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For immediate release | July 29, 2026

Capital Power reports second quarter 2026 results

EDMONTON, Alberta – July 29, 2026 – Capital Power Corporation (TSX: CPX) today released financial results for the quarter ended June 30, 2026.

Highlights

- In July, entered into a long-term Energy Supply Agreement for 250 megawatts of capacity and energy with Meta Platforms, Inc. for a data centre in Alberta
- Generated net cash flows from operating activities of $214 million and adjusted funds from operations (AFFO)[1] of $328 million
- Generated a net loss of $43 million and adjusted EBITDA[1] of $351 million
- Increased annual common share dividend by 2%, representing the 13th consecutive year of increase

CEO Message

Our second quarter reinforces continued execution of our strategy and our conviction in Capital Power's long-term growth outlook. Our long-term (greater than 10 years) supply agreement with Meta represents the achievement of an important milestone for the company and demonstrates that Alberta's data centre opportunity is translating into real investment and committed load. Combined with increasing clarity around large-load integration, market design and government policy, we see growing market optimism in Alberta's ability to attract investment, support rising electricity demand and create long-term value.

We also continue to see strong fundamentals across our other core markets. This is reflected in rising energy and capacity pricing, reinforcing our confidence in the long-term value of our assets as we recontract existing assets at higher pricing for longer duration. At the same time, growing demand for reliable, dispatchable and lower-carbon power continues to support opportunities in renewables and energy storage in addition to natural gas thermal power generation.

Backed by a strong balance sheet, disciplined capital allocation and a portfolio with meaningful embedded growth opportunities, we continue to unlock value from our existing assets and increased our annual dividend by 2%, reflecting our balanced and compelling long-term value proposition.

[1] AFFO and adjusted EBITDA are non-GAAP financial measures. See Non-GAAP Financial Measures and Ratios.

Operational and Financial Highlights[1]

($ millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Electricity generation (Gigawatt hours) [2]	10,137	9,022	21,605	18,577
Generation facility availability (%) [3]	87	93	90	91
Revenues and other income	740	441	1,945	1,429
Net (loss) income	(43)	(131)	(28)	19
Net (loss) income attributable to shareholders of the Company	(44)	(132)	(29)	19
Basic (loss) earnings per share ($)	(0.33)	(0.92)	(0.28)	0.03
Diluted (loss) earnings per share ($) [4]	(0.33)	(0.92)	(0.28)	0.03
Adjusted EBITDA [5]	351	322	755	689
AFFO [5]	328	235	482	453
AFFO per share ($) [5]	2.09	1.55	3.08	3.12
Net cash flows from operating activities	214	143	526	353
Purchase of property, plant and equipment and other assets, net	211	141	475	429
Dividends per common share, declared ($)	0.6910	0.6519	1.3820	1.3038

1 The operational and financial highlights in this press release should be read in conjunction with the Management's Discussion and Analysis (MD&A) and the unaudited condensed interim financial statements for the six months ended June 30, 2026.

2 Gigawatt hours (GWh) of electricity generation reflects the Company's share of facility output and includes GWh discharged from BESS.

3 Facility availability represents the percentage of time in the period that the facility was available to generate power regardless of whether it was running and therefore is reduced by planned and unplanned outages.

4 Diluted earnings per share was calculated after giving effect to outstanding share purchase options.

5 The consolidated financial highlights, except for adjusted EBITDA, AFFO and AFFO per share were prepared in accordance with GAAP. See Non-GAAP Financial Measures and Ratios.

Revenues and other income increased quarter-over-quarter and year-over-year, primarily reflecting contributions from the Hummel Station and Rolling Hills facilities acquired in June 2025, with the quarter also benefiting from favourable unrealized fair value changes on commodity derivatives and emission credits; underlying segment performance was broadly consistent as stronger contributions from the Ontario battery energy storage projects and Alberta portfolio optimization were largely offset by lower Alberta pool prices and generation.

Adjusted EBITDA increased for the same underlying reason — the added contributions from Hummel Station and Rolling Hills — partially offset by higher outage costs in our U.S. flexible generation segment and higher net corporate expenses. Net loss improved quarter-over-quarter as higher adjusted EBITDA and a favourable change in unrealized fair value on commodity derivatives and emission credits and lower acquisition and integration costs more than offset higher depreciation and amortization, increased finance expense and unfavourable foreign exchange; on a year-to-date basis, however, results shifted to a net loss from net income in the prior year due to a smaller favourable fair value change on commodity derivatives and emission credits.

AFFO increased both quarter-over-quarter and year-over-year, driven primarily by the recognition of Clean Technology Investment Tax Credit government grants for eligible Canadian renewables projects — recognized upon completion of the required regulatory filing — and by higher adjusted EBITDA from the U.S. flexible generation portfolio following the June 2025 acquisitions of the Hummel Station and Rolling Hills facilities, partly offset by a heavier sustaining capital program and higher finance and current tax costs. Net cash flows from operating activities also increased year-over-year, reflecting those same acquisition contributions and higher distributions from equity-accounted investments, net of higher interest paid on the related acquisition debt.

Subsequent Events

Meta Platforms, Inc. ESA

In July, Capital Power announced that it entered into a long-term (greater than 10 years) energy supply agreement (ESA) for 250 MW of capacity and energy in support of a data centre in Sturgeon County, Alberta being developed by Meta Platforms, Inc. (Meta). The load from the project is anticipated to be in service in the back half of 2028.

Tax equity financing

On July 10, 2026, Capital Power's Hornet Solar project reached mechanical completion. Subsequently, the Company received approximately $26 million (US$18 million) in tax equity financing, net of issue costs of $5 million (US$3 million) associated with the financing, from a U.S. financial institution in exchange for Class A interests of a subsidiary of the Company. A further $104 million (US$73 million) will be received at substantial completion of the project, which is expected within the fourth quarter of 2026.

Tax equity financing represents the contribution made by the project investor, adjusted for earnings, tax benefits and cash distributions realized/paid over time. The maturity dates of these obligations are subject to change and are driven by the dates on which the project investor reaches the agreed upon target rate of return. In accordance with the Company's material accounting policies (as described in the 2025 annual consolidated financial statements), the amounts paid by the project investors for their equity stakes are classified as loans and borrowings on the consolidated statements of financial position until the projects have yielded an agreed-upon target rate of return to the project investors.

Analyst conference call and webcast

Capital Power will be hosting a conference call and live webcast with analysts on July 29, 2026 at 9:00 am (MT) to discuss the second quarter financial results. The webcast can be accessed at: https://edge.media-server.com/mmc/p/erwbtd8o. Conference call details will be sent directly to analysts.

An archive of the webcast will be available on the Company's website at www.capitalpower.com following the conclusion of the analyst conference call.

Non-GAAP Financial Measures and Ratios

Capital Power uses (i) earnings before income tax expense, depreciation and amortization, net finance expense, foreign exchange gains or losses, gains or losses on disposals and other transactions, unrealized changes in fair value of commodity derivatives and emission credits, other expenses from our equity-accounted investments, acquisition and integration costs, and other items that are not reflective of the Company's facility operating performance (adjusted EBITDA), and (ii) adjusted funds from operations (AFFO) as specified financial measures. Adjusted EBITDA and AFFO are both non-GAAP financial measures.

Capital Power also uses AFFO per share as a specified performance measure. This measure is a non-GAAP ratio determined by applying AFFO to the weighted average number of common shares used in the calculation of basic and diluted earnings per share.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of Capital Power, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of our results of operations from management's perspective.

Adjusted EBITDA

Capital Power uses adjusted EBITDA to measure the operating performance of facilities and categories of facilities from period to period. Management believes that a measure of facility operating performance is more meaningful if results not related to facility operations are excluded from the adjusted EBITDA measure such as impairments, foreign exchange gains or losses, gains or losses on disposals and other transactions, unrealized changes in fair value of commodity derivatives and emission credits, acquisition and integration costs, and other items that are not reflective of the long-term performance of the Company's underlying operations.

A reconciliation of adjusted EBITDA to net income is as follows:

($ millions)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net (loss) income	**(43)**	**(131)**	**(28)**	**19**
Depreciation and amortization	185	138	348	264
Unrealized changes in fair value of commodity derivatives and emission credits	81	247	149	189
Foreign exchange loss (gain)	12	(21)	22	(23)
Net finance expense	92	64	187	125
Acquisition and integration costs	–	37	–	37
Loss on disposals and other transactions	–	6	–	7
Other items[1]	43	36	97	73
Other non-recurring items[2]	2	–	2	4
Income tax recovery	(21)	(54)	(22)	(6)
Adjusted EBITDA	**351**	**322**	**755**	**689**

1 Includes finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from equity-accounted investments.

2 For the three and six months ended June 30, 2026, other non-recurring items reflects legal fees related to construction issues on the Genesee Repowering project. The six months ended June 30, 2025 reflects costs related to the end-of-life of Genesee coal operations.

AFFO and AFFO per share

AFFO and AFFO per share are measures of our ability to generate cash from our operating activities to fund growth capital expenditures, repayment of debt, and payment of common share dividends.

The Company's AFFO definition includes government grants related to off-coal compensation to be received annually to 2030. During the second quarter of 2026, the Company updated the composition of AFFO and AFFO per share to reflect the introduction of similar government grants where cash grants form part of the operating returns on qualifying capital investment and support the Company's cash generation and liquidity profile. As a result, AFFO and AFFO per share now include Clean Technology ITCs associated with eligible Canadian renewable projects.

In the second quarter of 2026, the Company has included $174 million in government grants related to Clean Technology ITCs, representing approximately 30% of eligible Canadian renewables project costs. These amounts are included in AFFO and AFFO per share in the period in which the required filing with the applicable tax authority is completed, rather than when cash is received to eliminate timing variability associated with administrative processing. While Capital Power expects amounts ultimately received to be consistent with amounts filed, actual receipts may differ. The amendment did not impact previously reported AFFO or AFFO per share amounts.

AFFO represents net cash flows from operating activities adjusted to:

- exclude timing impacts of cash receipts and payments that may impact period-to-period comparability by including deductions for net finance expense and current income tax expense, and excluding deductions for interest paid, deductions for income taxes paid and changes in operating working capital,
- include our share of AFFO of equity-accounted investments and exclude distributions received from our equity-accounted investments which are calculated after the effect of non-operating activity equity-accounted investments debt payments,
- include government grants which represent a portion of operating returns on capital investment recognized in the period that they are either contractually obligated to be received by Capital Power or the period in which Capital Power has completed the necessary filing with the applicable tax authority to eliminate timing uncertainty due to administrative filing processes,
- exclude the tax equity financing project investors' shares of AFFO associated with assets under tax equity financing structures so only Capital Power's share is reflected in the overall metric,
- exclude sustaining capital expenditures and preferred share dividends,
- exclude the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to our bank margin account held with a specific exchange counterparty,
- exclude acquisition and integration costs, and

- exclude other typically non-recurring items affecting cash flows from operating activities that are not reflective of the long-term performance of the Company's underlying business.

A reconciliation of net cash flows from operating activities to AFFO is as follows:

($ millions except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Net cash flows from operating activities	**214**	**143**	**526**	**353**
Add (deduct):				
Interest paid	79	30	159	115
Change in fair value of derivatives reflected as cash settlement	11	18	6	7
Realized gain on settlement of interest rate derivatives	—	(17)	—	(17)
Distributions received from equity-accounted investments	(35)	(33)	(65)	(38)
Miscellaneous financing charges[1]	3	(4)	7	(6)
Income taxes recovered	—	(1)	—	(3)
Change in non-cash operating working capital	35	79	(13)	54
	93	72	94	112
Net finance expense [2]	(83)	(58)	(171)	(111)
Current income tax (expense) recovery [3]	(18)	29	(30)	56
Sustaining capital expenditures [4]	(49)	(10)	(145)	(41)
Preferred share dividends paid	(8)	(6)	(15)	(13)
Government grants [5]	174	10	174	10
Remove tax equity interests' respective shares of AFFO	(3)	(2)	(1)	(3)
AFFO from equity-accounted investments	11	26	55	63
Acquisition and integration costs [6]	(1)	38	(1)	38
Other non-recurring items [7]	(2)	(7)	(4)	(11)
AFFO	**328**	**235**	**482**	**453**
Weighted average number of common shares outstanding (millions)	156.9	151.2	156.6	145.2
AFFO per share ($)	**2.09**	**1.55**	**3.08**	**3.12**

1 Included in other cash items on the condensed interim consolidated statements of cash flows to reconcile net income to net cash flows from operating activities.

2 Excludes unrealized changes on interest rate derivative contracts, amortization, accretion charges, and non-cash implicit interest on tax equity investment structures.

3 For the three and six months ended June 30, 2025, excludes current income tax expense related to the partial divestiture of Quality Wind and Port Dover and Nanticoke Wind in 2024 as the amount is classified as an investing activity.

4 Sustaining capital expenditures related to equity-accounted investments of nil and $9 million for the three and six months ended June 30, 2026, respectively, compared with $2 million and $6 million for the three and six months ended June 30, 2025 were included in AFFO from equity-accounted investments.

5 For the three and six months ended June 30, 2026, reflects recognition of $174 million in Clean Technology ITCs filed with the applicable tax authority, representing approximately 30% of eligible Canadian renewables project costs. For the three and six months ended June 30, 2025, reflects payment received from the Government of Alberta for the settlement of previously disputed off-coal compensation payments as described in the Company's 2025 annual consolidated financial statements.

6 For the three and six months ended June 30, 2026, current income tax expenses of $1 million related to prior period acquisition and integration costs. For the three and six months ended June 30, 2025, net of current income tax expenses of $1 million.

7 For the three and six months ended June 30, 2026, other non-recurring items included $2 million of legal costs related to a contractor dispute concerning construction work at the Genesee Repowering project, partially offset by current income tax recoveries of $4 million and $6 million, respectively, associated with non-recurring items recognized in prior periods. For the three months ended June 30, 2025, other non-recurring items consisted of $7 million of current income tax expenses associated with non-recurring items recognized in prior periods. For the six months ended June 30, 2025, other non-recurring items reflected $5 million of costs associated with the end-of-life of Genesee coal operations, net of $16 million of current income tax recoveries.

Forward-looking information

Forward-looking information or statements (collectively, "forward-looking information") included in this press release are provided to inform our shareholders, potential investors and other stakeholders about Management's assessment of Capital Power's future plans and operations. This information may not be appropriate for other purposes. The forward-looking information in this press release is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information in this press release includes, among other things, expectations regarding:

- our priorities and strategies, including our strategy of securing durable, long-term contracts from creditworthy counterparties across a broad opportunity set,
- our 2026 performance targets, including sustaining capital expenditures, AFFO and adjusted EBITDA,
- the construction by Meta of the data centre and the timing of Meta's project's load entering service,
- the outcomes resulting from the Arlington Valley tolling agreement extension and capacity uprate project, including expectations regarding the anticipated capacity payment increase from the facility and the anticipated timing and realization of such financial benefits, and
- the construction of the solar projects in North Carolina and the timing of their expected commercial operation.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate including its review of purchased businesses and assets. The material factors and assumptions used to develop this forward-looking information relate to:

- electricity and other energy (including natural gas) and carbon prices,
- the Company's performance,
- the Company's business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects,
- the energy needs of certain jurisdictions,
- the status and impact of policy, legislation and regulations,
- effective tax rates,
- the development and performance of technology,
- the outcome of claims and disputes,
- foreign exchange rates, and
- other matters discussed under the Performance Outlook and Risks and Risk Management sections of the MD&A.

Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from our expectations. Such material risks and uncertainties include:

- Meta's completion of a data centre as contemplated in the ESA,
- changes in electricity, natural gas and carbon prices in markets in which we operate and the use of derivatives,
- regulatory and political environments including changes to environmental, climate, financial reporting, market structure and tax legislation,
- disruptions, or price volatility within our supply chains,
- generation facility availability, wind capacity factor and performance including maintenance expenditures,
- ability to fund current and future capital and working capital needs,
- acquisitions and developments including timing and costs of regulatory approvals and construction,
- changes in market prices and the availability of fuel,
- ability to realize the anticipated benefits of acquisitions,
- limitations inherent in our review of acquired assets,
- changes in general economic and competitive conditions, including inflation and recession,
- changes in the performance and cost of technologies and the development of new technologies, new energy efficient products, services and programs, and
- risks and uncertainties discussed under the Risks and Risk Management section of the MD&A.

See Risks and Risk Management in our 2025 Integrated Annual Report, for further discussion of these and other risks.

Readers are cautioned not to place undue reliance on any such forward-looking information, which speak only as of the date made and that other events or circumstances, although not listed above, could cause Capital Power's actual results to differ materially from those estimated or projected and expressed in, or implied by the forward-looking information. Capital Power does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking information to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

About Capital Power

Capital Power is one of North America's leading independent power producers, with approximately 12 GW of generation capacity across 35 facilities. Our portfolio includes natural gas, renewables, and battery energy storage solutions. We deliver power generation at utility-scale through a flexible and resilient fleet built to meet growing electricity demand. Backed by an investment-grade credit rating, we provide safe, reliable power communities can depend on. We are Powering Change by Changing Power™.

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CAPITAL POWER CORPORATION

Management's Discussion and Analysis

This Management's Discussion and Analysis (MD&A), prepared as of July 28, 2026, should be read in conjunction with the unaudited condensed interim consolidated financial statements of Capital Power Corporation and its subsidiaries for the six months ended June 30, 2026, the audited consolidated financial statements and the 2026 Performance Targets, the Executing our Strategic Focus - Deliberate Growth, Durable Performance, the Business Report, and the Forward-Looking Information sections of the Integrated Annual Report of Capital Power Corporation for the year ended December 31, 2025 (the 2025 Integrated Annual Report), the Annual Information Form of Capital Power Corporation dated March 4, 2026, and the cautionary statements regarding Forward-Looking Information which begin on page 9.

In this MD&A, any reference to the Company or Capital Power, except where otherwise noted or the context otherwise indicates, means Capital Power Corporation together with its subsidiaries.

In this MD&A, financial information for the six months ended June 30, 2026 and June 30, 2025 is based on the unaudited condensed interim consolidated financial statements of the Company for such periods which were prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board and constitute Canadian generally accepted accounting principles (GAAP). All financial information is presented in Canadian dollars unless otherwise specified. In accordance with its terms of reference, the Audit Committee of the Company's Board of Directors reviews the contents of the MD&A and recommends its approval by the Board of Directors. The Board of Directors approved this MD&A as of July 28, 2026.

FORWARD-LOOKING INFORMATION

Forward-looking information or statements (collectively, "forward-looking information") included in this MD&A are provided to inform our shareholders, potential investors and other stakeholders about Management’s assessment of Capital Power’s future plans and operations. This information may not be appropriate for other purposes. The forward-looking information in this MD&A is generally identified by words such as will, anticipate, believe, plan, intend, target, and expect or similar words that suggest future outcomes.

Material forward-looking information in this MD&A includes, among other things, expectations regarding:

- our priorities and long-term strategies, including our strategy of acquiring and optimizing existing natural gas capacity, our corporate and decarbonization strategies, and our pursuit of lower-carbon power solutions,
- our 2026 performance targets, including sustaining capital expenditures, adjusted funds from operations (AFFO) and adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA), and the expected trajectory of performance relative to guidance, re-contracting/contracting natural gas generation, maximizing facility asset life and value, continuing construction of growth and commercial initiative projects, and continuing to explore opportunities to build or acquire natural gas generation and renewables facilities, including opportunities to co-locate with data centres,
- future revenues, expenses, earnings, adjusted EBITDA and AFFO,
- the future pricing of electricity and market fundamentals in existing and target markets,
- our future cash requirements including interest and principal repayments, capital expenditures, dividends and distributions,
- our projected long-term targeted dividend growth,
- our sources of funding, adequacy and availability of committed bank credit facilities and future borrowings, various aspects around existing, planned and potential development projects, acquisitions (including East Windsor Expansion, Maple Leaf Solar, Hornet Solar, and Bear Branch Solar projects), including expectations around timing and substantial completion, generation capacity, costs of technologies selected, environmental and sustainability benefits, and commercial and partnership arrangements,
- our 2026 estimated capital expenditures for previously announced growth projects,
- the performance of future projects and the performance of such projects in comparison to the market,
- the increase in outage days in 2026 expected for the Company's Canada flexible generation portfolio,
- anticipated pricing trends, growth opportunities, market conditions, and future power demand in the Pennsylvania-New Jersey-Maryland (PJM) market including the intention to extend the capacity market price collar through 2030, pending Federal Energy Regulatory Commission (FERC) approval,
- power requirements and demand, future growth, and emerging opportunities in our target markets,
- our plans for continuing to evaluate the deployment of nuclear through small modular reactors (SMRs) in Alberta,
- market and regulation designs and regulatory and legislative proposals and changes, regulatory updates, initiatives, projects and the impact thereof on the Company’s core markets and business,
- the impact of climate change, including our assumptions relating to our identification of future risks and opportunities from climate change, our plans to mitigate transition and physical climate risks, and opportunities resulting from those risks,
- the construction by Meta Platforms, Inc. (Meta) of the data centre and the timing of Meta's project's load entering service,
- the outcomes resulting from the Arlington Valley tolling agreement extension and capacity uprate project, including expectations regarding the anticipated capacity payment increase from the facility and the anticipated timing and realization of such financial benefits, and
- the anticipated benefits, outcomes, projected timing, and terms of strategic agreements.

These statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate including its review of purchased businesses and assets. The material factors and assumptions used to develop this forward-looking information relate to:

- electricity and other energy (including natural gas) and carbon prices,
- the Company's performance,
- the Company's business prospects (including potential re-contracting of facilities) and opportunities including expected growth and capital projects,
- the energy needs of certain jurisdictions,
- the status and impact of policy, legislation and regulations,
- effective tax rates,
- the development and performance of technology,
- the outcome of claims and disputes,
- foreign exchange rates, and
- other matters discussed under the Performance Outlook and Risks and Risk Management sections of this MD&A.

Whether actual results, performance or achievements will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results and experience to differ materially from our expectations. Such material risks and uncertainties include:

- Meta's completion of a data centre as contemplated in the energy supply agreement (ESA),
- changes in electricity, natural gas and carbon prices in markets in which we operate and the use of derivatives,
- regulatory and political environments including changes to environmental, climate, financial reporting, market structure and tax legislation,
- disruptions, or price volatility within our supply chains,
- generation facility availability, wind capacity factor and performance including maintenance expenditures,
- ability to fund current and future capital and working capital needs,
- acquisitions and developments including timing and costs of regulatory approvals and construction,
- changes in market prices and the availability of fuel,
- ability to realize the anticipated benefits of acquisitions,
- limitations inherent in our review of acquired assets,
- changes in general economic and competitive conditions, including inflation and recession,
- changes in the performance and cost of technologies and the development of new technologies, new energy efficient products, services and programs, and
- risks and uncertainties discussed under the Risks and Risk Management section of this MD&A.

See Risks and Risk Management in our 2025 Integrated Annual Report, for further discussion of these and other risks.

Readers are cautioned not to place undue reliance on any such forward-looking information, which speak only as of the date made and that other events or circumstances, although not listed above, could cause Capital Power's actual results to differ materially from those estimated or projected and expressed in, or implied by the forward-looking information. Capital Power does not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking information to reflect any change in our expectations or any change in events, conditions or circumstances on which any such statement is based, except as required by law.

OVERVIEW OF BUSINESS AND CORPORATE STRUCTURE

Capital Power is one of North America's leading independent power producers, with approximately 12 GW of generation capacity across 35 facilities. Our portfolio includes natural gas, renewables, and battery energy storage solutions (BESS). We deliver power generation at utility-scale through a flexible and resilient fleet built to meet growing electricity demand. Backed by an investment-grade credit rating, we provide safe, reliable power communities can depend on. We are Powering Change by Changing Power™.

The Company's power generation operations and assets are owned by Capital Power L.P. (CPLP), Capital Power L.P. Holdings Inc., and Capital Power (US Holdings) Inc., all wholly owned subsidiaries of the Company.

PERFORMANCE OUTLOOK

The following discussion should be read in conjunction with the forward-looking information section of this MD&A which identifies the material factors and assumptions used to develop forward-looking information and their material associated risk factors.

We measure our operational and financial performance in relation to our corporate strategy through financial and non-financial targets approved by the Board of Directors. The measurement categories include corporate measures and measures specific to certain groups within Capital Power. The corporate measures are company-wide and include adjusted EBITDA, AFFO, commercial initiatives for data centres and renewables growth in the U.S. as well as safety. The group-specific measures include facility operating margin and other operations measures, committed capital, construction and sustaining capital expenditures on budget and on schedule, and facility site safety.

A guidance presentation was held in December 2025 providing financial guidance for 2026 AFFO and adjusted EBITDA. There have been no changes to the 2026 financial guidance ranges previously issued. Adjusted EBITDA and AFFO are non-GAAP financial measures that do not have standardized meanings and may not be comparable to similar measures by other issuers. Refer to the Non-GAAP Financial Measures and Ratios section in this MD&A for further details.

The 2026 targets and forecasts are based on numerous assumptions, including power and natural gas price forecasts. They do not include the effects of potential future acquisitions or development activities, asset sell-downs or potential market and operational impacts relating to unplanned facility outages, including outages at facilities of other market participants, and the related impacts on market power prices.

To ensure portfolio reliability, and to best position the assets to capitalize on stronger market fundamentals beyond 2026, our Alberta maintenance schedule was updated in the third quarter of 2025. In 2026, we expect approximately a 40% increase in outage days for our Canada flexible generation portfolio.

Operational priorities and performance targets for Capital Power in 2026 include a balanced approach to the energy transition:

Priority	2026 targets	Status at June 30, 2026
Execution of major turnarounds	Sustaining capital expenditures of **$290 million to $330 million**	**$166 million** [1,2]
Generate financial stability and strength	AFFO [3] of **$890 million to $1,010 million** Adjusted EBITDA [3] of **$1,565 million to $1,765 million**	**$482 million** [1] **$755 million** [1]
Portfolio optimization	Re-contract/contract natural gas generation Maximize facility asset life and value	In July, the Company entered into a long-term ESA with Meta for 250 MW of capacity and energy in support of a data centre in Alberta (see Subsequent Events). In Q1 2026, the Company extended its summer tolling agreement for Arlington Valley from 2031 to October 2038. As part of this agreement, the facility will undergo a 35 MW capacity uprate (see Significant Events). Discussions with counterparties for other flexible generation facilities are in progress.
Expand flexible generation portfolio	Continue construction on Ontario growth and commercial initiative projects Continue to explore opportunities to build or acquire natural gas generation facilities	Construction is underway and the projects remain on track to meet their targeted completion dates (see Capital Expenditures and Investments). Heavy construction on East Windsor Expansion is nearing completion and commissioning work is underway. Completion is expected in Q3 2026, as targeted.
Grow renewables portfolio	Continue construction of North Carolina growth projects Continue to explore opportunities to build or acquire renewables facilities	Construction for the North Carolina solar projects continued into 2026 (see Capital Expenditures and Investments).
Advance balanced energy solutions such as low-carbon solutions	Evaluate SMRs in Alberta Continue to explore opportunities to co-locate with data centres across North America	Pre-feasibility study work for the Alberta SMR project with Ontario Power Generation remains on track, and we continue to evaluate the development opportunity through this project. We remain in various stages of discussion with several prospective customers about the potential to co-locate or otherwise serve data centre demand at our sites across North America.

1 For the six months ended June 30, 2026.

2 Includes our share of equity-accounted investments sustaining capital expenditures of $21 million net of partner contributions of $9 million.

3 AFFO and adjusted EBITDA are non-GAAP financial measures. See Non-GAAP Financial Measures and Ratios.

The Board of Directors has approved a 2% increase in the common share dividend for 2026 with a long-term targeted dividend growth guidance of 2-4% until 2030. Each annual increase is premised on the assumptions listed under Forward-looking information and subject to approval by the Board at the time of increase.

See Liquidity and Capital Resources for discussion of expected sources of funding.

NON-GAAP FINANCIAL MEASURES AND RATIOS

Capital Power uses (i) earnings before income tax expense, depreciation and amortization, net finance expense, foreign exchange gains or losses, gains or losses on disposals and other transactions, unrealized changes in fair value of commodity derivatives and emission credits, other expenses from our equity-accounted investments, acquisition and integration costs, and other items that are not reflective of the Company's facility operating performance (adjusted EBITDA), and (ii) AFFO as specified financial measures. Adjusted EBITDA and AFFO are both non-GAAP financial measures.

Capital Power also uses AFFO per share as a specified performance measure. This measure is a non-GAAP ratio determined by applying AFFO to the weighted average number of common shares used in the calculation of basic and diluted earnings per share.

These terms are not defined financial measures according to GAAP and do not have standardized meanings prescribed by GAAP and, therefore, are unlikely to be comparable to similar measures used by other enterprises. These measures should not be considered alternatives to net income, net income attributable to shareholders of Capital Power, net cash flows from operating activities or other measures of financial performance calculated in accordance with GAAP. Rather, these measures are provided to complement GAAP measures in the analysis of our results of operations from management's perspective.

Adjusted EBITDA

Capital Power uses adjusted EBITDA to measure the operating performance of facilities and categories of facilities from period to period. Management believes that a measure of facility operating performance is more meaningful if results not related to facility operations are excluded from the adjusted EBITDA measure such as impairments, foreign exchange gains or losses, gains or losses on disposals and other transactions, unrealized changes in fair value of commodity derivatives and emission credits, acquisition and integration costs, and other items that are not reflective of the long-term performance of the Company's underlying operations.

A reconciliation of adjusted EBITDA to net income is as follows:

($ millions)	Three months ended June 30,		Six months ended June 30,	
	2026	**2025**	**2026**	**2025**
Net (loss) income	**(43)**	**(131)**	**(28)**	**19**
Depreciation and amortization	185	138	348	264
Unrealized changes in fair value of commodity derivatives and emission credits	81	247	149	189
Foreign exchange loss (gain)	12	(21)	22	(23)
Net finance expense	92	64	187	125
Acquisition and integration costs	–	37	–	37
Loss on disposals and other transactions	–	6	–	7
Other items [1]	43	36	97	73
Other non-recurring items [2]	2	–	2	4
Income tax recovery	(21)	(54)	(22)	(6)
Adjusted EBITDA [3]	**351**	**322**	**755**	**689**

[1] Includes finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from equity-accounted investments.

[2] For the three and six months ended June 30, 2026, other non-recurring items reflects legal fees related to a dispute with a contractor regarding construction work on the Genesee Repowering project. The six months ended June 30, 2025 reflects costs related to the end-of-life of Genesee coal operations.

[3] Adjusted EBITDA is a non-GAAP financial measure. See Non-GAAP Financial Measures and Ratios.

AFFO and AFFO per share

AFFO and AFFO per share are measures of our ability to generate cash from our operating activities to fund growth capital expenditures, repayment of debt, and payment of common share dividends.

The Company's AFFO definition includes government grants related to off-coal compensation to be received annually to 2030. During the second quarter of 2026, the Company updated the composition of AFFO and AFFO per share to reflect the introduction of similar government grants where cash grants form part of the operating returns on qualifying capital investment and support the Company's cash generation and liquidity profile. As a result, AFFO and AFFO per share now include Clean Technology Investment Tax Credits (ITCs) associated with eligible Canadian renewable projects.

In the second quarter of 2026, the Company has included $174 million in government grants related to Clean Technology ITCs, representing approximately 30% of eligible Canadian renewables project costs. These amounts are included in AFFO and AFFO per share in the period in which the required filing with the applicable tax authority is completed, rather than when cash is received to eliminate timing variability associated with administrative processing. While Capital Power expects amounts ultimately received to be consistent with amounts filed, actual receipts may differ. The amendment did not impact previously reported AFFO or AFFO per share amounts.

AFFO represents net cash flows from operating activities adjusted to:

- exclude timing impacts of cash receipts and payments that may impact period-to-period comparability by including deductions for net finance expense and current income tax expense, and excluding deductions for interest paid, deductions for income taxes paid and changes in operating working capital,
- include our share of AFFO of equity-accounted investments and exclude distributions received from our equity-accounted investments which are calculated after the effect of non-operating activity equity-accounted investments debt payments,
- include government grants which represent a portion of operating returns on capital investment recognized in the period that they are either contractually obligated to be received by Capital Power or the period in which Capital Power has completed the necessary filing with the applicable tax authority to eliminate timing uncertainty due to administrative filing processes,
- exclude the tax equity financing project investors' shares of AFFO associated with assets under tax equity financing structures so only Capital Power's share is reflected in the overall metric,
- exclude sustaining capital expenditures and preferred share dividends,
- exclude the impact of fair value changes in certain unsettled derivative financial instruments that are charged or credited to our bank margin account held with a specific exchange counterparty,
- exclude acquisition and integration costs, and
- exclude other typically non-recurring items affecting cash flows from operating activities that are not reflective of the long-term performance of the Company's underlying business.

A reconciliation of net cash flows from operating activities to AFFO is as follows:

($ millions except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net cash flows from operating activities	**214**	**143**	**526**	**353**
Add (deduct):				
Interest paid	79	30	159	115
Change in fair value of derivatives reflected as cash settlement	11	18	6	7
Realized gain on settlement of interest rate derivatives	–	(17)	–	(17)
Distributions received from equity-accounted investments	(35)	(33)	(65)	(38)
Miscellaneous financing charges [1]	3	(4)	7	(6)
Income taxes recovered	–	(1)	–	(3)
Change in non-cash operating working capital	35	79	(13)	54
	93	72	94	112
Net finance expense [2]	(83)	(58)	(171)	(111)
Current income tax (expense) recovery [3]	(18)	29	(30)	56
Sustaining capital expenditures [4]	(49)	(10)	(145)	(41)
Preferred share dividends paid	(8)	(6)	(15)	(13)
Government grants [5]	174	10	174	10
Remove tax equity interests' respective shares of AFFO	(3)	(2)	(1)	(3)
AFFO from equity-accounted investments [4]	11	26	55	63
Acquisition and integration costs [6]	(1)	38	(1)	38
Other non-recurring items [7]	(2)	(7)	(4)	(11)
AFFO	**328**	**235**	**482**	**453**
Weighted average number of common shares outstanding (millions)	156.9	151.2	156.6	145.2
AFFO per share ($)	**2.09**	**1.55**	**3.08**	**3.12**

[1] Included in other cash items on the condensed interim consolidated statements of cash flows to reconcile net income to net cash flows from operating activities.

[2] Excludes unrealized changes on interest rate derivative contracts, amortization, accretion charges, and non-cash implicit interest on tax equity investment structures.

[3] For the three and six months ended June 30, 2025, excludes current income tax expense related to the partial divestiture of Quality Wind and Port Dover and Nanticoke Wind in 2024 as the amount is classified as an investing activity.

[4] Sustaining capital expenditures related to equity-accounted investments of nil and $9 million for the three and six months ended June 30, 2026, respectively, compared with $2 million and $6 million for the three and six months ended June 30, 2025, were included in AFFO from equity-accounted investments.

[5] For the three and six months ended June 30, 2026, reflects recognition of $174 million in Clean Technology ITCs filed with the applicable tax authority, representing approximately 30% of eligible Canadian renewables project costs. For the three and six months ended June 30, 2025, reflects payment received from the Government of Alberta for the settlement of previously disputed off-coal compensation payments as described in the Company's 2025 annual consolidated financial statements.

[6] For the three and six months ended June 30, 2026, current income tax expenses of $1 million related to prior period acquisition and integration costs. For the three and six months ended June 30, 2025, net of current income tax expenses of $1 million.

[7] For the three and six months ended June 30, 2026, other non-recurring items included $2 million of legal costs related to a contractor dispute concerning construction work at the Genesee Repowering project, partially offset by current income tax recoveries of $4 million and $6 million, respectively, associated with non-recurring items recognized in prior periods. For the three months ended June 30, 2025, other non-recurring items consisted of $7 million of current income tax expenses associated with non-recurring items recognized in prior periods. For the six months ended June 30, 2025, other non-recurring items reflected $5 million of costs associated with the end-of-life of Genesee coal operations, net of $16 million of current income tax recoveries.

FINANCIAL HIGHLIGHTS

($ millions, except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenues and other income	740	441	1,945	1,429
Net (loss) income	(43)	(131)	(28)	19
Net (loss) income attributable to shareholders of the Company	(44)	(132)	(29)	19
Basic (loss) earnings per share ($)	(0.33)	(0.92)	(0.28)	0.03
Diluted (loss) earnings per share ($) [1]	(0.33)	(0.92)	(0.28)	0.03
Adjusted EBITDA [2]	351	322	755	689
AFFO [2]	328	235	482	453
AFFO per share ($) [2]	2.09	1.55	3.08	3.12
Net cash flows from operating activities	214	143	526	353
Purchase of property, plant and equipment and other assets, net	211	141	475	429
Dividends per common share, declared ($)	0.6910	0.6519	1.3820	1.3038
Dividends per Series 1 preferred share, declared ($)	0.3099	0.1638	0.6198	0.3276
Dividends per Series 3 preferred share, declared ($)	0.4288	0.4288	0.8575	0.8575
Dividends per Series 5 preferred share, declared ($)	0.4144	0.4144	0.8288	0.8288

	As at	
	June 30, 2026	December 31, 2025
Loans and borrowings including current portion	6,983	6,730
Total assets	15,682	15,441

1 Diluted earnings per share was calculated after giving effect to outstanding share purchase options.

2 The consolidated financial highlights, except for adjusted EBITDA, AFFO and AFFO per share were prepared in accordance with GAAP. See Non-GAAP Financial Measures and Ratios.

Overall, Capital Power's second quarter and year-to-date 2026 results reflect continued growth in the underlying business, offset by increased financing costs associated with that growth. The Company continues to execute its growth program, advancing construction on the East Windsor Expansion and North Carolina solar projects, progressing the Arlington Valley capacity uprate, and maintaining $1.5 billion of available liquidity to fund the capital program and its targeted 2% dividend growth for 2026. Subsequent to quarter-end, Capital Power announced a long-term energy supply agreement with Meta Platforms, Inc. to serve a data centre in Alberta, completed tax equity financing for the Hornet Solar project, consistent with management's continued focus on portfolio optimization and data centre-driven growth. Regulatory developments in the U.S. and Canada — including FERC's and PJM's large-load interconnection initiatives and Alberta's new Data Centre Regulation — continue to shape the operating environment.

Revenues and other income for the three and six months ended June 30, 2026, increased compared to the prior periods mainly due to contributions from the Hummel Station and Rolling Hills facilities acquired in June 2025, and favourable changes in unrealized fair value on commodity derivatives and emission credits. Results across remaining segments were broadly consistent with prior year periods, as stronger contributions from the Ontario battery energy storage projects and Alberta portfolio optimization were largely offset by lower Alberta pool prices and generation across Canada flexible generation.

Net loss for the three months ended June 30, 2026, was lower than the comparative period. The quarter-over-quarter improvement is driven by the net impacts of:

- higher adjusted EBITDA driven by higher contributions from the U.S. flexible generation segment, partially offset by higher corporate expense discussed below,
- a favourable change in unrealized fair value on commodity derivatives and emission credits,
- higher depreciation and amortization due to growth in our fleet,
- an unfavourable change in foreign exchange,
- higher net finance expense due to increased loans and borrowings,
- lower income tax, and
- higher acquisition and integration costs in 2025 due to the Hummel Station and Rolling Hills acquisition.

Net loss for the six months ended June 30, 2026 was lower than net income in the comparative period. The year-over-year decline is driven by a lower favourable change in unrealized fair value losses on commodity derivatives and emission credits, which offset the quarter-over-quarter improvements identified above.

Basic and diluted (loss) earnings per share changes were driven by the same factors as net income, and the changes from period to period in the weighted average number of common shares outstanding.

Adjusted EBITDA for the three and six months ended June 30, 2026 was higher than the corresponding periods in 2025 primarily due to:

- higher contributions from the Hummel Station and Rolling Hills facilities acquired in June 2025,
- partially offset by lower contributions from equity-accounted investments in the U.S. flexible generation segment due to maintenance outages and reduced capacity revenues, and
- higher net corporate expenses driven by lower insurance proceeds and SMR government grant revenues, higher costs associated with various strategic initiatives, and higher equity-based compensation in 2026 due to the Company's share price performance.

See Consolidated Net Income and Results of Operations for further discussion of the key drivers of the changes in revenues and other income, net income and net income attributable to shareholders of the Company and adjusted EBITDA.

AFFO for the three and six months ended June 30, 2026, was higher than the corresponding period in 2025 primarily due to the net impact of:

- higher adjusted EBITDA described above,
- government grants related to Clean Technology ITCs for applicable Canadian renewable projects,
- partially offset by higher sustaining capital expenditures reflecting the heavy maintenance schedule for the Alberta fleet and increased activity in the U.S. flexible generation portfolio, and
- higher net finance expense described above and higher current income tax expense mainly due to less tax depreciation.

See Liquidity and Capital Resources for discussion of key drivers of changes in net cash flows from operating activities.

Purchases of property, plant and equipment and other assets is discussed in Liquidity and Capital Resources.

SIGNIFICANT EVENTS

Kevin MacIntosh appointed Chief Financial Officer

On February 19, 2026, Kevin MacIntosh was appointed as Chief Financial Officer of the Company, effective March 16, 2026. Mr. MacIntosh has over 30 years of experience as a finance leader working in large, complex organizations within the global energy industry and brings expertise across multi-jurisdictional operations, cross-border transactions, energy trading and diverse regulatory landscapes.

Arlington Valley tolling agreement extension and increased summer capacity

In January 2026, Capital Power extended its summer tolling agreement for the Arlington Valley facility with the current counterparty, an investment-grade utility. The agreement extends the existing 2031 agreement through October 2038 providing 13 years of contracted revenue and positioning Capital Power for continued growth and value creation in the U.S. southwest. The 6-month contract structure enables the facility to capture increasing merchant value during the winter months, while retaining the stability of contracted summer revenues. The facility is expected to realize a full year adjusted EBITDA uplift of approximately US$70 million annually by 2032, inclusive of the uprate. The uprate is expected to contribute approximately US$8 million per year adjusted EBITDA over the life of the asset, starting in 2027.

As part of this agreement, the facility will undergo a 35 MW capacity uprate to summer capacity; 10 MWs will be added in 2026 and an additional 25 MWs in 2027. This investment will strengthen Arlington’s ability to provide reliable power during Arizona’s peak summer demand.

SUBSEQUENT EVENTS

Meta Platforms, Inc. ESA

In July, Capital Power announced that it entered into a long-term (greater than 10 years) ESA for 250 MW of capacity and energy in support of a data centre in Sturgeon County, Alberta being developed by Meta. The load from the project is anticipated to be in service in the back half of 2028.

Tax equity financing

On July 10, 2026, Capital Power's Hornet Solar project reached mechanical completion. Subsequently, the Company received approximately $26 million (US$18 million) in tax equity financing, net of issue costs of $4 million (US$3 million) associated with the financing, from a U.S. financial institution in exchange for Class A interests of a subsidiary of the Company. A further $104 million (US$73 million) will be received at substantial completion of the project, which is expected within the fourth quarter of 2026.

Tax equity financing represents the contribution made by the project investor, adjusted for earnings, tax benefits and cash distributions realized/paid over time. The maturity dates of these obligations are subject to change and are driven by the dates on which the project investor reaches the agreed upon target rate of return. In accordance with the Company's material accounting policies (as described in the 2025 annual consolidated financial statements), the amounts paid by the project investors for their equity stakes are classified as loans and borrowings on the consolidated statements of financial position until the projects have yielded an agreed-upon target rate of return to the project investors.

CONSOLIDATED NET INCOME AND RESULTS OF OPERATIONS

The primary factors contributing to the change in consolidated net income for the three and six months ended June 30, 2026, compared with 2025 are presented below followed by further discussion of these items.

($ millions)	Three months		Six months	
Consolidated net (loss) income for the periods ended June 30, 2025		**(131)**		**19**
Increase (decrease) in adjusted EBITDA [1]:				
Canada flexible generation	(1)		(14)	
Canada renewables	(1)		(1)	
U.S. flexible generation	47		128	
U.S. renewables	4		(4)	
Corporate	(20)	29	(43)	66
Change in unrealized net gains or losses related to the fair value of commodity derivatives and emission credits		166		40
Increase in depreciation and amortization expense		(47)		(84)
Change in foreign exchange gains or losses		(33)		(45)
Increase in other items [2]		(7)		(24)
Increase in net finance expense		(28)		(62)
Decrease in loss on disposals and other transactions		6		7
Acquisition and integration costs		37		37
Non-recurring items		(2)		2
Increase (decrease) in income before tax		121		(63)
(Decrease) increase in income tax recovery		(33)		16
Increase (decrease) in net income		88		(47)
Consolidated net loss for the periods ended June 30, 2026		**(43)**		**(28)**

1 Adjusted EBITDA is a non-GAAP financial measure. See Non-GAAP Financial Measures and Ratios.

2 Includes finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from equity-accounted investments.

Results by segment and other

	Three months ended June 30,							
	2026	2025	2026	2025	2026	2025	2026	2025
	Electricity generation (GWh) [1]		**Availability** (%) [2]		**Revenues and other income** ($ millions) [3,4,5]		**Adjusted EBITDA** ($ millions) [3,4,5]	
Total electricity generation, average availability and facility revenues	10,137	9,022	87	93	649	515		
Canada flexible generation	3,345	3,933	88	91	447	472	165	166
Canada renewables	622	557	93	97	28	28	26	27
Total Canada	**3,967**	**4,490**	**89**	**92**	**475**	**500**	**191**	**193**
U.S. flexible generation	5,600	4,026	86	96	396	213	188	141
U.S. renewables	570	506	90	89	42	39	31	27
Total U.S.	**6,170**	**4,532**	**87**	**95**	**438**	**252**	**219**	**168**
Corporate [6]					5	17	(59)	(39)
Unrealized changes in fair value of commodity derivatives and emission credits					(178)	(328)		
Consolidated revenues and other income and adjusted EBITDA					**740**	**441**	**351**	**322**

	Six months ended June 30,							
	2026	2025	2026	2025	2026	2025	2026	2025
	Electricity generation (GWh) [1]		**Availability** (%) [2]		**Revenues and other income** ($ millions) [3,4,5]		**Adjusted EBITDA** ($ millions) [3,4,5]	
Total electricity generation, average availability and facility revenues	21,605	18,577	90	91	1,657	1,121		
Canada flexible generation	7,907	8,732	91	92	1,029	1,052	359	373
Canada renewables	1,307	1,154	94	97	58	58	59	60
Total Canada	**9,214**	**9,886**	**92**	**93**	**1,087**	**1,110**	**418**	**433**
U.S. flexible generation	11,244	7,601	88	91	917	463	388	260
U.S. renewables	1,147	1,090	91	90	78	80	54	58
Total U.S.	**12,391**	**8,691**	**88**	**91**	**995**	**543**	**442**	**318**
Corporate [6]					13	31	(105)	(62)
Unrealized changes in fair value of commodity derivatives and emission credits					(150)	(255)		
Consolidated revenues and other income and adjusted EBITDA					**1,945**	**1,429**	**755**	**689**

[1] Gigawatt hours (GWh) of electricity generation reflects the Company's share of facility output and includes GWh discharged from BESS.

[2] Facility availability represents the percentage of time in the period that the facility was available to generate power regardless of whether it was running and therefore is reduced by planned and unplanned outages.

[3] The results by segment and other, except for adjusted EBITDA, were prepared in accordance with GAAP. See Non-GAAP Financial Measures and Ratios.

[4] Quality Wind, York Energy, Port Dover and Nanticoke Wind, Midland Cogeneration and Harquahala are accounted for under the equity method. Capital Power's share of each facility's net income is included in income from equity-accounted investments on our consolidated statements of income. The facilities revenues and other income are not included in the above results. Capital Power's share of each facility's adjusted EBITDA is included in adjusted EBITDA above.

[5] Capital Power's share of revenue and adjusted EBITDA from equity-accounted investments was $111 million and $31 million and $284 million and $94 million for the three and six months ended June 30, 2026, respectively, compared with $121 million and $52 million and $270 million and $113 million for the three and six months ended June 30, 2025, respectively.

[6] Corporate revenues are partially offset by interplant category eliminations.

Average power and natural gas energy pricing

		Three months ended June 30,		Six months ended June 30,	
Average prices	**Units**	**2026**	**2025**	**2026**	**2025**
Power					
Alberta AESO	($/MWh)	29.47	40.48	30.80	40.39
Alberta realized power price average [1]	($/MWh)	86.07	72.98	84.44	73.85
PJM - Western Hub [2]	(US$/MWh)	30.78	33.58	55.77	40.72
PJM - AEP Dayton Hub [2]	(US$/MWh)	43.40	40.58	56.95	44.23
PJM realized power price average [1,2,3]	(US$/MWh)	44.52	43.29	50.06	43.29
CAISO SP15	(US$/MWh)	11.43	22.55	18.22	27.38
California realized power price average [1,4]	(US$/MWh)	798.80	92.35	488.04	91.46
Natural gas					
Alberta AECO	($/GJ)	1.54	1.64	1.73	1.84
Alberta realized natural gas price average [5]	($/GJ)	3.54	2.54	3.64	2.59
PJM - Transco Leidy [2]	(US$/MMBtu)	2.11	2.33	4.01	3.09
PJM - Tetco ELA [2]	(US$/MMBtu)	2.64	2.88	3.77	3.47
PJM realized natural gas price average [2,5]	(US$/MMBtu)	3.14	2.36	4.23	2.36
SoCal Border	(US$/MMBtu)	1.17	2.19	1.56	2.74
California realized natural gas price average [5]	(US$/MMBtu)	64.86	3.53	31.13	4.69

1 Realized power price is the average aggregate price realized through selling power generation into the spot market, the Company's commercial contracted sales and portfolio optimization activities. When long-term forward portfolio optimization hedges are transacted, they reflect the market's expectations for future period pricing. Ultimately, spot pricing may vary from expected forward pricing due to a number of factors resulting in realized power prices in a given period that can differ materially from spot pricing.

2 Pricing for the three and six months ended June 30, 2025 is from the date of the acquisitions of the Hummel Station and Rolling Hills facilities on June 9, 2025.

3 Realized power price excludes PJM capacity revenues.

4 Realized power price excludes California resource adequacy revenues.

5 Realized natural gas price is the average aggregate price realized through the purchase of natural gas to fuel the Company's generation, including spot market purchases, the Company's commercial contracted arrangements, and portfolio optimization activities. When long-term forward portfolio optimization hedges are transacted, they reflect the market's expectation for future period pricing. Ultimately, spot pricing may vary from expected forward pricing due to a number of factors, resulting in realized gas prices in a given period that can differ materially from spot pricing.

Canada flexible generation

Alberta spot price averaged $30 and $31 per MWh, respectively, for the first three and six months of 2026, compared to $40 per MWh in the same periods last year. Higher available supply and significant renewable generation lowered Alberta spot power pricing. Lower pricing and facility outages also reduced generation compared with the same periods in 2025.

Generation for the three and six months ended June 30, 2026 was lower compared to the same periods in the previous year while availability remained consistent due to the following net effect:

- lower generation at Genesee Generation Station, Joffre and Shepard due to outages, and lower dispatch on the rest of the Alberta fleet due to decreased power prices,
- higher generation at Goreway due to higher demand due to weather, and
- generation from the Ontario BESS projects, which began commercial operation in September 2025.

Revenues and other income were lower quarter-over-quarter and year-over-year from lower generation and lower Alberta spot power pricing, slightly offset by portfolio optimization, and contributions from the Ontario BESS projects. The year-over-year decrease was also partially offset by higher generation and realized pricing at Goreway.

Adjusted EBITDA was further impacted year-over-year mainly due to increased maintenance costs in Ontario and Alberta.

Canada renewables

Generation was higher for the three and six months ended June 30, 2026, compared to the same periods in 2025 due to the addition of Halkirk 2 Wind which achieved commercial operation in the fourth quarter of 2025. Revenues and other income and adjusted EBITDA were consistent year-over-year, as the stronger generation from Halkirk 2 Wind was offset by lower Alberta captured pool prices.

U.S. flexible generation

Generation for the three and six months ended June 30, 2026 increased compared to the same period in 2025 due to the following net effect:

- acquisitions of the Hummel Station and Rolling Hills facilities in June 2025, and
- lower dispatch of the other U.S. flexible generation facilities, primarily due to lower demand amid milder temperatures.

Lower availability compared to the same periods last year reflects extended gas turbine outages at the Rolling Hills and Harquahala facilities, partially offset by the strong performance of Hummel Station.

Revenues and other income for the three and six months ended June 30, 2026 exceeded prior year results primarily due to the Hummel Station and Rolling Hills facilities acquired in June 2025. These increases were partially offset by lower net generation across the remaining U.S. flexible generation assets. La Paloma's lower dispatch due to soft market conditions was offset by strong trading results; while extended maintenance outages in the second quarter of 2026 resulted in lower capacity revenue at Harquahala, compared to the same periods in 2025.

Adjusted EBITDA for the three and six months ended June 30, 2026 were higher than the same periods last year due to contributions from the Hummel Station and Rolling Hills facilities acquired in June 2025, tempered by the impacts of:

- higher maintenance costs due to equipment outages at Harquahala and Rolling Hills in the second quarter of 2026,
- lower contracted capacity rates at Midland Cogeneration Venture,
- higher natural gas costs at La Paloma due to trading activity,
- unfavourable trading activity results for Hummel Station and Rolling Hills in periods of extreme weather during the first quarter of 2026, and
- unfavourable foreign exchange translation impacts resulting from a weaker U.S. dollar.

U.S. renewables

Increased generation and consistent availability resulted in increased quarter-over-quarter revenues and other income and adjusted EBITDA compared to the prior year. Year-over-year results decreased slightly reflecting lower power pricing, and increased turbine blade maintenance expenses at Cardinal Point Wind.

Corporate

Corporate results include (i) costs of support services such as treasury, finance, internal audit, legal, people services, enterprise risk management, asset management, and environment, health and safety, and (ii) business development expenses. Cost recovery revenues are primarily intercompany revenues that are offset by interplant category transactions.

Net corporate revenues and other income for the three and six months ended June 30, 2026 were lower compared to the same periods in 2025, primarily due to higher insurance proceeds and government grant revenues for the SMR project received in 2025. Adjusted EBITDA for the three and six months ended June 30, 2026 were lower compared with the same periods in 2025 primarily due to the noted insurance proceeds and government grant revenues, costs associated with various strategic initiatives, and higher equity-based compensation in 2026 due to the Company's share price performance.

Unrealized changes in fair value of commodity derivatives and emission credits

($ millions)	Three months ended June 30,			
	2026	**2025**	**2026**	**2025**
Unrealized changes in fair value of commodity derivatives and emission credits	**Revenues and other income [1]**		**Income before tax [1]**	
Unrealized losses on power derivatives	(152)	(355)	(130)	(298)
Unrealized (losses) gains on natural gas derivatives	(28)	3	24	45
Unrealized gains on emission derivatives and credit held for trading	2	24	25	6
	(178)	**(328)**	**(81)**	**(247)**

($ millions)	Six months ended June 30,			
	2026	**2025**	**2026**	**2025**
Unrealized changes in fair value of commodity derivatives and emission credits	**Revenues and other income [1]**		**Income before tax [1]**	
Unrealized losses on power derivatives	(153)	(229)	(138)	(190)
Unrealized (losses) gains on natural gas derivatives	(2)	(26)	(10)	58
Unrealized gains (losses) on emission derivatives and credits held for trading	5	–	(1)	(57)
	(150)	**(255)**	**(149)**	**(189)**

[1] Revenues and other income and adjusted EBITDA include realized changes in the fair value of commodity derivatives and emission credits but exclude unrealized changes in these values. The unrealized changes are also excluded from our adjusted EBITDA metric.

When a derivative instrument settles, the unrealized fair value changes recorded in prior periods for that instrument are reversed from this category. The gain or loss realized upon settlement is then reflected in adjusted EBITDA for the relevant facility category.

During the three and six months ended June 30, 2026, we recorded unrealized losses on power derivatives of $130 million and $138 million, respectively, reflecting increasing forward prices on net forward sale contracts for our PJM and U.S. wind facilities, partially offset by decreasing forward prices on net forward sale contracts in Alberta. During the comparable period in June 30, 2025, we recorded unrealized losses of $298 million and $190 million, respectively, driven by increasing forward prices on net forward sale contracts.

During the three months ended June 30, 2026, we recognized unrealized gains on natural gas derivatives of $24 million due to increasing forward prices on forward purchase contracts, and unrealized losses of $10 million in the six months ended June 30, 2026, reflecting decreasing forward pricing on net forward buy contracts in the U.S and Alberta. During the three and six months ended in June 30, 2025, we recognized unrealized gains of $45 million and $58 million, respectively, driven by increasing forward prices on forward purchase contracts.

During the three months ended June 30, 2026, we recorded $25 million in unrealized gains on U.S. emissions derivatives, reflecting increasing forward prices on net forward purchases.

Consolidated other expenses and non-controlling interests

($ millions)	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net finance expense	(92)	(64)	(187)	(125)
Depreciation and amortization	(185)	(138)	(348)	(264)
Foreign exchange (loss) gain	(12)	21	(22)	23
Other items from equity-accounted investments [1]	(43)	(36)	(97)	(73)
Loss on disposals and other transactions	–	(6)	–	(7)
Income tax recovery	21	54	22	6

1 Includes finance expense, depreciation expense and fair value changes on derivatives from equity-accounted investments.

Net finance expense

Higher net finance expense for the three and six months ended June 30, 2026 compared with the same periods in the prior year largely reflects higher interest expense due to the increased loans and borrowings outstanding from draws on the $600 million credit facility, $1.7 billion senior notes issued during 2025 to fund the Hummel Station and Rolling Hills acquisitions, and lower interest revenue earned on Canadian cash balances. This was further impacted by lower capitalized interest during 2026 due to the completion of the Ontario BESS and Halkirk 2 Wind projects in the prior year, partly offset by capitalized interest for the East Windsor Expansion and North Carolina solar projects in the current year.

Depreciation and amortization

Higher depreciation and amortization for the three and six months ended June 30, 2026 was due primarily to the acquisitions of the Hummel Station and Rolling Hills facilities in the second quarter of 2025, the completion of the Ontario BESS projects in the third quarter of 2025, and the commencement of commercial operations of the Halkirk 2 Wind facility in the fourth quarter of 2025.

Foreign exchange (loss) gain

The foreign exchange losses for the three and six months ended June 30, 2026, compared to gains in the same periods in 2025, were primarily due to the strengthening of the U.S. dollar against the Canadian dollar during the current year, which resulted in unrealized losses on foreign exchange hedges entered into during 2026. In addition, Capital Power designated certain U.S. dollar denominated debt as a hedge of its net investment in foreign operations, resulting in the associated foreign exchange loss being recognized in other comprehensive income rather than net income. These hedge relationships were not in place in the comparable 2025 periods when the U.S dollar weakened against the Canadian dollar.

Other items from equity-accounted investments

Other items from equity-accounted investments include Capital Power's share of finance expense, depreciation expense and unrealized changes in fair value of derivative instruments from our York Energy, Quality Wind, Port Dover and Nanticoke Wind, Midland Cogeneration and Harquahala equity-accounted investments. Other items from equity-accounted investments increased compared with 2025 primarily due to increased depreciation expense for Quality Wind and Port Dover and Nanticoke Wind.

Income tax expense

Lower income tax recovery for the three months ended and higher income tax recovery for the six months ended June 30, 2026, compared with the respective periods in 2025 were primarily due to fluctuations in consolidated net income before tax.

FINANCIAL POSITION

The following highlights changes in the consolidated statements of financial position from December 31, 2025 to June 30, 2026 were as follows:

($ millions)	June 30, 2026	December 31, 2025
Assets		
Current assets	1,661	1,542
Non-current assets:		
Property, plant and equipment	11,541	11,253
Equity-accounted investments	1,021	1,064
Intangible assets and goodwill	603	620
Right-of-use assets	142	136
Derivative financial instruments	353	373
Government grant receivable	184	320
Deferred tax assets	55	26
Other assets	122	107
Total assets	15,682	15,441
Liabilities and equity		
Current liabilities	2,080	1,635
Non-current liabilities:		
Derivative financial instruments	753	719
Loans and borrowings	6,334	6,383
Lease liabilities	159	154
Deferred tax liabilities	868	904
Provisions	480	504
Deferred revenue and other liabilities	274	293
Total liabilities	10,948	10,592
Share capital	5,099	5,036
Deficit	(669)	(349)
Other reserves	311	170
Equity attributable to shareholders of the Company	4,741	4,857
Non-controlling interests	(7)	(8)
Total equity	4,734	4,849
Total liabilities and equity	15,682	15,441

Net working capital decreased from December 31, 2025 to June 30, 2026 by $326 million, mainly driven by:

- reclassifying the $400 million unsecured senior medium-term notes due in 2027 from non-current to current, partially offset by the repayment of the $91 million CPLP unsecured notes due in 2026,
- increased net current derivative financial instrument liabilities due to unrealized losses on power derivatives from increased forward pricing on net forward sales for PJM and U.S. wind facilities (see Unrealized changes in fair value of commodity derivatives and emission credits), and
- higher trade receivables due to the government grants receivable reclass to current assets as noted below, partially offset by lower accrued revenue for Goreway and the Alberta merchant fleet.

Government grants receivable decreased from December 31, 2025 to June 30, 2026 due to the Clean Technology ITCs reclassification to current assets.

The Company has $1.5 billion of available liquidity from credit facilities if needed to meet obligations as they become due (2025 - $1.8 billion) (see Liquidity and Capital Resources).

Property, plant and equipment increased from December 31, 2025 to June 30, 2026 primarily due to increased long-term service agreement costs at La Paloma, construction on the Arlington Valley uprate, North Carolina solar and East Windsor Expansion projects combined with foreign exchange translation effects on assets held in U.S. currency.

LIQUIDITY AND CAPITAL RESOURCES

($ millions)	Six months ended June 30,		
Cash inflows (outflows)	**2026**	**2025**	**Change**
Operating activities	526	353	173
Investing activities	(470)	(3,379)	2,909
Financing activities	(27)	2,496	(2,523)

Operating activities

Cash flows from operating activities for the six months ended June 30, 2026 were higher than the same period in 2025 mainly due to the net impact of:

- cash inflows from the contributions of Hummel Station and Rolling Hills acquired in June 2025,
- increased distributions received from equity-accounted investments,
- change in operating non-cash working capital primarily due to the increase in trade and other receivables,
- partially offset by increased interest paid on higher loans and borrowings due to the $1.7 billion senior notes issued in the prior year to fund the acquisitions of the Hummel Station and Rolling Hills facilities, and increased draws on the U.S. credit facility in the current year.

Investing activities

Cash flows used in investing activities for the six months ended June 30, 2026 were lower compared with the same period in 2025 due to the acquisitions of the Hummel Station and Rolling Hills facilities in June 2025.

Financing activities

Cash flows (used in) from financing activities for the six months ended June 30, 2026 were lower than the same period in 2025 due to proceeds received from the $1.7 billion senior notes issued and increased share capital from the bought deal offering and private placement in the prior year.

Capital expenditures and investments

($ millions)	Pre-2026 actual	Six months ended June 30,	Balance of 2026 estimated [1,2]	Actual or projected total [2]	Targeted completion
Repowering of Genesee 1 and 2 [3]	1,554	7	5-89	1,566 to 1,650	Achieved commercial operations in the fourth quarter of 2024 and the project is substantially complete
Halkirk 2 Wind	323	(4)	3	322	Achieved commercial operations in the fourth quarter of 2025
Ontario growth projects	530	33	20	583	York and Goreway BESS completed in the third quarter of 2025 East Windsor Expansion in the third quarter of 2026
Maple Leaf Solar	72	86	40	235	Second quarter of 2027 (revised from the first quarter of 2027)
Bear Branch Solar	51	41	14	106	Fourth quarter of 2026
Hornet Solar	151	36	23	210	Fourth quarter of 2026 (revised from the third quarter of 2026)
Commercial initiatives [4]	287	18	57		
Development sites and projects	64	–	–		
Subtotal growth projects		**217**	**162-246**		
Sustaining – plant maintenance		154			
Total capital expenditures [5]		**371**			
Emission credits held for compliance		28			
Capitalized interest		(14)			
Additions of property, plant and equipment and other assets		**385**			
Change in other non-cash investing working capital and non-current liabilities		90			
Purchase of property, plant and equipment and other assets, net		**475**			

[1] The Company's 2026 estimated capital expenditures include only expenditures for previously announced growth projects and exclude other potential new development projects.

[2] Projected capital expenditures to be incurred over the life of the ongoing projects are based on management's estimates. Projected capital expenditures for development sites are not reflected beyond the current period until specific projects reach the advanced development stage.

[3] Projected costs for the project including incurred post-commercial operations date, remain subject to the dispute resolution with the contractor described under Contingent Liabilities, Other Legal Matters and Provisions.

[4] Commercial initiatives are projects that increase capacity, improve efficiency, reduce emissions, extend a facility's commercial life, or modify a facility to meet new commercial requirements, but exclude routine maintenance or activities that sustain existing performance.

[5] Capital expenditures include capitalized interest. Capital expenditures excluding capitalized interest are presented on the consolidated statements of cash flows as purchase of property, plant and equipment and other assets, net.

Financing activities

See Liquidity and Capital Resources for significant changes in current quarter and year-to-date financing activities.

The Company's credit facilities consisted of:

($ millions)		At June 30, 2026			At December 31, 2025		
	Maturity Timing	**Total facilities**	**Credit facility utilization**	**Available**	**Total facilities**	**Credit facility utilization**	**Available**
Committed credit facilities [1]	2028 - 2031	2,100	575	1,525	2,100	254	1,846
Bilateral demand credit facilities	N/A	1,416			1,402		
Letters of credit outstanding			625			604	
Demand credit facilities	N/A	25	–	25	25	–	25
		3,541	**1,200**	**2,341**	**3,527**	**858**	**2,669**

[1] Committed credit facilities include letters of credit, bankers' acceptances and bank loans outstanding. In June 2026, the Company extended its $1.5 billion revolving credit facility to 2031 and its $600 million revolving credit facility to 2028.

Capital Power has surety capacity to accommodate, as part of normal course of operations, the issuance of bonds for certain capital projects and contracts. At June 30, 2026, $101 million of bonds were issued under these facilities (December 31, 2025 - $99 million).

Capital Power has the following corporate credit ratings which were affirmed in April and May 2026:

Rating Agency	Rating	Outlook	Definition
Standard and Poor's	BBB -	Stable	Exhibits adequate capacity to meet financial commitments; however, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
DBRS Limited	BBB (low)	Stable	Adequate credit quality and the capacity for the payment of financial obligations is considered acceptable but the entity may be vulnerable to future events.
Fitch Ratings	BBB -	Stable	Expectation of default risk is low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

The above credit ratings are investment grade credit ratings which enhance Capital Power's ability to re-finance existing debt as it matures and to access cost competitive capital for future growth.

Off-statement of financial position arrangements

At June 30, 2026, Capital Power has $625 million of outstanding letters of credit for collateral support for trading operations, conditions of certain service agreements, and to satisfy legislated reclamation requirements and $101 million of surety bonds issued for certain capital projects and contracts.

If Capital Power were to terminate these off-statement of financial position arrangements, the penalties or obligations would not have a material impact on our financial condition, results of operations, liquidity, capital expenditures or resources.

Capital resources

($ millions)	As at	
	June 30, 2026	**December 31, 2025**
Loans and borrowings	6,983	6,730
Lease liabilities [1]	170	162
Less cash and cash equivalents	(153)	(119)
Net debt	7,000	6,773
Share capital	5,099	5,036
Deficit and other reserves	(358)	(179)
Non-controlling interests	(7)	(8)
Total equity	4,734	4,849
Total capital	**11,734**	**11,622**

[1] Includes the current portion presented within deferred revenue and other liabilities.

Capital Power uses shelf prospectuses to access debt and equity markets when conditions are favourable. On March 19, 2026, Capital Power filed a short-form base shelf prospectus and a medium term note (MTN) base shelf prospectus. The short-form base shelf prospectus allows Capital Power to issue an unlimited number of common shares, preferred shares, subscription receipts exchangeable for common shares and/or other securities of Capital Power and/or debt securities. The MTN base shelf prospectus allows Capital Power to issue medium-term notes. Both prospectuses expire in April 2029.

If the Canadian and U.S. financial markets were to become unstable, Capital Power's ability to raise new capital, fulfil our financial obligations, and refinance debt under existing credit facilities and debt agreements may be negatively impacted. Capital Power is exposed to credit risk through various agreements, particularly those related to power purchase agreements, VPPAs, energy purchase agreements, energy supply contracts, and trading and supplier counterparties. While Capital Power actively monitors exposure to significant counterparties, there is no assurance that all counterparties will fulfill their obligations. See Risks and Risk Management for additional discussion on recent developments pertaining to these risks and Capital Power's risk mitigation strategies.

CONTINGENT LIABILITIES, OTHER LEGAL MATTERS AND PROVISIONS

Refer to the Contractual Obligations, Contingent Liabilities, Other Legal Matters and Provisions discussion in our 2025 Integrated Annual Report for details on ongoing legal matters.

Contingent liabilities

Capital Power and our subsidiaries are subject to various legal claims that arise in the normal course of business. Management believes that the aggregate contingent liability of the Company arising from these claims is immaterial.

A dispute arose in 2024 between the Company and the contractor regarding construction work on the Genesee Repowering project. The parties are participating in an arbitration process to resolve the claims by both parties. The Company has withheld payments pending the resolution of the dispute. Preliminary matters related to the arbitration process began late in the second quarter of 2025. While final project costs remain subject to the outcome of the arbitration, the Genesee Repowering Project achieved commercial operations in 2024 and is considered substantially complete.

RISKS AND RISK MANAGEMENT

For the six months ended June 30, 2026, Capital Power's business, operational and climate-related risks and opportunities remain consistent with those described in our 2025 Integrated Annual Report, with no material changes to principal risk factors or associated risk mitigation strategies during the quarter. Management has also assessed the ongoing geopolitical conflict in Iran and determined that this event has had no material impact on Capital Power's operations or risk profile to date.

REGULATORY AND GOVERNMENT MATTERS

Refer to the Regulatory and Government Matters discussion in the Company's 2025 Integrated Annual Report for further details that supplement the recent developments discussed below:

United States

U.S. tariffs / United States-Mexico-Canada Agreement (USMCA)

In July 2026, the U.S. indicated it would not pursue renewal of the USMCA with Canada and Mexico, instead opting to conduct annual reviews of the agreement. The USMCA will remain in force for a further 10 years unless one of the three signatory countries elects to withdraw. The shift to annual reviews, in place of a longer-term renewal, may add uncertainty for continent-wide supply chains including power plant project value chains. The Company continues to monitor trade policy developments and to assess potential implications for procurement, construction and operating activities across our North American portfolio.

Federal Energy Regulatory Commission

In June 2026, FERC issued show-cause orders to all Regional Transmission Organizations and Independent System Operators, requiring them to justify or revise rules governing the interconnection and integration of large loads, including data centres. FERC indicated that existing tariffs may not adequately address these interconnection challenges. Responses to the orders are due by August 17, 2026 and stakeholder comments are due 30 days thereafter. The proceedings are expected to inform the frameworks under which large-load projects are integrated into wholesale markets. The Company continues to monitor the proceedings, including as they relate to opportunities to serve data centre demand across our U.S. footprint.

U.S. Clean Air Act - Maricopa County nonattainment and permitting matters

In March 2026, the U.S. Environmental Protection Agency determined that Maricopa County would have met the 2015 ozone standard absent emissions from outside the U.S., reducing the risk of reclassification to serious nonattainment and providing greater certainty for operations and expansion at Harquahala and Arlington Valley.

PJM market

Large-load integration and interconnection frameworks

In June 2026, PJM concluded the Critical Issue Fast Path process for Reliability Backstop Procurement and Connect and Manage. PJM's proposal addresses the 2028/29 Base Residual Auction shortfall, through a pay-as-bid request for proposal with a $555/MW day cap and 15-year contracts. The procurement would occur in fall 2026, with a bilateral matching window extending into early 2027. Procurement volumes would be tied to the size of the shortfall and could be reduced if load-serving entities or states secure new supply outside the auction. Projects must be online by June 2032, with PJM prioritizing earlier commercial operation dates to lower levelized costs. The timeline is expected to be beneficial for Capital Power's planned uprates at Rolling Hills and Hummel Station, while creating challenges for larger expansion projects.

Capacity market developments and affordability measures

In February 2026, PJM's Board of Managers announced its intention to extend the capacity market price collar through 2030, subject to FERC approval with support from the White House National Energy Dominance Council and governors of PJM states.

Prices in the PJM July capacity auction for the 2028-2029 delivery year hit a $325/MW-day price cap across the region. The auction left PJM with a roughly 6.8 GW shortfall below the grid operator's 20% installed reserve margin target.

Canada

Canada-Alberta Memorandum of Understanding (MOU)

In May 2026, Alberta and the Government of Canada signed an implementation agreement, advancing priorities from the 2025 MOU, including updates to industrial carbon pricing, a commitment to hold the Clean Electricity Regulations in abeyance in Alberta, measures to de-risk investment, next steps for carbon capture and storage, and a pipeline to the West Coast. The Government of Canada also revised the carbon pricing trajectory nationally by lowering the carbon price and extending the schedule from 2030 to 2040. Capital Power is engaged in consultations regarding the implementation of changes to the Technology Innovation and Emissions Reduction regulation.

National Electricity Strategy Discussion Paper

In May 2026, the Government of Canada released Powering Canada Strong: A National Strategy for an Electrified Canadian Economy, a consultation paper focused on expanding and modernizing the electricity system to support growing demand from data centres, industrial growth, and economy-wide electrification. The strategy recognizes the continued role of natural gas generation in maintaining reliability, affordability, and system flexibility and includes commitments to amend the Clean Electricity Regulations, expand investment tax credits for intra-provincial transmission, and exploring regional integration. Capital Power is participating in the consultation process.

Alberta

Data Centre Regulation and Phase II Process

In June 2026, the Government of Alberta published the Data Centre Regulation, providing the Alberta Electric System Operator (AESO) with additional authority to enable timely and structured data centre development and greater clarity on Alberta's Bring Your Own Generation model. This regulation enables the AESO to designate and prioritize tethering arrangements that link data centre load with generation which will be part of the AESO's forthcoming Phase 2 large load interconnection process.

Alberta Electric System Operator (AESO) Restructured Energy Market (REM)

In March 2026, the AESO released the REM Independent System Operators (ISO) Rules, which received Ministerial approval and established the high-level REM framework. The AESO continues to progress implementation initiatives in anticipation of the cutover, expected in 2028. Through its Market Participant Readiness program, the AESO has released its first public learning module and established an IT Systems Working group, in which Capital Power is participating. Management continues to monitor developments and assess potential implications as implementation advances.

USE OF JUDGMENTS AND ESTIMATES

In preparing the condensed interim consolidated financial statements, management made judgments, estimates and assumptions that affect the application of Capital Power's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. There have been no significant changes to Capital Power's use of judgments and estimates as described in our 2025 Integrated Annual Report.

FINANCIAL INSTRUMENTS

The classification, carrying amounts and fair values of financial instruments held at June 30, 2026 and December 31, 2025 were as follows:

($ millions)		June 30, 2026		December 31, 2025	
	Fair value hierarchy level [1]	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:					
Amortized cost					
Cash and cash equivalents	N/A	153	153	119	119
Trade and other receivables [2]	N/A	570	570	736	736
Government grant receivable [3]	Level 2	408	394	406	389
Fair value through profit or loss					
Derivative financial instruments [3]	See below	714	714	655	655
Fair value through other comprehensive income					
Derivative financial instruments [3]	See below	47	47	33	33
Financial liabilities:					
Amortized cost					
Trade and other payables	N/A	728	728	789	789
Loans and borrowings [3]	Level 2	6,983	7,320	6,730	7,052
Fair value through profit or loss					
Derivative financial instruments [3]	See below	1,215	1,215	980	980
Fair value through other comprehensive income					
Derivative financial instruments [3]	See below	2	2	13	13

1 Fair values for Level 1 financial assets and liabilities are based on unadjusted quoted prices in active markets for identical instruments while fair values for Level 2 financial assets and liabilities are generally based on indirectly observable prices. Level 3 valuations are determined by appropriate subject matter experts and reviewed by the Company's commodity risk group and by Management.

2 Includes income taxes recoverable and excludes current portion of government grant receivable.

3 Includes current and non-current portion.

Risk management and hedging activities

There have been no material changes in the six months ended June 30, 2026 to our risk management and hedging activities as described in our 2025 Integrated Annual Report.

The derivative financial instruments assets and liabilities held at June 30, 2026 compared with December 31, 2025 and used for risk management purposes were measured at fair value and consisted of the following:

($ millions)		At June 30, 2026				
	Fair value hierarchy level	**Commodity cash flow hedges**	**Commodity non-hedges**	**Interest rate cash flow hedges**	**Foreign exchange cash flow non-hedges**	**Total**
Derivative financial instruments assets	Level 2	36	639	10	–	685
	Level 3	–	76	–	–	76
		36	715	10	–	761
Derivative financial instruments liabilities	Level 2	(1)	(860)	–	(18)	(879)
	Level 3	–	(338)	–	–	(338)
		(1)	(1,198)	–	(18)	(1,217)
Net derivative financial instruments assets (liabilities)		**35**	**(483)**	**10**	**(18)**	**(456)**

($ millions)		At December 31, 2025				
	Fair value hierarchy level	**Commodity cash flow hedges**	**Commodity non-hedges**	**Interest rate cash flow hedges**	**Foreign exchange non-hedges**	**Total**
Derivative financial instruments assets	Level 2	29	584	4	1	618
	Level 3	–	70	–	–	70
		29	654	4	1	688
Derivative financial instruments liabilities	Level 2	(11)	(642)	(2)	–	(655)
	Level 3	–	(338)	–	–	(338)
		(11)	(980)	(2)	–	(993)
Net derivative financial instruments assets (liabilities)		**18**	**(326)**	**2**	**1**	**(305)**

Commodity, interest rate and foreign exchange derivatives designated as accounting hedges

Unrealized gains and losses from fair value changes on commodity, interest rate and foreign exchange derivatives that qualify and are elected for hedge accounting, are recorded in other comprehensive income (loss). When realized, they are reclassified to net income as revenues, energy purchases and fuel, finance expense or foreign exchange gains and losses as appropriate. For interest rate derivatives used to hedge the interest rate on a future debt issuance, realized gains or losses are deferred within accumulated other comprehensive income (loss) and recognized within finance expense over the life of the debt, consistent with the interest expense on the hedged debt. For foreign exchange derivatives hedging cash flow variability from foreign currency fluctuations on future capital expenditures, realized gains and losses are also deferred within accumulated other comprehensive income (loss) and then recorded in property, plant and equipment and amortized through depreciation and amortization over the hedged asset's estimated useful life. For foreign currency denominated debt designated as a net investment hedge of foreign operations, foreign exchange gains and losses are deferred within accumulated other comprehensive income (loss) and are reclassified to net income as foreign exchange gains and losses, as appropriate, on the disposal of the foreign operation.

Commodity, interest rate and foreign exchange derivatives not designated as accounting hedges

The change in fair values of commodity derivatives not designated as hedges is primarily due to changes in forward power, natural gas and REC prices and their impact within the Canada and U.S. flexible generation and renewables portfolios. Unrealized and realized gains and losses for fair value changes on commodity derivatives that do not qualify for hedge accounting are recorded in net income as revenues or energy purchases and fuel.

Unrealized and realized gains and losses on foreign exchange derivatives and interest rate derivatives that are not designated as hedges for accounting purposes are recorded in net income as foreign exchange gains or losses and net finance expense, respectively.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no significant changes in Capital Power's disclosure controls and procedures and internal controls over financial reporting that occurred during the six months ended June 30, 2026 that have materially affected or are reasonably likely to materially affect disclosures of required information and internal control over financial reporting.

SUMMARY OF QUARTERLY RESULTS

	Three months ended							
	Jun 2026	Mar 2026	Dec 2025	Sep 2025	Jun 2025	Mar 2025	Dec 2024	Sep 2024
Electricity generation (GWh)								
Canada flexible generation	3,345	4,562	4,960	5,029	3,933	4,799	3,596	4,518
Canada renewables	622	685	642	456	557	597	704	541
U.S. flexible generation	5,600	5,644	6,519	7,550	4,026	3,575	4,540	5,574
U.S. renewables	570	577	544	339	506	584	568	368
Total electricity generation	10,137	11,468	12,665	13,374	9,022	9,555	9,408	11,001
Availability (%)								
Canada flexible generation	88	94	92	95	91	94	87	93
Canada renewables	93	96	90	97	97	96	96	95
U.S. flexible generation	86	90	88	93	96	85	88	96
U.S. renewables	90	91	90	91	89	90	93	88
Total average availability	87	92	90	93	93	90	89	94
Revenues and other income ($ millions)								
Canada flexible generation	447	582	596	533	472	580	523	520
Canada renewables	28	30	30	23	28	30	56	43
U.S. flexible generation	396	521	457	496	213	250	198	286
U.S. renewables	42	36	39	27	39	41	37	31
Corporate [1]	5	8	4	5	17	14	9	5
Unrealized changes in fair value of commodity derivatives and emission credits	(178)	28	(48)	129	(328)	73	30	145
Total revenues and other income	**740**	**1,205**	**1,078**	**1,213**	**441**	**988**	**853**	**1,030**
Adjusted EBITDA [2]								
Canada flexible generation [3]	165	194	187	181	166	207	200	187
Canada renewables [3]	26	33	33	18	27	33	42	27
U.S. flexible generation [3]	188	200	208	307	141	119	123	219
U.S. renewables	31	23	30	15	27	31	26	19
Corporate	(59)	(46)	(44)	(44)	(39)	(23)	(61)	(51)
Total adjusted EBITDA [2]	**351**	**404**	**414**	**477**	**322**	**367**	**330**	**401**

[1] Revenues are partially offset by interplant category revenue eliminations.

[2] Adjusted EBITDA is a non-GAAP financial measure. See Non-GAAP Financial Measures and Ratios.

[3] Canada flexible generation include adjusted EBITDA from York Energy equity-accounted investment. Canada renewables include adjusted EBITDA from Quality Wind and Port Dover and Nanticoke Wind equity-accounted investments. U.S. flexible generation include adjusted EBITDA from Midland Cogeneration and Harquahala equity-accounted investments.

Financial highlights

($ millions except per share amounts)	Three months ended							
	Jun 2026	Mar 2026	Dec 2025	Sep 2025	Jun 2025	Mar 2025	Dec 2024	Sep 2024
Revenues and other income	740	1,205	1,078	1,213	441	988	853	1,030
Net (loss) income	(43)	15	(13)	153	(131)	150	242	178
Net (loss) income attributable to shareholders of the Company	(44)	15	(13)	154	(132)	151	240	179
Basic (loss) earnings per share	(0.33)	0.04	(0.12)	0.94	(0.92)	1.03	1.76	1.32
Diluted (loss) earnings per share [1]	(0.33)	0.04	(0.12)	0.94	(0.92)	1.03	1.75	1.32
Adjusted EBITDA [2,3]	351	404	414	477	322	367	330	401
AFFO [2]	328	154	244	369	235	218	182	315
AFFO per share ($) [2]	2.09	0.98	1.57	2.37	1.55	1.57	1.38	2.42
Net cash flows from operating activities	214	312	205	404	143	210	438	236
Purchase of property, plant and equipment and other assets, net	211	264	288	147	141	288	395	231

1 Diluted (loss) earnings per share was calculated after giving effect to outstanding share purchase options.

2 The consolidated financial highlights, except for adjusted EBITDA, AFFO and AFFO per share were prepared in accordance with GAAP. See Non-GAAP Financial Measures and Ratios.

3 Includes adjusted EBITDA from the York Energy, Midland Cogeneration and Harquahala equity-accounted investments. Quality Wind and Port Dover and Nanticoke Wind were partially divested on December 20, 2024, and then became equity-accounted investments. Due to the proximity to December 31, 2024, adjusted EBITDA relating to the equity-accounted investments period during the quarter was immaterial.

Quarterly revenues, net income and cash flows from operating activities are affected by seasonal weather conditions, fluctuations in U.S. dollar exchange rates relative to the Canadian dollar, power and natural gas prices, planned and unplanned facility outages and items outside the normal course of operations. Net income (loss) is also affected by changes in the fair value of our power, natural gas, interest rate and foreign exchange derivative contracts.

Factors impacting results for the previous quarters

Please refer to our 2025 Integrated Annual Report for significant events and items which affected results for the previous quarters.

SHARE AND PARTNERSHIP UNIT INFORMATION

Quarterly common share trading information

The Company's common shares are listed on the Toronto Stock Exchange under the symbol CPX and began trading on June 26, 2009.

	Three months ended							
	Jun 2026	**Mar 2026**	**Dec 2025**	**Sep 2025**	**Jun 2025**	**Mar 2025**	**Dec 2024**	**Sep 2024**
Share price ($/common share)								
High	75.70	66.66	73.80	66.06	57.92	64.95	68.73	50.88
Low	61.74	56.48	58.23	54.03	41.87	44.68	49.20	38.33
Close	73.91	65.89	58.55	65.35	54.80	47.83	63.72	49.17
Volume of shares traded (millions)	36.2	49.3	50.4	43.8	48.7	59.2	38.0	28.3

Outstanding share and partnership unit data

At July 24, 2026, the Company had 157.080 million common shares, 5 million Cumulative Rate Reset Preference Shares (Series 1), 6 million Cumulative Rate Reset Preference Shares (Series 3), and 8 million Cumulative Rate Reset Preference Shares (Series 5) outstanding. Assuming full conversion of the outstanding and issuable share purchase options to common shares and ignoring exercise prices, the outstanding and issuable common shares at July 24, 2026 were 158.349 million. On February 23, 2026, the Company retired its special limited voting shares and entered into a 10-year agreement with the City of Edmonton which includes obligations regarding the head office and a commitment to maintain a corporate community giving program, or similar program benefiting the Edmonton area, of net less than $1 million per calendar year. These transactions occurred in exchange for cash consideration totaling $75 million, comprised of $40 million paid in the first quarter of 2026 and $35 million payable in 2027, which were recorded in retained earnings.

At July 24, 2026, CPLP had 349.092 million general partnership units outstanding and 1,299.228 million common limited partnership units outstanding. All of the outstanding general partnership units and the outstanding common limited partnership units are held by the Company.

ADDITIONAL INFORMATION

Additional information relating to Capital Power Corporation, including the Company's annual information form and other continuous disclosure documents, is available on SEDAR+ at www.sedarplus.com.

Condensed Interim Consolidated Financial Statements of

CAPITAL POWER CORPORATION

(Unaudited, in millions of Canadian dollars)

Six months ended June 30, 2026 and 2025

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Financial Statements
Six months ended June 30, 2026 and 2025

Condensed Interim Consolidated Financial Statements:

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of (Loss) Income
(Unaudited, in millions of Canadian dollars, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenues	$ 714	$ 407	$ 1,892	$ 1,362
Other income	26	34	53	67
Energy purchases and fuel	(300)	(260)	(1,058)	(749)
Gross margin	440	181	887	680
Other raw materials and operating charges	(79)	(53)	(149)	(106)
Staff costs and employee benefits expense	(58)	(53)	(107)	(94)
Depreciation and amortization	(185)	(138)	(348)	(264)
Other administrative expense	(66)	(89)	(121)	(134)
Foreign exchange (loss) gain	(12)	21	(22)	23
Operating income (loss)	40	(131)	140	105
Net finance expense (note 4)	(92)	(64)	(187)	(125)
(Loss) income from equity-accounted investments	(12)	16	(3)	40
Loss on disposals and other transactions	—	(6)	—	(7)
(Loss) income before tax	(64)	(185)	(50)	13
Income tax recovery (note 5)	21	54	22	6
Net (loss) income	$ (43)	$ (131)	$ (28)	$ 19
Attributable to:				
Non-controlling interests	$ 1	$ 1	$ 1	$ —
Shareholders of the Company	$ (44)	$ (132)	$ (29)	$ 19
(Loss) earnings per share attributable to shareholders of the Company:				
Basic (note 6)	$ (0.33)	$ (0.92)	$ (0.28)	$ 0.03
Diluted (note 6)	$ (0.33)	$ (0.92)	$ (0.28)	$ 0.03

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited, in millions of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net (loss) income	$ (43)	$ (131)	$ (28)	$ 19
Other comprehensive income (loss):				
Items that may be reclassified subsequently to net income:				
Unrealized gain (loss) on derivative instruments[1] (note 7)	4	(4)	38	6
Reclassification of gains on derivative instruments to net income[2] (note 7)	(15)	(9)	(31)	(18)
Equity-accounted investments[3]	2	(2)	3	(6)
Exchange gains (losses) on translation of foreign operations	77	(173)	139	(175)
Net investment hedge - net loss[4] (note 7)	(8)	—	(8)	—
Other comprehensive income (loss) for the period, net of tax	60	(188)	141	(193)
Total comprehensive income (loss)	$ 17	$ (319)	$ 113	$ (174)
Attributable to:				
Non-controlling interests	$ 1	$ 1	$ 1	$ —
Shareholders of the Company	$ 16	$ (320)	$ 112	$ (174)

[1] For the three and six months ended June 30, 2026, net of income tax expense of $1 and $11, respectively. For the three and six months ended June 30, 2025, net of income tax (recovery) expense of $(1) and $3, respectively.

[2] For the three and six months ended June 30, 2026, net of reclassification of income tax expense of $4 and $9, respectively. For the three and six months ended June 30, 2025, net of reclassification of income tax expense of $2 and $5, respectively.

[3] For the three and six months ended June 30, 2026, net of income tax expense of nil and $1, respectively. For the three and six months ended June 30, 2025, net of income tax recovery of $1 and $2, respectively.

[4] For the three and six months ended June 30, 2026, net of income tax recovery of $1.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Financial Position
(Unaudited, in millions of Canadian dollars)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 153	$ 119
Trade and other receivables	643	569
Income taxes recoverable	150	216
Inventories	307	323
Derivative financial instruments (note 7)	408	315
	1,661	1,542
Non-current assets:		
Property, plant and equipment	11,541	11,253
Equity-accounted investments	1,021	1,064
Intangible assets and goodwill	603	620
Right-of-use assets (note 8)	142	136
Derivative financial instruments (note 7)	353	373
Government grants receivable	184	320
Deferred tax assets	55	26
Other assets	122	107
Total assets	$ 15,682	$ 15,441
Liabilities and equity		
Current liabilities:		
Trade and other payables	$ 728	$ 789
Derivative financial instruments (note 7)	464	274
Loans and borrowings (note 9)	649	347
Provisions	136	112
Deferred revenue and other liabilities	103	113
	2,080	1,635
Non-current liabilities:		
Derivative financial instruments (note 7)	753	719
Loans and borrowings	6,334	6,383
Lease liabilities	159	154
Deferred tax liabilities	868	904
Provisions	480	504
Deferred revenue and other liabilities	274	293
Total liabilities	10,948	10,592
Share capital (note 10)	5,099	5,036
Deficit	(669)	(349)
Other reserves	311	170
Equity attributable to shareholders of the Company	4,741	4,857
Non-controlling interests	(7)	(8)
Total equity	4,734	4,849
Total liabilities and equity	$ 15,682	$ 15,441

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

	Share capital (note 10)	Cash flow hedges[1]	Cumulative translation reserve[1]	Defined benefit plan actuarial losses[1]	Employee benefits reserve	Deficit	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Balance, January 1, 2026	$ 5,036	$ 78	$ 91	$ (9)	$ 10	$ (349)	$ 4,857	$ (8)	$ 4,849
Net loss	—	—	—	—	—	(29)	(29)	1	(28)
Other comprehensive income	—	10	131	—	—	—	141	—	141
Total comprehensive income (loss)	—	10	131	—	—	(29)	112	1	113
Issue of share capital, net	12	—	—	—	—	—	12	—	12
Repurchase of special limited voting shares[2] (note 10)	—	—	—	—	—	(58)	(58)	—	(58)
Common share dividends (note 10)	—	—	—	—	—	(217)	(217)	—	(217)
Preferred share dividends, net of tax[3] (note 10)	—	—	—	—	—	(16)	(16)	—	(16)
Dividends reinvested	51	—	—	—	—	—	51	—	51
Balance, June 30, 2026	$ 5,099	$ 88	$ 222	$ (9)	$ 10	$ (669)	$ 4,741	$ (7)	$ 4,734

[1] Accumulated other comprehensive income. Other reserves on the statements of financial position are the aggregate of accumulated other comprehensive income and the employee benefits reserve.

[2] Net of tax recovery of $17.

[3] Including income tax expense of $1.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, in millions of Canadian dollars)

	Share capital (note 10)	Cash flow hedges[1]	Cumulative translation reserve[1]	Defined benefit plan actuarial losses[1]	Employee benefits reserve	Deficit	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Balance, January 1, 2025	$ 4,301	$ 108	$ 240	$ (9)	$ 10	$ (74)	$ 4,576	$ (5)	$ 4,571
Net income	—	—	—	—	—	19	19	—	19
Other comprehensive loss	—	(18)	(175)	—	—	—	(193)	—	(193)
Total comprehensive (loss) income	—	(18)	(175)	—	—	19	(174)	—	(174)
Issue of share capital, net[2]	648	—	—	—	—	—	648	—	648
Common share dividends (note 10)	—	—	—	—	—	(192)	(192)	—	(192)
Preferred share dividends, net of tax[3] (note 10)	—	—	—	—	—	(14)	(14)	—	(14)
Dividends reinvested	34	—	—	—	—	—	34	—	34
Share options exercised		—	—	—	—	—	—	—	—
Distributions to non-controlling interests	—	—	—	—	—	—	—	(2)	(2)
Balance, June 30, 2025	$ 4,983	$ 90	$ 65	$ (9)	$ 10	$ (261)	$ 4,878	$ (7)	$ 4,871

1 Accumulated other comprehensive income. Other reserves on the statements of financial position are the aggregate of accumulated other comprehensive loss and the employee benefits reserve.

2 Net of share issue costs of $28, income tax recovery of $7, and share options exercised of $2.

3 Net of income tax expense of $1.

See accompanying notes to the condensed interim consolidated financial statements

CAPITAL POWER CORPORATION

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, in millions of Canadian dollars)

	Six months ended June 30, 2026	Six months ended June 30, 2025
Cash flows from operating activities:		
Net (loss) income	$ (28)	$ 19
Non-cash adjustments:		
Depreciation and amortization	348	264
Net finance expense	187	125
Fair value changes on commodity derivative instruments and emission credits held for trading	149	189
Unrealized foreign exchange losses (gains)	22	(23)
Income tax recovery	(22)	(6)
Loss (income) from equity-accounted investments	3	(40)
Tax equity attributes	(45)	(42)
Other	23	14
Change in fair value of derivative instruments, cash settlement	(6)	(7)
Distributions received from equity-accounted investments	65	38
Interest paid	(159)	(115)
Income taxes recovered	—	3
Other	(24)	(12)
Change in non-cash operating working capital	13	(54)
Net cash flows from operating activities	526	353
Cash flows used in investing activities:		
Purchase of property, plant and equipment and other assets, net[1]	(475)	(429)
Business acquisition, net of acquired cash	—	(2,973)
Government grants received	—	10
Other	5	13
Net cash flows used in investing activities	(470)	(3,379)
Cash flows used in financing activities:		
Net proceeds from issue of loans and borrowings[2]	301	2,091
Repayment of loans and borrowings (note 9)	(103)	(42)
Capitalized interest paid	(14)	(21)
Issue of share capital[3]	12	641
Dividends paid (note 10)	(180)	(161)
Income taxes paid on preferred share dividends	—	(5)
Repurchase of special limited voting shares (note 10)	(40)	—
Distributions to non-controlling interests	—	(2)
Other	(3)	(5)
Net cash flows (used in) from financing activities	(27)	2,496
Foreign exchange gain (loss) on cash held in foreign currency	5	(27)
Net increase (decrease) in cash and cash equivalents	34	(557)
Cash and cash equivalents, beginning of period	119	865
Cash and cash equivalents, end of period	**$ 153**	**$ 308**

1 Reflects total additions, increased by $90 for changes in non-cash investing working capital and other non-current assets and liabilities (2025 – increased by $192).
2 Net of deferred debt issue costs of $2 (2025 - $14).
3 Net of share issue costs of nil (2025 - $28).

See accompanying notes to the condensed interim consolidated financial statements

1. Reporting entity

Capital Power Corporation (the Company or Capital Power) develops, acquires, owns, and operates utility-scale renewable and flexible generation (natural gas generation assets and energy storage) facilities and manages its related electricity and natural gas portfolios by undertaking trading and marketing activities.

The registered and head office of the Company is located at 10423 101 Street, Edmonton, Alberta, Canada, T5H 0E9. The common shares of the Company are traded on the Toronto Stock Exchange under the symbol “CPX”.

Interim results will fluctuate due to plant maintenance schedules, the seasonal demands for electricity and changes in energy prices. Consequently, interim results are not necessarily indicative of annual results.

2. Basis of presentation and use of judgements and estimates

These condensed interim consolidated financial statements have been prepared by management in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s 2025 annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board.

The accounting policies applied, the significant judgements made, and the key sources of estimation uncertainty are consistent with those described in the Company’s 2025 annual consolidated financial statements, except as described in note 3.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on July 28, 2026.

3. Changes to accounting policies

The following amendments to IFRS Accounting Standards became effective on January 1, 2026 and were adopted by the Company:

- Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7

  In December, 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments (IFRS 9) and IFRS 7 Financial Instruments: Disclosures (IFRS 7). The targeted amendments aimed to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs) or virtual PPAs. The amendments included clarifying the application of the ‘own-use’ requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements. The amendments did not have a material impact on the Company's consolidated financial statements.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

  In May, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 that clarified the timing of recognition and derecognition of financial assets and liabilities, and introduced a derecognition exception for financial liabilities settled through electronic payment systems, when certain criteria are met. The amendments also clarified the application of the solely payments of principal and interest (SPPI) criterion and added new disclosures for financial instruments with contractual terms that can change the cash flows. Adopting the amendments resulted in a change in the accounting policy for derecognizing trade and other payables. The amendments did not have a material impact on the Company's consolidated financial statements and the Company was not required to restate prior periods to reflect the amendments under their transitional provisions.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

4. Net finance expense

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Interest expense				
Interest on loans and borrowings	$ 94	$ 78	$ 187	$ 146
Capitalized interest	(8)	(12)	(14)	(21)
Total interest expense	86	66	173	125
Other finance expense (income)				
Accretion on decommissioning provisions	4	2	8	5
Interest on lease liabilities	2	2	6	6
Interest on government grants receivable	(1)	(2)	(3)	(4)
Other	1	(4)	3	(7)
Net finance expense	$ 92	$ 64	$ 187	$ 125

5. Income tax

Income tax expense differs from the amount that would be computed by applying the federal and provincial income tax rates as a result of the following:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net (loss) income before tax	$ (64)	$ (185)	$ (50)	$ 13
Income tax at the statutory rate of 23%	(15)	(43)	(12)	3
Increase (decrease) resulting from:				
Non-deductible expenses and non-taxable income	2	(4)	5	(4)
Amounts attributable to non-controlling interests, equity-accounted investments, and tax equity interests	(5)	(7)	(10)	(7)
Statutory and other rate differences	(2)	(6)	(5)	(3)
Other	(1)	6	—	5
Income tax recovery	$ (21)	$ (54)	$ (22)	$ (6)

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

6. (Loss) earnings per share

The (loss) earnings and weighted average number of common shares used in the calculation of basic and diluted earnings per share were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
(Loss) earnings for the period attributable to shareholders	$ (44)	$ (132)	$ (29)	$ 19
Preferred share dividends[1]	(8)	(7)	(16)	(14)
(Loss) earnings available to common shareholders	$ (52)	$ (139)	$ (45)	$ 5
Weighted average number of common shares	156,855,049	151,219,128	156,565,677	145,232,868
Basic (loss) earnings per share	$ (0.33)	$ (0.92)	$ (0.28)	$ 0.03
Weighted average number of common shares	156,855,049	151,219,128	156,565,677	145,232,868
Effect of dilutive share purchase options	—	—	—	322,140
Diluted weighted average number of common shares	156,855,049	151,219,128	156,565,677	145,555,008
Diluted (loss) earnings per share	$ (0.33)	$ (0.92)	$ (0.28)	$ 0.03

[1] Includes preferred share dividends declared and related taxes.

7. Derivative financial instruments and hedge accounting

Derivative financial and non-financial instruments are held for the purpose of energy and natural gas purchases, merchant trading or financial risk management.

The Company has elected to apply hedge accounting to certain derivatives used to manage commodity price risk relating to electricity prices, interest rate risk relating to future borrowings, and foreign exchange risk relating to future capital investment in U.S. dollars.

During the second quarter of 2026, the Company designated the foreign currency risk component of the $213 million (US$150 million) private placement debt issued by CPC at 3.24%, due October 29, 2033, as a net investment hedge of its U.S. operations, at a hedge ratio of 1:1. As such, the effective portion of foreign exchange gains and losses on the debt, included in loans and borrowings, is recognized in other comprehensive income.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

7. Derivative financial instruments and hedge accounting, continued

	June 30, 2026						
	Energy and emission allowances		Interest rate		Foreign exchange		
	cash flow hedges	non-hedges	cash flow hedges	non-hedges	cash flow hedges	non-hedges	Total
Derivative instruments assets:							
Current	$ 26	$ 382	$ —	$ —	$ —	$ —	$ 408
Non-current	11	332	10	—	—	—	353
Derivative instruments liabilities:							
Current	(1)	(450)	—	—	—	(13)	(464)
Non-current	(1)	(747)	—	—	—	(5)	(753)
Net fair value	$ 35	$ (483)	$ 10	$ —	$ —	$ (18)	$ (456)
Net notional buys (sells) (millions):							
Megawatt hours of electricity	(2)	(65)					
Gigajoules of natural gas purchased		444					
Gigajoules of natural gas basis swaps		35					
Metric tonnes of emission allowances		20					
Number of renewable energy credits		(8)					
Interest rate swaps			$ 812	$ 68			
Forward currency buys (U.S. dollars)					$ —	$ (476)	
Range of remaining contract terms (years)	0.1 to 4.0	0.1 to 21.0	0.2 to 2.2	2.0 to 2.5	—	0.1 to 1.5	

	December 31, 2025						
	Energy and emission allowances		Interest rate		Foreign exchange		
	cash flow hedges	non-hedges	cash flow hedges	non-hedges	cash flow hedges	non-hedges	Total
Derivative instruments assets:							
Current	$ 18	$ 296	$ —	$ —	$ —	$ 1	$ 315
Non-current	11	358	4	—	—	—	373
Derivative instruments liabilities:							
Current	(1)	(272)	(1)	—	—	—	(274)
Non-current	(10)	(708)	(1)	—	—	—	(719)
Net fair value	$ 18	$ (326)	$ 2	$ —	$ —	$ 1	$ (305)
Net notional buys (sells) (millions):							
Megawatt hours of electricity	(4)	(73)					
Gigajoules of natural gas purchased		533					
Gigajoules of natural gas basis swaps		51					
Metric tonnes of emission allowances		6					
Number of renewable energy credits		(9)					
Interest rate swaps			$ 1,074	$ 113			
Forward currency buys (U.S. dollars)					$ 10	$ (111)	
Range of remaining contract terms (years)	0.1 to 4.0	0.1 to 21.0	0.2 to 2.7	0.2 to 2.5	0.1	0.1 to 0.4	

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

7. Derivative financial instruments and hedge accounting, continued

Unrealized and realized pre-tax gains and (losses) on derivative instruments recognized in other comprehensive income (loss) and net income (loss) are as follows:

	Three months ended June 30, 2026		Three months ended June 30, 2025	
	Unrealized (losses)	Realized gains (losses)	Unrealized (losses) gains	Realized gains (losses)
Energy cash flow hedges	$ (14)	$ 18	$ (34)	$ 8
Energy and emission allowances non-hedges	(94)	57	(241)	55
Interest rate cash flow hedges	—	1	19	3
Interest rate non-hedges	—	4	1	—
Foreign exchange cash flow hedges	—	—	(1)	—
Foreign exchange non-hedges	(14)	(2)	—	(6)

	Six months ended June 30, 2026		Six months ended June 30, 2025	
	Unrealized gains (losses)	Realized gains (losses)	Unrealized (losses) gains	Realized gains (losses)
Energy cash flow hedges	$ 8	$ 36	$ (18)	$ 17
Energy and emission allowances non-hedges	(138)	71	(172)	115
Interest rate cash flow hedges	1	4	10	6
Interest rate non-hedges	—	4	—	—
Foreign exchange cash flow hedges	—	—	(6)	—
Foreign exchange non-hedges	(19)	(1)	—	(11)

The following realized and unrealized gains and losses on derivative financial instruments are included in the Company's statements of income:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Revenues	$ 22	$ (224)	$ 150	$ (11)
Energy purchases and fuel	(41)	46	(181)	(29)
Foreign exchange loss	(16)	(6)	(20)	(11)
Net finance expense	5	4	8	6

Net after tax gains and losses related to derivative instruments designated as energy and interest rate cash flow hedges are expected to settle and be reclassified to net income (loss) in the following periods:

	June 30, 2026
Within one year	$ 38
Between one and five years	42
After five years	13
	$ 93

8. Leases

In January 2026, the Company extended its Arlington Valley tolling agreement by 7 years, from 2031 to 2038, which included a commitment to add 35 MW of incremental capacity. Consistent with the previous classification, the contract has been assessed as an operating lease.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

8. Leases, continued

The minimum undiscounted future lease payments to be received are:

2026	$	43
2027		77
2028		79
2029		80
2030		82
Thereafter		1,122
Total	$	1,483

9. Loans and borrowings

In June 2026, the Company repaid its $91 million (US$65 million) Capital Power L.P (CPLP) unsecured senior notes, due in 2026 with an effective interest rate of 5.67%. In June 2026, the Company extended its $1.5 billion committed revolving credit facility to 2031 and its $600 million committed revolving credit facility to 2028.

10. Share capital

On February 23, 2026, the Company retired its special limited voting shares and entered into a 10-year agreement with the City of Edmonton which includes obligations regarding the head office and a commitment to maintain a corporate community giving program, or similar program benefitting the Edmonton area, of not less than $1 million per calendar year. These transactions occurred in exchange for cash consideration totaling $75 million, comprised of $40 million paid in the first quarter of 2026 and $35 million payable in 2027, which were recorded in retained earnings.

Common and preferred share dividends

	Dividends declared							
	For the three months ended June 30,				For the six months ended June 30,			
	2026		2025		2026		2025	
	Per share	Total	Per share	Total	Per share	Total	Per share	Total
Common	$ 0.6910	$ 109	$ 0.6519	$ 101	$ 1.3820	$ 217	$ 1.3038	$ 192
Preference:								
Series 1[1]	0.3099	2	0.1638	1	0.6198	3	0.3276	2
Series 3	0.4288	2	0.4288	2	0.8575	5	0.8575	5
Series 5	0.4144	4	0.4144	3	0.8288	7	0.8288	6

	Dividends paid[2]							
	For the three months ended June 30,				For the six months ended June 30,			
	2026		2025		2026		2025	
	Per share	Total	Per share	Total	Per share	Total	Per share	Total
Common[3]	$ 0.6910	$ 108	$ 0.6519	$ 91	$ 1.3820	$ 216	$ 1.3038	$ 182

[1] Effective December 31, 2025, the annual fixed dividend rate for the next five-year period has been reset to 4.958% from 2.621%.

[2] Preference share dividends are declared and paid in the same period.

[3] For the six months ended June 30, 2026 common dividends consist of $165 million paid in cash and $51 million through the Company's dividend re-investment plan (six months ended June 30, 2025, $148 million paid in cash and $34 million through the Company's dividend re-investment plan).

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

11. Financial instruments

Fair values

The Company classifies and measures its cash and cash equivalents, trade and other receivables, and trade and other payables at amortized cost and their fair values are not materially different from their carrying amounts due to their short-term nature.

The classification, carrying amount and fair value of the Company's other financial instruments are summarized as follows:

		June 30, 2026		December 31, 2025	
	Fair value hierarchy level	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets[1]					
Government grants receivable[2]	Level 2	$ 408	$ 394	$ 406	$ 389
Financial liabilities[1]					
Loans and borrowings	Level 2	$ 6,983	$ 7,320	$ 6,730	$ 7,052

[1] Includes current portion.

[2] Government grants receivable includes the current portion of investment tax credits receivable of $174 million, recorded in trade and other receivables, and $234 million related to off-coal compensation from the Government of Alberta (GoA), as described in the Company's 2025 annual consolidated financial statements.

Fair value hierarchy

Fair value represents the Company's estimate of the price at which a financial instrument could be sold or transferred between market participants in an orderly transaction at the measurement date. Fair value measurements recognized in the consolidated statements of financial position are categorized into levels within the fair value hierarchy based on the nature of the valuation inputs, and precedence is given to observable inputs over unobservable inputs. The determination of fair value requires judgment and is based on market information where available and appropriate.

Fair value measurements are categorized into levels based upon the lowest level of significant input, as described in the Company's 2025 annual consolidated financial statements. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 and Level 2.

The table below presents the Company's financial instruments measured at fair value on a recurring basis in the consolidated statements of financial position.

	June 30, 2026			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments assets	$ —	$ 685	$ 76	$ 761
Derivative financial instruments liabilities	—	(879)	(338)	(1,217)

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Derivative financial instruments assets	$ —	$ 618	$ 70	$ 688
Derivative financial instruments liabilities	—	(655)	(338)	(993)

Fair values of derivative instruments are determined using valuation techniques, inputs, and assumptions as described in the Company's 2025 annual consolidated financial statements. It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

11. Financial instruments, continued

Valuation techniques used in Level 3 fair value measurements

The Company has various commodity, renewable energy agreements, and renewable energy credit (REC) contracts with terms that extend beyond a liquid trading period. Certain of these contracts include notional quantities based on future actual generation of underlying generation facilities. As forward market prices and actual generation are not available for the full period of these contracts, their fair values are derived using forecasts based on internal modelling and as a result, are classified as Level 3 fair value measurements. The fair values of the Company's commodity derivatives classified as Level 3 are determined by applying mark-to-forecast models. The valuation models used to calculate the fair values of the derivative financial instrument assets and liabilities within Level 3 are prepared by internal subject matter experts and are reviewed by the Company's commodity risk group and management. The valuation techniques and the associated inputs are assessed on a regular basis for ongoing reasonability.

The table below presents ranges for the Company's Level 3 inputs:

	June 30, 2026	December 31, 2025
REC pricing (per certificate) – Solar	$3 to $36	$3 to $25
REC pricing (per certificate) – Wind	$3 to $5	$3 to $5
Forward power pricing (per MWh) – Solar	$22 to $229	$21 to $179
Forward power pricing (per MWh) – Wind	$16 to $120	$18 to $101
Average monthly notional generation (MWh) – Solar	5,698 to 12,210	6,537 to 13,018
Average monthly notional generation (MWh) – Wind	17,602 to 48,801	17,703 to 59,308

The table below presents the change to the fair value of Level 3 derivative instruments based on a 10% change in the respective input:

	June 30, 2026	December 31, 2025
REC pricing – Solar	$ 4	$ 3
REC pricing – Wind	$ 1	$ 2
Forward power pricing – Solar	$ 18	$ 22
Forward power pricing – Wind	$ 42	$ 42
Generation – Solar	5	7
Generation – Wind	8	11

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

11. Financial instruments, continued

Continuity of Level 3 balances

The Company classifies financial instruments in Level 3 of the fair value hierarchy when there is at least one significant unobservable input used in the valuation model. In addition to these unobservable inputs, the valuation model for Level 3 instruments also relies on a number of inputs that are observable either directly or indirectly. Accordingly, the unrealized gains and losses shown below include changes in the fair value related to both observable and unobservable inputs. The following table summarizes the changes in the fair value of financial instruments classified in Level 3:

	June 30, 2026	December 31, 2025
At January 1[1]	$ (268)	$ (156)
Additions	—	(12)
Unrealized and realized losses included in net income[2]	(2)	(153)
Settlements	16	44
Transfers[3]	—	(1)
Foreign exchange (losses) gains	(8)	10
At end of period	$ (262)	$ (268)

1 The fair value of derivative instruments assets and liabilities are presented on a net basis.

2 Recorded in revenues.

3 Relates to transfers from Level 3 to Level 2 when pricing inputs become readily observable. There were no transfers from Level 2 to Level 3.

Gains and losses associated with Level 3 balances may not necessarily reflect the underlying exposures of the Company. As a result, unrealized gains and losses from Level 3 financial instruments are often offset by unrealized gains and losses on financial instruments that are classified in other levels.

12. Segment information

The Company identifies its reportable segments both by business activity and by geographical areas and has four reportable segments described below:

- Flexible generation – Flexible generation refers to the ability of power-generating facilities to quickly adjust output based on grid demand. These dispatchable power sources include natural gas facilities and energy storage. Reportable segments associated with this activity include Canada flexible generation, and U.S. flexible generation. The Company actively trades in North American power, natural gas and environmental markets. The majority of the Company’s trading activities relate directly to assets or portfolios of assets within the flexible generation segments and accordingly are reported within these segments. Specifically, trading related to Alberta flexible generation portfolio of assets is included within Canada flexible generation, and trading to optimize U.S. facilities as well as other U.S. trading is included within U.S. flexible generation.
- Renewables – Renewable generation includes the Company's wind and solar facilities. Reportable segments associated with this activity include Canada renewables and U.S. renewables.

Corporate includes costs of support services such as treasury, finance, internal audit, legal, people services, enterprise risk management, asset management, and environment, health and safety.

The following tables provide each reportable segment's results in the format that the Company's Chief Operating Decision Maker (CODM) reviews in making operating decisions and assessing performance. The CODM assesses the performance of the operating segments based on adjusted EBITDA, which reflects earnings before net finance expense, income tax expense, depreciation and amortization, impairments, foreign exchange gains or losses, finance expense and depreciation from our equity-accounted investments, gains or losses on disposals, unrealized changes in fair value of commodity derivatives and emission credits, and other items that are not reflective of the long-term performance of the Company's underlying business. The tables below show the reconciliation of the total segment adjusted EBITDA to income before tax, as reported under IFRS.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

12. Segment information, continued

Three months ended June 30, 2026	Canada flexible generation[1]	Canada renewables[1]	U.S. flexible generation[1]	U.S. renewables	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	Consolidated IFRS financials
Revenues and other income	$ 397	$ 54	$ 345	$ 50	$ 5	$ 851	$ (111)	$ —	$ 740
Energy purchases and fuel	(220)	(2)	(122)	—	—	(344)	44	—	(300)
Other raw materials and operating charges	(33)	(6)	(58)	(5)	(3)	(105)	26	—	(79)
Staff costs and employee benefits expense	(12)	—	(10)	—	(39)	(61)	3	—	(58)
Other administrative expense	(18)	(4)	(23)	(6)	(22)	(73)	7	—	(66)
Remove unrealized changes in fair value of commodity derivatives	49	(16)	56	(8)	—	81	—	(81)	—
Remove other non-recurring items	2	—	—	—	—	2	—	(2)	—
Adjusted EBITDA[2]	165	26	188	31	(59)	351			
Depreciation and amortization									(185)
Foreign exchange loss									(12)
Net finance expense									(92)
Loss from equity-accounted investments									(12)
Loss before tax									$ (64)

Three months ended June 30, 2025	Canada flexible generation[1]	Canada renewables[1]	U.S. flexible generation[1]	U.S. renewables	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	Consolidated IFRS financials
Revenues and other income	$ 340	$ 42	$ 119	$ 44	$ 17	$ 562	$ (121)	$ —	$ 441
Energy purchases and fuel	(277)	(1)	(39)	6	—	(311)	51	—	(260)
Other raw materials and operating charges	(21)	(6)	(25)	(5)	(3)	(60)	7	—	(53)
Staff costs and employee benefits expense	(12)	(2)	(9)	—	(34)	(57)	4	—	(53)
Other administrative expense	(15)	(4)	(15)	(6)	(56)	(96)	7	—	(89)
Remove unrealized changes in fair value of commodity derivatives	151	(2)	110	(12)	—	247	—	(247)	—
Remove other non-recurring items	—	—	—	—	37	37	—	(37)	—
Adjusted EBITDA[2]	166	27	141	27	(39)	322			
Depreciation and amortization									(138)
Foreign exchange gain									21
Loss on disposals and other transactions									(6)
Net finance expense									(64)
Income from equity-accounted investments									16
Income before tax									$ (185)

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

12. Segment information, continued

Six months ended June 30, 2026	Canada flexible generation[1]	Canada renewables[1]	U.S. flexible generation[1]	U.S. renewables	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	Consolidated IFRS financials
Revenues and other income	$ 1,108	$ 113	$ 922	$ 73	$ 13	$ 2,229	$ (284)	$ —	$ 1,945
Energy purchases and fuel	(593)	(3)	(595)	1	—	(1,190)	132	—	(1,058)
Other raw materials and operating charges	(57)	(13)	(99)	(10)	(6)	(185)	36	—	(149)
Staff costs and employee benefits expense	(22)	(1)	(22)	(2)	(68)	(115)	8	—	(107)
Other administrative expense	(28)	(9)	(42)	(12)	(44)	(135)	14	—	(121)
Remove unrealized changes in fair value of commodity derivatives	(51)	(28)	224	4	—	149	—	(149)	—
Remove other non-recurring items	2	—	—	—	—	2	—	(2)	—
Adjusted EBITDA[2]	359	59	388	54	(105)	755			
Depreciation and amortization									(348)
Foreign exchange loss									(22)
Net finance expense									(187)
Loss from equity-accounted investments									(3)
Loss before tax									$ (50)

Six months ended June 30, 2025	Canada flexible generation[1]	Canada renewables[1]	U.S. flexible generation[1]	U.S. renewables	Corporate	Total	Equity-accounted investments[1]	Reclass adjustments	Consolidated IFRS financials
Revenues and other income	$ 979	$ 58	$ 516	$ 115	$ 31	$ 1,699	$ (270)	$ —	$ 1,429
Energy purchases and fuel	(584)	(3)	(284)	6	—	(865)	116	—	(749)
Other raw materials and operating charges	(41)	(12)	(57)	(9)	(4)	(123)	17	—	(106)
Staff costs and employee benefits expense	(27)	(2)	(19)	(1)	(53)	(102)	8	—	(94)
Other administrative expense	(29)	(8)	(29)	(11)	(73)	(150)	16	—	(134)
Remove unrealized changes in fair value of commodity derivatives	71	27	133	(42)	—	189	—	(189)	—
Remove other non-recurring items	4	—	—	—	37	41	—	(41)	—
Adjusted EBITDA[2]	373	60	260	58	(62)	689			
Depreciation and amortization									(264)
Foreign exchange gain									23
Loss on disposals and other transactions									(7)
Net finance expense									(125)
Income from equity-accounted investments									40
Income before tax									$ 13

[1] For internal reporting purposes, adjusted EBITDA from the Company's equity-accounted investments has been presented on a proportionate basis that reflects the Company's share of each investee's earnings on a line-by-line basis. These amounts are reported within Canada flexible generation for York Energy, Canada renewables for Quality Wind and Port Dover Nanticoke Wind, and U.S. flexible generation for MCV Partners LLC and Harquahala. Proportionate financial information is not, and is not intended to be, presented in accordance with IFRS. Under IFRS, these investments have been accounted for as joint ventures using the equity method.

[2] Adjusted EBITDA is not defined and has no standardized meaning under IFRS.

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

12. Segment information, continued

Additional geographic information

The Company's Canadian facilities are located in Alberta, British Columbia and Ontario and its U.S. facilities in Alabama, Arizona, California, Illinois, Kansas, Michigan, New Mexico, North Carolina, North Dakota, Ohio, Pennsylvania, Texas and Washington. The Company also holds a portfolio of wind and solar development sites in Canada and the U.S.

Select non-current assets within each geographic area are:

	At June 30, 2026			At December 31, 2025		
	Canada	U.S.	Total	Canada	U.S.	Total
Property, plant and equipment	$ 5,549	$ 5,992	$ 11,541	$ 5,592	$ 5,661	$ 11,253
Equity-accounted investments	346	675	1,021	397	667	1,064
Intangible assets and goodwill	417	186	603	428	192	620
Right-of-use assets	49	93	142	50	86	136
Other assets[3]	49	78	127	59	61	120
	$ 6,410	$ 7,024	$ 13,434	$ 6,526	$ 6,667	$ 13,193

[3] Includes current and non-current portions of finance lease receivables.

Major customers

For the three and six months ended June 30, 2026, the Company recorded revenues of $95 and $204 million, respectively, from the Alberta Electric System Operator (three and six months ended June 30, 2025 - $132 million and $281 million), and $114 million and $307 million, respectively, from the Ontario Independent Electricity System Operator (three and six months ended June 30, 2025 - $103 million and $235 million), within the Canada flexible generation and Canada renewables segments, and $183 million and $589 million, respectively, from PJM, within the U.S. flexible generation segment (three and six months ended June 30, 2025 - $56). There were no other entities that accounted for more than 10 percent of the Company's total revenues.

Disaggregation of revenues from contracts with customers

The Company's revenues from contracts with customers are disaggregated by major type of revenues and operating segments:

	Three months ended June 30, 2026						
	Canada flexible generation	Canada renewables	U.S. flexible generation	U.S. renewables	Total from contracts with customers	Other sources	Total
Energy revenues	$ 331	$ 17	$ 234	$ 16	$ 598	$ 116	$ 714
Emission credit revenues	—	17	—	1	18	(18)	—
Total revenues[5]	$ 331	$ 34	$ 234	$ 17	$ 616	$ 98	$ 714

	Three months ended June 30, 2025						
	Canada flexible generation	Canada renewables	U.S. flexible generation	U.S. renewables	Total from contracts with customers	Other sources	Total
Energy revenues	$ 382	$ 20	$ 146	$ 16	$ 564	$ (187)	$ 377
Emission credit revenues	—	11	—	—	11	19	30
Total revenues[5]	$ 382	$ 31	$ 146	$ 16	$ 575	$ (168)	$ 407

(Unaudited, tabular amounts in millions of Canadian dollars, except share and per share amounts)

12. Segment information, continued

	Six months ended June 30, 2026						
	Canada flexible generation	Canada renewables	U.S. flexible generation	U.S. renewables	Total from contracts with customers	Other sources	Total
Energy revenues	$ 783	$ 33	$ 716	$ 34	$ 1,566	$ 299	$ 1,865
Emission credit revenues	—	29	—	2	31	(4)	27
Total revenues[5]	$ 783	$ 62	$ 716	$ 36	$ 1,597	$ 295	$ 1,892

	Six months ended June 30, 2025						
	Canada flexible generation	Canada renewables	U.S. flexible generation	U.S. renewables	Total from contracts with customers	Other sources	Total
Energy revenues	$ 839	$ 39	$ 301	$ 35	$ 1,214	$ 115	$ 1,329
Emission credit revenues	—	25	—	2	27	6	33
Total revenues[5]	$ 839	$ 64	$ 301	$ 37	$ 1,241	$ 121	$ 1,362

[5] Included within trade and other receivables at June 30, 2026, were amounts related to contracts with customers of $200 million (2025 - $321 million).

13. Subsequent events

Tax equity financing

On July 10, 2026, Capital Power's Hornet Solar project reached mechanical completion. Subsequently, the Company received approximately $26 million (US$18 million) in tax equity financing, net of issue costs of $5 million (US$3 million) associated with the financing, from a U.S. financial institution in exchange for Class A interests of a subsidiary of the Company. A further $104 million (US$73 million) will be received at substantial completion of the project, which is expected within the fourth quarter of 2026.

Tax equity financing represents the contribution made by the project investor, adjusted for earnings, tax benefits and cash distributions realized/paid over time. The maturity dates of these obligations are subject to change and are driven by the dates on which the project investor reaches the agreed upon target rate of return. In accordance with the Company's material accounting policies (as described in the 2025 annual consolidated financial statements), the amounts paid by the project investors for their equity stakes are classified as loans and borrowings on the consolidated statements of financial position until the projects have yielded an agreed-upon target rate of return to the project investors.