contractual Obligations

December 31, 2023					
(\$ millions)	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Short-term debt	\$ 129	\$ 129	\$ —	\$ —	\$ —
Long-term debt ⁽¹⁾	8,492	999	2,092	1,548	3,853
Subordinated hybrid notes ⁽²⁾	750	—	—	—	750
Operating and finance leases ⁽³⁾	969	145	252	186	386
Purchase obligations	17,548	2,849	4,222	2,975	7,502
Capital project commitments	23	23	—	—	—
Pension plan and retiree benefits ⁽⁴⁾	14	14	—	—	—
Merger commitments ⁽⁵⁾	5	2	3	—	—
Environmental commitments	12	6	2	1	3
Other liabilities ⁽⁶⁾	43	43	—	—	—
Total contractual obligations ⁽⁷⁾	\$ 27,985	\$ 4,210	\$ 6,571	\$ 4,710	\$ 12,494

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

(2) Excludes deferred financing costs.

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

(4) Assumes only required payments will be made into the pension plans in 2024. Contributions are made in accordance with independent actuarial valuations.

(5) Relates to merger commitments arising from the WGL Acquisition. Represents the estimated future payments of merger commitments that have been accrued but not paid. Among other things, these commitments include rate credits distributable to both residential and non-residential customers to partially offset rate increases resulting from gas expansion, extension of natural gas service over a 10-year period and other programs, various public interest commitments, and safety programs. As at December 31, 2023, the cumulative amount of merger commitments that have been expensed but not yet paid is approximately US\$3 million. Additionally, there are a number of operational commitments with various timeframes, including the funding of leak mitigation and reducing leak backlogs, the funding of damage prevention efforts, developing projects to extend natural gas service, maintaining pre-merger quality of service standards including odor call response times, increasing supplier diversity, achieving synergy savings benefits, as well as reporting and tracking related to certain commitments, and causing the development of 15 MW of either electric grid energy storage or tier one renewable resources within five years of the WGL Acquisition, comprised of 10 MW in the District of Columbia and 5 MW in Maryland. Several of these commitments ended in the second quarter of 2023, or five years after the WGL Acquisition. Please refer to Note 29 of the 2023 Annual Consolidated Financial Statements for further discussion of the commitment to develop renewable energy resources in the District of Columbia.

(6) Excludes non-financial liabilities.

(7) U.S. dollar commitments have been converted to Canadian dollars using the December 31, 2023 exchange rate.

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

Related Party Transactions

In the normal course of business, AltaGas transacts with its subsidiaries, affiliates and joint ventures. Refer to Note 30 of the 2023 Annual Consolidated Financial Statements for the amounts due to or from related parties on the Consolidated Balance Sheets and the classification of revenue, income, and expenses in the Consolidated Statements of Income.

Credit Ratings

The below table summarizes the most recent credit ratings for AltaGas and subsidiaries:

Entity	Rating Agency	Debt Rated	Most Recent Rating	Comments
AltaGas	Standard & Poor's ("S&P")	Issuer rating	BBB-	Last reviewed June 23, 2023.
		Senior unsecured	BBB-	Last reviewed June 23, 2023.
		Preferred shares and Junior Subordinated	P-3 / BB	Last reviewed November 9, 2023. Junior Subordinated added on January 5 and August 3, 2022, and November 9, 2023.
	Fitch Ratings ("Fitch")	Issuer	BBB	Last reviewed on June 30, 2023.
		Senior unsecured	BBB	Last reviewed on January 4, 2024.
		Preferred shares and Junior Subordinated	BB+	Last reviewed on November 7, 2023. Junior Subordinated added on January 5 and August 3, 2022, and November 7, 2023.
Washington Gas	S&P	Unsecured debt	A-	Last reviewed June 28, 2023.
		Commercial paper	A-2	Last reviewed June 28, 2023.
	Fitch	Unsecured debt	A	Last reviewed June 30, 2023.
WGL	S&P	Issuer	BBB-	Last reviewed June 28, 2023.
		Senior unsecured	BB+	Last reviewed June 28, 2023.
		Commercial paper	A-3	Last reviewed June 28, 2023.
	Fitch	Issuer	BBB	Last reviewed June 30, 2023.
SEMCO	Moody's	Long-term issuer	A3	Last reviewed May 26, 2023.
		Senior secured notes	A1	Last reviewed May 26, 2023.
	S&P	Long-term issuer	BBB	Last reviewed September 28, 2023.
		Senior secured notes	A-	Last reviewed September 28, 2023.

Please refer to the S&P, Moody's, and Fitch websites for additional details on their ranking systems.

Share Information

As at March 1, 2024

Issued and outstanding	
Common shares	295,327,138
Preferred Shares	
Series A	6,746,679
Series B	1,253,321
Series G	6,885,823
Series H	1,114,177
Issued	
Share options	5,122,890
Share options exercisable	5,120,729

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 table summarizes AltaGas' dividend declaration history:

Common Share Dividends

Year Ended December 31			
<i>(\$ per common share)</i>		2023	2022
First quarter	\$	0.280000	\$ 0.265000
Second quarter		0.280000	0.265000
Third quarter		0.280000	0.265000
Fourth quarter		0.280000	0.265000
Total	\$	1.120000	\$ 1.060000

Series A Preferred Share Dividends

Year Ended December 31			
<i>(\$ per preferred share)</i>		2023	2022
First quarter	\$	0.191250	\$ 0.191250
Second quarter		0.191250	0.191250
Third quarter		0.191250	0.191250
Fourth quarter		0.191250	0.191250
Total	\$	0.765000	\$ 0.765000

Series B Preferred Share Dividends

Year Ended December 31			
<i>(\$ per preferred share)</i>		2023	2022
First quarter	\$	0.418750	\$ 0.171920
Second quarter		0.450260	0.198020
Third quarter		0.455150	0.260690
Fourth quarter		0.492580	0.376700
Total	\$	1.816740	\$ 1.007330

Series C Preferred Share Dividends ⁽¹⁾

Year Ended December 31			
<i>(US\$ per preferred share)</i>		2023	2022
First quarter	\$	—	\$ 0.330625
Second quarter		—	0.330625
Third quarter		—	0.330625
Total	\$	—	\$ 0.991875

(1) On September 30, 2022, AltaGas redeemed all of its outstanding Series C Preferred Shares.

Series E Preferred Share Dividends ⁽¹⁾

Year Ended December 31			
(\$ per preferred share)			
	2023		2022
First quarter	\$	0.337063	\$ 0.337063
Second quarter		0.337063	0.337063
Third quarter		0.337063	0.337063
Fourth quarter		0.337063	0.337063
Total	\$	1.348252	\$ 1.348252

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

Series G Preferred Share Dividends

Year Ended December 31			
(\$ per preferred share)			
	2023		2022
First quarter	\$	0.265125	\$ 0.265125
Second quarter		0.265125	0.265125
Third quarter		0.265125	0.265125
Fourth quarter		0.265125	0.265125
Total	\$	1.060500	\$ 1.060500

Series H Preferred Share Dividends

Year ended December 31			
(\$ per preferred share)			
	2023		2022
First quarter	\$	0.443404	\$ 0.196582
Second quarter		0.475190	0.222950
Third quarter		0.480350	0.285890
Fourth quarter		0.517780	0.401900
Total	\$	1.916724	\$ 1.107322

Series K Preferred Share Dividends ⁽¹⁾

Year Ended December 31			
(\$ per preferred share)			
	2023		2022
First quarter	\$	—	\$ 0.312500
Total	\$	—	\$ 0.312500

(1) On March 31, 2022, AltaGas redeemed all of its outstanding Series K Preferred Shares.

Critical Accounting Estimates

Since a determination of the value of many assets, liabilities, revenues and expenses is dependent upon future events, the preparation of AltaGas' Consolidated Financial Statements requires the use of estimates and assumptions that have been made using careful judgment. AltaGas' significant accounting policies are contained in the notes to the 2023 Annual Consolidated Financial Statements. Certain of these policies involve critical accounting estimates as a result of the requirement to make particularly subjective or complex judgments about matters that are inherently uncertain, and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

Significant estimates and judgments made by Management in the preparation of the Consolidated Financial Statements are outlined below:

Regulatory Assets and Liabilities

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

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

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

Asset Impairment

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

AltaGas also tests goodwill for impairment annually or more frequently if events or changes in circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. The Corporation has the option to first assess qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. If the quantitative goodwill impairment test is performed, the fair value of the Corporation's reporting units is compared to the carrying values. If the carrying value of a reporting unit, including allocated goodwill exceeds its fair value, goodwill impairment is measured as the excess of the carrying value amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill. Based on the valuation approach, the fair value used in the quantitative impairment test of goodwill requires determining appropriate market multiples of earnings or estimating future cash flows as well as appropriate discount rates. AltaGas has assessed goodwill for impairment as at December 31, 2023 and determined that no write-down was required.

Asset Retirement Obligations

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

Income Taxes

The Corporation is subject to the provisions of the *Income Tax Act* (Canada) for purposes of determining the amount of income that will be subject to tax in Canada and the *Internal Revenue Code* (U.S.) for the purposes of determining the amount of

income that will be subject to tax in the United States. The determination of AltaGas' and its subsidiaries' provision for income taxes requires the application of these complex rules.

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

If Management's interpretation of tax legislation differs from that of tax authorities, or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods. See Note 20 of the 2023 Annual Consolidated Financial Statements.

Pension Plans and Post-Retirement Benefits

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

Depreciation and Amortization

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

Loss Contingencies

AltaGas and its subsidiaries are subject to various legal claims and actions arising in the normal course of business. Liabilities for loss contingencies are determined on a case-by-case basis and are accrued for when it is probable that a liability has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine the probability of having incurred the liability and the estimated amount. Estimates are reviewed regularly and updated as new information is received. As at December 31, 2023, no material provisions on loss contingencies have been recorded by the Corporation. However, due to the inherent uncertainty of the litigation process, the resolution of any particular contingencies could have a material adverse effect on the Corporation's results of operations or financial position.

Fair Value of Financial Instruments

Fair value is defined as the amount of consideration that would be agreed upon in an arms-length transaction, other than a forced sale or liquidation, between knowledgeable, willing parties who are under no compulsion to act. The best evidence of fair value is a quoted bid or ask price, as appropriate, in an active market. Fair value based on unadjusted quoted prices in an active market requires minimal judgment by Management. Where bid or ask prices in an active market are not available, Management's judgment on valuation inputs is necessary to determine fair value. AltaGas enters into physical and financial derivative contracts to manage exposure to fluctuations in commodity prices and foreign exchange rates, as well as to optimize certain owned and managed natural gas assets. AltaGas estimates forward prices based on published sources adjusted for

factors specific to the asset or liability, including basis and location differentials, discount rates, and currency exchange. The forward curves used to mark these derivative instruments to market are vetted against public sources. Where observable market data is not available, AltaGas uses valuation techniques which require significant judgment by Management. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Adoption of New Accounting Standards

Effective January 1, 2023, AltaGas adopted the following Financial Accounting Standards Board ("FASB") issued Accounting Standards Updates ("ASU"):

- In October 2021, FASB issued ASU 2021-08 "Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers". The amendments in this ASU require an entity to recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In March 2022, FASB issued ASU No. 2022-01 "Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method". The amendments in this ASU will allow non-prepayable financial assets to be included in a closed portfolio hedged using the portfolio layer method and promote consistency in single and multiple hedged layers. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In March 2022, FASB issued ASU No. 2022-02 "Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures". The amendments in this ASU will eliminate the accounting guidance for troubled debt restructurings ("TDRs") by creditors while enhancing disclosure requirements for certain loan refinancings and restructurings by creditors when a borrower is experiencing financial difficulty, as well as require the disclosure of current-period write offs by year of origination for financing receivables and net investments in leases. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.
- In September 2022, FASB issued ASU No. 2022-04 "Liabilities (Subtopic 405-50) - Supplier Finance Programs". The amendments in this ASU will require a buyer in a supplier finance program to disclose the key terms of the program, the amount outstanding at the end of the period, a roll forward of that obligation during the period, and where the obligation is presented on the balance sheet. The adoption of this ASU did not have a material impact on AltaGas' consolidated financial statements.

Future Changes in Accounting Principles

In June 2022, FASB issued ASU No. 2022-03 "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions". The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security, and therefore, is not considered in measuring fair value. In addition, an entity cannot, as a separate unit of account, recognize a contractual sale restriction. Equity securities subject to contractual sale restrictions also require certain additional disclosures. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023 and should be applied prospectively with adjustments as a result of adopting this ASU being recognized in earnings. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In March 2023, FASB issued ASU No. 2023-01 "Leases (Topic 842): Common Control Arrangements". The relevant amendments in this ASU allow entities to amortize leasehold improvements under common control over the economic life of the leasehold improvements as long as the lessee controlled the use of the leased asset. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can be applied using one of the following three methods: 1) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, 2) prospectively to all new leasehold improvements recognized on or after the date the entity applies the amendments, with any remaining unamortized balance of existing leasehold improvements amortized over their remaining useful life to the common-control group determined at that date, or 3) retrospectively to the beginning of the period in which the entity first applied Topic 842, with any leasehold improvements that otherwise would not have been amortized or impaired recognized through a cumulative-effect adjustment to opening retained earnings at the beginning of the earliest period presented. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

In March 2023, FASB issued ASU No. 2023-02 "Investments - Equity Method and Joint Ventures (Topic 323) - Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method". The amendments in this ASU allow entities the option to elect to account for tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years and can be applied on either a modified prospective or retrospective basis. The adoption of this ASU is not expected to have a material impact on AltaGas' consolidated financial statements.

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 Update 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 2023, FASB issued ASU No. 2023-07 "Segment Reporting (Topic 280)". This ASU requires all public entities required to report segment information in accordance with Topic 280 to provide: (1) annual and interim disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM"), (2) annual and interim disclosure of other segment items, (3) annual disclosures about reportable segment profit or loss and assets currently required by Topic 280 in interim periods, (4) disclosure of additional measures used to measure a segments profit or loss outside of GAAP, (5) disclosure of the title and position of the CODM, and (6) a public entity that has a single reportable segment to provide all the disclosures required by this update and all existing segment disclosures in Topic 280. This update is effective for fiscal years

beginning after December 31, 2023, and interim periods with fiscal years beginning after December 15, 2024. The adoption of this ASU will have an impact on AltaGas' segment disclosures.

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

Off-Balance Sheet Arrangements

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

Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR")

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

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

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

Management has designed the existing framework to result in both a complete and accurate consolidation of related information. During the year ended December 31, 2023, there were no changes made to AltaGas' ICFR that materially affected, or are reasonably likely to materially affect, its ICFR or DCP.

The Chief Executive Officer and the Chief Financial Officer have evaluated, with the assistance of AltaGas' employees, the effectiveness of AltaGas' DCP and ICFR as at December 31, 2023 and concluded that as at December 31, 2023 AltaGas' DCP and ICFR were effective.

Limitation on Scope

In accordance with the provisions under National Instrument 52-109, the scope of the evaluation does not include ICFR related to the Pipestone Acquisition, which closed on December 22, 2023. These provisions allow an issuer to exclude a business

which was acquired not more than 365 days before the issuer's financial year-end from the scope of its certifications. As such, the controls, policies, and procedures related to the Pipestone Acquisition were excluded from management's evaluation of the effectiveness of AltaGas' ICFR as at December 31, 2023. Summary financial information of the Pipestone Acquisition included in the audited Consolidated Financial Statements as at and for the year ended December 31, 2023, includes total assets of approximately \$887 million and revenues of approximately \$14 million.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurances that any design will succeed in achieving its stated goals under all potential conditions.

Summary of Consolidated Results for the Eight Most Recent Quarters ⁽¹⁾

(\$ millions)	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Total revenue	3,288	3,030	2,631	4,048	3,898	3,056	3,241	3,892
Normalized EBITDA ⁽²⁾	502	252	239	582	454	233	276	574
Net income (loss) applicable to common shares	113	(50)	133	445	54	(48)	35	357
(\$ per share)	Q4-23	Q3-23	Q2-23	Q1-23	Q4-22	Q3-22	Q2-22	Q1-22
Net income (loss) per common share								
Basic	0.40	(0.18)	0.47	1.58	0.19	(0.17)	0.12	1.27
Diluted	0.40	(0.18)	0.47	1.57	0.19	(0.17)	0.12	1.26
Dividends declared	0.28	0.28	0.28	0.28	0.27	0.27	0.27	0.27

(1) Amounts may not add due to rounding.

(2) Non-GAAP financial measure. Prior periods have been revised to reflect a change in the composition of normalized EBITDA made in the third quarter of 2022. See discussion in the *Non-GAAP Financial Measures* section of this MD&A.

AltaGas' quarter-over-quarter financial results are impacted by seasonality, fluctuations in commodity prices, weather, the U.S./Canadian 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 the sale of AltaGas' interest in the Aitken Creek processing facilities in the second quarter of 2022;
- The impact of the Alaska Utilities Disposition in the first quarter of 2023; and
- The impact of the Pipestone Acquisition in the fourth quarter of 2023.

Net income (loss) applicable to common shares is also affected by non-cash items such as deferred income tax, depreciation and amortization expense, accretion expense, provisions on assets, gains or losses on long-term investments, 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 of approximately \$27 million and \$4 million incurred throughout 2023 and 2022, respectively, primarily due to asset sales and the Pipestone Acquisition;
- The gain on the sale of Goleta in the first quarter of 2022 as well as an additional gain recorded in the first quarter of 2023 a result of the favourable settlement of outstanding contingencies;
- The loss on the Series K Preferred Shares that were redeemed on March 31, 2022;
- Favourable resolution of certain acquisition related commercial disputes and contingencies in 2022 and in the first quarter of 2023;
- The loss on the redemption of the U.S. dollar denominated Series C Preferred Shares in September 2022, including the associated foreign exchange impact;
- The gain resulting from the partial defeasance of SEMCO's First Mortgage Bonds in the first quarter of 2023;
- The gain on the Alaska Utilities Disposition in the first quarter of 2023; and
- The loss on the Series E Preferred Shares that were redeemed on December 31, 2023.

SELECTED ANNUAL FINANCIAL INFORMATION

<i>(\$ millions, except where noted)</i>	2023	2022	2021
Revenue	12,997	14,087	10,573
Net income applicable to common shares	641	399	230
Net income per common share - basic	2.27	1.42	0.82
Net income per common share - diluted	2.26	1.41	0.82
Total assets	23,471	23,965	21,593
Total long-term liabilities	12,195	12,940	11,335
Weighted average number of common shares outstanding (<i>millions</i>)	282	281	280
Dividends declared per common share (<i>\$ per share</i>)	1.120000	1.060000	0.999600
Preferred share dividends declared (<i>\$ per share</i>)			
Series A	0.765000	0.765000	0.765000
Series B	1.816740	1.007330	0.694360
Series C (<i>US\$</i>) ⁽¹⁾	—	0.991875	1.322500
Series E ⁽²⁾	1.348252	1.348252	1.348252
Series G	1.060500	1.060500	1.060500
Series H	1.916724	1.107322	0.794372
Series K ⁽²⁾	—	0.312500	1.250000

(1) Series C Preferred Shares were redeemed on September 30, 2022.

(2) Series E Preferred Shares were redeemed on December 31, 2023.

(3) Series K Preferred Shares were redeemed on March 31, 2022.

OTHER INFORMATION

DEFINITIONS

Bbls/d	barrels per day
Bcf	billion cubic feet
CBM	cubic meter
Dth	dekatherm
GJ	gigajoule
GWh	gigawatt-hour
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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