TORONTO HYDRO Corporation

FIRST QUARTER FINANCIAL REPORT
MARCH 31, 2024

TORONTO HYDRO CORPORATION

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GLOSSARY

CDM – Conservation and demand management

CEO – Chief Executive Officer

CFO – Chief Financial Officer

CIR – Custom Incentive Rate-setting

City – City of Toronto

Corporation – Toronto Hydro Corporation

Electricity Act – *Electricity Act, 1998* (Ontario), as amended

GHG – Greenhouse Gases

GOCA - *Getting Ontario Connected Act, 2022* (Ontario)

HONI – Hydro One Networks Inc.

IAS – International Accounting Standard

IASB – International Accounting Standards Board

IESO – Independent Electricity System Operator

IFRS – International Financial Reporting Standards

kW – Kilowatt

LDC – Toronto Hydro-Electric System Limited

LRAM – Lost revenue adjustment mechanism

MD&A – Management's Discussion and Analysis

MTN Program – The medium term note program established by the Corporation under which the Corporation issues debentures pursuant to a short form base shelf prospectus filed by the Corporation from time to time

OCI – Other comprehensive income

OEB – Ontario Energy Board

PP&E – Property, plant and equipment

TH Energy – The Corporation’s wholly-owned subsidiary, Toronto Hydro Energy Services Inc

Toronto Hydro – Toronto Hydro Corporation and its subsidiaries

TransformTO – The City’s TransformTO Net Zero Strategy, which outlines a pathway to achieve net zero emissions in Toronto by 2040

WMS – Wholesale Market Service

TORONTO HYDRO Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

Executive Summary

- Net income after net movements in regulatory balances for the three months ended March 31, 2024 was $33.9 million, compared to $44.0 million for the comparable period in 2023;
- Capital expenditures were primarily related to the renewal of the electricity infrastructure of LDC and were $199.5 million for the three months ended March 31, 2024, compared to $156.2 million for the comparable period in 2023;
- On March 28, 2024, S&P Global Ratings announced its decision to maintain the issuer credit rating and senior unsecured rating on the Corporation at "A" and revised the outlook from "developing" to "stable";
- On April 25, 2024, DBRS confirmed the Corporation's issuer rating and debentures rating at "A" and the commercial paper rating at R-1 (low), each with stable trends; and
- On May 8, 2024, the Board of Directors of the Corporation declared a dividend in the amount of $21.0 million with respect to the second quarter of 2024 (second quarter of 2023 – $24.6 million), payable to the City by June 28, 2024.

Introduction

This MD&A should be read in conjunction with:

- the Corporation's unaudited condensed interim consolidated financial statements and accompanying notes as at and for the three months ended March 31, 2024 and 2023 (Interim Financial Statements), which were prepared in accordance with IAS 34 *Interim Financial Reporting*. The Interim Financial Statements have been prepared following the same accounting policies and methods of computation as those described in note 25 to the Corporation's audited consolidated financial statements as at and for the years ended December 31, 2023 and 2022 (2023 Annual Financial Statements);

- 2023 Annual Financial Statements; and

- the Corporation's MD&A for the years ended December 31, 2023 and 2022 (2023 Annual MD&A), including the sections titled "Electricity Distribution – Industry Overview", "Corporate Developments", "Share Capital", "Transactions with Related Parties", and "Risk Management and Risk Factors", which remain substantially unchanged as at the date hereof, except as may be noted below or as updated in the Corporation's Interim Financial Statements.

Copies of these documents are available on the System for Electronic Document Analysis and Retrieval website at sedarplus.ca.

Business of Toronto Hydro Corporation

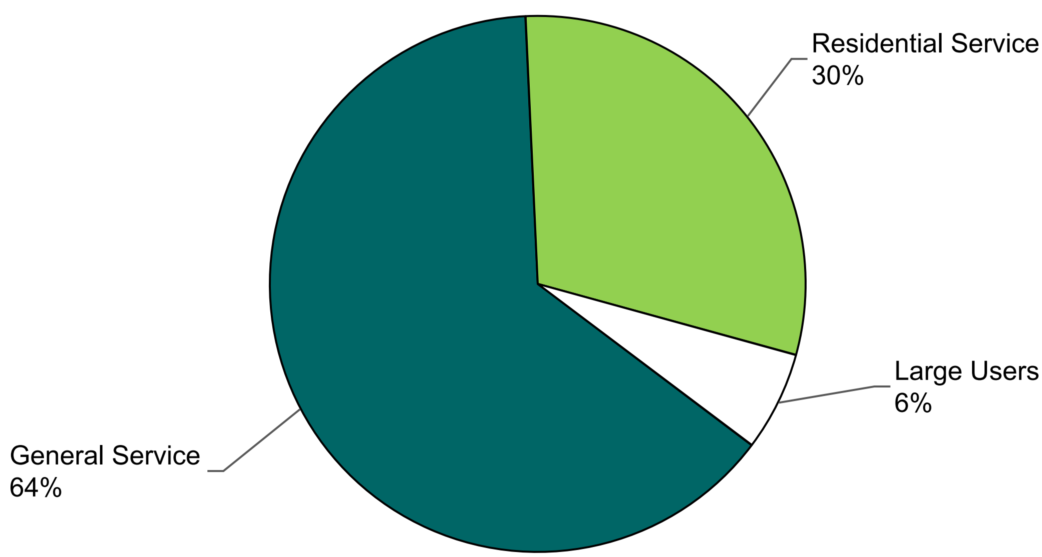
The Corporation is a holding company which wholly owns two subsidiaries:

- LDC – distributes electricity; and
- TH Energy – provides street lighting and expressway lighting services in the city of Toronto.

The Corporation supervises the operations of, and provides corporate, management services and strategic direction to its subsidiaries. The City is the sole shareholder of the Corporation.

The principal business of the Corporation and its subsidiaries is the distribution of electricity by LDC. LDC owns and operates an electricity distribution system that delivers electricity to approximately 794,000 customers located in the city of Toronto. LDC serves the largest city in Canada and distributes approximately 17% of the electricity consumed in Ontario. The business of LDC is regulated by the OEB, which has broad powers relating to licensing, standards of conduct and service, and the regulation of electricity distribution rates charged by electricity distributors in Ontario. For the three months ended March 31, 2024, LDC recognized energy sales and distribution revenue of $964.3 million from general service users[1], residential service users[2] and large users[3].

LDC Energy Sales and Distribution Revenue by Class
Three months ended March 31, 2024



[1] "General Service" means a service supplied to premises other than those receiving "Residential Service" and "Large Users" and typically includes small businesses and bulk-metered multi-unit residential establishments. This service is provided to customers with a monthly peak demand of less than 5,000 kW averaged over a 12-month period.

[2] "Residential Service" means a service that is for domestic or household purposes, including single family or individually metered multi-family units and seasonal occupancy.

[3] "Large Users" means a service provided to a customer with a monthly peak demand of 5,000 kW or greater averaged over a 12-month period.

Results of Operations

Net Income after Net Movements in Regulatory Balances

Condensed Interim Consolidated Statements of Income
Three months ended March 31, 2024
(in millions of Canadian dollars)

	2024 **$**	2023 $	Change $
Revenues			
Energy sales	**739.1**	628.3	110.8
Distribution revenue	**225.2**	201.3	23.9
Other	**27.7**	27.3	0.4
	992.0	856.9	135.1
Expenses			
Energy purchases	**731.7**	676.5	55.2
Operating expenses	**93.5**	87.6	5.9
Depreciation and amortization	**71.5**	68.0	3.5
	896.7	832.1	64.6
Finance costs	**(34.0)**	(27.3)	(6.7)
Other gains	**—**	34.1	(34.1)
Income before income taxes	**61.3**	31.6	29.7
Income tax expense	**(6.9)**	(13.0)	6.1
Net income	**54.4**	18.6	35.8
Net movements in regulatory balances	**(28.7)**	12.7	(41.4)
Net movements in regulatory balances arising from deferred taxes	**8.2**	12.7	(4.5)
Net income after net movements in regulatory balances	**33.9**	44.0	(10.1)

For the three months ended March 31, 2024, net income after net movements in regulatory balances was lower by $10.1 million. The decrease was primarily due to lower other gains ($34.1 million), higher finance costs ($6.7 million), higher operating expenses ($5.9 million) and higher depreciation and amortization expense ($3.5 million). These variances were partially offset by higher distribution revenue ($23.9 million) and lower amounts deferred into regulatory accounts ($14.2 million).

The variances in energy sales and energy purchases do not impact net income after net movements in regulatory balances as there is a corresponding offset in net movements in regulatory balances. The difference between energy sales and energy purchases is recorded as a settlement variance within regulatory balances on the Corporation’s condensed interim consolidated balance sheets (Consolidated Balance Sheets) and represents amounts to be recovered from or refunded to customers through future rates approved by the OEB.

Energy Sales, Energy Purchases, and Settlement Variances
Three months ended March 31, 2024
(in millions of Canadian dollars)

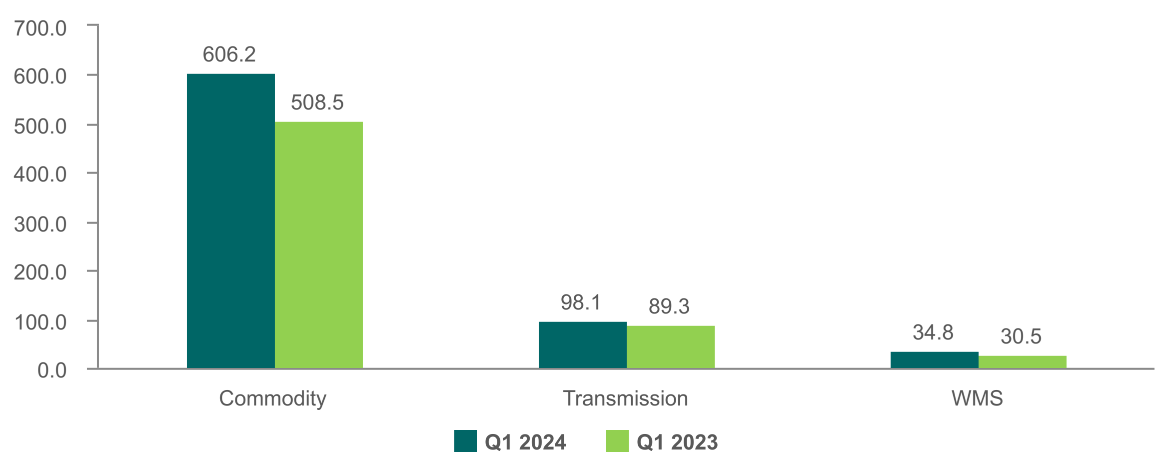
	Energy Sales $	Energy Purchases $	Settlement Variances $
Commodity charges	606.2	597.7	8.5
Retail transmission charges	98.1	98.5	(0.4)
WMS charges	34.8	35.5	(0.7)
Total	739.1	731.7	7.4

For the three months ended March 31, 2024, LDC recognized $739.1 million in energy sales to customers and was billed $731.7 million for energy purchases from the IESO. The difference between energy sales and energy purchases represents a $7.4 million settlement variance for the period. The settlement variance was recorded as a decrease to the regulatory debit balance ($5.1 million including carrying charges on the accumulated settlement variance balance) on the Consolidated Balance Sheets, and presented within net movements in regulatory balances on the Corporation's condensed interim consolidated statements of income (Consolidated Statements of Income).

Energy Sales

LDC's energy sales arise from charges to customers for electricity consumed, based on regulated rates. Energy sales include amounts billed or billable to customers for commodity charges, retail transmission charges, and WMS charges at current rates. These charges are passed through to customers over time and are considered revenue by LDC. For any given period, energy sales should be equal to the cost of energy purchased. However, a difference between energy sales and energy purchases arises when there is a timing difference between the amounts charged by LDC to customers, based on regulated rates, and the electricity and non-competitive electricity service costs billed monthly by the IESO to LDC. This difference is recorded as a settlement variance, representing amounts to be recovered from or refunded to customers through future rates approved by the OEB. In accordance with IFRS 14 *Regulatory Deferral Accounts* (IFRS 14), this settlement variance is presented within regulatory balances on the Corporation's Consolidated Balance Sheets and within net movements in regulatory balances on the Corporation's Consolidated Statements of Income.

Energy Sales
Three months ended March 31, 2024 and 2023
(in millions of Canadian dollars)

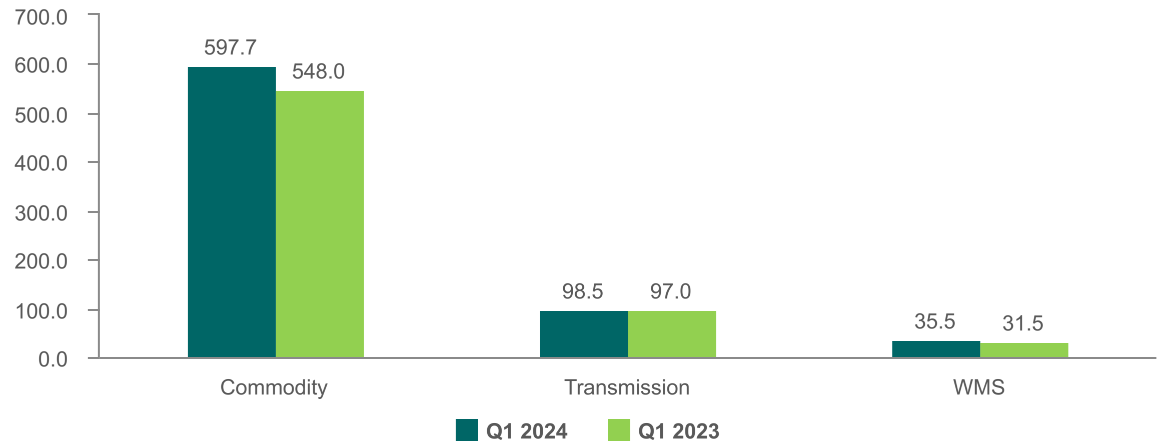


Energy sales for the three months ended March 31, 2024 were $739.1 million, compared to $628.3 million for the comparable period in 2023. The increase was due to higher commodity charges ($97.7 million), higher retail transmission charges ($8.8 million) and higher WMS charges ($4.3 million).

Energy Purchases

LDC's energy purchases consist of actual charges for electricity generated by third parties, which are passed through to customers over time in the form of energy sales. Energy purchases are billed monthly by the IESO and include commodity charges, retail transmission charges and WMS charges.

LDC Energy Purchases
Three months ended March 31, 2024 and 2023
(in millions of Canadian dollars)



Energy purchases for the three months ended March 31, 2024 were $731.7 million compared to $676.5 million for the comparable period in 2023. The increase was due to higher commodity charges ($49.7 million), higher WMS charges ($4.0 million) and higher retail transmission charges ($1.5 million).

Distribution Revenue

Distribution revenue is recorded based on OEB-approved distribution rates to recover the costs incurred by LDC in delivering electricity to customers and includes revenue collected through OEB-approved rate riders. Distribution revenue for the three months ended March 31, 2024 was $225.2 million, compared to $201.3 million for the comparable period in 2023.

The increase of $23.9 million in distribution revenue compared to the prior comparable period for the three months ended March 31, 2024 was driven by higher revenue collected through OEB-approved rate riders ($12.8 million) and higher 2024 distribution rates ($11.4 million), partially offset by lower electricity consumption ($0.3 million).

Other Revenue

Other revenue includes revenue from services ancillary to electricity distribution, delivery of street lighting services, pole and duct rentals, other regulatory service charges and capital contributions. Other revenue for the three months ended March 31, 2024 was $27.7 million, which was in line with the comparable period in 2023 of $27.3 million.

Operating Expenses

Operating expenses for the three months ended March 31, 2024 were $93.5 million, compared to $87.6 million for the comparable period in 2023. The increase of $5.9 million in operating expenses for the three months ended March 31, 2024 was primarily due to higher administrative expenses and system maintenance costs, partially offset by lower bad debt expense.

Depreciation and Amortization

Depreciation and amortization expense, which includes derecognition of assets removed from service, for the three months ended March 31, 2024 was $71.5 million, compared to $68.0 million for the comparable period in 2023. The increase of $3.5 million in depreciation and amortization expense for the three months ended March 31, 2024 was primarily due to in-service asset additions and higher derecognition of assets removed from service, partially offset by certain assets being fully depreciated.

Finance Costs

Finance costs for the three months ended March 31, 2024 were $34.0 million, compared to $27.3 million for the comparable period in 2023. The increase of $6.7 million in finance costs for the three months ended March 31, 2024 was primarily due to the higher average long-term debentures outstanding and higher rate of funding with a weighted average interest rate of 5.19% (2023 – 4.57%).

Other gains

Other gains for the three months ended March 31, 2024 were $nil, compared to $34.1 million for the comparable period in 2023. The decrease of $34.1 million in other gains for the three months ended March 31, 2024 was due to the variable consideration receivable in relation to the disposition of properties by LDC in prior years upon achievement of conditions which did not reoccur.

Income Tax Expense and Income Tax Recorded in Net Movements in Regulatory Balances

Income tax expense (recovery) and income tax recorded in net movements in regulatory balances for the three months ended March 31, 2024 was ($1.3 million), compared to $0.3 million for the comparable period in 2023. The decrease in income tax expense and income tax recorded in net movements in regulatory balances for the three months ended March 31, 2024 was primarily due to tax recognized in 2023 on the realized gains related to the disposition of properties in prior years, and lower income before taxes, partially offset by lower net deductions in permanent and temporary differences between accounting and tax treatments.

Net Movements in Regulatory Balances

In accordance with IFRS 14, the Corporation separately presents regulatory balances and related net movements on the Consolidated Balance Sheets and the Consolidated Statements of Income.

The decrease in the regulatory debit ($16.2 million) and increase in the regulatory credit ($11.3 million) balances for the three months ended March 31, 2024 equals the sum of ($27.5 million) of net movements in regulatory balances, net movements in regulatory balances arising from deferred taxes and net movements in regulatory balances related to OCI for the period (refer to discussion under “Financial Position”). Energy purchases record the actual cost of power purchased, which varies from month to month. Since the selling price of power within energy sales is fixed for set periods of time, a gain or loss usually results and is part of the calculation of net income. However, per OEB regulations, such gains or losses on energy sales are deferred within regulatory variance accounts for later disposition to or from rate payers via rate riders after approval by the OEB. Deferrals of gains or losses on energy sales (refer to discussion on settlement variance under “Results of Operations”), or disposition of past deferrals in electricity rates will usually represent the largest single element of the net movements in regulatory balances for a given period.

Net movements in regulatory balances for the three months ended March 31, 2024 were a charge of $28.7 million, compared to a recovery of $12.7 million for the comparable period in 2023. The charge of $28.7 million for the three months ended March 31, 2024 was primarily due to the changes to the useful lives of PP&E, amounts disposed through OEB-approved rate riders and settlement variances between the electricity costs billed monthly by the IESO and LDC’s billing to customers, partially offset by amounts being deferred into capital related regulatory accounts. The recovery of $12.7 million for the three months ended March 31, 2023 was primarily due to the settlement variance between the electricity costs billed monthly by the IESO and LDC’s billing to customers and amounts disposed through OEB-approved rate riders, partially offset by the gain on disposals resulting from variable consideration in connection with the disposal of two properties in prior years and changes to the useful lives of PP&E.

Summary of Quarterly Results of Operations

The table below presents a summary of the Corporation's results of operations for eight quarters including and immediately preceding March 31, 2024.

Summary of Quarterly Results of Operations
(in millions of Canadian dollars)

	March 31, 2024 $	December 31, 2023 $	September 30, 2023 $	June 30, 2023 $
Energy sales	**739.1**	691.4	726.8	640.8
Distribution revenue	**225.2**	210.4	219.9	207.9
Other	**27.7**	32.6	27.8	31.0
Revenues	**992.0**	934.4	974.5	879.7
Net income after net movements in regulatory balances	**33.9**	20.4	39.3	36.2

	March 31, 2023 $	December 31, 2022 $	September 30, 2022 $	June 30, 2022 $
Energy sales	628.3	601.7	815.3	646.5
Distribution revenue	201.3	185.4	194.8	187.1
Other	27.3	32.0	26.2	25.8
Revenues	856.9	819.1	1,036.3	859.4
Net income after net movements in regulatory balances	44.0	16.0	55.0	45.4

The Corporation's revenues, all other things being equal, are impacted by temperature fluctuations and unexpected weather conditions, including increased frequency of extreme weather events as a result of climate change, such as heat waves, intense rain events, snow storms and higher average temperatures. Generally, revenues would tend to be higher in the first quarter as a result of higher energy consumption for winter heating, and in the third quarter due to air conditioning/cooling. The Corporation's revenues are also impacted by fluctuations in electricity prices and the timing and recognition of regulatory decisions.

Financial Position

The following table outlines the significant changes in the Consolidated Balance Sheet as at March 31, 2024 as compared to December 31, 2023.

Condensed Interim Consolidated Balance Sheet Data
(in millions of Canadian dollars)

Balance Sheet Account	Increase (Decrease) $	Explanation of Significant Change
Assets		
Accounts receivable and unbilled revenue	**36.8**	The increase was primarily due to timing of billing and collection activities and the recognition of the variable consideration receivable in relation to the disposition of properties in prior years.
Other assets	**(110.6)**	The decrease was primarily due to the legal settlement (refer to "Legal Proceedings") and the recognition of the variable consideration receivable in relation to the disposition of properties in prior years to current accounts receivable.
PP&E and intangible assets	**127.2**	The increase was largely due to capital expenditures (refer to "Investing Activities").
Liabilities and Equity		
Commercial paper	**89.0**	The increase was due to the issuances of commercial paper required for general corporate purposes (refer to "Liquidity and Capital Resources").
Accounts payable and accrued liabilities	**(86.7)**	The decrease was primarily due to the legal settlement (refer to "Legal Proceedings").
Deferred revenue	**23.7**	The increase was mainly due to capital contributions received.
Retained earnings	**12.9**	The increase was due to net income after net movements in regulatory balances ($33.9 million), net of dividends paid ($21.0 million).

Condensed Interim Consolidated Balance Sheet Data
(in millions of Canadian dollars)

Balance Sheet Account	Increase (Decrease) $	Explanation of Significant Change
Regulatory Balances		
Regulatory debit balances	**(16.2)**	The decrease was primarily related to the amounts disposed through OEB-approved rate riders and settlement variances between the electricity costs billed monthly by the IESO and LDC's billing to customers, partially offset by increase in deferred taxes.
Regulatory credit balances	**11.3**	The increase was primarily due to changes in useful lives of PP&E and an actuarial gain resulting from the remeasurement of the post-employment benefit obligation to reflect the change in discount rate, partially offset by amounts disposed through OEB-approved rate riders.

Liquidity and Capital Resources

The Corporation is a party to a fourth amended and restated credit agreement dated November 17, 2023 (Credit Agreement) with a syndicate of Canadian chartered banks which provides for a revolving credit facility in an amount up to $1.0 billion (Revolving Credit Facility), of which up to $210.0 million is available in the form of letters of credit. Pursuant to the Credit Agreement, the maturity date of the Revolving Credit Facility was extended from September 17, 2027 to September 18, 2028. As at March 31, 2024, the Corporation was in compliance with all covenants included in its Revolving Credit Facility.

The Corporation has a commercial paper program allowing unsecured short-term promissory notes (Commercial Paper Program) to be issued in various maturities of no more than one year. The Commercial Paper Program is supported by liquidity facilities available under the Revolving Credit Facility; hence, available borrowing under the Revolving Credit Facility is reduced by the amount of commercial paper outstanding at any point in time. Proceeds from the Commercial Paper Program are used for general corporate purposes. Borrowings under the Commercial Paper Program bear interest based on the prevailing market conditions at the time of issuance.

Additionally, the Corporation is a party to a $100.0 million demand facility with a Canadian chartered bank for the purpose of issuing letters of credit. As at March 31, 2024, $51.3 million of letters of credit had been issued under this facility (December 31, 2023 – $51.3 million).

The Corporation is a party to a $20.0 million demand facility with a Canadian chartered bank for the purpose of working capital management (Working Capital Facility). As at March 31, 2024, $2.0 million had been drawn under the Working Capital Facility, compared to $7.3 million as at December 31, 2023. On the condensed interim consolidated statements of cash flows, cash and cash equivalents (working capital balances) includes bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management.

The Corporation's current assets and current liabilities amounted to $604.3 million and $1,085.6 million, respectively, as at March 31, 2024, resulting in a working capital deficit of $481.3 million. The deficit was primarily attributable to the Corporation's preference for utilizing its Commercial Paper Program and Working Capital

Facility. The Corporation seeks to maintain an optimal mix of short-term and long-term debt in order to lower overall financing costs and to enhance borrowing flexibility.

The Corporation's primary sources of liquidity and capital resources are cash provided by operating activities, issuance of commercial paper, amounts available to be drawn against its credit facilities, and borrowings from debt capital markets. The Corporation's liquidity and capital resource requirements are mainly for capital expenditures to maintain and improve the electricity distribution system of LDC, for energy purchases and to meet financing obligations.

The amount available under the Revolving Credit Facility and the Commercial Paper Program are as follows:

(in millions of Canadian dollars)	**Revolving Credit Facility Limit** **$**	**Commercial Paper Outstanding** **$**	**Revolving Credit Facility Availability** **$**
Balance as at March 31, 2024	**1,000.0**	**510.0**	**490.0**
Balance as at December 31, 2023	1,000.0	421.0	579.0

As at March 31, 2024 and December 31, 2023, there were no borrowings under the Revolving Credit Facility.

Condensed Interim Consolidated Statements of Cash Flow Data
(in millions of Canadian dollars)

	Three months ended March 31,	
	2024 **$**	2023 $
Working capital facility, beginning of period	**(7.3)**	(12.8)
Net cash provided by operating activities	**174.5**	128.7
Net cash used in investing activities	**(214.6)**	(178.1)
Net cash provided by financing activities	**45.4**	60.5
Working capital facility, end of period	**(2.0)**	(1.7)

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2024 was $174.5 million, compared to $128.7 million for the comparable period in 2023. The increase in net cash provided by operating activities for the three months ended March 31, 2024 was primarily due to higher other current assets, higher net income before net movements in regulatory balances and higher deferred revenue, partially offset by timing differences in the settlement of receivables and payables and lower net other non-current assets and liabilities.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2024 was $214.6 million, compared to $178.1 million for the comparable period in 2023.

Electricity distribution is a capital-intensive business. As LDC is the municipal electricity distribution company serving the largest city in Canada, it continues to invest in expanding, modernizing and sustaining the foundations of a safe and reliable grid to serve the current and future electricity needs of the homes, businesses and institutions of Toronto, and to prepare the grid and its operations to serve Toronto's growth and net zero objectives.

The following table summarizes the Corporation's capital expenditures (on an accrual basis) for the periods indicated.

Capital Expenditures
(in millions of Canadian dollars)

	Three months ended March 31,	
	2024	2023
	$	$
Regulated LDC		
Distribution system		
Planned [1]	**162.4**	124.8
Reactive [2]	**13.2**	13.3
Technology assets	**15.3**	11.3
Other [3]	**7.2**	5.1
Regulated capital expenditures	**198.1**	154.5
Unregulated capital expenditures [4]	**1.4**	1.7
Total capital expenditures	**199.5**	156.2

[1] Includes, among other initiatives, the replacement of underground and overhead infrastructures, station programs, delivery of customer connections and customer-initiated plant relocations and expansions.
[2] Non-discretionary replacement of failed or failing assets across the distribution system.
[3] Includes fleet capital and building enhancements.
[4] Primarily relates to behind-the-meter battery storage projects, street lighting and generation equipment.

The total regulated capital expenditures for the three months ended March 31, 2024 were $198.1 million, compared to $154.5 million for the comparable period in 2023.

For the three months ended March 31, 2024, the increase in regulated capital expenditures was primarily due to higher spending on replacement of overhead infrastructure ($14.8 million), replacement of underground infrastructure ($11.5 million), station programs ($8.5 million), network infrastructure ($6.0 million), critical capital equipment ($4.2 million) and technology assets ($4.0 million). These variances were partially offset by lower spending on customer initiated plant relocations and expansions ($5.1 million).

The largest capital initiatives in 2024 include the delivery of customer connections, replacement of overhead and underground infrastructures and station programs.

The delivery of customer connections includes spending related to new service and upgrades to existing service for specific commercial customers. For the three months ended March 31, 2024, capital expenditures for the delivery of customer connections were $33.5 million.

The replacement of overhead infrastructure includes replacing poles, overhead transformers, conductors, overhead switches and other aging overhead infrastructure and equipment. The replacement of underground infrastructure includes replacing direct buried cables, transformers, switches and other aging underground infrastructure. Both initiatives will allow LDC to continue to provide ongoing safe and reliable service to its customers. For the three months ended March 31, 2024, capital expenditures for overhead and underground infrastructure were $31.8 million and $30.7 million, respectively.

The station programs focus on station renewal and station expansion. Station renewal targets the aging station infrastructure to reduce the risk of power outages and maximize useful life. Station expansion addresses medium to long-term system capacity needs on the distribution system. For the three months ended March 31, 2024, capital expenditures for the station programs were $18.1 million.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2024 was $45.4 million, compared to $60.5 million for the comparable period in 2023. The decrease in net cash provided by financing activities for the three months ended March 31, 2024 was primarily due to the lower net commercial paper issuances and higher interest paid, partially offset by lower dividends paid.

As at March 31, 2024, the Corporation had debentures outstanding in the principal amount of $2.9 billion. These debentures will mature between 2026 and 2063. As at March 31, 2024, the Corporation was in compliance with all covenants included in its trust indenture and supplemental trust indentures.

The following table sets out the current credit ratings of the Corporation.

Credit Ratings
As at March 31, 2024

	DBRS		**S&P Global Ratings**	
	Credit Rating	Trend	Credit Rating	Outlook
Issuer rating	A	Stable	A	Stable
Senior unsecured debentures	A	Stable	A	—
Commercial paper	R-1 (low)	Stable	—	—

On March 28, 2024, S&P Global Ratings announced its decision to maintain the issuer credit rating and senior unsecured rating on the Corporation at "A" and revised the outlook from "developing" to "stable".

On April 25, 2024, DBRS confirmed the Corporation's issuer rating and debentures rating at "A" and the commercial paper rating at R-1 (low), each with stable trends.

The Corporation believes that it has sufficient available sources of liquidity and capital to satisfy working capital requirements for the next 12 months.

On February 28, 2024, the Board of Directors of the Corporation declared a quarterly dividend in the amount of $21.0 million with respect to the first quarter of 2024 (first quarter of 2023 – $24.6 million), paid to the City on March 28, 2024.

On May 8, 2024, the Board of Directors of the Corporation declared a dividend in the amount of $21.0 million with respect to the second quarter of 2024 (second quarter of 2023 – $24.6 million), payable to the City by June 28, 2024.

Summary of Contractual Obligations and Other Commitments

The following table presents a summary of the Corporation's debentures, major contractual obligations and other commitments.

Summary of Contractual Obligations and Other Commitments
As at March 31, 2024
(in millions of Canadian dollars)

	Total $	2024[1] $	2025 / 2026 $	2027 / 2028 $	After 2028 $
Commercial paper [2]	**510.0**	510.0	—	—	—
Debentures - principal repayment	**2,945.0**	—	200.0	200.0	2,545.0
Debentures - interest payments	**2,075.7**	95.1	217.5	207.5	1,555.6
Capital projects [3] and other	**11.0**	4.9	3.4	1.0	1.7
Total contractual obligations and other commitments	**5,541.7**	610.0	420.9	408.5	4,102.3

[1] Due over the period from April 1, 2024 to December 31, 2024.
[2] The notes under the Commercial Paper Program were issued at a discount and are repaid at their principal amount.
[3] Primarily relates to commitments for construction services.

Corporate Developments

Toronto Hydro Climate Action Plan

In April 2021, City Council requested that Toronto Hydro prepare an action plan regarding what more Toronto Hydro could do to support the City's TransformTO vision and climate action targets. Toronto Hydro submitted its Climate Action Plan in September 2021 and its first Climate Action Plan Status Report in June 2022. In July 2022, City Council adopted the recommendations of these reports, including a request that Toronto Hydro establish a new climate advisory services business. At this meeting, City Council also directed that Toronto Hydro and the City enter into a memorandum of understanding with respect to coordinating City and Climate Advisory Services' climate mitigation efforts. The memorandum of understanding was signed in April 2023 and presented to City Council in May 2023.

Climate Advisory Services is designed to facilitate reductions in GHG emissions via electrification by reducing stakeholder-identified barriers that prevent or inhibit customers from participating in the energy transition. The Climate Action Plan sets out examples of these services to customers, including to: identify their situation-specific opportunities; help in choosing particular climate actions and the timing of implementation; provide recommendations on potential clean tech products and services to vendors; assist in applying for government or institutional funding such as grants and/or loans; remove barriers faced by low income customers; as well as assist with monitoring implementation and evaluating the results. In sum, Toronto Hydro employees use their knowledge and experience to ease and support the energy transition for customers.

Electricity Distribution Rates

On December 19, 2019, the OEB issued its 2020-2024 CIR Decision and on February 20, 2020, the OEB issued its CIR Final Rate Order, both in relation to the rate application filed on August 15, 2018 (together, the 2020-2024 CIR Decision and Rate Order). The 2020-2024 CIR Decision and Rate Order approved funding for capital and operating expenditures of approximately $3.8 billion for the 2020-2024 period. The 2020-2024 CIR Decision and Rate Order approved subsequent annual rate adjustments based on a custom index for the period commencing on January 1, 2021 and ending on December 31, 2024. The financial considerations of the 2020-2024 CIR Decision and Rate Order are reflected in the Consolidated Financial Statements including disclosure of approved disposition for a number of requested rate riders (see note 7 to the Corporation's Consolidated Financial Statements).

On August 25, 2023, LDC filed the 2024 rate application seeking the OEB's approval to finalize distribution rates and other charges for the period commencing on January 1, 2024 and ending on December 31, 2024. On December 14, 2023, the OEB issued a decision and rate order approving LDC's 2024 rates and providing for other deferral and variance account dispositions.

On November 17, 2023, LDC filed a CIR application seeking the OEB's approval of electricity distribution rates and charges effective January 1, 2025, and subsequent annual rate adjustments based on a custom index specific to LDC for the period commencing on January 1, 2026 and ending on December 31, 2029. The application requests distribution rate increases necessary to fund a capital expenditures plan of approximately $3.9 billion and an operational expenditures plan of approximately $1.9 billion over the 2025-2029 period, subject to inflationary adjustments via a custom index. The rate application also seeks approval to include in LDC's rate base capital amounts that were incurred during the 2020-2024 period.

CDM Activities

The IESO is responsible for delivery of CDM programs; however, LDC remains responsible for its obligations under participant agreements with customers for many of the programs under its previous joint CDM plan with Oakville Hydro Electricity Distribution Inc. that were in effect before April 1, 2019. On June 10, 2021, the Government of Ontario issued ministerial directives to the IESO to extend the deadline by which participants were to complete the projects from June 30, 2021 to December 31, 2021, and on December 9, 2021, the deadline was further extended to August 31, 2022. The ministerial directives also allowed for the completion deadline to be further extended for participants who completed projects prior to December 31, 2022 to be eligible for funding upon submission of their claims, if certain conditions were met. Amounts received from the IESO for the funding of the projects under the participant agreements, but not yet spent, are presented on the Corporation's Consolidated Balance Sheets under current liabilities as deferred conservation credit.

Legal Proceedings

In the ordinary course of business, the Corporation and its subsidiaries are subject to various legal proceedings, actions and claims from customers, suppliers, regulators and other parties. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and could materially adversely affect the Corporation. As at the date hereof, the Corporation believes that none of these legal proceedings, actions and claims from customers, suppliers, regulators and other parties in which it is currently involved or has been involved since the beginning of the most recently completed financial year, would be expected to have a material adverse effect on the Corporation. On an ongoing basis, the Corporation and its subsidiaries assess the likelihood of any adverse judgments or outcomes as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after an analysis of each individual issue. The provision may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy. If damages were awarded under these actions, the Corporation and its subsidiaries would make a claim under any liability or other insurance policies, to the extent applicable, subject to such claim not being disputed by the insurers. Further details on legal proceedings that relate to the Corporation are set out below.

In December 2023, the Corporation's insurers entered into two agreements to settle prior legal actions directly with the claimants on the Corporation's behalf for a total of $90.0 million under the terms of the relevant insurance policies. In March 2024, the settlement of $90.0 million was paid by the Corporation's insurers directly to the claimants, which resulted in the derecognition of the settlement liability and corresponding settlement asset.

Controls and Procedures

For purposes of certain Canadian securities regulations, the Corporation is a "Venture Issuer". As such, it is exempt from certain requirements of National Instrument 52-109 – *Certification of Disclosure in Issuers*' Annual and Interim Filings. The CEO and CFO have reviewed the Interim Financial Statements and the MD&A for the three months ended March 31, 2024 and 2023. Based on their knowledge and exercise of reasonable diligence, they have concluded that these documents fairly present in all material respects the financial condition, financial performance and cash flows of the Corporation as at the date of and for the period presented.

Use of Judgements and Estimates

The preparation of the Corporation's Interim Financial Statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies, reported assets, liabilities and regulatory balances, disclosure of contingent assets and liabilities at the date of the Interim Financial Statements, and the reported revenues and expenses for the period. The estimates are based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities as well as for identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the IESO, the Ontario Ministry of Energy, or the Ontario Ministry of Finance. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Changes in Accounting Standards

Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of Financial Statements* (IAS 1))

In January 2020, the IASB issued amendments to IAS 1 relating to the classification of liabilities as current or non-current. Specifically, the amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current - that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. This right may be subject to compliance with covenants. After reconsidering certain aspects of the 2020 amendments, in October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1), reconfirming that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively.

Effective January 1, 2024, the Corporation adopted these amendments, with no impact on the Consolidated Interim Financial Statements.

Future Accounting Pronouncements

The IASB has issued a number of standards and amendments to existing standards that are not yet effective. The Corporation has determined that the following standard could have an impact on the Corporation's Consolidated Financial Statements when adopted.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18) which replaces IAS 1 *Presentation of Financial Statements* (IAS 1) and introduces limited amendments to IAS 7 *Statement of Cash Flows* (IAS 7). IFRS 18 aims to improve communication of financial information in the financial statements, with a focus on information about financial performance in the statement of profit or loss. To meet this objective, IFRS 18 introduces additional defined subtotals in the statement of profit or loss, disclosures about management-defined performance measures, and enhanced requirements for grouping (aggregation and disaggregation) of information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The standard is to be applied retrospectively.

The Corporation is currently assessing the impact of the above standard on the Corporation's consolidated financial statements.

Forward-Looking Information

Certain information included in this MD&A constitutes “forward-looking information” within the meaning of applicable securities legislation. All information, other than statements of historical fact, which address activities, events or developments that we expect or anticipate may or will occur in the future, are forward-looking information. The words “anticipates”, “believes”, “budgets”, “can”, “committed”, “continual”, “could”, “estimates”, “expects”, “focus”, “forecasts”, “further notice”, “future”, “impact”, “increasingly”, “intends”, “may”, “might”, “once”, “plans”, “propose”, “projects”, “schedule”, “seek”, “should”, “trend”, “will”, “would”, “objective”, “ongoing”, “outlook” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The purpose of the forward-looking information (including any financial outlook) contained herein is to provide the Corporation’s current expectations regarding future results of operations, performance, business prospects and opportunities and readers are cautioned that such information may not be appropriate for other purposes. All forward-looking information is given pursuant to the "safe harbour" provisions of applicable Canadian securities legislation.

Specific forward-looking information in the MD&A includes, but is not limited to, the statements regarding: the settlement variance and other regulatory balance variances as described in the section entitled “Results of Operations”; the effect of changes in weather conditions and energy consumption on future revenue as described in the section entitled “Summary of Quarterly Results of Operations”; the statements regarding the change in useful lives under the section entitled “Depreciation and Amortization”; the Corporation’s plans to lower overall financing costs and enhance borrowing flexibility as described in the section entitled “Liquidity and Capital Resources”; the planned capital expenditures, including the replacement of underground and overhead infrastructures, station programs, delivery of customer connections and customer initiated plant relocations and expansions as described in the section entitled “Investing Activities”; the Corporation’s available sources of liquidity and capital resources and the sufficiency thereof to satisfy working capital requirements for the next 12 months as described in the section entitled “Financing Activities”; the City’s climate-related objectives, including TransformTO, and Toronto Hydro’s climate action plan and relevant City strategies and programs as described in the section entitled “Toronto Hydro Climate Action Plan”; Climate Advisory Services and its ability to facilitate reductions in GHG emissions by reducing stakeholder-identified barriers as described in the section entitled “Toronto Hydro Climate Action Plan”; any judgements, assumptions and estimates that management had to make in the preparation of the Consolidated Financial Statements as described in the section entitled “Use of Judgments and Estimates”; the Corporation’s assessment of the impact on adoption of the amendments to IAS 1, IAS 8, IAS 12 and IFRS 18, if any, as described in the sections entitled “Changes in Accounting Standards” and “Future Accounting Pronouncements”; the impact on Toronto Hydro’s operating results and financial position in the future due to uncertain economic factors, including macroeconomic factors and local market forces such as inflationary pressures, an elevated interest rate cost environment, indeterminate levels of customer consumption, and a global recession; the Corporation’s reliance on debt financing through its MTN Program, Commercial Paper Program or existing credit facilities to finance Toronto Hydro’s daily operations, repayment of existing indebtedness, and funding of capital expenditures; the continued ability of the Corporation to arrange sufficient and cost-effective debt financing in order to meet its short-term and long-term obligations; increases in liquidity risk due to reduced or delayed customer payments as a result of economic conditions; the impact on Toronto Hydro’s financial health and performance due to changes in economic, policy, customer preference or technological conditions that reduce the demand for electricity; the effect of changes in interest rates and discount rates on future revenue requirements and future post-employment benefit obligations, respectively; risk that aging infrastructure may lead to potential hazards; and the expectation that none of the legal actions and claims as described in the section entitled “Legal Proceedings” would have a material adverse effect on the Corporation and the ability to claim under applicable liability insurance policies and/or pay any damages with respect to legal actions and claims as described in the section entitled “Legal Proceedings”.

The forward-looking information reflects the Corporation’s current beliefs and is based on information currently available to the Corporation. The forward-looking information is based on estimates and assumptions made by the Corporation’s management in light of past experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes to be reasonable in the circumstances, including, but not limited to, the amount of indebtedness of the Corporation, changes in funding requirements, the future course of the economy and financial markets, no unforeseen delays and costs in the

Corporation's capital projects, no unforeseen changes to project plans, no significant changes to the seasonal weather patterns in accordance with historical seasonal trends because of climate change, no unforeseen changes in the legislative and operating framework for electricity distribution in Ontario, the receipt of applicable regulatory approvals and requested rate orders, no unexpected delays in obtaining required approvals, the ability of the Corporation to obtain and retain qualified staff, materials, equipment and services in a timely and cost efficient manner, continued contractor performance, compliance with covenants, the receipt of favourable judgments, no unforeseen changes in electricity distribution rate orders or rate setting methodologies, no unfavourable changes in environmental regulation, the ratings issued by credit rating agencies, the level of interest rates and the Corporation's ability to borrow and assumptions regarding general business and economic conditions.

Forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information. The factors which could cause results or events to differ from current expectations include, but are not limited to, risks associated with the execution of LDC's capital and maintenance programs necessary to maintain the performance of aging distribution assets and make required infrastructure improvements, including to deliver a modernized grid and meet electrification requirements to achieve government net zero GHG emissions targets; risks associated with capital projects; risks associated with electricity industry regulatory developments and other governmental policy changes including factors relating to LDC's distribution activities and to climate change; risks associated with increased competition from regulated and unregulated entities; risk of external threats to LDC's facilities and operations posed by unexpected weather conditions caused by climate change and other factors; risks associated with changing weather patterns due to climate change and resultant impacts to electricity consumption based on historical seasonal trends, terrorism and pandemics, and LDC's limited insurance coverage for losses resulting from these events; risks of municipal government activity, including the risk that the City could introduce rules, policies or directives, including those relating to net zero GHG emissions targets, that can potentially limit Toronto Hydro's ability to meet its business objectives as laid out in the Shareholder Direction principles; risks of being unable to retain necessary qualified external contracting forces relating to its capital, maintenance and reactive infrastructure program; risk that Toronto Hydro is not able to arrange sufficient and cost-effective debt financing to repay maturing debt and to fund capital expenditures and other obligations; risk that the Corporation is unable to maintain its financial health and performance at acceptable levels; risk that insufficient debt or equity financing will be available to meet the Corporation's requirements, objectives, or strategic opportunities; risk of downgrades to the Corporation's credit rating; risks related to the timing and extent of changes in prevailing interest rates and discount rates and their effect on future revenue requirements and future post-employment benefit obligations; risks arising from inflation, the course of the economy and other general macroeconomic factors; risk associated with the impairment to the Corporation's image in the community, public confidence or brand; and risk associated with the Corporation failing to meet its material compliance obligations under legal and regulatory instruments.

The Corporation cautions the reader that the above list of factors is not exhaustive, and there may be other factors that cause actual events or results to differ materially from those described in forward-looking information. Some of the other factors are discussed more fully under the heading "Risk Factors" in the Corporation's annual information form for the year ended December 31, 2023.

All forward-looking information in this document is qualified in its entirety by the above cautionary statements. Furthermore, unless otherwise stated, all forward-looking information contained herein is made as of the date hereof and the Corporation undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise, except as required by law.

Additional Information

Additional information with respect to the Corporation (including its annual information form) is available on the System for Electronic Document Analysis and Retrieval website at sedarplus.ca.

Toronto, Canada

May 8, 2024

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

See First Quarter Financial Report for abbreviations and defined terms used in the unaudited condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars, unaudited)

	Note	As at March 31, 2024 $	As at December 31, 2023 $
ASSETS			
Current			
Accounts receivable and unbilled revenue	*10(b)*	**573.6**	536.8
Income tax receivable		**0.5**	—
Materials and supplies		**10.9**	8.5
Other assets	*4*	**19.3**	106.6
Total current assets		**604.3**	651.9
Property, plant and equipment	*5*	**6,314.6**	6,201.0
Intangible assets	*6*	**409.8**	396.2
Other assets	*4*	**17.0**	40.3
Total assets		**7,345.7**	7,289.4
Regulatory balances	*7*	**288.9**	305.1
Total assets and regulatory balances		**7,634.6**	7,594.5
LIABILITIES AND EQUITY			
Current			
Working capital facility	*8*	**2.0**	7.3
Commercial paper	*8*	**510.0**	421.0
Accounts payable and accrued liabilities		**472.4**	559.1
Income tax payable		**—**	1.4
Customer deposits		**56.1**	60.0
Deferred revenue	*9*	**34.7**	28.8
Deferred conservation credit	*3(b)*	**10.4**	10.9
Total current liabilities		**1,085.6**	1,088.5
Debentures	*10*	**2,927.5**	2,927.2
Customer deposits		**52.1**	50.7
Deferred revenue	*9*	**885.9**	868.1
Post-employment benefits		**243.4**	252.2
Deferred tax liabilities		**118.1**	109.7
Other liabilities		**4.4**	4.7
Total liabilities		**5,317.0**	5,301.1
Equity			
Share capital		**817.8**	817.8
Retained earnings		**1,298.7**	1,285.8
Total equity		**2,116.5**	2,103.6
Total liabilities and equity		**7,433.5**	7,404.7
Regulatory balances	*7*	**201.1**	189.8
Total liabilities, equity and regulatory balances		**7,634.6**	7,594.5

Contingencies and subsequent events *15, 17*

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	Note		2023 $
Revenues			
Energy sales			628.3
Distribution revenue			201.3
Other			27.3
			856.9
Expenses			
Energy purchases			676.5
Operating expenses			87.6
Depreciation and amortization			68.0
			832.1
Finance costs			(27.3)
Other gains			34.1
Income before income taxes			31.6
Income tax expense			(13.0)
Net income			18.6
Net movements in regulatory balances			12.7
Net movements in regulatory balances arising from deferred taxes			12.7
Net income after net movements in regulatory balances			44.0

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars, unaudited)

		Three months ended March 31,	
	Note	**2024** **$**	2023 $
Net income after net movements in regulatory balances		**33.9**	44.0
Other comprehensive income			
Items that will not be reclassified to income or loss			
Remeasurements of post-employment benefits, net of tax (2024 - ($2.5), 2023 - $3.1)		**7.0**	(8.5)
Net movements in regulatory balances related to OCI, net of tax (2024 - ($2.5), 2023 - $3.1)	7	**(7.0)**	8.5
Other comprehensive income, net of tax		**—**	—
Total comprehensive income		**33.9**	44.0

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in millions of Canadian dollars, unaudited)

		Three months ended March 31,	
		2024	2023
	Note	**$**	$
Share capital		**817.8**	817.8
Retained earnings, beginning of period		**1,285.8**	1,244.2
Net income after net movements in regulatory balances		**33.9**	44.0
Dividends	*11*	**(21.0)**	(24.6)
Retained earnings, end of period		**1,298.7**	1,263.6
Total equity		**2,116.5**	2,081.4

See accompanying notes to the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars, unaudited)

	Note	Three months ended March 31, 2024 $	2023 $
OPERATING ACTIVITIES			
Net income after net movements in regulatory balances		**33.9**	44.0
Net movements in regulatory balances	*7*	**28.7**	(12.7)
Net movements in regulatory balances arising from deferred taxes	*7, 13*	**(8.2)**	(12.7)
Adjustments			
Depreciation and amortization	*5, 6*	**71.5**	68.0
Amortization of deferred revenue	*9*	**(4.7)**	(4.1)
Finance costs		**34.0**	27.3
Income tax expense	*13*	**6.9**	13.0
Post-employment benefits		**0.7**	0.6
Other gains		**—**	(34.1)
Other		**(0.6)**	0.1
Capital contributions received	*9*	**33.7**	25.0
Net change in other non-current assets and liabilities		**(0.6)**	2.4
Increase (decrease) in customer deposits		**(2.5)**	4.1
Changes in non-cash operating working capital balances	*14(a)*	**(15.3)**	11.5
Income tax paid		**(3.0)**	(3.7)
Net cash provided by operating activities		**174.5**	128.7
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	*14(b)*	**(184.2)**	(165.3)
Purchase of intangible assets	*14(b)*	**(30.9)**	(15.7)
Proceeds from variable consideration		**—**	2.9
Proceeds on disposals of property, plant and equipment		**0.5**	—
Net cash used in investing activities		**(214.6)**	(178.1)
FINANCING ACTIVITIES			
Increase in commercial paper, net of repayments	*8*	**89.0**	105.0
Dividends paid	*11*	**(21.0)**	(24.6)
Interest paid		**(22.6)**	(19.9)
Net cash provided by financing activities		**45.4**	60.5
Net change in cash and cash equivalents during the period		**5.3**	11.1
Working capital facility, beginning of period		**(7.3)**	(12.8)
Working capital facility, end of period		**(2.0)**	(1.7)

See accompanying notes to the condensed interim consolidated financial statements.

1. NATURE OF BUSINESS

The Corporation was incorporated on June 23, 1999 under the *Business Corporations Act* (Ontario) in accordance with the Electricity Act. The Corporation is wholly owned by the City and is domiciled in Canada, with its registered office located at 14 Carlton Street, Toronto, Ontario, M5B 1K5.

The Corporation and its subsidiaries distribute electricity to customers and provide street lighting and expressway lighting services in the city of Toronto.

2. BASIS OF PRESENTATION

The Corporation's unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2024 and 2023 (Interim Financial Statements) have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The notes presented in these Interim Financial Statements include only significant transactions and changes occurring for the three months since the year-end of December 31, 2023. The disclosures in these Interim Financial Statements do not conform in all respects to the IFRS Accounting Standards requirements for annual consolidated financial statements. These Interim Financial Statements have been prepared following the same accounting policies and methods of computation as those described in note 25 to the Corporation's audited consolidated financial statements for the year ended December 31, 2023 (2023 Annual Financial Statements), and in note 16(b). Accordingly, they should be read in conjunction with the Corporation's 2023 Annual Financial Statements.

These Interim Financial Statements are presented in Canadian dollars, the Corporation's functional and presentation currency, and have been prepared on the historical cost basis, except for post-employment benefits which are measured at the present value of the post-employment benefit obligation.

The Corporation's revenues, all other things being equal, are impacted by temperature fluctuations and unexpected weather conditions. Generally, revenues would tend to be higher in the first quarter as a result of higher energy consumption for winter heating, and in the third quarter due to air conditioning/cooling. The Corporation's revenues are also impacted by fluctuations in electricity prices and the timing and recognition of regulatory decisions.

3. REGULATION

a) Electricity distribution rates

On December 19, 2019, the OEB issued its 2020-2024 CIR Decision and on February 20, 2020, the OEB issued its CIR Final Rate Order, both in relation to the rate application filed on August 15, 2018 (together, the 2020-2024 CIR Decision and Rate Order). The 2020-2024 CIR Decision and Rate Order approved subsequent annual rate adjustments based on a custom index for the period commencing on January 1, 2021 and ending on December 31, 2024.

On August 25, 2023, LDC filed the 2024 rate application seeking the OEB's approval to finalize distribution rates and other charges for the period commencing on January 1, 2024 and ending on December 31, 2024. On December 14, 2023, the OEB issued a decision and rate order approving LDC's 2024 rates and providing for other deferral and variance account dispositions.

On November 17, 2023, LDC filed a CIR application seeking the OEB's approval of electricity distribution rates and charges effective January 1, 2025, and subsequent annual rate adjustments based on a custom index specific to LDC for the period commencing on January 1, 2026 and ending on December 31, 2029 (2025-2029 CIR Application).

(All tabular amounts in millions of Canadian dollars, unaudited)

b) CDM activities

The IESO is responsible for delivery of CDM programs; however, LDC remains responsible for its obligations under participant agreements with customers for many of the programs under its previous joint CDM plan with Oakville Hydro Electricity Distribution Inc. that were in effect before April 1, 2019. On June 10, 2021, the Government of Ontario issued ministerial directives to the IESO to extend the deadline by which participants were to complete the projects from June 30, 2021 to December 31, 2021, and on December 9, 2021, the deadline was further extended to August 31, 2022. The ministerial directives also allowed for the completion deadline to be further extended for participants who completed projects prior to December 31, 2022 to be eligible for funding upon submission of their claims, if certain conditions were met. Amounts received from the IESO for the funding of the projects under the participant agreements, but not yet spent, are presented on the Corporation's consolidated balance sheets under current liabilities as deferred conservation credit.

4. OTHER ASSETS

Other assets consist of the following:

	As at March 31, 2024 $	As at December 31, 2023 $
Settlement asset [1]	—	90.0
Prepaid expenses	**34.8**	31.5
Other receivables [2]	—	23.8
Deferred financing costs	**1.5**	1.6
Total other assets	**36.3**	146.9
Less: Current portion of other assets relating to:		
Settlement asset [1]	—	90.0
Prepaid expenses	**19.0**	16.2
Deferred financing costs	**0.3**	0.4
Current portion of other assets	**19.3**	106.6
Non-current portion of other assets	**17.0**	40.3

[1] Relates to the settlement of legal actions by the Corporation's insurers *(note 15).*
[2] Relates to variable consideration receivable in relation to the disposition of a property in a prior year which has been reclassified to current other accounts receivable.

(All tabular amounts in millions of Canadian dollars, unaudited)

5. PROPERTY, PLANT AND EQUIPMENT

PP&E consists of the following:

	Distribution assets $	Land and buildings $	Equipment and other $	Construction in progress $	Total $
Cost					
Balance as at December 31, 2023	6,411.1	533.1	529.9	588.8	8,062.9
Additions	—	—	—	**174.7**	**174.7**
Transfers into service	**62.2**	**4.6**	**3.5**	**(70.3)**	—
Disposals, retirements and other	**(8.9)**	—	**(0.3)**	—	**(9.2)**
Balance as at March 31, 2024	**6,464.4**	**537.7**	**533.1**	**693.2**	**8,228.4**
Accumulated depreciation					
Balance as at December 31, 2023	1,433.1	139.0	289.8	—	1,861.9
Depreciation	**39.4**	**5.6**	**9.2**	—	**54.2**
Disposals, retirements and other	**(2.2)**	—	**(0.1)**	—	**(2.3)**
Balance as at March 31, 2024	**1,470.3**	**144.6**	**298.9**	—	**1,913.8**
Carrying amount					
Balance as at December 31, 2023	4,978.0	394.1	240.1	588.8	6,201.0
Balance as at March 31, 2024	**4,994.1**	**393.1**	**234.2**	**693.2**	**6,314.6**

(All tabular amounts in millions of Canadian dollars, unaudited)

6. INTANGIBLE ASSETS

Intangible assets consist of the following:

	Computer software $	Contributions [1] $	Software in development $	Contributions for work in progress $	Total $
Cost					
Balance as at December 31, 2023	351.9	268.0	61.8	15.0	696.7
Additions	**—**	**—**	**11.9**	**12.9**	**24.8**
Transfers into service	**5.7**	**—**	**(5.7)**	**—**	**—**
Balance as at March 31, 2024	**357.6**	**268.0**	**68.0**	**27.9**	**721.5**
Accumulated amortization					
Balance as at December 31, 2023	247.0	53.5	—	—	300.5
Amortization	**8.4**	**2.8**	**—**	**—**	**11.2**
Balance as at March 31, 2024	**255.4**	**56.3**	**—**	**—**	**311.7**
Carrying amount					
Balance as at December 31, 2023	104.9	214.5	61.8	15.0	396.2
Balance as at March 31, 2024	**102.2**	**211.7**	**68.0**	**27.9**	**409.8**

[1] Contributions represent payments made to HONI for dedicated infrastructure in order to receive connections to transmission facilities.

(All tabular amounts in millions of Canadian dollars, unaudited)

7. REGULATORY BALANCES

Debit balances consist of the following:

	As at December 31, 2023 $	Balances arising in the period $	Recovery/ reversal $	Other movements $	As at March 31, 2024 $	Remaining recovery/ reversal period (months)	Carrying charges applicable
Settlement variances	**177.2**	**(5.1)**	**(22.8)**	**—**	**149.3**	(2)	(3)
Deferred taxes	**112.3**	**10.7**	**—**	**—**	**123.0**	(2)	—
Externally driven capital	**5.0**	**2.5**	**—**	**—**	**7.5**	(2)	(3)
LRAM	**1.9**	**—**	**—**	**—**	**1.9**	(2)	(3)
Cloud computing	**—**	**1.2**	**—**	**—**	**1.2**	Note 7(a)	(3)
GOCA	**—**	**1.0**	**—**	**—**	**1.0**	Note 7(b)	(3)
Other	**8.7**	**0.6**	**—**	**(4.3)**	**5.0**	—	(3)
Total	**305.1**	**10.9**	**(22.8)**	**(4.3)**	**288.9**		

Credit balances consist of the following:

	As at December 31, 2023 $	Balances arising in the period $	Recovery/ reversal $	Other movements $	As at March 31, 2024 $	Remaining recovery/ reversal period (months)	Carrying charges applicable
Useful life changes	**62.7**	**17.0**	**—**	**—**	**79.7**	Note 7(c)	(3)
Capital-related revenue requirement	**47.7**	**0.1**	**(10.0)**	**(2.5)**	**35.3**	(2)	(3)
Gain on disposals	**34.4**	**0.5**	**—**	**—**	**34.9**	(2)	(3)
OPEB net actuarial gain [1]	**9.4**	**9.5**	**—**	**—**	**18.9**	(2)	—
Development charges	**12.2**	**0.1**	**(0.6)**	**—**	**11.7**	(2)	(3)
Tax-related variances	**8.5**	**0.1**	**(1.4)**	**(0.8)**	**6.4**	(2)	(3)
Renewable enabling investments	**4.7**	**0.6**	**—**	**—**	**5.3**	(2)	—
Smart metering entity	**3.7**	**0.1**	**(0.4)**	**—**	**3.4**	(2)	(3)
Other	**6.5**	**0.4**	**(0.4)**	**(1.0)**	**5.5**	0 - 9	(3)
Total	**189.8**	**28.4**	**(12.8)**	**(4.3)**	**201.1**		

(1) Actuarial gain of $9.5 million was recognized as a result of the remeasurement of post-employment benefits to reflect the increase in discount rate (March 31, 2024 – 4.90%; December 31, 2023 – 4.60%).

(2) There were no significant changes to the disposition period for the three months ended March 31, 2024. Refer to note 8 to the 2023 Annual Financial Statements.

(3) Carrying charges were added to the regulatory balances in accordance with the OEB's direction, at a rate of 5.49% for January 1, 2024 to March 31, 2024 (January 1, 2023 to March 31, 2023 – 4.73%; April 1, 2023 to September 30, 2023 – 4.98% and October 1, 2023 to December 31, 2023 – 5.49%).

(All tabular amounts in millions of Canadian dollars, unaudited)

The "Balances arising in the period" column consists of new additions to regulatory balances (for both debits and credits). The "Recovery/reversal" column consists of amounts disposed through OEB-approved rate riders. The "Other movements" column consists of impairment and reclassification between the regulatory balances and other regulatory deferral accounts considered to be insignificant.

a) Cloud computing

On November 2, 2023, the OEB established a generic, sector-wide deferral account to capture incremental cloud computing implementation costs incurred and any related offsetting savings, if applicable, effective December 1, 2023. LDC is seeking disposition of this account in the 2025-2029 CIR Application *(note 3(a))*. The timing of disposition of the balance is currently unknown.

b) Getting Ontario Connected Act (GOCA)

On October 31, 2023, the OEB established a generic, sector-wide variance account, the Getting Ontario Connected Act (GOCA) variance account to capture the incremental costs arising from the implementation of provincial Bill 93 (*Getting Ontario Connected Act, 2022* (Ontario)) effective as of April 1, 2023. LDC is seeking disposition of this account in the 2025-2029 CIR Application *(note 3(a))*. The timing of disposition of the balance is currently unknown.

c) Useful life changes

This account captures the cumulative revenue requirement impact for the benefit of customers as directed by the OEB for 2023 and 2024 related to the change in estimate of the useful lives of certain items of PP&E. As at March 31, 2024, the regulatory balance relates to the difference between the revenue requirement included in rates charged to customers and the actual revenue requirement based on the updated useful lives. LDC is seeking disposition of this account in the 2025-2029 CIR Application *(note 3(a))*. The timing of disposition of the balance is currently unknown.

8. SHORT-TERM BORROWINGS

The amount available under the Revolving Credit Facility and the Commercial Paper Program are as follows:

	Revolving Credit Facility Limit $	Commercial Paper Outstanding $	Revolving Credit Facility Availability $
Balance as at March 31, 2024	**1,000.0**	**510.0**	**490.0**
Balance as at December 31, 2023	1,000.0	421.0	579.0

As at March 31, 2024, $2.0 million had been drawn under the Working Capital Facility (December 31, 2023 – $7.3 million) and $51.3 million of letters of credit had been issued (December 31, 2023 – $51.3 million). As at March 31, 2024 and December 31, 2023, there were no borrowings under the Revolving Credit Facility.

(All tabular amounts in millions of Canadian dollars, unaudited)

9. DEFERRED REVENUE

Deferred revenue consists of the following:

	As at and three months ended March 31, 2024 $	As at and year ended December 31, 2023 $
Capital contributions, beginning of period	**890.7**	761.8
Capital contributions received [1]	**23.1**	162.8
Derecognition of related assets	**(0.6)**	(16.8) [2]
Amortization	**(4.7)**	(17.1)
Capital contributions, end of period	**908.5**	890.7
Other deferred revenue	**12.1**	6.2
Total deferred revenue	**920.6**	896.9
Less: Current portion of deferred revenue relating to:		
Capital contributions	**23.3**	23.1
Other deferred revenue	**11.4**	5.7
Current portion of deferred revenue	**34.7**	28.8
Non-current portion of deferred revenue	**885.9**	868.1

(1) Includes non-cash reversal of $10.6 million (year ended December 31, 2023 – $42.2 million contribution).
(2) Includes $14.2 million related to amounts received in advance for an asset pertaining to a finance lease which was derecognized in 2023.

10. FINANCIAL INSTRUMENTS

a) Fair value

As at March 31, 2024 and December 31, 2023, the fair values of accounts receivable and unbilled revenue, Working Capital Facility, commercial paper, and accounts payable and accrued liabilities approximated their carrying amounts due to the short maturity of these instruments. The fair value of customer deposits approximates their carrying amount taking into account interest accrued on the outstanding balance. Debentures are measured at amortized cost, based on the fair value of the debentures at issuance, which was the fair value of the consideration received adjusted for transaction costs.

The fair value of the debentures is based on the present value of contractual cash flows, discounted at the Corporation's current borrowing rate for similar debt instruments, and is included in Level 2 of the fair value hierarchy. As at March 31, 2024, the total fair value of the Corporation's debentures was determined to be approximately $2,701.1 million (December 31, 2023 – $2,775.7 million), with a total carrying amount of $2,927.5 million (December 31, 2023 – $2,927.2 million).

(All tabular amounts in millions of Canadian dollars, unaudited)

b) Financial risks

The following is a discussion of certain financial risks and related mitigation strategies identified by the Corporation for its financial instruments. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

Credit risk

The Corporation is exposed to credit risk with respect to customer non-payment of electricity bills. The Corporation considers the current economic and credit conditions to determine the expected credit loss allowance of its accounts receivable and unbilled revenue. Due to current uncertain economic conditions, the estimates and judgments made by management in the preparation of the expected credit loss allowance are subject to estimation uncertainty. The Corporation determines the expected credit loss allowance based on current estimates and assumptions, including, but not limited to, recent trends for customer collections and current and forecasted economic conditions. The Corporation continues to actively monitor its exposure to credit risk.

Credit risk associated with accounts receivable and unbilled revenue is as follows:

	As at March 31, 2024 $	As at December 31, 2023 $
Accounts receivable, gross		
Outstanding for not more than 30 days	**251.9**	213.7
Outstanding for more than 30 days and not more than 120 days	**52.6**	36.8
Outstanding for more than 120 days	**27.4**	28.6
Total accounts receivable, gross	**331.9**	279.1
Unbilled revenue, gross	**271.1**	286.9
Expected credit loss allowance	**(29.4)**	(29.2)
Total accounts receivable and unbilled revenue	**573.6**	536.8

Reconciliation between the opening and closing expected credit loss allowance balances for accounts receivable and unbilled revenue is as follows:

	As at and three months ended March 31, 2024 $	As at and year ended December 31, 2023 $
Balance, beginning of period	**(29.2)**	(32.1)
Additional expected credit loss allowance	**(1.5)**	(7.5)
Write-offs, net of recoveries	**1.3**	10.4
Balance, end of period	**(29.4)**	(29.2)

Liquidity risk

The Corporation is exposed to liquidity risk related to its ability to fund its obligations as they become due. The Corporation relies on debt financing through the debt capital markets and existing credit facilities to finance its daily operations, repay existing indebtedness and fund capital expenditures. The current challenging economic climate affected by factors including, but not limited to, uncertain macroeconomic conditions like a global recession may lead to material adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct negative impact on the Corporation's operating results and financial position in the future. Accordingly, the Corporation continues to monitor liquidity risk and adapt its plans as the economic climate evolves.

Inflation risk

The general rate of inflation in Canada continued to trend lower during the first quarter of 2024 as compared to the fourth quarter of 2023. However, the inflation rate continues to remain higher than the Bank of Canada's target rate of 2.0%. Certain underlying factors such as global supply chain disruptions, shipping restrictions and labour market constraints are improving; however, the global economic conditions remain uncertain. Prices for certain services and materials continue to evolve in response to fast-changing commodity markets, industry activities, supply chain dynamics, and government policies impacting operating and capital costs. The Corporation remains exposed to inflationary pressures and a higher interest rate environment, which could have a material adverse effect on the Corporation's business, financial condition or results of operations. The Corporation closely monitors market trends and seeks to mitigate cost impacts through various measures, including project management, procurement and other management actions.

11. DIVIDENDS

On February 28, 2024, the Board of Directors of the Corporation declared a dividend in the amount of $21.0 million with respect to the first quarter of 2024 (first quarter of 2023 – $24.6 million), paid to the City on March 28, 2024.

(All tabular amounts in millions of Canadian dollars, unaudited)

12. REVENUES

Revenues consist of the following:

	Three months ended March 31, 2024 $	Three months ended March 31, 2023 $
Revenue from contracts with customers		
Energy sales	**739.1**	
Distribution revenue	**225.2**	
Street lighting services	**5.2**	5.0
Pole and duct rentals	**5.2**	4.0
Ancillary services revenue	**4.1**	3.1
Other regulatory service charges	**2.5**	2.6
Miscellaneous	**4.3**	
Revenue from other sources		
Capital contributions - developers and other	**4.4**	3.8
Other	**2.0**	
Total revenues	**992.0**	856.9

13. INCOME TAXES

The Corporation's effective tax rate after net movements in regulatory balances for the three months ended March 31, 2024 was (4.0)% (three months ended March 31, 2023 – 0.7%). The effective tax rate for the three months ended March 31, 2024 was 4.7% lower than the prior comparative period primarily due to tax recognized in 2023 on the realized gains related to the disposition of properties in prior years, partially offset by lower net deductions in permanent and temporary differences between accounting and tax treatments.

Income tax (expense) recovery as presented in the condensed interim consolidated statements of income and the condensed interim consolidated statements of comprehensive income are as follows:

	Three months ended March 31, 2024 $	Three months ended March 31, 2023 $
Income tax expense	**(6.9)**	(13.0)
Income tax recorded in net movements in regulatory balances	**8.2**	12.7
Income tax (expense) recovery and income tax recorded in net movements in regulatory balances	**1.3**	(0.3)
Income tax (expense) recovery in OCI	**(2.5)**	3.1
Income tax (expense) recovery in OCI recorded in net movements in regulatory balances	**2.5**	(3.1)
Income tax in OCI	**—**	—

(All tabular amounts in millions of Canadian dollars, unaudited)

14. CONSOLIDATED STATEMENTS OF CASH FLOWS

a) Changes in non-cash operating working capital

Changes in non-cash operating working capital consist of the following:

	Three months ended March 31, 2024 $	Three months ended March 31, 2023 $
Accounts receivable and unbilled revenue	**(24.5)**	9.6
Income tax receivable	**(0.5)**	(3.7)
Materials and supplies	**(2.4)**	(0.9)
Other current assets	**87.3**	(2.0)
Accounts payable and accrued liabilities	**(79.2)**	7.2
Income tax payable	**(1.4)**	(0.4)
Deferred revenue	**5.9**	2.2
Deferred conservation credit	**(0.5)**	(0.5)
Total changes in non-cash operating working capital	**(15.3)**	11.5

b) Reconciliation of additions to PP&E and intangible assets

Reconciliation between the amounts presented on the condensed interim consolidated statements of cash flows and additions to PP&E and intangible assets is as follows:

	Three months ended March 31, 2024 $	Three months ended March 31, 2023 $
Purchase of PP&E, cash basis	**184.2**	165.3
Net change in accounts payable and accruals related to PP&E	**(11.1)**	(19.5)
Non-cash contributed assets	**1.4**	2.0
Other	**0.2**	0.2
Additions to PP&E	**174.7**	148.0
Purchase of intangible assets, cash basis	**30.9**	15.7
Net change in accounts payable and accruals related to intangible assets	**(6.1)**	(7.5)
Additions to intangible assets	**24.8**	8.2

15. CONTINGENCIES

Legal proceedings

In the ordinary course of business, the Corporation and its subsidiaries are subject to various legal proceedings, actions and claims from customers, suppliers, regulators and other parties. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and could materially adversely affect the Corporation. As at the date hereof, the Corporation believes that none of these legal proceedings, actions and claims from customers, suppliers, regulators and other parties in which it is currently involved or has been involved since the beginning of the most recently completed financial year, would be expected to have a material adverse effect on the Corporation. On an ongoing basis, the Corporation and its subsidiaries assess the likelihood of any adverse judgments or outcomes as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after an analysis of each individual issue. The provision may change in the future due to new developments in each matter or changes in approach, such as a change in settlement strategy. If damages were awarded under these actions, the Corporation and its subsidiaries would make a claim under any liability or other insurance policies, to the extent applicable, subject to such claim not being disputed by the insurers. Further details on legal proceedings that relate to the Corporation are set out below.

In December 2023, the Corporation's insurers entered into two agreements to settle prior legal actions directly with the claimants on the Corporation's behalf for a total of $90.0 million under the terms of the relevant insurance policies. In March 2024, the settlement of $90.0 million was paid by the Corporation's insurers directly to the claimants, which resulted in the derecognition of the settlement liability and corresponding settlement asset.

16. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a) Use of judgments and estimates

The preparation of the Corporation's Interim Financial Statements requires management to make judgments, estimates and assumptions which affect the application of accounting policies, reported assets, liabilities and regulatory balances, disclosure of contingent assets and liabilities at the date of the Interim Financial Statements, and the reported revenues and expenses for the period. The estimates are based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities as well as for identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB, the IESO, the Ontario Ministry of Energy, or the Ontario Ministry of Finance. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

b) Changes in accounting standards

Classification of Liabilities as Current or Non-current (Amendments to IAS 1 *Presentation of Financial Statements* (IAS 1))

In January 2020, the IASB issued amendments to IAS 1 relating to the classification of liabilities as current or non-current. Specifically, the amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current - that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. This right may be subject to compliance with covenants. After reconsidering certain aspects of the 2020 amendments, in October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1), reconfirming that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The amendments are to be applied retrospectively.

Effective January 1, 2024, the Corporation adopted these amendments, with no impact on the Interim Financial Statements.

c) Future accounting pronouncements

The IASB has issued a number of standards and amendments to existing standards that are not yet effective. The Corporation has determined that the following standard could have an impact on the Corporation's consolidated financial statements when adopted.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18) which replaces IAS 1 *Presentation of Financial Statements* (IAS 1) and introduces limited amendments to IAS 7 *Statement of Cash Flows* (IAS 7). IFRS 18 aims to improve communication of financial information in the financial statements, with a focus on information about financial performance in the statement of profit or loss. To meet this objective, IFRS 18 introduces additional defined subtotals in the statement of profit or loss, disclosures about management-defined performance measures, and enhanced requirements for grouping (aggregation and disaggregation) of information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The standard is to be applied retrospectively.

The Corporation is currently assessing the impact of the above standard on the Corporation's consolidated financial statements.

17. SUBSEQUENT EVENTS

The Corporation has evaluated the events and transactions occurring after the condensed interim consolidated balance sheet date through to May 8, 2024 when the Corporation's Interim Financial Statements were authorized for issuance by the Corporation's Board of Directors, and has identified the following events and transactions which required disclosure in the notes to the Interim Financial Statements.

Dividends

On May 8, 2024, the Board of Directors of the Corporation declared a dividend in the amount of $21.0 million with respect to the second quarter of 2024 (second quarter of 2023 – $24.6 million), payable to the City by June 28, 2024.