

October 26, 2023

CANADIAN UTILITIES REPORTS THIRD QUARTER 2023 EARNINGS

CALGARY, Alberta - Canadian Utilities Limited (TSX: CU) (TSX: CU.X)

Canadian Utilities Limited (Canadian Utilities or the Company) today announced third quarter 2023 adjusted earnings of \$87 million (\$0.32 per share), \$33 million (\$0.13 per share) lower compared to \$120 million (\$0.45 per share) in the third quarter of 2022.

Third quarter earnings attributable to equity owners of the Company reported in accordance with International Financial Reporting Standards (IFRS earnings) were \$125 million (\$0.39 per Class A and Class B share), \$16 million (\$0.06 per Class A and Class B share) higher compared to \$109 million (\$0.33 per Class A and Class B share) in the third quarter of 2022.

IFRS earnings include timing adjustments related to rate-regulated activities, unrealized gains or losses on mark-to-market forward and swap commodity contracts, one-time gains and losses, impairments, and items that are not in the normal course of business or a result of day-to-day operations. These items, as well as dividends on equity preferred shares of the Company, are not included in adjusted earnings.

RECENT DEVELOPMENTS

- Announced a partnership agreement between the Chiniki and Goodstoney First Nations for the Deerfoot and Barlow Solar power projects, the largest solar installation in an urban centre in Western Canada. Under the terms of the agreement, the Chiniki and Goodstoney First Nations have become the majority owners with a 51 per cent ownership stake in the facilities.
- Entered into a 12.5-year virtual power purchase agreement with Lafarge, an industry leader in sustainable building solutions, in September 2023. Under the terms of the agreement, Lafarge's Exshaw cement plant will notionally purchase 100 per cent of the solar power generated from the 38.5-MW Empress solar project.
- Received the Alberta Utilities Commission (AUC) decisions with respect to the parameters of the third generation of performance-based regulation (PBR3) and the future Generic Cost of Capital parameters, on October 4, 2023 and October 9, 2023, respectively. We will begin to operate under these new frameworks in 2024. The receipt of both of these critical regulatory decisions in advance of the respective operating years reinforces the strides we've seen in reducing regulatory lag.
- In October 2023, the South Australian Government announced an Early Contractor Involvement (ECI) agreement with ATCO Australia and our joint venture partner BOC Linde for the South Australian Hydrogen Jobs Plan project, a 250-MW Hydrogen production facility, a 200-MW Hydrogen-fuelled electricity generation facility and a Hydrogen storage facility. Activities under this agreement include developing a contract offer price, and negotiation of engineering, procurement, construction and O&M contracts for delivery and operations of the project. The ECI phase of the project is due for completion in the second quarter of 2024.

- Appointed John Ivulich to Chief Executive Officer & Country Chair of ATCO Australia, our regulated gas utility and non-regulated renewables, power, and clean fuels businesses in Australia, effective October 1, 2023.
- Incurred \$330 million in capital expenditures in the third quarter of 2023, of which 88 per cent was invested in ATCO Energy Systems and 12 per cent mainly in ATCO EnPower.

Corporate

- On September 12, 2023, Canadian Utilities declared a fourth quarter dividend of 44.86 cents per share or \$1.79 per Class A non-voting and Class B common share on an annualized basis.

FINANCIAL SUMMARY AND RECONCILIATION OF ADJUSTED EARNINGS

A financial summary and reconciliation of adjusted earnings to earnings attributable to equity owners of the Company is provided below:

	Three Months Ended September 30		Nine Months Ended September 30	
(\$ millions except share data)	2023	2022	2023	2022
Adjusted Earnings	87	120	404	475
Impairment ⁽¹⁾	—	—	(8)	—
Unrealized gains (losses) on mark-to-market forward and swap commodity contracts ⁽²⁾	70	(17)	138	(48)
Rate-regulated activities ⁽³⁾	(47)	(10)	(46)	46
IT Common Matters decision ⁽⁴⁾	(5)	(4)	(15)	(11)
Transition of managed IT services ⁽⁵⁾	—	—	(9)	—
Dividends on equity preferred shares of Canadian Utilities Limited	20	20	58	55
AUC enforcement proceeding ⁽⁶⁾	—	—	—	(27)
Workplace COVID-19 vaccination standard ⁽⁷⁾	—	—	—	(8)
Gain on sale of ownership interest in a subsidiary company ⁽⁸⁾	—	—	—	5
Earnings attributable to equity owners of the Company	125	109	522	487
Weighted average shares outstanding (millions of shares)	270.3	269.2	269.9	269.1

(1) In the second quarter of 2023, the Company recognized an impairment of \$8 million (after-tax) relating to certain electricity generation assets in Electricity Transmission. These assets had been removed from service and it was determined that they no longer had any remaining value.

(2) The Company's retail electricity and natural gas business in Alberta enters into fixed-price swap commodity contracts to manage exposure to electricity and natural gas prices and volumes. These contracts are measured at fair value. Unrealized gains and losses due to changes in the fair value of the fixed-price swap commodity contracts are recognized in the earnings of the Corporate & Other segment. Realized gains or losses are recognized in adjusted earnings when the commodity contracts are settled.

(3) The Company records significant timing adjustments as a result of the differences between rate-regulated accounting and International Financial Reporting Standards with respect to additional revenues billed in the current year, revenues to be billed in future years, regulatory decisions received, and settlement of regulatory decisions and other items.

(4) Consistent with the treatment of the gain on sale in 2014 from the IT services business by the Company, financial impacts associated with the IT Common Matters decision are excluded from adjusted earnings.

(5) In the first quarter of 2023, the Company recognized legal and other costs of \$9 million (after-tax) related to the Wipro Ltd. master services agreements matter that was concluded on February 26, 2023.

(6) On April 14, 2022, the AUC Enforcement branch and ATCO Electric Transmission filed a settlement with the AUC regarding a sole source contract for the Jasper interconnection project. On June 29, 2022, the AUC issued its decision approving the settlement in its entirety. In the first quarter of 2022, the Company recognized costs of \$27 million (after-tax) related to the proceeding.

(7) In the first quarter of 2022, the Company incurred \$8 million (after-tax) in severance and related costs associated with its Workplace COVID-19 vaccination standard.

(8) On March 31, 2022, the Company sold 36 per cent of its ownership interest in a subsidiary, Northland Utilities Enterprises Ltd., for \$8 million, net of cash disposed. The transaction resulted in a gain on sale of \$5 million (after-tax). With this transaction, ATCO Electric Ltd. and Denendeh Investments Incorporated (DII) each have a 50 per cent ownership interest.

This news release should be read in concert with the full disclosure documents. Canadian Utilities' unaudited consolidated financial statements and management's discussion and analysis for the quarter ended September 30, 2023 will be available on the Canadian Utilities website (www.canadianutilities.com), via SEDAR+ (www.sedarplus.ca) or can be requested from the Company.

TELECONFERENCE AND WEBCAST

Canadian Utilities will hold a live teleconference and webcast at 9:00 am Mountain Time (11:00 am Eastern Time) on Thursday, October 26, 2023 at 1-800-319-4610. No pass code is required.

Brian Shkrobot, Executive Vice President & Chief Financial Officer, will discuss third quarter 2023 financial results and recent developments. Opening remarks will be followed by a question and answer period with investment analysts. Participants are asked to please dial-in 10 minutes prior to the start and request to join the Canadian Utilities teleconference.

Management invites interested parties to listen via live webcast at: <https://www.canadianutilities.com/en-ca/investors/events-presentations.html>

A replay of the teleconference will be available approximately two hours after the conclusion of the call until November 26, 2023. Please call 1-800-319-6413 and enter pass code 0440. An archive of the webcast will be available on October 27, 2023 and a transcript of the call will be posted on <https://www.canadianutilities.com/en-ca/investors/events-presentations.html> within a few business days.

Canadian Utilities Limited and its subsidiary and affiliate companies have approximately 8,000 employees and assets of \$23 billion. Canadian Utilities, an ATCO company, is a diversified global energy infrastructure corporation delivering essential services and innovative business solutions in Utilities (electricity and natural gas transmission and distribution, and international operations); Energy Infrastructure (energy storage, energy generation, industrial water solutions, and clean fuels); and Retail Energy (electricity and natural gas retail sales, and whole-home solutions). More information can be found at www.canadianutilities.com.

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Non-GAAP and Other Financial Measures

This news release includes references to "adjusted earnings" which is a "total of segments measure" as that term is defined in National Instrument 52-112 Non-GAAP and Other Financial Measures Disclosure. The most directly comparable measure that is reported in accordance with International Financial Reporting Standards is "earnings attributable to equity owners of the Company". For additional information, see "Financial Summary and Reconciliation of Adjusted Earnings" in this news release, and "Other Financial and Non-GAAP Measures" and "Reconciliation of Adjusted Earnings to Earnings Attributable to Equity Owners of the Company" in the Company's Management's Discussion and Analysis for the nine months ended September 30, 2023, which is available on www.sedarplus.ca.

Forward-Looking Information

Certain statements contained in this news release constitute forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "plan", "estimate", "expect", "may", "will", "intend", "should", "goals", "targets", "strategy", "future", and similar expressions. In particular, forward-looking information in this news release includes, but is not limited to, references to: the expected electricity generation capacity of the Empress solar project and the purchase of power by Lafarge pursuant to a 12.5 year virtual power purchase agreement; the uprating of capacity for the Forty Mile wind assets that is expected to be completed in the first quarter of 2024; and the expected hydrogen production, electricity generation and hydrogen storage capacity of the facilities planned in connection with the South Australian Hydrogen Jobs Plan project, the expected timing of the project and the related contract.

Although the Company believes that the expectations reflected in the forward-looking information are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct. Forward looking information should not be unduly relied upon. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties, and other factors, which may cause actual results, levels of activity, and achievements to differ materially from those anticipated in such forward-looking information. The forward-looking information reflects the Company's beliefs and assumptions with respect to, among other things, the development and performance of technology and technological innovations; continuing collaboration with certain

business partners, and regulatory and environmental groups; the performance of assets and equipment; the ability to meet current project schedules, and other assumptions inherent in management's expectations in respect of the forward-looking information identified herein.

The Company's actual results could differ materially from those anticipated in this forward-looking information as a result of, among other things, risks inherent in the performance of assets; capital efficiencies and cost savings; applicable laws, regulations and government policies; regulatory decisions; competitive factors in the industries in which the Company operates; prevailing market and economic conditions; credit risk; interest rate fluctuations; the availability and cost of labour, materials, services, and infrastructure; the development and execution of projects; prices of electricity, natural gas, natural gas liquids, and renewable energy; the development and performance of technology and new energy efficient products, services, and programs including but not limited to the use of zero-emission and renewable fuels, carbon capture, and storage, electrification of equipment powered by zero-emission energy sources and utilization and availability of carbon offsets; the termination or breach of contracts by contract counterparties; the occurrence of unexpected events such as fires, severe weather conditions, explosions, blow-outs, equipment failures, transportation incidents, and other accidents or similar events; and other risk factors, many of which are beyond the control of the Company. Due to the interdependencies and correlation of these factors, the impact of any one material assumption or risk on a forward-looking statement cannot be determined with certainty. Readers are cautioned that the foregoing lists are not exhaustive. For additional information about the principal risks that the Company faces, see "Business Risks and Risk Management" in the Company's Management's Discussion and Analysis for the year ended December 31, 2022.

Any forward-looking information contained in this news release represents the Company's expectations as of the date hereof, and is subject to change after such date. The Company disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities legislation.