October 9, 2026

VIA RESS & EMAIL

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Mr. Ritchie Murray, Registrar

Dear Mr. Murray:

RE: OEB File No. EB-2026-0238, Phase 1 MAADs Application - Alectra Inc. to Acquire Newmarket Hydro Holdings Inc. and Related Approvals

Alectra Inc. ("Alectra") submits this application with the Ontario Energy Board ("OEB") seeking: (i) leave to acquire control of Newmarket Hydro Holdings Inc. ("NHHI") under section 86(2)(b) of the *Ontario Energy Board Act, 1998* (the "OEB Act") and (ii) leave for Newmarket-Tay Power Distribution Ltd. ("NT Power") to subsequently amalgamate with NHHI and Tay Hydro Inc. ("THI") under section 86(1)(c) of the OEB Act. In connection with the proposed transaction, this application includes a Notice of Proposal under Section 81 of the OEB Act.

The specific items of relief sought are discussed in the Application.

The Application follows the OEB's *Filing Requirements for Consolidation Applications* (the "Filing Requirements"), which are Schedule 2 to the OEB's *Handbook to Electricity Distributor and Transmitter Consolidations* as revised on July 11, 2024 (the "Handbook"). The mapping of the Application's contents to the Filing Requirements is provided in Appendix A to the Application. The Application is also consistent with the OEB's March 26, 2015 *Report on Rate-Making Associated with Distributor Consolidation* (the "Consolidation Policy").

A separate request for confidential treatment of certain information will be submitted under separate cover letter, in accordance with the OEB's *Rules of Practice and Procedure and Practice Direction on Confidential Filings.*

Please let us know if you have any questions or concerns.

Sincerely,



Christine E. Long
Senior Vice-President, Regulatory Affairs and Privacy Officer
Christine.Long@alectrautilities.com

cc: All parties
Natalie Yeates, Alectra Utilities Corporation
Ian McDougall and Karen Reynar, Corporation of the Town of Newmarket
Andrea Fay, The Corporation of the Township of Tay
Mark Rodger and Rob Blackstein, Borden Ladner Gervais LLP
Jonathan Myers, Torys LLP

EB-2026-0238

IN THE MATTER OF Sections 86 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B (the "OEB Act"), as amended; and

AND IN THE MATTER OF an application by Alectra Inc. for an Order or Orders made pursuant to section 86(2)(b) of the OEB Act, granting leave to acquire control of Newmarket Hydro Holdings Inc., which directly holds more than 10% of the voting securities of a distributor, Newmarket-Tay Power Distribution Ltd.

AND IN THE MATTER OF an application by Newmarket-Tay Power Distribution Ltd. for an Order or Orders made pursuant to section 86(1)(c) of the OEB Act, granting leave to amalgamate with Newmarket Hydro Holdings Inc. and Tay Hydro Inc. (subsequent to coming under the control of Alectra Inc.) and continuing to operate under the name Newmarket-Tay Power Distribution Ltd.

APPLICATION FOR LEAVE TO ACQUIRE

NEWMARKET HYDRO HOLDINGS INC.

APPLICATION FOR LEAVE TO AMALGAMATE

NEWMARKET-TAY POWER DISTRIBUTION LTD.

FILED: OCTOBER 9, 2026

Alectra Inc.
2185 Derry Road West
Mississauga, ON
L5N 7A6

NT Power
590 Steven Court
Newmarket, ON
L3Y 6Z2

Christine E. Long
Senior Vice-President, Regulatory Affairs and Privacy Officer

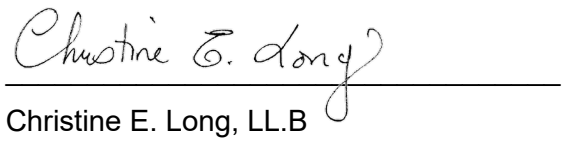
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CERTIFICATION OF EVIDENCE

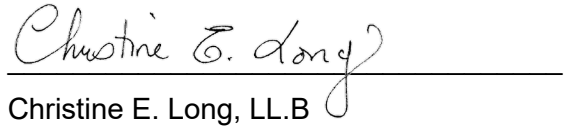
The undersigned, Christine Long Senior Vice-President, Regulatory Affairs and Privacy Officer of Alectra Utilities Corporation and in my capacity as an Officer of Alectra Inc., and without personal liability, hereby certify, to the best of my knowledge, as at the date of the certification, that the evidence in this Application is accurate, consistent and complete.



Christine E. Long, LL.B
Senior Vice-President, Regulatory Affairs and Privacy Officer

CERTIFICATE REGARDING PERSONAL INFORMATION

As Senior Vice-President, Regulatory Affairs and Privacy Officer of Alectra Utilities Corporation and an Officer of Alectra Inc., I certify that, to the best of my knowledge, the evidence filed in this Application does not include any personal information, as defined in the *Freedom of Information and Protection of Privacy Act*, that is not otherwise redacted in accordance with Rule 9A of the OEB's *Rules of Practice and Procedure*.



Christine E. Long, LL.B
Senior Vice-President, Regulatory Affairs and Privacy Officer

APPLICATION

1.0 ADMINISTRATIVE

Alectra Inc. ("Alectra") hereby requests leave from the Ontario Energy Board (the "OEB" or the "Board") pursuant to section 86(2)(b) of the *Ontario Energy Board Act, 1998* (the "OEB Act") to acquire control of Newmarket Hydro Holdings Inc. ("NHHI"), which directly holds more than 10% of the voting securities of a distributor, Newmarket-Tay Power Distribution Ltd. ("NT Power"). In addition, NT Power hereby requests leave from the OEB pursuant to section 86(1)(c) of the OEB Act to subsequently amalgamate with NHHI and Tay Hydro Inc. ("THI") and continue operating under the name NT Power (collectively the "Application"). As Alectra is an affiliate of a generator and is proposing to purchase shares of a corporation that owns a distribution system, Alectra has included with the Application a notice of proposal under section 81 of the OEB Act (the "Notice").

1.1 Overview of the Proposed Transaction

The Application and the Notice are in connection with the first phase of a multi-phased plan that will result in the future amalgamation of Alectra Utilities Corporation ("AUC") and NT Power. In summary, and as further described below, the plan involves the following steps:

1. Alectra acquiring the holding companies that own NT Power, amalgamating the holding companies with NT Power, and continuing to operate NT Power as a standalone utility for an interim period, from closing of the transaction in early 2027;

2. AUC completing its rebasing application that is currently before the OEB, implementing its new rates in 2027, and executing on its new DSP over the 2027-2031 period;

3. NT Power filing a standalone rebasing application for rates effective January 1, 2029, completing that application and implementing its new rates in 2029;

4. Alectra filing an application for leave to amalgamate AUC and NT Power effective from closing in late 2030, potentially with a deferred rebasing period for the NT Power rate zones to the end of 2036;

5. AUC rebasing its rates for the 2032-2036 period, excluding the NT Power rate zones; and

6. AUC rebasing its rates for the 2037-2041 period, inclusive of the NT Power rate zones, and including a rate harmonization plan and/or post consolidation customer rate classifications.

The first phase of the multi-year plan involves Alectra purchasing 100% of the issued and outstanding shares of NHHI from the Corporation of the Town of Newmarket, and 100% of the issued and outstanding shares of THI from the Corporation of the Township of Tay, and subsequently amalgamating NHHI, THI and NT Power, with the amalgamated company continuing to operate as a wholly-owned subsidiary of Alectra under the name NT Power (the "Phase 1 Transaction"). NHHI and THI are holding companies that own 93% and 7%, respectively, of the issued and outstanding common shares of NT Power, which is an OEB-licensed electricity distribution company (ED-2007-0624). The current Application is for leave to acquire control of NHHI under section 86(2)(b) of the OEB Act, as NHHI owns more than 10% of the voting securities of NT Power, and leave under section 86(1)(c) of the OEB Act for NT Power to subsequently amalgamate with NHHI and THI (the "Phase 1 Application"). As THI does not own more than 10% of the voting securities of NT Power, leave to acquire THI is not required under section 86(2)(b) of the OEB Act.

The principal subsidiary of Alectra is Alectra Utilities Corporation ("AUC"), which is an OEB-licensed electricity distribution company (ED-2016-0360). AUC was formed through consolidation transactions that closed in 2017 and 2019. AUC's first post-consolidation rebasing application is currently before the OEB, for a five-year investment plan with rates effective January 1, 2027, in EB-2025-0252. AUC's rebasing and execution of its investment plan are unaffected by the current Application.

Alectra is not proposing to amalgamate NT Power with AUC until after NT Power has an opportunity to complete its upcoming rate rebasing. It is necessary to rebase NT Power prior to its amalgamation with AUC because NT Power has not been before the OEB to have its costs examined for a significant period of time due to its deferred rebasing periods from prior consolidation transactions. The need to delay amalgamation is further supported by practical considerations of managing the acquisition of NT Power without impacting AUC as it completes its first post-consolidation rebasing and focuses on executing its investment plan starting in 2027.

More particularly, completing NT Power's rebasing prior to amalgamation with AUC will enable NT Power to establish rates based on its current cost structures, reflective of its historical capital investments and current operating requirements, following the expiry of NT Power's deferred rebasing period at the end of 2028. This approach is warranted given that NT Power, which itself was formed through two prior consolidations, has remained in a deferred rebasing for a protracted period (since 2011 for its Newmarket-Tay rate zone, and since 2013 for its Midland rate zone). The rebasing will also provide an opportunity to implement an updated investment plan, as NT Power's most recent Distribution System Plan only covered a period up to 2024. Continued deferral would exacerbate the financial challenges facing NT Power and its ability to accommodate growth, and continue to impact the reliability of distribution service for its customers. NT Power's achieved ROE was 1.05% in 2025, which followed back-to-back years of being materially below its approved ROE in 2023 and 2024. With respect to reliability, NT Power did not meet its SAIDI and SAIFI targets in 2025.

It is anticipated that NT Power will submit its rebasing application by April 30, 2028 for rates effective January 1, 2029. Following the implementation of NT Power's rates, Alectra will prepare an application for leave to amalgamate AUC and NT Power (the "Phase 2 Application"), which it expects to file by late 2029, with closing of the amalgamation (the "Phase 2 Transaction") expected in 2030.

Alectra is not requesting a deferred rebasing period as part of the Phase 1 Application, as both AUC and NT Power will be operated separately and rebased as scheduled. A deferred rebasing period will be proposed as part of the Phase 2 Application, for the NT Power rate zones. A

deferred rebasing period requested at that time would not extend beyond ten years from the closing of the Phase 1 Transaction.

Alectra's multi-phased plan, including the initial acquisition in the Phase 1 Transaction and the planned amalgamation in the Phase 2 Transaction, along with related aspects, is a thoughtfully considered and customized approach to addressing the unique circumstances of NT Power and AUC, as well as the needs of their customers, while conforming with the policy objectives and requirements established in the Board's *Handbook to Electricity Distributor and Transmitter Consolidations* as revised on July 11, 2024 ("The Handbook").

1.2 Notice of Proposal

Section 81 of the OEB Act provides that an affiliate of a generator may not purchase shares of a corporation that owns a distribution system in Ontario unless it has first given notice of its proposal to do so.

Alectra is an affiliate of a generator because it has affiliates that own and operate various generation facilities. These include a portfolio of Feed-in Tariff contracted solar generation facilities owned and operated by Solar Sunbelt GP (EG-2012-0259), and other affiliate generation facilities as more particularly set out in Exhibit B-9-1.

While Alectra is not directly purchasing the shares of NT Power, Alectra is acquiring 100% of the issued and outstanding shares of NHHI and THI, which are the holding companies that together own all of the issued and outstanding shares of NT Power. Immediately following that acquisition, Alectra intends to amalgamate NHHI, THI and NT Power, with the amalgamated entity being wholly owned by Alectra, continuing as NT Power and continuing to own and operate NT Power's distribution system. Accordingly, Alectra has included a notice of proposal under Section 81 of the OEB Act at Exhibit B-9-1 of this Application based on a conservative interpretation of Section 81.

1.3 Organization of the Application

This Application is organized in a manner that is consistent with the requirements for consolidation applications as set out in the Handbook. The mapping of evidence provided in Appendix A pinpoints the exact location of the evidence responsive to each of the Board's requirements set out in the *Filing requirements for Consolidation Applications*, that are appended as Schedule 2 to the Handbook.

Notably, Alectra determined that certain elements of the "Post-Consolidation Monitoring and Reporting" and "Accounting Matters" requirements in Schedule 2 of the Handbook are not applicable to the Phase 1 Application because both AUC and NT Power will continue to operate on a stand-alone basis until the Phase 2 Transaction has been approved and closes. Specifically, Group 1 and Group 2 regulatory accounts will not be consolidated following approval of the Phase 1 Application. AUC and NT Power will continue to be tracked separately while the utilities remain standalone entities. However, consistent with the Handbook's requirement that a consolidated utility establish an account to record the impact of any accounting policy changes unless sufficient justification is provided, Alectra is proposing to establish an Accounting Policy Changes Account effective from the Phase 1 Transaction closing date to record the full revenue requirement impact of any accounting policy changes that the parties determine to be necessary or appropriate.

1.4 Form of Hearing

The applicants request a short form of written hearing.

1.5 Applicants and Authorized Representatives

The legal names of the applicants and the contact information for their authorized representatives are provided below.

Applicants:	**Alectra Inc.**
	2185 Derry Road West
	Mississauga, ON
	L5N 7A6
	NT Power
	590 Steven Court
	Newmarket, ON
	L3Y 6Z2
Applicants' Representatives:	**Christine Long**
	SVP, Regulatory Affairs and Privacy Officer
	Tel.: (905) 798-3498
	Christine.long@alectrautilities.com
	Natalie Yeates
	Vice President, Regulatory Affairs
	Tel.: (905) 798-2872
	Natalie.yeates@alectrautilities.com
Legal Counsel to Applicants:	**Jonathan Myers**
	Torys LLP
	Tel.: (416) 865-7532
	JMyers@torys.com

1.6 Other Parties and Representatives

The legal names of the other parties to the proposed transaction, and the contact information for their authorized representative(s), are provided below.

Other Parties:	**Corporation of the Town of Newmarket**
	395 Mulock Drive
	P.O. Box 328 Station Main,
	Newmarket, ON, L3Y 4X7
	Ian McDougall
	Tel.: (905) 953-5300
	imcdougall@newmarket.ca
	The Corporation of the Township of Tay
	450 Park Street
	P.O. Box 100
	Victoria Harbour, ON, L0K 2A0
	Andrea Fay
	Tel.: (705) 534-7248
	afay@tay.ca
Other Parties' Representative:	**Borden Ladner Gervais LLP**
	22 Adelaide Street W.
	Suite 3400
	Toronto, ON, M5H 4E3
	Mark Rodger and Rob Blackstein
	Tel.: (416) 367-6190 and (416) 367-6024
	mrodger@blg.com and rblackstein@blg.com

2.0 DESCRIPTION OF THE BUSINESS OF THE PARTIES TO THE TRANSACTION

2.1 Business Descriptions

(a) Alectra

Alectra is an investment holding company with its head office in Mississauga, Ontario. Alectra is indirectly owned by municipal shareholders (the cities of Vaughan, Hamilton, Markham, Guelph, Barrie and St. Catharines) and Enersource Corporation, which is owned by the City of Mississauga (90%) and BPC Energy Corporation (10%).

The principal subsidiaries of the Corporation are:

- Alectra Utilities Corporation (“AUC”), a regulated electricity distribution company operating under license ED-2016-0360 issued by the Ontario Energy Board ("OEB"). The principal activity of AUC is to provide distribution service to approximately 1.1 million homes and businesses across a 1,912 square km service territory spanning 17 communities including Alliston, Aurora, Barrie, Beeton, Brampton, Bradford West Gwillimbury, Guelph, Hamilton, Markham, Mississauga, Penetanguishene, Richmond Hill, Rockwood, St. Catharines, Thornton, Tottenham, and Vaughan. AUC also includes a commercial rooftop solar generation business ("Ring Fenced Solar"); and

- Alectra Energy Solutions Inc. ("AES"), a non-regulated energy solutions and services company, which carries on activities through the use of innovative technologies, principally through subsidiaries and joint ventures as further described below.

Alectra also indirectly holds a 100% ownership interest in Solar Sunbelt General Partnership (“Solar Sunbelt GP”), which is held through AUC (99.9975% interest) and Horizon Solar Corporation (0.0025% interest). Solar Sunbelt GP is a licensed generator (EG-2012-0259) that owns and operates a portfolio of seven solar generation facilities, each of which supplies the IESO pursuant to a Feed-in Tariff Contract.

AES's main subsidiaries and joint ventures, and their respective activities, include:

- Alectra Energy Services Inc. - provides wholesale metering services, including maintenance, new construction and meter sealing;

- Alectra Power Services Inc. - provides street lighting services including design, construction, and maintenance;

- Holland Power Services Inc. - provides emergency power restoration services to utilities primarily located along the eastern seaboard of the United States and Canada; and industrial electrical services to utilities and industrial clients;

- Util-Assist Inc. - provides consulting services (with respect to advanced metering systems procurement and implementation; customer information systems procurement and implementation); billing and meter data exception management services; an outage management call centre (PowerAssist); and other smart grid applications and services;

- Alectra Microgrid Services Master Limited Partnership - provides energy management services which includes installing, owning and operating industrial energy storage battery and gas systems with third parties (generation and retailer licenses are held by two subsidiaries: Alectra Microgrid Services Project (LNR) General Partnership (EG-2021-0090 and ER-2021-0091) and Alectra Campbell Road LP (EG-2024-0149 and ER-2024-0148)); and

- Alectra Convergent ELT-1 Development Holdco Inc. - a 50% joint venture with Convergent Canada Acquisition Co ULC that provides distributed energy solutions which include developing, constructing, commissioning, owning, operating and maintaining front-of-the-meter battery energy storage system projects in Ontario (storage licenses are held by three subsidiaries: Arlen Energy Storage 1 LP (ES-2025-0148), Vaughan 1E Energy Storage 1 LP (ES-2025-0185), and Vaughan 3 Energy Storage 1 LP (ES-2025-0183)).

(b) Newmarket-Tay Power Distribution Ltd.

NT Power is a regulated electricity distribution company operating under license ED-2007-0624 issued by the OEB. It was formed on May 1, 2007, further to the amalgamation of the former entities: Newmarket Hydro Ltd. and Tay Hydro Electric Distribution Company Inc. Subsequently, on September 7, 2018, NT Power purchased and amalgamated with the former Midland Power Utility Corporation.

NT Power is jointly owned by the Corporation of the Town of Newmarket via NHHI, which holds a 93% controlling interest, and by the Corporation of the Township of Tay via THI, which holds a 7% non-controlling interest.

The principal activity of NT Power is to distribute electricity to the residents and businesses in the Town of Newmarket, Town of Midland, and the Township of Tay.

In addition to NHHI's 93% controlling interest in NT Power, NHHI holds a 93% controlling interest in NT Holdings Inc., and a 23.55% non-controlling interest in Ecobility Inc. In addition to THI's 7% non-controlling interest in NT Power, THI holds a 7% non-controlling interest in NT Holdings Inc. NHHI holds 7% of its interest in Ecobility Inc. in trust for THI. NT Holdings Inc. and Ecobility Inc. are non-regulated and largely inactive businesses. All issued and outstanding shares in the capital of both NT Holdings Inc. and Ecobility Inc. will be transferred out of NHHI and THI prior to the acquisition of NHHI and THI by Alectra.

2.2 Geographic Territories of the Businesses

The parties to the Phase 1 Transaction do not have geographic territories as they are holding companies. The following describes the geographic territories served by their respective affiliated distributors.[1] See also Schedule 1 to the OEB licences held by each of the referenced affiliates, as well as the service area maps provided below.

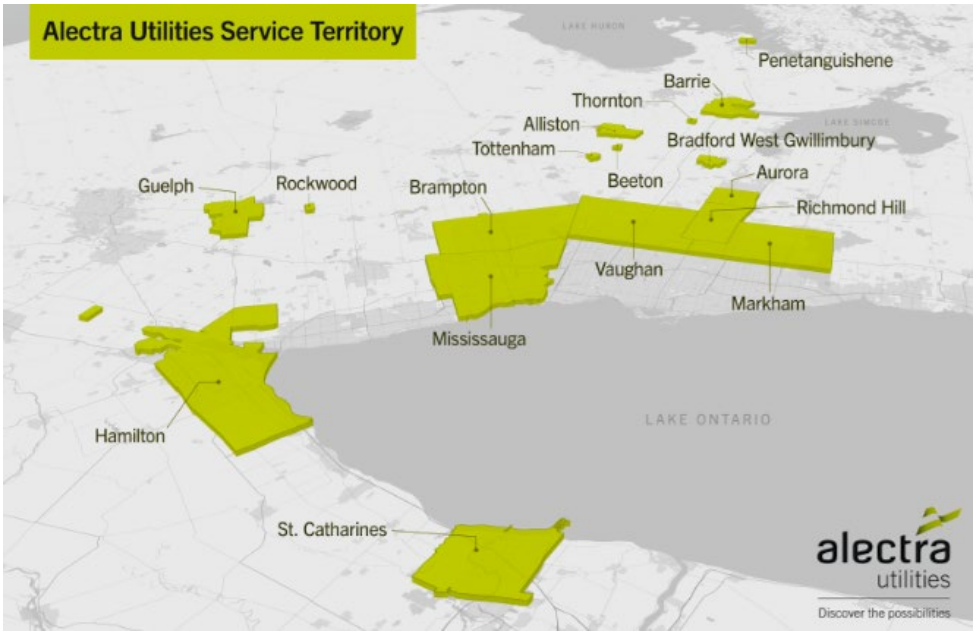
[1] See AUC, Licence ED-2016-0360, amended July 7, 2026 in EB-2026-0173 (https://www.rds.oeb.ca/CMWebDrawer/Record/947527/File/document) and NT Power, Licence ED-2007-0624, amended May 17, 2021 in ED-2007-0624 https://www.rds.oeb.ca/CMWebDrawer/Record/715347/File/document).

(a) AUC Service Area:

AUC owns and is responsible for the operation, maintenance and management of the assets associated with the distribution of electrical power in its defined, licensed service area in Alliston, Aurora, Barrie, Beeton, Bradford, Brampton, Guelph, Hamilton (including Hamilton, Stoney Creek and Dundas), Markham, Mississauga, Penetanguishene, Richmond Hill, Rockwood, St. Catharines, Thornton, Tottenham, and Vaughan.

AUC serves approximately 1,100,000 customers across a 1,912 square km service territory, of which 99% is urban. AUC owns, maintains and operates approximately 7,249 km of overhead primary distribution feeders and 15,019 km of underground primary distribution circuits, as well as 268 - 4.16kV, 19 - 8.32 kV, 692 - 13.8 kV, 300 - 27.6 kV, and 92 - 44kV feeders within its service territory.

Figure 1 - Map of AUC Service Area



(b) NT Power Service Area:

NT Power serves approximately 45,000 customers in the Town of Newmarket, the Town of Midland, and the Township of Tay. NT Power's service area totals 94 square km, of which 97% is urban and 3% is rural. NT Power's service area comprises two non-contiguous areas: the geographical area of Newmarket in the south and the geographical area of Tay and Midland in the north. The Tay service area is east of and directly abuts the Midland service area. NT Power's service territory encompasses approximately 1,020 km of line, of which 560 km is underground and 460 km is overhead.

Figure 2 - Map of NT Power South Service Area (Town of Newmarket)

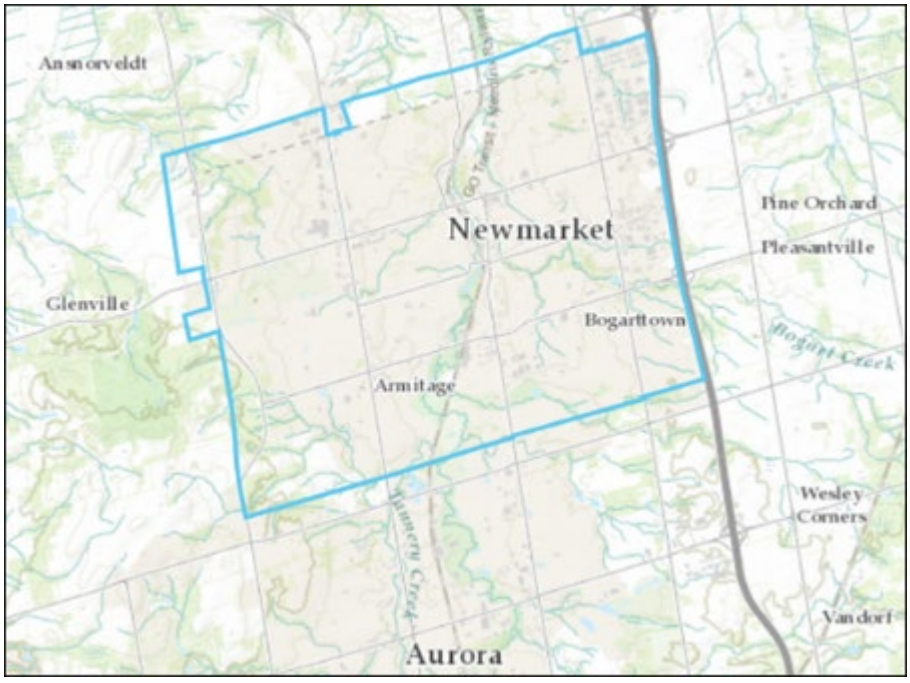


Figure 3 - Map of NT Power North Service Area (Town of Midland and Township of Tay)



(c) Service Area Boundaries:

The NT Power South service area is contiguous to the Aurora geographical area of AUC's service territory, and the NT Power North service area is contiguous to the Penetanguishene geographical area of AUC's service territory.

After completion of the Phase 1 Transaction, there will be no change to the service territories of AUC and NT Power, as they will continue to operate as standalone utilities. Following the Phase 2 Transaction, which is not the subject of the current Application, there will be opportunities to merge the service territories of AUC and NT Power along the shared service area boundaries between Newmarket/Aurora and Penetanguishene/Midland.

Customer Information

AUC and NT Power have comparable ratios of customer classes, served by each utility.

Excluding those classes that are based on connections (i.e., Unmetered Scattered Load Connections, Streetlight, and Sentinel Lighting), both LDCs have a customer base that is primarily comprised of residential class (90% - 91%), followed by small commercial business that makes up the general service <50kW class (8% -9%). Approximately 1% of the customer base for each utility is comprised of general service >50 kW class and large user class.

Table 1 below provides the numbers of customers by customer class for 2025, for each of the distributors:

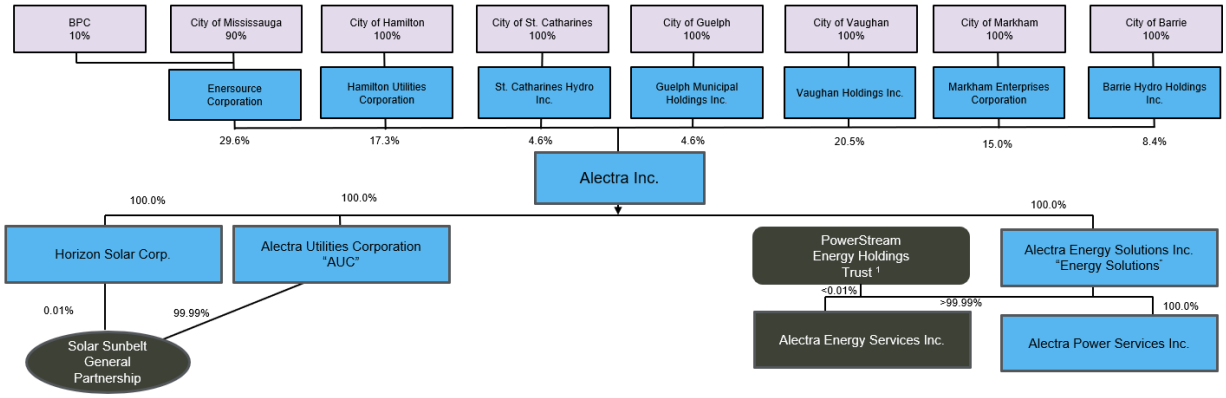
Table 1 - Customer Count (as of December 31, 2025)

Customer Class	AUC	NT Power
Residential	990,008	40,472
GS<50 Kw	88,728	4,248
GS>50 Kw / Large Users	12,639	405
Large User	31	-
Large user with dedicated assets	6	-
Unmetered Scattered Load Connections	11,527	59
Streetlight Connections	242,262	11,035
Sentinel Lighting Connections	424	358
Total Customer/Connections	**1,345,625**	**56,577**

2.3 Corporate Charts

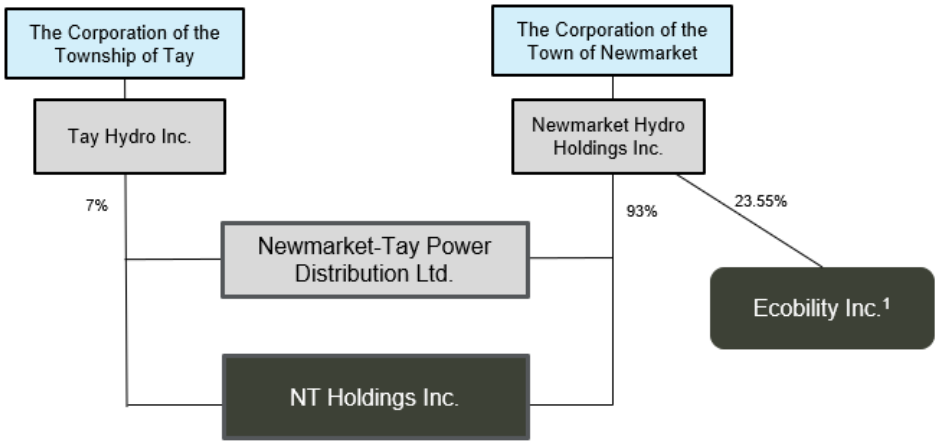
Figures 4 and 5 below illustrate the current corporate structures of Alectra and NT Power, including their respective shareholders and affiliates. AES has several subsidiary entities, as previously described, that are not shown in the simplified structure below.

Figure 4 - Alectra Inc. Simplified Corporate Structure (Current)



[1] PowerStream Energy Holdings Trust owns non-participating, non-voting preferred shares of Alectra Energy Services Inc.

Figure 5 - NT Power Corporate Structure (Current)



[1] Newmarket Hydro Holdings Inc.'s shareholding is 20% of Class A Shares (Voting) and 23.55% of Class B Shares (Non-voting). 7% of each class of shares is held in trust for Tay Hydro Inc.

Note: NT Holdings Inc. and Ecobility Inc. are inactive businesses. Pursuant to a pre-closing transfer, neither NHHI nor THI will retain an interest in NT Holdings Inc. or Ecobility Inc. at closing of the transaction.

2.4 Net Metering Threshold

Based on the 2025 OEB Reporting and Record-keeping Requirements ("RRR") Data, Table 2 below shows the net metering thresholds for both AUC and NT Power, calculated as 1% of the maximum peak demand (kW) averaged over a 3-year period between 2023-2025.

Table 2 – Net Metering Thresholds

Utility	3-Year Average Peak Load	1% Rule (KW)
AUC	5,466,294	54,663
NT Power	184,953	1,849

Following completion of the Phase 1 Transaction, both AUC and NT Power will retain their current and distinct net metering thresholds. It is proposed that two net metering thresholds be maintained separately because the two LDCs and their service territories are and will continue to be separate and distinct until the completion of the Phase 2 Transaction, following approval of the Phase 2 Application.

3.0 DESCRIPTION OF THE PROPOSED TRANSACTION

3.1 The Phase 1 Transaction

This Application is limited to the approvals required to effect the Phase 1 Transaction. In this Application, Alectra is requesting leave to acquire 100% of the issued and outstanding shares of Newmarket Hydro Holdings Inc. ("NHHI") from the Corporation of the Town of Newmarket pursuant to section 86(2)(b) of the OEB Act, and NT Power is requesting leave pursuant to section 86(1)(c) of the OEB Act to subsequently amalgamate with NHHI and THI, with the amalgamated company, wholly owned by Alectra, continuing to own and operate the NT Power distribution system under the name Newmarket-Tay Power Distribution Ltd. As noted in Exhibit B-1-1, the Phase 1 Transaction also includes the acquisition by Alectra of 100% of the issued and outstanding shares of THI from the Corporation of the Township of Tay, but as THI holds less than 10% of the voting securities of NT Power, this aspect of the transaction does not require leave from the OEB.

Pursuant to the Amended and Restated Securities Purchase Agreement ("Securities Purchase Agreement") dated March 1, 2026 (effective January 10, 2026), between the Corporation of the Town of Newmarket ("Newmarket"), the Corporation of the Township of Tay ("Tay"), (collectively the "Sellers"), NHHI, THI, and Alectra (each a party to the Securities Purchase Agreement), and subject to the parties obtaining the required approvals, the Sellers have agreed to sell and Alectra has agreed to purchase:

(i) All of the issued and outstanding common shares of NHHI and THI (the "Holdings Common Shares"), which own 93% and 7%, respectively, of NT Power; and

(ii) The demand promissory note dated November 1, 2000, as issued by NT Power to Tay in the principal sum of $1,742,821 (the "Promissory Note"), as amended and restated in the principal sum of $1,752,731 (the "Amended and Restated Promissory Note"). (collectively, the Holdings Common Shares and the Promissory Note are referred to as the "Purchased Securities").

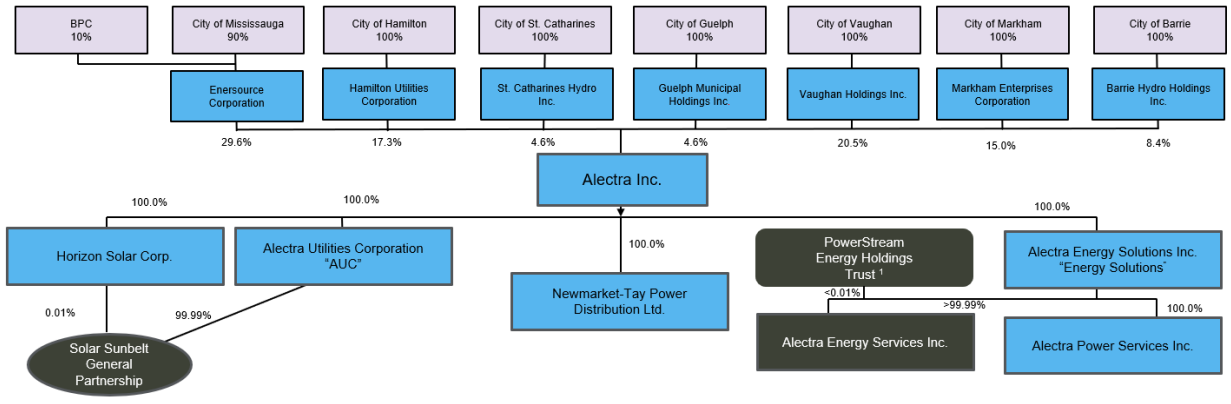
The closing of the acquisition of the Purchased Securities is conditional upon the receipt of all required approvals, including the OEB's approval of this Application.

Immediately upon Alectra acquiring the Purchased Securities, Alectra will cause the amalgamation of NHHI, THI and NT Power pursuant to a short-form amalgamation agreement under section 177 of the *Business Corporations Act* (Ontario), with the amalgamated company continuing to operate under the name NT Power.

Upon closing of the Phase 1 Transaction, Newmarket-Tay Power Distribution Ltd. will be 100% directly owned by Alectra, and will continue operating under the name Newmarket-Tay Power Distribution Ltd.

Figure 6 below illustrates the corporate ownership structure on closing of the Phase 1 Transaction.

Figure 6 - Phase 1 - Post-Closing Corporate Ownership Structure



[1] PowerStream Energy Holdings Trust owns non-participating, non-voting preferred shares of Alectra Energy Services Inc.

As part of the Phase 1 Transaction, a Transitional Committee comprised of members of the senior management team from Alectra and a representative of Newmarket and Tay has been established. This committee will serve in an advisory and consultative role on certain key matters applicable to NT Power prior to the planned amalgamation of NT Power with AUC.

3.2 Consideration

The aggregate purchase price payable by Alectra to acquire the Purchased Securities from the Sellers is set out in section 2.1 and 2.3 of the Securities Purchase Agreement, subject to post-closing adjustments (the "Purchase Price"). The Securities Purchase Agreement provided flexibility regarding the form of consideration, including a cash payment at closing or a structured deferred payment arrangement, as described below. Payments to Newmarket and Tay are allocated based on their respective pro rata ownership interests. Pursuant to Section 2.2(a) of the Securities Purchase Agreement, on February 27, 2026, the Sellers elected to receive the purchase price through a deferred payment structure.

At Closing, Alectra will pay cash consideration in respect of the Amended and Restated Promissory Note, in the amount of $1,752,731, together with accrued and unpaid interest. The Purchase Price for the Holdings Common Shares will be paid on a deferred basis over an initial seven-year term commencing on the Closing Date, during which Alectra will make fixed semi-annual payments. At the Sellers' option, the deferred payment period may be extended for up to two additional three-year extension terms, for a maximum payout period of thirteen years. During any extension term, Alectra will make variable semi-annual payments to the Sellers in an amount equal to the aggregate amount of dividends declared on the Buyer's equity capital multiplied by the Ascribed Economic Interest. The Ascribed Economic Interest will be 2.83%, subject to adjustment after the Closing Date. Upon the non-election of an extension term or automatically at the expiry of the second extension term, Alectra will make a lump-sum redemption payment to the Sellers. The amount to be paid upon redemption is subject to a guaranteed minimum amount, which depends on the time since the closing date. Beginning two years after the closing date, the lump-sum payment includes a Variable Payout Value that is calculated with reference to Alectra's Enterprise Value, a deemed amount of indebtedness based on 60% of Rate Base, and the Ascribed Economic Interest as at the calculation date.

The deferred payment structure is not expected to impact the financial viability of AUC or NT Power given the limited quantum and pro-forma impact on Alectra's consolidated financial metrics. The deferred payment structure allows Alectra to defer the cost of acquiring NT Power

over multiple years while providing the Sellers with guaranteed annual payments and an opportunity to participate in the future dividends and equity growth of the combined entity.

3.3 Final Legal Document to be Used to Implement the Transaction

The final legal document used to implement that part of the Phase 1 Transaction that includes the purchase and sale of the Purchased Securities is the Securities Purchase Agreement, attached hereto as Appendix B.

The legal documents used to implement that part of the Phase 1 Transaction that includes the amalgamation of NT Power, NHHI and THI have not been prepared at the time of filing this Application and will be finalized at or near closing of the transaction. The amalgamation is expected to follow the short form amalgamation process under Section 177 of the *Business Corporations Act* (Ontario).

3.4 Municipal and/or Corporate Resolutions

Copies of appropriate resolutions approving the proposed share purchase transaction are attached in Appendix C.

Resolutions in respect of the amalgamation of NT Power, NHHI and THI are not available. Immediately upon closing of the share purchase transaction, Alectra would appoint Directors to each of NHHI and THI, following which those Directors would approve the amalgamation by Board resolutions of those companies with NT Power. The amalgamation would be a short form amalgamation under section 177 of the *Business Corporations Act* (Ontario), which applies to amalgamations of wholly owned subsidiaries of the same parent company. The Directors of NT Power appointed by Alectra at closing would also approve the amalgamation and then remain in their roles on the Board of Directors of the amalgamated NT Power.

3.5 Rationale for Multi-Phased Approach

A multi-phased approach to the transaction, inclusive of the Phase 1 Transaction, completion of the scheduled rebasings for NT Power and AUC, followed by the Phase 2 Transaction, is necessary, appropriate, and fully aligned with the OEB's statutory objectives, including protecting consumers with respect to price and the adequacy, reliability and quality of electricity service; promoting economic efficiency and cost effectiveness; facilitating the maintenance of a financially viable LDC; and supporting economic growth and innovation through investment in NT Power's service area. The proposed sequencing is designed to: (i) maintain regulatory and operational stability; (ii) ensure timely and appropriate rebasing for each of NT Power and AUC; and (iii) establish a transparent and measurable baseline from which efficiency and synergy benefits can be assessed, implemented and flowed through to customers. The Phase 1 and Phase 2 Transactions should be evaluated independently, consistent with the manner in which the OEB has evaluated similar transactions.

Key rationale for the phased approach include the following:

- *AUC is approaching the end of its initial 10-year deferred rebasing period*. AUC is concluding a 10-year deferred rebasing period that commenced upon its formation in 2017. AUC's rebasing application (EB-2025-0252), which is currently before the OEB and is for rates effective January 1, 2027[1], will support important new investments across the distribution system. Maintaining AUC's operational focus on executing the investment plans contemplated in its rebasing application, without having to integrate an additional service area, is a key priority for Alectra and is consistent with the OEB's objectives of ensuring safe, reliable service and enabling prudent investment while maintaining ratepayer protection through comprehensive cost-of-service scrutiny.

- *NT Power is within a deferred rebasing period and has not rebased for an extended period*. NT Power has been on a 10-year deferred rebasing period since 2018, and its

[1] In EB-2025-0252, AUC filed a Settlement Proposal on July 30, 2026, and a Revised Settlement Proposal on September 11, 2026, which are pending OEB approval.

predecessor utilities have not rebased since 2011 (Main NT rate zone) and 2013 (Midland rate zone).

- *NT Power's financial performance has declined.* NT Power's financial performance has recently declined, with 2025 results reflecting under-earning of more than 300 basis points and an actual return on equity of 1.05%. Although NT Power's financial ratios do not indicate financial distress, the low ROE suggests that existing rates are no longer aligned with the utility's increased cost structure and growing rate base.

- *Rebased rates create the appropriate baseline to measure post-amalgamation efficiencies*. Rebased rates for each utility will provide a more appropriate and transparent basis for achieving, measuring and tracking future efficiency and synergy savings from amalgamation. In particular, rebasing before the Phase 2 Application reduces the risk that pre-existing cost pressures, investment needs, and/or legacy conditions are inadvertently attributed to (or otherwise obscure) the impacts of amalgamation.

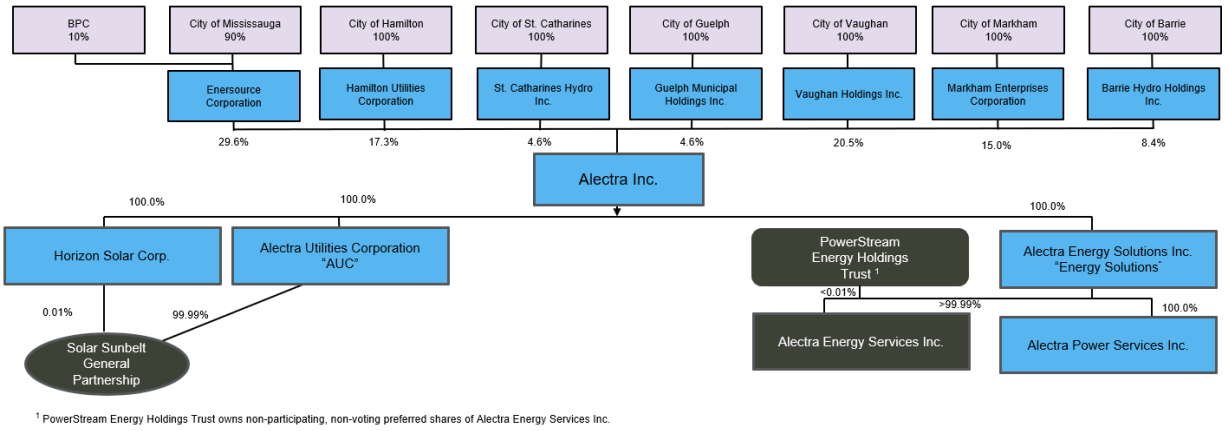
- *A single combined MAADs application is not practical in the circumstances*. A single MAADs application addressing all steps at once is not practical due to scheduling considerations relative to other applications and processes, including the timing and resource demands of NT Power's cost of service proceeding. Separating the approvals enables the OEB to consider each rebasing record on its own merits, while reserving the amalgamation approval and associated "no harm" assessment to a time when measurable synergies can reasonably be identified, tested, and committed to. This sequencing is consistent with the OEB's recent approval of NT Power's rebasing deferral request[2], which contemplated a standalone NT Power cost of service application for 2029 rates and recognized that the outcome of this MAADs application could have implications for NT Power's scheduled path for developing, refining, and seeking OEB approval for rates.

[2] As noted in a response provided by OEB on July 7, 2026 (Re: Application for 2028 Electricity Distribution Rates).

3.6 The Phase 2 Transaction

Though not the subject of the current Application, Alectra's intention for the Phase 2 Transaction is as follows: Upon completion of AUC and NT Power's rebasing applications, AUC and NT Power will file an application with the OEB seeking leave to amalgamate, and continue as AUC, pursuant to section 86(1)(c) of the *Ontario Energy Board Act, 1998* (the "Phase 2 Application"). Figure 7 below, illustrates the currently anticipated corporate ownership structure upon completion of the Phase 2 Transaction:

Figure 7 - Phase 2 - Post-Closing Corporate Ownership Structure



The ultimate amalgamated entity will operate under the legal entity and name of AUC.

As part of the Phase 2 Application, a deferred rebasing period may be requested for a period commencing from the closing of the Phase 2 Transaction to a date that aligns with the timing of a future AUC rebasing and that does not extend beyond ten years from the closing of the Phase 1 Transaction.

Table 3 - Estimated Timeline

Milestone	Target Effective Date	Purpose
Phase 1 MAADs approval	2026 / 2027	Leave for Alectra to acquire control of NHHI, and for NT Power to amalgamate with NHHI and THI and continue as NT Power (current application).
AUC rebasing	Jan 1, 2027	Establish updated cost-of-service rates for the 2027 to 2031 period to support planned distribution system investments and provide a current baseline for subsequent efficiency measurement.
NT Power rebasing	Jan 1, 2029	Update rates following an extended period since the last rebasing of predecessor utilities (2011 main rate zone; 2013 Midland rate zone), creating a comparable baseline prior to amalgamation.
Phase 2 MAADs approval (amalgamation approval)	2030	Leave to amalgamate NT Power with AUC and continue as AUC.
AUC rebasing	Jan 1, 2032	Establish updated cost-of-service rates for AUC for the 2032 to 2036 period (excluding NT Power rate zones).
AUC rebasing and rate harmonization plan	Jan 1, 2037	Establish updated cost-of service rates for AUC for the 2037 to 2041 period, inclusive of the NT Power rate zones, and including a rate harmonization plan and / or post-consolidation customer rate classifications.

4.0 IMPACT OF THE PROPOSED TRANSACTION

4.1 No Harm Test

As set out in the Handbook, the OEB in reviewing an application will apply the "no harm" test. The "no harm" test assesses whether the proposed transaction is expected to have an adverse effect on the matters prescribed in the OEB's statutory objectives."[1] In assessing whether or not a proposed transaction causes harm, the OEB will consider both quantitative and qualitative information in the circumstances of the application to determine whether the proposed transaction, on a net basis, has a positive or a neutral effect on the matters prescribed in the OEB's statutory objectives for electricity, as set out in section 1(1) of the OEB Act.[2]

The OEB uses the quantitative and qualitative forecasts of expected efficiencies and savings as context for assessing what can be achieved from a proposed transaction, and as a baseline against which it can compare the achieved results at the time of the next rebasing application of the consolidated entity.[3]

In applying the "no harm" test, the Handbook states that the OEB has primarily focused its review on the impacts of the proposed transaction on price and quality of service to customers, and on the cost effectiveness, economic efficiency and financial viability of the electricity distribution sector.[4] However, applicants may also explain how their proposed transaction will impact other OEB statutory objectives, including the promotion of conservation and demand management in a manner consistent with the policies of the Government of Ontario, the facilitation of innovation in the electricity sector generally, and the recently added objective of supporting economic growth in a manner consistent with the policies of the Government of Ontario.[5] While the OEB will

[1] Handbook, p. 8.

[2] Ibid.

[3] Ibid.

[4] Ibid, p. 9.

[5] In its Decision and Order in EB-2025-0328, dated January 29, 2026, at pp. 7-8, the OEB confirmed that this additional statutory objective will be considered not as part of the primary considerations in the "no harm" test but rather in a manner consistent with the remaining statutory objectives.

consider these aspects, the OEB does not consider consolidations to adversely impact these objectives.

Given the proposed Phase 1 Transaction will result only in a change of ownership of NT Power, and the continued standalone operation of both NT Power and AUC under common ownership, with no consolidation of the two distributors into one, the impacts of the Application are limited. There are no anticipated adverse impacts; rather, the proposed transaction is intended to put NT Power on a path toward operational and financial viability moving forward, which will have a direct benefit for existing NT Power customers. As such, the proposed transaction is expected to have a positive or at least a neutral effect with respect to the OEB's first two statutory objectives, and therefore meets the "no harm" test.

(a) Objective 1 – Protect consumers with respect to prices and the adequacy, reliability and quality of electricity service

The proposed Phase 1 Transaction will result in AUC and NT Power each operating on a standalone basis in service territories that are contiguous in two locations: (i) between Aurora and Newmarket in York Region, and (ii) between Penetanguishene and Midland in Simcoe County. These adjacent territories are similar and provide longer-term opportunities for enhancing service delivery in a cost-effective manner, including opportunities for NT Power to draw upon AUC's corporate structure, broader expertise, and deeper resources.

The focus for the OEB in the current application is on assessing whether the Phase 1 Transaction meets the "no harm" test, including whether the Phase 1 Transaction will adversely impact consumers with respect to prices, or with respect to the adequacy, reliability or quality of electricity service they receive. Whether the Phase 2 Transaction meets the "no harm" test will be an issue for the OEB's consideration in the Phase 2 Application.

i. Impact with respect to prices

Completion of the Phase 1 Transaction will not result in any adverse impacts for consumers with respect to prices or the underlying cost structures with respect to NT Power or AUC.

As noted, following the Phase 1 Transaction AUC and NT Power will continue to operate as separate and distinct distribution utilities, with separate ownership and operational responsibilities for the distribution systems in their respective service areas, and separate cost recovery through rates for distribution services, pursuant to their respective distribution licenses and rate orders.

During the interim period following completion of the Phase 1 Transaction, but prior to completion of the Phase 2 Transaction, where appropriate to support their respective distribution operations, AUC and NT Power may provide services to one another pursuant to Affiliate Relationships Code ("ARC") compliant services agreements. The costs and savings, if any, associated with any ARC-compliant services agreements would be reflected in NT Power's rate application if implemented, or expected to be implemented, prior to the effective date of its requested rates.

AUC Rebasing Application for rates effective January 1, 2027 was filed October 14, 2025 (EB-2025-0252), its first rebasing in 10 years since its formation in 2017. NT Power intends to file a Rebasing Application for rates effective January 1, 2029, which will be its first in approximately 18 years for its main rate zone and first in approximately 16 years for its Midland rate zone. As a result, and for the purposes of this Application, it is important to note that NT Power's historical expenditure levels are of limited value when assessing harm from the proposed transaction.

The need for capital investment has been recognized by NT Power as a key objective and a critical necessity if the utility is to preserve and improve adequacy, reliability and quality of service, including customer service. Maintaining NT Power's existing capital expenditure levels is not sustainable from an operational or financial perspective. Maintaining the status quo level of capital expenditure would constrain NT Power's ability to renew its existing distribution infrastructure, as well as to provide adequate capacity for organic growth and the energy transition, ensure future

resiliency in the face of risks such as climate change and cyber security, and to embrace and respond to other government priorities for the electricity sector.

Comparative Forecast Revenue Requirement

AUC's rebasing application to establish its revenue requirement for the 2027-2031 period, effective from January 1, 2027, is currently before the OEB in EB-2025-0252.[6] Neither AUC's current revenue requirement, nor the revenue requirement resulting from EB-2025-0252, will be impacted by the Phase 1 Application.

NT Power's current revenue requirement was established in EB-2009-0269 (Newmarket-Tay) and EB-2012-0147 (Midland), and is expected to remain in effect subject to normal annual IRM adjustments until NT Power is rebased pursuant to an application that it plans to file for rates effective January 1, 2029. NT Power's current revenue requirement will not be impacted by this Phase 1 transaction. The revenue requirement resulting from its planned rebasing application for 2029 is not expected to be materially impacted by the Phase 1 Application, with potential impacts limited to ARC-compliant service benefits and savings (if any) as noted previously.

Based on the foregoing, it would be premature to present revenue requirement analysis for AUC and NT Power on a post-transaction consolidated basis vs in the absence of the proposed transaction. Any such comparison would be of limited value for purposes of assessing the proposed Phase 1 Application, given that the two distributors will not be consolidating into a single distributor and given the expected changes in their revenue requirements prior to the Phase 2 Application.

A better assessment of the revenue requirement, underlying cost structure and potential synergies will be available once the outcomes of both rebasing applications are known. That assessment will be included in the Phase 2 Application, and an updated analysis will be provided at the time of the post-amalgamation rebasing application. Qualitative indicators of synergies and

[6] In EB-2025-0252, AUC filed a Settlement Proposal on July 30, 2026, and subsequently a Revised Settlement Proposal on September 11, 2026, which are pending OEB approval.

incremental value following the Phase 1 Transaction are outlined below, with potential operational collaboration opportunities, providing strong support for the expected benefits.

Comparison of OM&A cost per customer per year between the consolidating utilities

As AUC and NT Power will continue to operate as separate distribution utilities following the Phase 1 Transaction, little to no immediate change to the OM&A cost structure of either utility is expected as a result of this Application.

NT Power's OM&A per customer has historically been higher than AUC's, reflecting the different circumstances, scale, and operating requirements of each utility. Figure 8 below provides the historical OM&A cost per customer for NT Power and AUC.

Figure 8 - OM&A Cost per Customer

NT Power	2021	2022	2023	2024	2025
OM&A	$ 12,747,403	$ 14,103,699	$ 14,088,592	$ 15,031,200	$ 18,339,710
Total Customers	44,519	44,795	44,962	45,039	45,125
OM&A / Customer	**$ 286**	**$ 315**	**$ 313**	**$ 334**	**$ 406**

AUC	2021	2022	2023	2024	2025
OM&A	$273,447,735	$282,997,050	$284,415,165	$292,074,708	$310,960,939
Total Customers	1,069,683	1,076,537	1,082,646	1,086,177	1,091,412
OM&A / Customer	**$ 256**	**$ 263**	**$ 263**	**$ 269**	**$ 285**

While the Phase 1 Transaction is not expected to materially change these historical cost relationships, the proposed transaction will put NT Power on a path that will enable efficiencies in serving customers in its service area over time. Following the Phase 2 Transaction, Alectra will be in a position to pursue synergy savings and efficiencies associated with bringing NT Power into its larger-scale organization, including through potential administrative, operational and procurement efficiencies, as well as by pursuing opportunities for greater operational and planning efficiencies in the geographical areas with contiguous legacy service areas.

Change of control

Alectra confirms that by acquiring the shares of NHHI and THI, Alectra would be gaining control of NT Power. Immediately after gaining the share purchase, Alectra would cause NHHI, THI and NT Power to amalgamate, with the outcome being that Alectra would then directly own 100% of the shares of NT Power. Alectra, thereby, will indirectly control all distribution system assets in NT Power's service territory following the Phase 1 Transaction. This is expected to remain until the Phase 2 Transaction, at which time it is expected that Alectra would cause AUC and NT Power to amalgamate and carry on business as AUC.

The following charts depict how distribution system operations will be controlled and managed during the two phases of the transaction:

Chart 1 - Phase 1

Service Territory	Operations Centre	Management Services	Control
NT Power	Current NT Power Facilities	NT Power	Alectra
AUC	Current AUC Facilities	AUC	Alectra

Alectra is planning for NT Power's continued operation as a standalone utility with operational management of NT Power to remain in place, while also being able to benefit from services provided by AUC pursuant to an ARC-compliant affiliate services agreement for services such as those identified below, until completion of the Phase 2 Transaction.

Chart 2 - Phase 2

Service Territory	Operations Centre	Management Services	Control
NT Power	Current NT Power Facilities	AUC	Alectra
AUC	Current AUC Facilities	AUC	Alectra

Following completion of the Phase 2 Transaction, AUC's operating structure is expected to be organized to enable it to leverage its centralized functions to efficiently and effectively serve the legacy NT Power service area while maintaining a local physical presence for the benefit of

customers in the area. The adoption and extension of AUC's processes and systems to the legacy NT Power service area at that time is expected to provide a cost-effective means of accessing opportunities and service levels that would otherwise be difficult or uneconomic to achieve without consolidation.

ii. Impact with respect to adequacy, reliability and quality of electricity service

Alectra's vision is to be a trusted energy partner with its customers, and to empower a sustainable future. Central to this vision is the customer experience, service and reliability.

The NT Power front-line staff that currently respond to outages and power quality issues are expected to continue to serve the same communities, and as such Alectra anticipates that response times and other measures of quality will be maintained. Further, it is Alectra's longer-term vision to enhance service levels of both AUC and NT Power through the benefits of scaling of common technologies, leveraging a broader set of resources, and adopting best or innovative practices.

Alectra and NT Power have begun the process of exploring the benefits of potential operational collaboration opportunities during Phase 1 that support improvements in service quality, adequacy, reliability, and operations. These opportunities are as follows;

- Knowledge & Expertise - Reviews of engineering standards and specifications; collaborations for capacity planning, system planning, and general asset management processes and systems; and developments in the areas of grid modernization, flexibility services and non-wires solutions.

- Resiliency - Collaborations and enhancements of protocols for storm and major event support; deployments of grid modernization and technology including AMI 2.0, outage management and distribution management systems.

- Work Execution - Coordinated procurement and material sourcing; access to and optimizations of information technology; expanded options for third party construction and maintenance provision.

As measured by standard OEB reliability metrics including the System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI"), NT Power's historical performance has been below OEB performance benchmarks and has deteriorated over the last five years. This deteriorating performance reflects factors including the diminishing condition of the utility's asset base and changes over the rebasing deferral period.

In contrast, AUC has demonstrated strong operational performance, with SAIDI and SAIFI results that are above OEB benchmarks and that have remained relatively stable or improved over the last five years. AUC's performance reflects mature asset management practices, access to specialized technical resources, a broader operational platform with focused outage response, and an emphasis on grid modernization and the deployment of automated switches that are used effectively to reduce outage durations. AUC is well positioned to contribute knowledge and expertise to NT Power in this regard. The five-year historical reliability metrics for NT Power and AUC are set out in Figure 9 below.

Figure 9 - 2021-2025 Historical Service Quality Indicators for NT Power and AUC

	2021	2022	2023	2024	2025	5-Year Average
SAIDI						
NT Power	0.63	1.56	1.39	1.30	1.84	**1.34**
AUC	0.98	0.88	0.83	0.75	0.88	**0.86**
SAIFI						
NT Power	0.53	0.68	0.88	0.75	0.82	**0.73**
AUC	1.15	1.07	1.06	1.08	1.26	**1.12**

In an effort to present the day-to-day reliability of the AUC and NT Power Distribution systems, Figure 10 below provides SAIDI and SAIFI excluding Major Event Days but including Loss of

Supply for each utility over the 2021-2025 period. This view provides a more complete indication of the reliability outcomes experienced by customers, particularly for a smaller utility such as NT Power, where incoming supply disruptions can represent a more significant component of overall outage performance than would be reflected in measures that exclude Loss of Supply. On this basis, the comparison indicates that AUC performs better than NT Power on SAIDI, while SAIFI performance is more comparable between the utilities.

Figure 10 - 2021-2025 Historical Service Quality Indicators, Excluding Major Event Days

Service Quality Indicators						
Measure*	**2021**	**2022**	**2023**	**2024**	**2025**	**5-Year Average**
SAIDI						
NT Power	0.95	2.77	1.80	1.66	2.48	1.90
Alectra	1.05	0.94	0.86	0.79	0.95	0.90
SAIFI						
NT Power	0.93	1.22	1.44	0.86	1.38	1.20
Alectra	1.32	1.25	1.19	1.17	1.50	1.30

**Note: Figures exclude Major Event Days and include Loss of Supply*

As detailed above, with the approval of this Phase 1 Application, NT Power customers will be positioned to benefit through future phases of the transaction in the form of access to additional knowledge and expertise, opportunities to increase resiliency through enhanced resources, processes, and technology, and incremental work execution resources. Without the additional scale provided by combining resources with AUC (following the Phase 2 Transaction), these benefits would be difficult or impossible to achieve. With the approval of this transaction, NT Power will have a roadmap to maintaining and improving system adequacy and reliability, while enhancing its capacity to respond effectively to the evolving requirements associated with transformation in the electricity sector.

The Handbook notes that in determining whether the “no harm” test has been met with respect to the adequacy, quality, and reliability of electrical service, the OEB will be informed by the metrics

filed by a distributor as well as its annual scorecard.[7] The most recent OEB scorecards (2025) for both NT Power and AUC are provided in Appendix D. Both scorecards demonstrate strong customer service performance and alignment in objectives aimed at maintaining or improving service levels. The following table highlights the Customer Focus statistics:

Figure 11 - 2021-2025 Customer Focus Statistics

Customer Focus												
Year	New Residential/Small Business Services		Scheduled Appointments Met On		Telephone Calls Answered On Time		First Contact Resolution		Billing Accuracy (Target: 98%)		Customer Satisfaction Survey	
	NT Power	AUC	NT Power	AUC	NT Power	AUC	NT Power	AUC	NT Power	AUC	NT Power	AUC
2021	96.28%	90.40%	98.71%	99.30%	54.76%	70.70%	100.00%	83.47%	99.73%	99.58%	84.00%	92.00%
2022	95.32%	90.78%	96.37%	98.56%	47.21%	70.69%	100.00%	81.10%	99.84%	99.71%	84.00%	94.00%
2023	97.45%	90.62%	96.85%	98.98%	77.03%	53.35%	100.00%	79.86%	99.94%	99.60%	86.00%	94.00%
2024	97.90%	93.48%	98.53%	99.48%	87.28%	29.78%	99.30%	79.16%	99.98%	99.73%	86.00%	703
2025	100.00%	94.99%	97.87%	98.79%	89.13%	57.94%	99.50%	81.78%	99.98%	99.73%	87.00%	703

**Note: Alectra transitioned to a new customer survey service provider in 2024 and therefore results may have limited comparability across periods. Alectra's overall customer satisfaction index score of 703 in 2024 and 2025 is equivalent to 7.03 out of 10, where 10 represents outstanding service.*

(b) Objective 2 – Promote economic efficiency and cost effectiveness and facilitate the maintenance of a financially viable electricity industry

Alectra's acquisition of NT Power has significant potential to improve economic efficiencies and cost effectiveness over the longer term. Alectra is well positioned to realize this potential due to its significant experience in electricity distribution utility operations and utility mergers.

From an operations perspective, the service territories are adjacent (i.e., Alectra's Aurora community and NT Power's South Service Area (Newmarket); Alectra's Penetanguishene community and NT Power's North Service Area (Tay and Midland)), which makes proximity an efficiency enabler. More broadly, and over the long-term horizon, this acquisition is expected to provide opportunities to avoid future costs and achieve administrative efficiencies relative to a standalone scenario, including through the potential centralization of certain back-office functions. Any such savings will be further evaluated and supported as part of the Phase 2 application. The acquisition will also provide NT Power with the benefit of being part of a larger strategic plan that

[7] Handbook, p. 12.

focuses on driving the LDC forward. The core strengths of Alectra in reliability, safety, operations, customer service, and solid financial performance will be applied within NT Power's service area.

With Alectra's plan for NT Power to file its cost of service rebasing application for rates effective January 1, 2029, Alectra is addressing the need for NT Power to realign its rates with its current cost structures. The Phase 1 Transaction is a necessary step to get to the potential efficiencies that arise from the Phase 2 Transaction, and the phased approach enables each utility to ensure its rates reflect its respective costs, inclusive of its updated investment and operational needs following lengthy deferred rebasing periods.

(i) Identify all incremental costs of the proposed transaction

Incremental one-time transaction costs associated with the Phase 1 Transaction will not be included in the revenue requirements of NT Power or AUC and thus will not be funded by ratepayers.

The parties to the proposed transaction have incurred, and will continue to incur, incremental transaction costs in respect of the proposed acquisition and future consolidation. These costs include, but are not limited to, due diligence on the part of all parties, the costs associated with negotiating the terms of the purchase, costs associated with all regulatory, legal and statutory reviews in order to receive necessary regulatory approvals and internal resources.

(ii) Provide a valuation of assets/shares that will be transferred

Alectra engaged BMO Capital Markets to provide a valuation of NT Power using a Discounted Cash Flow ("DCF") approach and multiple of NT Power's 2025 rate base of $119M. The final valuation will be adjusted at closing to reflect NT Power's closing date rate base using a multiple of rate base. The rate base determination is made up of net PP&E, and a working capital allowance, calculated as 14.5% of the cost of power and OM&A expenses.

NT Power has been valued excluding the non-regulated businesses, NT Holdings Inc. and Ecobility Inc., as they are not included in the transaction.

(iii) Effect on financial viability

In the proposed Phase 1 Transaction, the acquiring entity is Alectra, a holding company; accordingly, there will be no effect on the financial viability of AUC as a regulated utility.

The estimated purchase price for the acquired utility is not expected to have a material impact on the overall financial viability of Alectra, as it only represents approximately 3% of Alectra Inc.'s total assets. Given the relative size of the acquired utility compared to Alectra, the transaction will have a very limited impact on Alectra's consolidated debt to equity ratios and liquidity ratios.

Furthermore, as described in more detail below, the proposed transaction will be financed through a deferred purchase price structure and does not involve traditional acquisition financing, resulting in no incremental borrowing costs incurred in either Phase 1 or Phase 2 of the transaction. The payment of the $1.7 million Tay Promissory Note is not material at the Alectra level and will be funded through existing cash on hand.

As explained below, the value of the NT Power shares, which was used to determine the purchase price for each of NHHI and THI, is based on the deferred payment structure and includes both fixed and, if applicable, variable payments to the Sellers over time. Alectra confirms that the premium of the purchase price over the net book value of NT Power's assets will not be sought for recovery in future rate applications.

(iv) Transaction financing

The transaction will be financed through a deferred purchase price structure elected by the Sellers and does not involve traditional acquisition financing at the regulated utility level.

At Closing, the Tay Promissory Note will be paid by Alectra, and funded outside of the regulated utility.

The deferred payment structure provides for fixed and, if applicable, variable payments to the Sellers over time, with any ultimate lump-sum payout obligation resting solely with Alectra. All payment obligations under the deferred structure are obligations of Alectra and will be funded outside of the regulated utility, using non-utility financial resources.

Immediately following the Phase 1 Transaction, Alectra intends to replace NT Power's existing credit facilities and debt with financing from Alectra.

(v) Financial Statements

Appendix E contains NT Power's and Alectra's audited annual financial statements for the years ended 2024 and 2025. These represent the most current years available at the time of filing this application.

(vi) Pro forma financial statements

NT Power and AUC are not amalgamating in the Phase 1 Transaction. Pro forma financial statements for Alectra, the holding company which will own both NT Power and AUC, are presented in Appendix F for the first full year following the expected close of the Phase 1 Transaction.

5.0 RATE CONSIDERATIONS FOR CONSOLIDATION APPLICATIONS

5.1 Deferred Rebasing Period

Alectra is not requesting a deferred rebasing period for AUC or NT Power in connection with the Phase 1 Transaction. Accordingly, Alectra is also not requesting, and under the Filing Requirements is not required, to establish an Earning Sharing Mechanism ("ESM").

The Phase 2 Application may include a proposal for a deferred rebasing period of up to six years, but in no circumstances will the requested deferred rebasing period extend beyond the end of 2036 or beyond ten years from the closing of the Phase 1 Transaction.

In the case that the deferred rebasing period proposed in the Phase 2 Application, if any, is greater than five years, it is anticipated that an ESM will be implemented as part of that application, in accordance with the "*Report of the Board: Rate Making Associated with Distributor Consolidation"*, issued on March 26, 2015 and the Handbook[1].

AUC filed a rebasing application on October 14, 2025, which includes a Distribution System Plan for the consolidated utility for the 2027-2031 period. NT Power intends to file a rebasing application for rates effective January 1, 2029. The planned timing for the potential deferred rebasing period, following the Phase 2 Transaction, would enable alignment with AUC's and NT Power's respective rebasing schedules and would not extend beyond ten years from the closing date of the Phase 1 Transaction.

5.2 Multiple Transactions / Successive Consolidations

With its rebasing in EB-2025-0252, AUC will be concluding its existing deferred rebasing periods from both its 2017 formation and 2019 Guelph Hydro merger.

[1] Section 5.6 of "Handbook to Electricity Distributor and Transmitter Consolidations", revised July 2024, originally issued June 18, 2024

Alectra's proposal in this Phase 1 Application provides for sequencing that aligns with the principles outlined in the MAADs Handbook respecting successive consolidations (sections 5.1 and 2.2.5). The Handbook expresses concern that repeated consolidations should not be used to indefinitely defer cost-of-service review, as such an approach may not be in the public interest. Alectra agrees, and this concern is obviated under the multi-phased proposal. Prior to the Phase 2 Application, NT Power will have completed a comprehensive review by the OEB of its underlying cost structures, ensuring distribution rates appropriately reflect standalone costs and necessary investment requirements. This would also effectively conclude the rebasing deferral from NT Power's amalgamation with the former Midland PUC in 2018 and establishes a new OEB-approved baseline moving forward.

6.0 RATE HARMONIZATION

As NT Power and AUC will continue to operate as separate utilities, on a standalone basis under the common ownership of Alectra, and each utility will rebase prior to the Phase 2 Transaction, rate harmonization plans will be addressed as part of the Phase 2 Application.

7.0 POST-CONSOLIDATION MONITORING AND REPORTING

NT Power and AUC will continue to operate as separate utilities, on a standalone basis under the common ownership of Alectra following the close of the Phase 1 Transaction. As noted in Exhibit B-6-1, no deferred rebasing period is being requested in the current Application. Accordingly, post-consolidation monitoring and reporting requirements are not relevant to the Phase 1 Transaction. Alectra will consider such requirements in the Phase 2 Application.

Reliability metrics will continue to be tracked and reported separately for each utility as part of their respective performance management programs and reporting obligations.

8.0 ACCOUNTING MATTERS

Given that NT Power and AUC will each continue to operate on a standalone basis following the Phase 1 Transaction, there is no need to consolidate or transfer any Group 1 or Group 2 deferral or variance accounts. Each utility will continue to maintain separate tracking of their respective deferral and variance accounts and will be addressed at the time of the Phase 2 Transaction.

The Handbook states that “in all MAADs applications, a consolidated utility shall establish an account to record the impact of accounting policy changes, effective at the transaction’s closing date, unless the predecessor utilities provide sufficient justification as to why such an account is not needed”. While the Phase 1 Transaction does not result in the amalgamation of AUC and NT Power, Alectra and NT Power have not concluded on the impact of any accounting changes that might be necessary or appropriate as a result of the change in ownership of NT Power. As such, consistent with the Handbook, Alectra is proposing to establish an Accounting Policy Changes Account, effective from the transaction closing date, to symmetrically record the full revenue requirement impact of any accounting policy changes that the parties determine to be necessary or appropriate. A draft accounting order for the proposed Accounting Policy Changes Account is provided in Appendix G.

9.0 NOTICE OF PROPOSAL UNDER SECTION 81 OF THE OEB ACT

The Phase 1 Transaction triggers the requirement for notice of a proposed transaction under s. 81 of the OEB Act.

Section 81 provides that no generator or affiliate of a generator shall perform the following: (i) acquire an interest in a transmission or distribution system in Ontario, (ii) construct a transmission or distribution system in Ontario, or (iii) purchase shares of a corporation that owns a transmission or distribution system in Ontario, unless it has first given notice of its proposal to do so to the Board and the Board, (a) has not issued a notice of review of the proposal within sixty (60) days of the filing of the notice, or (b) has approved the proposal under section 82.

The Phase 1 Transaction triggers section 81 because Alectra is an affiliate of a generator and will be acquiring the shares of NT Power, which owns a distribution system in Ontario. As described in Exhibit B-2-1, Alectra is an affiliate of several generators including Solar Sunbelt GP. While Alectra will not be directly purchasing the shares of NT Power, it will be purchasing the shares of NHHI and THI, which hold 93% and 7% of the shares of NT Power, respectively. Immediately upon purchasing those shares, Alectra will cause NHHI and THI to be amalgamated into NT Power. As a result of these steps, Alectra will directly own 100% of the shares of NT Power. On a conservative interpretation of section 81, a notice of proposal is included as part of the Phase 1 Application.

A completed copy of the OEB's standard form for notices under section 81 is provided in Appendix H.

Appendix A

Evidence Mapping

EVIDENCE MAPPING

Mapping of Application to Filing Requirements[1]

Reference to the Handbook	Filing Requirements	Reference
1.2 Certification of Evidence	Certification of Evidence	Exhibit A-T2-S1
1.6 Certification Regarding Personal Information	Certification Regarding Personal Information	Exhibit A-T2-S1
EXHIBIT A		
2.1 Index	Index	Exhibit A-T1-S1
EXHIBIT B		
2.2 The Application		
2.2.1 Administrative		
	Legal name of the applicant or applicants	Exhibit B-T1-S1 Sections 1 - 1.1
	Details of the authorized representative of the applicants, including the name, phone and fax numbers, and email and delivery addresses	Exhibit B-T1-S1 Section 1.5
	Legal name of the other party or parties to the transaction, if not an applicant	Exhibit B-T1-S1 Section 1.6

[1] "Filing Requirements" refers to the *Handbook to Electricity Distributor and Transmitter Consolidations,* Revised July 11, 2024.

Reference to the Handbook	Filing Requirements	Reference
	Details of the authorized representative of the other party or parties to the transaction, including the name, phone and fax numbers, and email and delivery addresses	Exhibit B-T1-S1 Section 1.6
	Brief description of the nature of the transaction for which approval of the OEB is sought by the applicant or applicants	Exhibit B-T1-S1 Section 1.1
2.2.2 Description of the Business of the Parties to the Transaction		
	Describe the business of each of the parties to the proposed transaction, including each of their electricity sector affiliates engaged in, or providing goods or services to anyone engaged in, the generation, transmission, distribution or retailing of electricity.	Exhibit B-T2-S1 Section 2.1
	Describe the geographic territory served by each of the parties to the proposed transaction, including each of their affiliates, if applicable, noting whether service area boundaries are contiguous or, if not, the relative distance between service boundaries.	Exhibit B-T2-S1 Section 2.2
	Describe the customers, including the number of customers in each class, served by each of the parties to the proposed transaction.	Exhibit B-T2-S1 Section 2.2
	Describe the proposed geographic service area of each of the parties after completion of the proposed transaction.	Exhibit B-T2-S1 Section 2.2
	Provide a corporate chart describing the relationship between each of the parties to the proposed transaction and each of their respective affiliates.	Exhibit B-T2-S1 Section 2.3, Exhibit B-T3-S1 Section 3.1

Reference to the Handbook	Filing Requirements	Reference
	If the proposed transaction involves the consolidation of two or more distributors, please indicate the maximum peak load (kW) for each distributor's service area that is used to calculate the distributor's maximum "cumulative generation capacity from net metered generators".	Exhibit B-T2-S1 Section 2.4
2.2.3 Description of the Proposed Transaction		
	Provide a detailed description of the proposed transaction.	Exhibit B-T3-S1 Section 3.1 and Section 3.6
	Provide a clear statement on the leave being sought by the applicant, referencing the particular section or sections of the *Ontario Energy Board Act, 1998*.	Exhibit B-T1-S1 Section 1
	Provide details of the consideration (e.g. cash, assets, shares) to be given and received by each of the parties to the proposed transaction.	Exhibit B-T3-S1 Sections 3.1-3.2
	Provide all final legal documents to be used to implement the proposed transaction.	Exhibit B-T3-S1 Sections 3.3 - 3.4, Appendix B and Appendix C
	Provide a copy of appropriate resolutions by parties such as parent companies, municipal council/s, or any other entities that are required to approve a proposed transaction confirming that all these parties have approved the proposed transaction.	Exhibit B-T3-S1 Section 3.4 and Appendix C

Reference to the Handbook	Filing Requirements	Reference
2.2.4 Impact of the Proposed Transaction on the OEB's statutory objectives		
Objective 1 - Protect Consumers with respect to prices and the adequacy, reliability and quality of electrical service		
	Indicate the impact the proposed transaction will have on all consumers with respect to prices and the adequacy, reliability and quality of electricity service.	Exhibit B-T4-S1 Section 4.1 (a) (i) - 4.1 (a)(ii)
	Provide a year-over-year comparative forecast revenue requirement analysis for the proposed transaction, comparing the costs of the utilities post-transaction on a consolidated basis and the costs of the utilities in the absence of the transaction.	Exhibit B-T4-S1 Section 4.1 (a)(i)
	Provide a statement confirming that at the time of the post-consolidation rebasing application, the consolidated entity will produce an updated analysis comparing the revenue requirement (under both the consolidated scenario and the status quo) but based on information available on a reasonable efforts basis. Further, provide a statement confirming that this will be supplemented with a comparison and discussion of the consolidation application forecasts versus those filed in the post-consolidation rebasing application.	Exhibit B-T4-S1 Section 4.1 (a)(i)
	Provide a comparison of the operations, maintenance and administrative (OM&A) cost per customer per year between the consolidating utilities.	Exhibit B-T4-S1 Section 4.1 (a)(i)
	Confirm whether the proposed transaction will cause a change of control of any of the transmission or distribution system assets, at any time, during or by the end of the transaction.	Exhibit B-T4-S1 Section 4.1 (a)(i)

Reference to the Handbook	Filing Requirements	Reference
	Describe how the distribution or transmission systems within the service areas will be operated.	Exhibit B-T4-S1 Section 4.1 (a)(i)
Objective 2 – Promote economic efficiency and cost effectiveness and to facilitate the maintenance of a financially viable electricity industry		
	Indicate the impact that the proposed transaction will have on economic efficiency and cost effectiveness (in the distribution or transmission of electricity), identifying the various aspects of utility operations where the applicant expects sustained operational efficiencies (both quantitative and qualitative).	Exhibit B-T4-S1 Section 4.1 (a)(i)
	Identify all incremental costs that the parties to the proposed transaction expect to incur which may include incremental transaction costs (e.g. legal, regulatory), incremental transition costs (e.g. employee severances), and incremental on-going costs (e.g. purchase and maintenance of new IT systems). Explain how the consolidated entity intends to finance these costs.	Exhibit B-T4-S1 Section 4.1 (b)(i)
	Provide a valuation of any assets or shares that will be transferred in the proposed transaction. Describe how this value was determined.	Exhibit B-T4-S1 Section 4.1 (b)(ii)
	If the price paid as part of the proposed transaction is more than the book value of the assets of the selling utility, provide details as to why this price will not have an adverse effect on the financial viability of the acquiring utility.	Exhibit B-T4-S1 Section 4.1 (b)(iii)
	Provide details of the financing of the proposed transaction.	Exhibit B-T4-S1 Section 4.1 (b)(iv)

Reference to the Handbook	Filing Requirements	Reference
	Provide financial statements (including balance sheet, income statement, and cash flow statement) of the parties to the proposed transaction for the past two most recent years.	Exhibit B-T4-S1 Section 4.1 (b)(v) and Appendix E
	Provide pro forma financial statements for the consolidated entity for the first full year following the completion of the proposed transaction, including the assumptions/explanations used in the pro forma financials, as well as the methodology used to forecast amounts.	Exhibit B-T4-S1 Section 4.1 (b)(vi) and Appendix F
2.2.5 Rate considerations for consolidation applications		
	Indicate a specific deferred rate rebasing period that has been chosen.	Exhibit B-T5-S1 Section 5.1
	Identify the rate year and effective date for rebased rates at the end of the elected deferred rebasing period.	Exhibit B-T5-S1 Section 5.1 Exhibit B-T3-S1 Section 3 Table 3
	For deferred rebasing periods greater than five years.	Exhibit B-T5-S1 Section 5.1
	If applicable, for a proposed consolidation between one consolidated utility in a deferred rebasing period (as a result of a previously approved consolidation) merging or acquiring another utility not in a deferred rebasing period.	N/A
2.2.6 Rate Harmonization	Rate Harmonization	Exhibit B-T6-S1 Section 6
2.2.7 Post-Consolidation Monitoring and Reporting	Post-Consolidation Monitoring and Reporting	Exhibit B-T7-S1 Section 7

Reference to the Handbook	Filing Requirements	Reference
2.2.8 Accounting Matters	Accounting Matters	Exhibit B-T8-S1 Section 8 and Appendix G
2.2.9 Other		
	Implementation of new or the extension of existing rate riders	N/A
	Transfer of rate order and licence / Licence amendment and cancellation	N/A
	Approval to continue to track costs to the deferral and variance accounts currently approved by the OEB	Exhibit B-T8-S1 Section 8 and Appendix G
	Approval to use different accounting standards for financial reporting following the closing of the proposed transaction	N/A

Appendix B

Securities Purchase Agreement

Execution Version

CORPORATION OF THE TOWN OF NEWMARKET

-and-

THE CORPORATION OF THE TOWNSHIP OF TAY

-and-

NEWMARKET HYDRO HOLDINGS INC.

-and-

TAY HYDRO INC.

-and-

ALECTRA INC.

AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT

Dated as of March 1, 2026 and effective as of January 10, 2026

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AMENDED AND RESTATED SECURITIES PURCHASE AGREEMENT

THIS AGREEMENT is dated as of March 1, 2026 and effective as of January 10, 2026,

B E T W E E N :

CORPORATION OF THE TOWN OF NEWMARKET, a municipal corporation existing under the laws of Ontario ("**Newmarket**")

– and –

THE CORPORATION OF THE TOWNSHIP OF TAY, a municipal corporation existing under the laws of Ontario ("**Tay**")

– and –

NEWMARKET HYDRO HOLDINGS INC., a corporation incorporated under the laws of Ontario ("**NHHI**")

– and –

TAY HYDRO INC., a corporation incorporated under the laws of Ontario ("**THI**")

– and –

ALECTRA INC., a corporation amalgamated under the laws of Ontario (the "**Buyer**")

RECITALS:

A. Newmarket owns all of the issued and outstanding shares in the capital of NHHI and Tay owns (i) all of the issued and outstanding shares in the capital of THI, and (ii) the Promissory Note (as defined herein) (collectively, the "**Purchased Securities**");

B. NHHI and THI (the "**Holdcos**") together own all of the issued and outstanding shares (the "**LDC Shares**") in the capital of Newmarket-Tay Power Distribution Ltd. (the "**LDC**");

C. Newmarket and Tay (each a "**Seller**" and together, the "**Sellers**") desire to sell, and the Buyer desires to purchase, the Purchased Securities in accordance with the terms and conditions outlined in this Agreement (the "**Transaction**");

D. The Sellers are permitted to dispose of or otherwise deal with the Purchased Securities pursuant to section 142(5) of the Electricity Act (as defined herein) including the consummation of the Transaction;

E. Newmarket, Tay, NHHI, THI and the Buyer are party to a securities purchase agreement dated as of January 10, 2026 (the "**Initial SPA**"); and

F. The Parties wish to amend and restate the Initial SPA on the terms and conditions set out herein.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Defined Terms

All capitalized terms used in the recitals hereto and this Agreement (including the schedules hereto) and not defined therein shall have the following meanings:

"**Acceptable Confidentiality Agreement**" is defined in Section 5.5(a)(iii);

"**Acquisition Proposal**" means, other than the Transaction contemplated by this Agreement, any written offer, inquiry or proposal from any Person or group of Persons other than the Buyer (or any of its Affiliates or any Person acting in concert with the Buyer or any of its Affiliates) relating to any direct or indirect acquisition, merger, amalgamation, consolidation, share exchange, business combination, purchase, sale or disposition (or any lease, joint venture, royalty, license or other arrangement having the same economic effect as a sale or disposition), in a single transaction or a series of transactions, of voting or equity securities of either or both of the Holdcos and/or the LDC;

"**Advance Ruling Certificate**" means an advance ruling certificate issued by the Commissioner pursuant to section 102 of the Competition Act in respect of the transactions contemplated by this Agreement;

"**Affiliate**" has the meaning set out in the OBCA;

"**Affiliate Relationships Code**" means the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the OEB and revised May 16, 2008, as amended from time to time and any replacement code or directive;

"**Agreement**" means this amended and restated securities purchase agreement and all of the schedules and exhibits attached hereto, as may be amended from time to time in accordance with the terms hereof;

"**Amended and Restated Office Lease**" means an amended and restated office lease between Newmarket, as landlord, and the LDC, as tenant, with respect to the premises located at the municipal address of 590 Steven Court, Newmarket, Ontario, L3Y 6Z2;

"**Amended and Restated Tay Promissory Note**" has the meaning set out in Section 5.2(i);

"**Applicable Law**" means, collectively, all applicable federal, provincial (including the Electricity Act and the OEB Act), and municipal laws, statutes, ordinances, decrees, rules, regulations, by-laws, legally enforceable policies, codes (including the Affiliate Relationships Code), or guidelines, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives, rulings or awards, and conditions of any grant of approval, permission, certification, consent, registration, authority or licence by any court, statutory body, self-regulatory authority or other Governmental Authority, including all Employment Law and Environmental Law;

"**Ascribed Economic Interest**" means 2.83%, as adjusted after the Closing Date in accordance with Exhibit "A";

"**Auditors**" means KPMG LLP;

"**Base Term**" means seven (7) years, as may be extended pursuant to Section 2.3;

[redacted]

"**Books and Records**" means all books, ledgers, files, lists, reports, plans, logs, deeds, surveys, correspondence, operating records, Tax Returns and other data and information, including all data and information stored on computer-related or other electronic media, of and related to THI, NHHI and the LDC;

"**Business**" means the business carried on by the LDC and the Holdcos, respectively, including, (i) with respect to the LDC, the distribution of electricity and the provision of standard supply service to customers in the Service Territory and any other activities permitted by Applicable Law, and (ii) with respect to the Holdcos, acting as a holding company;

"**Business Day**" means any day other than a day which is a Saturday, a Sunday or a statutory holiday in the Province of Ontario;

"**Buyer**" has the meaning set out in the recitals, above;

"**Buyer Debt/Equity Ratio**" means a ratio of debt to equity on a consolidated basis for the Buyer and all of its subsidiaries;

"**Buyer Enterprise Value**" has the meaning set out in Section 2.3(m);

"**Buyer Financial Statements**" means the audited financial statements of the Buyer as at and for the year ended December 31, 2024 and the unaudited financial statements of the Buyer as at and for the 9-month period ended September 30, 2025;

"**Buyer's Equity Capital**" means the common shares in the capital of the Buyer, any other class or series of shares or securities purchased, owned or otherwise acquired by a shareholder of the Buyer as of or after the date hereof, and any securities issued in respect of any of the foregoing, or in substitution therefor, in connection with any share split, stock dividend or consolidation, or any reclassification, amalgamation, arrangement, reorganization, exchange or similar recapitalization;

"**Buyer's Lenders**" means the holders of the senior unsecured debentures issued by the Buyer as described in the Buyer's Financial Statements, as such lenders are replaced from time to time and whether such future lenders are secured or unsecured;

"**Buyer Rate Base**" means the net value of distribution assets on which the Buyer may earn a return in accordance with the policies of the OEB, calculated as part of the process for determination of the Buyer Enterprise Value as set out in Section 2.3(m);

"**Cause**" means any of the following circumstances:

(a) workplace harassment, sexual harassment, or other material violation of any policy of the LDC, the Buyer, or their respective Affiliates (as applicable) in effect from time to time;

(b) commission of fraud or theft by the employee against the LDC, the Buyer or their respective Affiliates (as applicable);

(c) the conviction of an indictable offence under the Criminal Code of Canada;

(d) breach of fiduciary duty by the employee;

(e) refusal or failure to perform, gross negligence, or wilful misconduct in the employee's performance of his or her duties; and

(f) any other conduct that would constitute just cause for termination of the employee's employment at common law;

"**Claim**" means:

(a) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, ticket, charge, demand or prosecution, whether legal or administrative;

(b) any other proceeding; or

(c) any appeal or application for review;

at law or in equity or before or by any Governmental Authority;

"**Closing**" has the meaning set out in Section 3.1;

"**Closing Date**" means the date that is five (5) Business Days following the date on which the last of the conditions to close set out in Section 6.1, 6.2 and 6.3 have been satisfied or, if permitted, waived in writing by the applicable Party (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing) or such earlier or later date as may be agreed in writing by the Parties;

"**Closing Date Net Debt**" means the sum of the following accounts:

(a) current portion of long-term debt;

(b) current portion of lease liability;

(c) long-term debt;

(d) subordinate debt;

(e) lease liabilities;

(f) advances from shareholders;

(g) bank indebtedness (net of cash); and

(h) any amounts in accrued liabilities that are classified by the LDC as capital expenditures, including the York Region Capex Project,

in each case as such accounts are recorded, used and/or applied by the LDC in its audited financial statements consistent with preceding fiscal years, including the financial year that ends immediately prior the Closing Date;

"**Closing Date Rate Base**" means, in respect of the LDC, the net value of distribution assets calculated in accordance with Exhibit "C";

"**Commissioner**" means the Commissioner of Competition appointed under subsection 7(1) of the Competition Act, and includes a Person duly authorized to exercise the powers and perform the duties of the Commissioner;

"**Competition Act**" means the *Competition Act* (Canada);

"**Competition Act Clearance**" means one of the following:

(a) the Commissioner shall have issued an Advance Ruling Certificate; or

(b) (1) either: (i) the applicable waiting period under Part IX of the Competition Act in respect of the transactions contemplated by this Agreement shall have expired or shall have been terminated or (ii) the obligation to give the requisite notice shall have been waived pursuant to paragraph 113(c) of the Competition Act, and (2) the Buyer shall have been advised by the Commissioner in writing that he, at that time, does not intend to make an application under section 92 of the Competition Act in respect of the transactions contemplated by this Agreement;

"**Confidential Disclosure Schedule**" means that confidential disclosure schedule dated January 10, 2026 which the Sellers delivered to the Buyer contemporaneously with the execution and delivery of the Initial SPA;

"**Confidential Information**" has the meaning set out in Section 5.3(c)(i);

"**Confidentiality Agreement**" means the confidentiality agreement dated March 3, 2025 between NHHI, THI and the Buyer;

"**Consents, Approvals and Waivers**" means declarations, filings or registrations with, or notices to, or authorizations, consents, waivers, approvals or permits or permissions of, any Governmental Authority or any other Person, including the Competition Act Clearance, the OEB Approval and the Lender Consent;

"**Contract**" means, in respect of a particular Person, any contract, note, bond, mortgage, agreement, indenture, lease, agreement to lease, licence, personal property lease, commitment, understanding, instrument, option or any other instrument or obligation, oral or written, to which such Person is a party or whereby such Person's assets may be bound;

"**Data Protection Requirements**" means, collectively, all of the following to the extent relating to collection, use, and disclosure of Personal Information or otherwise relating to the privacy or security of any Personal Information stored thereon or to the conduct of the Business: (i) any of the LDC's privacy and security rules, policies and procedures; (ii) Applicable Laws, including Privacy Laws; and (iii) Contracts to which the LDC is bound relating to the collection, use, and disclosure of Personal Information under the LDC's control and/or to the security of any Personal Information stored thereon;

"**Data Room**" means the data site located at https://projectprudence.firmex.com/projects/1/documents, as of the date of January 10, 2026;

"**Data Security Incident**" means any (i) loss or theft of, or unauthorized or unlawful collection, use, or disclosure of, Personal Information or (ii) any other data security incident requiring notification to any Persons (including pursuant to Applicable Laws);

"**Deferred Variable Interest Payment**" has the meaning set out in Section 2.3(c);

"**Departure Tax**" means the tax payable pursuant to Section 93 of the Electricity Act and calculated according to Section 12 of O. Reg. 162/01 *Payments in Lieu of Corporate Taxes – Municipal Electricity Utilities* promulgated pursuant to the Electricity Act, or any similar Tax or replacement or substitution thereof;

"**Direct Claim**" has the meaning set out in Section 7.3(a);

"**Dividends**" means dividends, distributions, return of capital or other payments declared to the holders of the Buyer's Equity Capital in the ordinary course of business of the Buyer;

"**Electricity Act**" means the *Electricity Act, 1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"**Employee Fact Sheet**" has the meaning set out in Section 4.4(xvi)(A);

"**Employees**" means all personnel and independent contractors employed, engaged or retained by the LDC, NHHI or THI, as applicable, including any that are on medical or long-term disability leave, or other statutory or authorized leave of absence;

"**Employment Law**" means the *Canadian Human Rights Act*, the *Canada Labour Code*, the *Employment Equity Act* (Canada), the *Employment Standards Act* (Ontario), the *Labour Relations Act*, *1995* (Ontario), the *Pay Equity Act* (Ontario) and the *Human Rights Code* (Ontario) and any other applicable statute as it relates to employment matters, in each case as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"**Encumbrances**" means mortgages, charges, pledges, security interests, liens, encumbrances, actions, Claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;

"**Environment**" means the ambient air, all layers of the atmosphere, surface water, underground water, all land, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matter and living organisms;

"**Environmental Claim**" means any and all threatened and/or pending administrative or judicial actions, suits, orders, written directives, Claims, liens, notices, notices of violation, investigations or proceedings, whether criminal, statutory or civil, pursuant to or relating to any applicable Environmental Law by any Person (including any Governmental Authority or private person or citizens' group), of which, in respect of the Real Property or the Leased Property, the LDC has received notice in writing, based upon, alleging, asserting, or claiming any actual or potential violation of, or liability under, any Environmental Law;

"**Environmental Law**" means all applicable statutes, regulations, by-laws and Environmental Permits, orders, decisions and rules and any legally enforceable policies, ordinances, codes or guidelines of a Governmental Authority (whether federal, provincial or municipal) relating to the protection and preservation of the Environment or the Release, use, transport, disposal or handling of Hazardous Substance, including without limitation the *Environmental Protection Act* (Ontario), *Canadian Environmental Assessment Act*, *Canadian Environmental Protection Act*, *Dangerous Goods Transportation Act* (Ontario), *Energy Act* (Ontario), *Environmental Bill of Rights* (Ontario), *Fisheries Act* (Canada), *Technical Standards and Safety Act* (Ontario), *Ontario Water Resources Act*, *Pest Control Products Act* (Canada), *Pesticides Act* (Ontario), *Transportation of Dangerous Goods Act* (Canada) and any applicable municipal noise or sewer use by-law, in each case as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"**Environmental Permits**" includes all orders, permits, certificates, approvals, consents, registrations and licenses issued by any Governmental Authority under Environmental Law;

"**Extension Term**" has the meaning set out in Section 2.3;

"**Final Payment Period**" has the meaning set out in Section 2.3(h);

"**Final Payment Period Interest**" means an amount equal to the annual rate equal to the Canadian Overnight Repo Rate Average as published by the Bank of Canada as of the beginning of the Final Payment Period *plus* 1.10% (110 basis points) accrued on the Payout Value and final Variable Interest Payment (if applicable) over the Final Payment Period;

"**Financing Agreement**" means the financing agreement dated April 23, 2024 between the LDC and The Toronto-Dominion Bank, as amended;

"**Fixed Interest Payment**" has the meaning set out in Section 2.3(b);

"**Fixtures**" means fixtures, plants, buildings, structures, erections, improvements, appurtenances, machinery, equipment, substations, transformers, vaults, distribution lines, transmission lines, conduits, ducts, pipes, wires, rods, cables, fibre optic strands, devices, appliances, equipment, material, poles, pipelines, fittings and any other similar or related item;

"**Fraud**" means an act, committed by a Party, that constitutes common law fraud under the Applicable Laws and for greater certainty does not include implied, constructive or imputed knowledge;

"**Go-Shop Break Fee**" has the meaning set out in Section 5.5(d);

"**Go-Shop Expiry Time**" means 11:59:59p.m. (Toronto time) on the date that is 45 days following January 12, 2026;

"**Go-Shop Period**" means the 45-day period commencing on January 12, 2026 and ending at the Go-Shop Expiry Time;

"**Governmental Authority**" means any government or political subdivision (including without limitation, any municipality or federal or provincial ministry) or quasi-governmental or regulatory agency, authority, board, commission, department or instrumentality of any government or political subdivision, or any court or tribunal, including the IESO, OEB and Electrical Safety Authority of Ontario;

"**Hazardous Substance**" means:

(a) any petrochemical or petroleum product, oil or coal ash, mercury, radioactive material, radon gas, asbestos in any form that is friable, urea formaldehyde foam insulation or substance that contains or may contain PCBs;

(b) any chemical, material or substance defined as or included in the definition of "hazardous substance", "hazardous waste", "hazardous material", "hazardous constituent", "restricted hazardous material", "extremely hazardous substance", "toxic substance", "deleterious substance", "contaminant", "pollutant", "toxic pollutant" or words of similar meaning and regulatory effect under any applicable Environmental Law; and

(c) any other material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law;

"**HST**" means the Taxes imposed under Part IX of the *Excise Tax Act* (Canada) and includes the provincial portion of any such Taxes;

"**IESO**" means the Ontario Independent Electricity System Operator and any successor;

"**IFRS**" has the meaning set out in Section 1.5;

"**Increased Amount**" has the meaning set out in Section 7.8;

"**Indemnified Party**" has the meaning set out in Sections 7.1(a) and 7.1(c), as applicable;

"**Indemnifying Party**" has the meaning set out in Sections 7.1(a) and 7.1(c), as applicable;

"**Independent Auditor**" has the meaning set out in Section 2.6(d);

"**Indication of Interest**" means the non-binding indication of interest between the Buyer and the Holdcos dated July 29, 2025, as amended;

"**Initial Financial Statements**" means the unaudited financial statements of the LDC as at September 30, 2025, prepared in accordance with IFRS;

"**Initial SPA**" means the securities purchase agreement dated January 10, 2026 between the Sellers, the Holdcos and the Buyer;

"**Insurance Policies**" means the insurance policies maintained by the LDC with respect to its Business;

"**Intellectual Property**" means all intellectual property of whatever nature and kind, including patents and patent applications, trademarks and trademark applications, trade names, trading styles, domain names, certification marks, industrial designs and copyrights (whether registered or unregistered and all applications for registration thereof), computer software, information technology, inventions, works, designs, formulae, processes, procedures, know-how, trade secrets, industrial designs and plans, engineering designs and plans, blueprints and as built plans and specifications, training, operating, safety, maintenance and any other manuals, documentation of procedures and processes, design, user and maintenance information and service records and warranty records;

"**Interim Period**" means the period from and including the date of this Agreement to and including the Time of Closing or the earlier termination of this Agreement;

"**Inventories**" means all inventories of every kind owned by the LDC and pertaining to its Business;

"**LDC**" has the meaning set out in the recitals, above;

"**Leased LDC Property"** means all of the lands and premises leased by the LDC as landlord under such lease;

"**Leased Property"** means all of the lands and premises leased by the LDC as tenant under such lease;

"**Lender Consent**" means the lender's consent to the Transaction pursuant to the terms of the Financing Agreement;

"**Loss**" includes any and all Claims, demands, damages, costs, charges, liabilities, awards, fines, fees, penalties, assessments, reassessments, judgements, deficiencies, losses, costs and expenses (including all Remediation costs and reasonable fees of lawyers, accountants and other professionals and experts, or other reasonable expenses of litigation or proceedings or of any Claim, default or assessment and interest thereon), whether accrued, actual, contingent, latent or otherwise, provided that any Tax recovered by an Indemnified Party shall not be included in calculating any such Loss;

"**MAADs Application**" has the meaning set out in Section 5.3(a);

"**Material Adverse Effect**" means any effect, event, change, occurrence or state of facts that, individually or in the aggregate with other effects, events, changes, occurrences or states of facts, is, or would reasonably be expected to be, material and adverse to the (i) Business, (ii) financial condition, (iii) assets (tangible or intangible), (iv) liabilities (contingent or otherwise), (v) capitalization, or (vi) results of operations either of the Holdcos and/or the LDC, or the ability of the Parties to consummate the transaction contemplated by this Agreement, all excluding:

(i) any change in generally accepted accounting principles, Taxes or Applicable Laws, or in their interpretation, application or non-application by any Governmental Authority;

(ii) any change in general economic conditions;

(iii) any change in financial or securities markets in general;

(iv) any natural disaster or calamity;

(v) any pandemic, epidemic or similar health emergency; or

(vi) war, armed hostilities or acts of terrorism,

(vii) the failure, in and of itself, of the LDC or the Holdcos to meet any internal or published projections or estimates of revenues, cash flow or earnings (but the state of facts underlying that failure may be considered to determine whether a Material Adverse Effect has occurred);

(viii) the announcement of this Agreement; or

(ix) any action taken (or not taken) by a Seller, the Holdcos or the LDC that is required to be taken (or not taken) under this Agreement or that is consented to by the Buyer in writing;

"**Material Contract**" means any Contract:

(i) for the supply of goods or services which has a value exceeding $250,000 in annual payments, excluding any collective bargaining agreements;

(ii) is outside the Normal Course of Business of the LDC, excluding any agreements otherwise consented to by the Buyer and the Pre-Closing Transactions Agreement; or

(iii) the termination of which would result in a Material Adverse Effect on the LDC;

"**MEU**" means a municipal electricity utility, as such term is defined in section 88 of the Electricity Act;

"**Minimum Payout Value**" means (i) where Section 2.3(d)(iii) is applicable within two (2) years following the Closing Date or where Section 2.2(a)(i) is applicable, an amount equal to $113,000,000, and (ii) in all other cases, an amount equal to $110,000,000;

"**Newmarket**" has the meaning set out in the recitals, above;

"**NHHI Financial Statements**" means the audited consolidated financial statements of NHHI as at December 31, 2024;

"**NHHI Shares**" means all of the shares of NHHI, namely 101 common shares, held by Newmarket;

"**No Transaction Break Fee**" means [redacted]

"**Normal Course of Business**" when used in reference to a particular Person means the normal course of business of such Person;

"**OBCA**" means the *Business Corporations Act* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced;

"**OEB**" means the Ontario Energy Board or any successor thereto;

"**OEB Act**" means the *Ontario Energy Board Act*, *1998* (Ontario), as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"**OEB Approval**" means the approval of the OEB of the Transaction pursuant to section 86(2) of the OEB Act and any corresponding relief requested pursuant to the MAADs Application;

"**Outside Date**" means December 31, 2031;

"**Parties**" means the parties to this Agreement, and "**Party**" means any one of them;

"**Payout Value**" means the Minimum Payout Value plus the Variable Payout Value;

"**PCBs**" means poly-chlorinated biphenyls;

"**Permitted Encumbrances**" means:

(a) statutory Encumbrances for current Taxes, special assessments or other charges from Governmental Authorities not yet due and payable or delinquent or, if overdue, are being contested diligently and in good faith by appropriate proceedings;

(b) statutory Encumbrances and deposits or pledges made in connection with, or to secure payment of, worker's compensation, employment insurance, Canada Pension Plan programs mandated under Applicable Laws;

(c) restrictions on the transfer of securities arising under Applicable Laws or under the constating documents of the LDC and the Holdcos;

(d) the rights of counterparties under Contracts;

(e) undetermined or inchoate Encumbrances imposed or permitted by Applicable Laws in the operation of the Real Property or the Leased Property such as construction, materialmens', carriers', workers', repairers' and other similar liens arising or incurred in the Normal Course of Business that relate to obligations not due;

(f) any reservations or exceptions contained in or implied by statute in the original dispositions from the Crown and grants made by the Crown of any land or interest reserved therein;

(g) security given in the Normal Course of Business to a public utility or any municipality or Governmental Authority in connection with the operation of the Business, the Real Property or the Leased Property;

(h) any Encumbrance evidenced by a *Personal Property Security Act* (Ontario) financing statement filed prior to the date of this Agreement to the extent the Encumbrance does not secure an amount in excess of the amount outstanding and secured at the date of this Agreement unless it is a purchase money security interest incurred in the Normal Course of Business;

(i) such other security interests, liens, imperfections in or failures of title, charges, restrictions, encroachments and defects in title which, do not materially, individually or in the aggregate, detract from the value of the LDC nor, individually or in the aggregate, result in a Material Adverse Effect;

(j) all encroachments, overlaps, overhangs, unrecorded servitudes and easements, variations in area or measurement, rights of parties in possession, or any other matters not of record that would be disclosed by an accurate survey or physical inspection of the Real Property or the Leased Property and that do not materially interfere with or affect the value or operation of the Business of the LDC as currently carried on at such Real Property or Leased Property and that in the aggregate do not materially impair the value or use of the Real Property or Leased Property or Leased LDC Property;

(k) all permits, servitudes and easements (including conservation easements and public trust easements, rights-of-way, road use agreements, covenants, conditions, restrictions, reservations, licences, other surface agreements and other matters of record) and zoning by-laws and restrictions, ordinances and other restrictions as to the use of real property that in the aggregate, and in the reasonable opinion of the Buyer, do not materially impair the value or use of the Real Property or Leased Property or Leased LDC Property and that are not violated in any respect by existing or proposed structures or land use;

(l) the Encumbrances granted to The Toronto-Dominion Bank pursuant to the Financing Agreement;

(m) other Encumbrances that have not had, and the existence of which would not have, a Material Adverse Effect on the operation of the Business; and

(n) any Encumbrances registered on title to the Real Property or the Leased Property as of the date of this Agreement;

"**Person**" includes an individual, corporation, body corporate, partnership, trust, joint venture, unincorporated association, organization, syndicate, executor, administrator, Governmental Authority or other legal or personal representative;

"**Personal Information**" means information about an individual who can be identified by the Person who holds that information;

"**PILs**" means payment in lieu of corporate Taxes required to be made under Part VI of the Electricity Act or any similar Tax or replacement or substitution thereof;

"**PILs Credits**" means the amounts that may be claimed by an MEU to reduce its Transfer Tax liability as provided in Subsections 94(3) to (6.1) of the Electricity Act;

"**Pre-Closing Tax Period**" means any taxable period ending on or before the Closing Date, and, in the case of any Straddle Period, the portion of such period ending on and including the Closing Date;

"**Pre-Closing Transactions Agreement**" means the pre-closing transactions agreement made effective no later than the Termination Expiry Date between Newmarket, Tay, NHHI, THI and the Buyer;

"Privacy Laws" means Applicable Laws governing the collection, use and disclosure of Personal Information, including the Municipal Freedom of Information and Protection of Privacy Act;

"**Pro Rata Share**" means, with respect to a Seller, the following percentage set out opposite that Seller's name:

Seller	Percentage
Newmarket	93%
Tay	7%

"**Professional Fees**" means the legal, technical and financial advisors' fees incurred by the Sellers in connection with the consummation of the transactions contemplated hereunder, including the preparation of this Agreement and all documents and agreements delivered under this Agreement up to a maximum of $250,000;

"**Promissory Note**" means the demand promissory note dated November 1, 2000 as issued by the LDC (as successor in interest to Tay Hydro-Electric Distribution Company Inc.) to Tay in the principal sum of $1,742,821;

"**Public Announcement**" has the meaning set out in Section 5.3(d);

"**Purchase Price Payout Notice**" has the meaning set out in Section 2.3(d);

"**Purchased Securities**" has the meaning set out in the recitals of this Agreement;

"**Purchased Shares**" means the NHHI Shares and THI Shares;

"**Real Property**" means all of the lands owned by the LDC and includes all rights of way belonging to and enuring to the benefit thereof;

"**Release**" means any release, spill, leak, emission, discharge, leaching, dumping, escape or other disposal;

"**Remediation**" means action of any kind to address a Release, the threat of a Release or the presence of any Hazardous Substance, including any or all of the following activities to the extent they relate to or arise from a Release, the threat of a Release or the presence of any Hazardous Substance at or from any such site (including activities carried out by consultants, engineers and legal advice related thereto):

(a) monitoring, investigation, assessment, treatment, clean-up, containment, removal, transportation and permanent disposal, mitigation, response or restoration work;

(b) obtaining any permits, consents, approvals or authorizations of any Governmental Authority necessary to conduct any such activity;

(c) preparing and implementing any plans or studies for any such activity;

(d) reporting on the progress or results of any such activity to an applicable Governmental Authority;

(e) the use, implementation, application, installation, operation, maintenance or decommissioning of technologies for the remediation or treatment of surface or subsurface soils, off-site treatment of surface water or groundwater, including engineering controls or institutional controls; and

(f) any other activities reasonably determined by a Party to be necessary or appropriate or required under Environmental Law to address the presence or Release of Hazardous Substance at any such site or off-site location;

"**Representatives**" of a Party means its Affiliates and directors, officers, employees, agents, partners and advisors of the Party and/or its Affiliates (including external accountants, lawyers, environmental consultants, financial advisors and other authorized representatives);

"**ROFR Agreements**" has the meaning set out in Section 5.2(g);

"**ROFR Properties**" means the real property owned by the LDC located at the following addresses:

[redacted]

"**Second Buyer Enterprise Value**" has the meaning set out in Section 2.3(n);

"**Second Valuator**" has the meaning set out in Section 2.3(n);

"**Securities**" has the meaning given to that term in the *Securities Act* (Ontario);

"**Service Territory**" means the territory within which the LDC provides utility services to its customers as of Closing Date;

"**SPA Summary**" means the summary of the terms and conditions of this Agreement in an agreed form between the Buyer and the Sellers;

"**Special Dividend**" has the meaning set out in Section 2.3(l);

"**Straddle Period**" means any taxable period that begins on or before the Closing Date and ends after the Closing Date;

"**Subsidiaries**" means subsidiaries within the meaning of such term in the OBCA;

"**Tax**" or "**Taxes**" means all domestic and foreign federal, provincial, municipal, territorial or other taxes, imposts, duties, premiums, rates, levies, assessments and government fees, charges or dues lawfully levied, assessed or imposed including, without limitation, all income, capital gains, sales, excise, use, property, capital, transfer, land transfer, goods and services, HST, business transfer and value added taxes, all customs and import duties, workers' compensation premiums, Canada Pension Plan contributions, employment insurance premiums, and includes PILs, Departure Tax, and Transfer Tax and payments pursuant to Part VI of the *Electricity Act* together with all interest, additions, fines and penalties with respect thereto;

"**Tax Act**" means the *Income Tax Act* (Canada) as now enacted or as the same may from time to time be amended, re-enacted or replaced, and any regulations thereunder;

"**Tax Return**" means all returns, information returns, declarations, designations, forms, schedules, elections, reports and other documents of every nature whatsoever (and includes related or supporting information, and including any withholding tax returns and reports and information returns and reports) filed, or required to be filed with any Governmental Authority with respect to any Taxes, including those required pursuant to Part VI of the Electricity Act or with respect to the administration of any Applicable Laws or administrative requirements relating to any Taxes and any amendments thereof;

"**Tay**" has the meaning set out in the recitals, above;

"**Termination Expiry Date**" has the meaning set out in Section 8.1;

"**THI Financial Statements**" means the audited financial statements of THI dated as of December 31, 2024;

"**THI Shares**" means all of the shares in THI, namely 1,010 common shares, held by Tay;

"**Third Party**" has the meaning set out in Section 7.5(c);

"**Third Party Claim**" has the meaning set out in Section 7.3(a);

"**Time of Closing**" means 10:00 a.m. (Toronto time) on the Closing Date or such other time acceptable to the Parties;

"**Transaction**" has the meaning set out in the recitals hereto;

"**Transfer Tax**" means the tax payable pursuant to Section 94 of the *Electricity Act* and O. Reg. 124/99 *Transfer Tax on Municipal Electricity Property* promulgated pursuant to the Electricity Act, or any similar Tax or replacement or substitution thereof;

"**Transitional Committee**" has the meaning set out in Section 5.1(c);

"**Valuator**" has the meaning set out in Section 2.3(m);

"**Variable Interest Payment**" has the meaning set out in Section 2.3(c);

"**Variable Payout Value**" has the meaning set out in Section 2.3(e); and

"**York Region Capex Project**" means capital expenditures related to the municipal right-of-way road improvements on Yonge Street between Davis Drive and Green Lane.

1.2 Exhibits and Schedules

The following exhibits and schedules which are attached to this Agreement are incorporated into this Agreement by reference and form a part hereof:

Schedule	Schedule Title
Appendix "A"	Confidential Disclosure Schedule
Exhibit "A"	Ascribed Economic Interest Calculation
Exhibit "B"	Closing Date Net Debt Accounts
Exhibit "C"	Closing Date Rate Base Calculation
Schedule 2.6(a)	Equity Securities Purchase Price Adjustments
Schedule 5.1(c)	Transition Committee Consultation Matters

1.3 Interpretation Not Affected by Headings or Party Drafting

The division of this Agreement into articles, sections, subsections, paragraphs, subparagraphs and clauses and the insertion of headings are for the convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules hereto, including for greater certainty the Confidential Disclosure Schedule, and not to any particular article, section, paragraph, subparagraph, clause or other part hereof and include any agreement or instrument supplementary or ancillary hereto. Each Party acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party shall not be applicable in the interpretation of this Agreement.

1.4 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.5 International Financial Reporting Standards

Except as otherwise specifically provided in this Agreement, all accounting terms shall be applied and construed in accordance with International Financial Reporting Standards (**"IFRS"**) in effect from time to time, which include standards and interpretations adopted by the International Accounting Standards Board.

1.6 Statutes and Agreement

Any reference in this Agreement to an agreement, or to a statute, regulation or rule promulgated under a statute or to any provision of an agreement, a statute, regulation or rule shall be a reference to the

agreement, statute, regulation, rule or provision, as amended, restated, re-enacted or replaced from time to time.

1.7 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian currency.

1.8 Knowledge

References to the "**Knowledge**" of a Seller, or awareness and similar references contained in this Agreement, means the actual knowledge of a senior official of a Seller after having made or caused to be made reasonable inquiries of the Chief Executive Officer and Chief Financial Officer of the Holdcos and the LDC and any other Employees who are reasonably likely to have knowledge of the relevant matter, but for greater certainty does not include implied, constructive or imputed knowledge of any other person including any advisor, consultant, employee, accountant, attorney or agent of the Sellers, nor does it imply or require any duty or obligation to review the files or records of any Person.

1.9 Amendment and Restatement

The Initial SPA is hereby amended, restated, superseded and replaced in its entirety by this Agreement without in any way affecting the rights, obligations and liabilities of any Party which may have accrued from January 10, 2026 until the date hereof.

ARTICLE 2
TRANSACTIONS

2.1 Purchase of the Purchased Securities

(a) Subject to and conditional upon the terms and conditions of this Agreement, the Parties agree that, on the Closing Date, the Sellers shall sell, assign and transfer to the Buyer, and the Buyer shall purchase from the Sellers, all of the Sellers' right, title and interest in and to all of the Purchased Securities.

(b) The aggregate purchase price for the Amended and Restated Tay Promissory Note will be an amount equal to the principal amount of $1,752,731 plus any accrued and unpaid interest on the Amended and Restated Tay Promissory Note up to the Closing Date (the "**Promissory Note Payout Amount**").

(c) The aggregate purchase price for the Purchased Shares (the "**Equity Securities Purchase Price**") will be satisfied either in cash pursuant to Section 2.2(a)(i) or in accordance with the payment schedule and conditions outlined in Section 2.3, in either case subject to adjustment in accordance with Section 2.6 (*Equity Securities Purchase Price Adjustment*).

(d) The completion of the purchase and sale of the Purchased Securities shall be effective as of the Time of Closing.

2.2 **Form of Equity Securities Purchase Price and Promissory Note Payout Amount**

(a) Subject to any termination pursuant to Section 5.5(d), the Sellers will deliver a written election to the Buyer no later than thirty (30) Business Days following the expiry of the Go-Shop Period to receive the Equity Securities Purchase Price on the Closing Date:

(i) in cash in the amount of $113,000,000, delivered to the Sellers by wire transfer of immediately available funds on the Closing Date to the accounts of the Sellers designated in writing to the Buyer at least two (2) Business Days prior to the Closing Date; or

(ii) in the amounts provided in and in accordance with the payment schedule, terms and conditions outlined in Section 2.3.

(b) The Promissory Note Payout Amount will be paid by the Buyer in cash to Tay by wire transfer of immediately available funds on the Closing Date to the accounts of Tay designated in writing to the Buyer at least two (2) Business Days prior to the Closing Date.

2.3 **Payment Schedule for Deferred Equity Securities Purchase Price**

(a) If Section 2.2(a)(ii) is applicable, the Buyer shall pay to the Sellers the Equity Securities Purchase Price as calculated pursuant to this Section 2.3.

(b) During the Base Term, an amount equal to $4,350,000 per annum will be paid semi-annually in cash on June 30th and December 31st of each applicable year (the "**Fixed Interest Payment**").

(c) During an Extension Term, if applicable, an amount per annum will be paid in cash equal to the aggregate amount of Dividends declared on the Buyer's Equity Capital multiplied by the Ascribed Economic Interest (the "**Variable Interest Payment**"). The Variable Interest Payment shall be paid semi-annually on September 30th and March 31st of each applicable year unless, for any given instalment payment date, any portion of the Buyer's Dividend payments are declared but not also actually paid to the holders of Buyer's Equity Capital on such date, in which case the particular instalment of the Variable Interest Payment shall be paid to the Sellers on the date that such payments are made paid to the holders of Buyer's Equity Capital (in such circumstance, the particular instalment of the Variable Interest Payment is referred to herein as the "**Deferred Variable Interest Payment**"). For clarity, during the final year of any Extension Term, if applicable, and notwithstanding the payment dates of September 30th and March 31st in the preceding sentence, the final Variable Interest Payment will be deemed to be due and payable by the Buyer upon the expiry of the applicable Extension Term.

(d) If the Buyer receives notice in writing from the Sellers:

(i) that no Extension Term will be elected in accordance with Section 2.3(i) upon the expiry of the Base Term;

(ii) that no Extension Term will be elected in accordance with Section 2.3(i) upon the expiry of the first Extension Term, if applicable; or

(iii) that, at any time during the Base Term or, if applicable, any Extension Term, all or any part of this Section 2.3 is in contravention of any Applicable Law as determined by a Governmental Authority or an injunction, order, judgment or decree restraining, enjoining or otherwise prohibiting this Section 2.3 is issued by a Governmental Authority,

(in each case, a "**Purchase Price Payout Notice**"), the Payout Value shall be calculated and paid to the Sellers in accordance with Section 2.3(e), Section 2.3(g) and Section 2.3(h), as applicable. For clarity, a Purchase Price Payout Notice will be deemed to be delivered by the Sellers to the Buyer upon the expiry of the second Extension Term, if applicable.

(e) In the event a Purchase Price Payout Notice has been delivered within two (2) years of the Closing Date pursuant to Section 2.3(d)(iii), the Equity Securities Purchase Price to be paid by the Buyer to Sellers will be equal to the Minimum Payout Value ($113,000,000) *plus* any accrued and unpaid Fixed Interest Payments due and owing pursuant to Section 2.3(b) and payment shall be issued by the Buyer within sixty (60) days following the Buyer's receipt of such Purchase Price Payout Notice.

(f) For greater certainty, the Equity Securities Purchase Price calculated under Section 2.3(e) will not include an additional Variable Payout Value.

(g) In the event a Purchase Price Payout Notice has been delivered at any time after the date that is two (2) years following the Closing Date, the Equity Securities Purchase Price to be paid by the Buyer to the Sellers will be calculated and paid as follows following the Buyer's receipt of such Purchase Price Payout Notice:

(i) the Minimum Payout Value, which will be due and payable within 60 days of the date of the Purchase Price Payout Notice, *plus*

(ii) an additional amount calculated in accordance with the following formula and paid in accordance with Section 2.3(h) (the "**Variable Payout Value**"):

((A – B) x C) – D

where:

A = Buyer Enterprise Value;
B = a deemed amount of indebtedness of the Buyer based on a Buyer Debt/Equity Ratio of 60:40 multiplied by the Buyer Rate Base;
C = the Ascribed Economic Interest applicable as at the date of calculation; and
D = the Minimum Payout Value actually paid to the Sellers by the Buyer pursuant to Section 2.3(g),

provided that the Variable Payout Value will not be less than zero (0).

(h) Any Deferred Variable Interest Payment, the final Variable Interest Payment of the applicable Extension Term and the Variable Payout Value will be paid by the Buyer on or before the date that is nine (9) months following the date of the Purchase Price Payout

Notice (the "**Final Payment Period**"). Any Deferred Variable Interest Payment, the final Variable Interest Payment of the applicable Extension Term and the Variable Payout Value will bear interest at a rate equal to the Final Payment Period Interest for the duration of the Final Payment Period, and such interest will be due and payable concurrently with the payment of the Deferred Variable Interest Payment, final Variable Interest Payment and the Variable Payout Value.

(i) The Base Term may be extended for up to two (2) additional periods of three (3) years at the sole and absolute discretion of the Sellers (each, an "**Extension Term**"). The Sellers may deliver a written notice to the Buyer to elect an Extension Term within ninety (90) days prior to the end of the Base Term or the then applicable Extension Term, subject in each case to the right of the Sellers to elect to deliver a Purchase Price Payout Notice in accordance with Section 2.3(d)(ii) or Section 2.3(d)(iii).

(j) The Buyer shall make payment of the Fixed Interest Payments, Variable Interest Payments and Payout Value to the Sellers when due, and shall not prepay the Payout Value without first having obtained the prior written consent of the Sellers, which consent may be withheld in the sole and absolute discretion of the Sellers.

(k) The Buyer shall provide to the Sellers copies of all notices, information, financial data and other reports and provided to the Buyer's Lenders at the same time such notices, information, financial data and other reports are provided to the Buyer's Lenders.

(l) In the event that the Buyer issues a Dividend outside of its ordinary course of business (in each case, a "**Special Dividend**"), the Sellers will be entitled to receive an amount equal to the aggregate amount of such Special Dividends declared on the Buyer's Equity Capital multiplied by the Ascribed Economic Interest calculated as at the date of such Special Dividend. Any amounts due and payable to the Sellers under this Section 2.3(l) shall be paid to the Sellers concurrently with the declaration of a Special Dividend.

(m) The Buyer will engage an independent, reputable national firm of chartered accountants (or a member of the CBV Institute) that does not provide audit services to the Buyer or its Subsidiaries (the "**Valuator**") within fifteen (15) Business Days following the issuance or deemed issuance of a Purchase Price Payout Notice, to prepare and deliver to the Sellers a written comprehensive level valuation report on the Buyer and its Subsidiaries (including the LDC) in accordance with the standards of the CBV Institute to establish the enterprise value of the Buyer (the "**Buyer Enterprise Value**"). The Valuator will be instructed to deliver the valuation report as soon as reasonably possible following the date of its engagement, and in any event, within ninety (90) Business Days of the Valuator's engagement and while preparing the valuation report the Valuator shall be instructed by the Buyer to consider the reasonable comments and questions of the Sellers in respect of such valuation.

(n) If, upon receipt of the valuation report, the Sellers do not agree with the Valuator's determination of the Buyer Enterprise Value, the Sellers may, at their sole cost and expense, engage an independent, reputable national firm of chartered accountants (or a member of the CBV Institute) that does not provide audit services to either of the Sellers or their Subsidiaries (the "**Second Valuator**"), to prepare and deliver to the Parties a second comprehensive level valuation report on the Buyer and its Subsidiaries (including the LDC)

in accordance with the standards of the CBV Institute to establish a second Buyer Enterprise Value (the "**Second Buyer Enterprise Value**"). The Buyer shall cooperate with the Second Valuator as requested by the Sellers and as reasonably required in order for the Second Valuator to prepare the Second Buyer Enterprise Value. If the difference between the Buyer Enterprise Value and the Second Buyer Enterprise Value is equal to or less than 5.0% (either positive or negative), the Buyer Enterprise Value will be conclusively determined to be the Buyer Enterprise Value. If the difference between Buyer Enterprise Value and the Second Buyer Enterprise Value is greater than 5.0% (either positive or negative), the Buyer Enterprise Value will be conclusively determined to be the simple average of the two valuations.

(o) The Buyer will be responsible for all the fees and disbursements of the engagement of the Valuator. The Sellers will be responsible for all the fees and disbursements of the Second Valuator, if applicable.

2.4 **Payment of Equity Securities Purchase Price and Promissory Note Payout Amount**

The Equity Securities Purchase Price will be paid and satisfied by the Buyer on the Closing Date if Section 2.2(a)(i) is applicable or, where Section 2.2(a)(ii) is applicable, in accordance with Section 2.3, *plus*, in each case, the additional amounts payable pursuant to Section 2.6. The Promissory Note Payout Amount will be paid in cash to Tay in accordance with Section 2.2(b).

2.5 **Allocation of Payments**

The Equity Securities Purchase Price will be allocated to each Seller based on their Pro Rata Share and any payments made by or to the Sellers under this Article 2 must be made by or to each Seller in accordance with that Seller's Pro Rata Share.

2.6 **Equity Securities Purchase Price Adjustment**

(a) Subject to Section 2.7, within ninety (90) Business Days following the Closing Date, the Sellers shall cause the preparation and delivery of its calculation of (i) the Closing Date Net Debt (the "**Net Debt Calculation**"), and (ii) the Closing Date Rate Base (together with the Net Debt Calculation, the "**Closing Statements**"). The Buyer shall cause the LDC to cooperate with the Sellers in connection with the preparation of the Closing Statements. The Equity Securities Purchase Price contemplated in Section 2.2 shall be increased on a dollar-for-dollar cash basis in accordance with the following formula (the "**Post-Closing Adjustment**"):

(A x B) – C – D

where:

A = Closing Date Rate Base;
B = [redacted] where Section 2.2(a)(i) is applicable or [redacted] where Section 2.2(a)(ii) is applicable;
C = Closing Date Net Debt; and

D = the Minimum Payout Value,

provided that the Post-Closing Adjustment will be [redacted]

(b) The Buyer shall have a period of sixty (60) Business Days from the later of (i) the receipt of the Closing Statements; and (ii) the date on which the Buyer is provided with access to the Auditor's working papers relating to the Closing Statements (the "**Statement Review Period**") within which to notify the Sellers in writing that it disputes any amounts contained in the Closing Statements (the "**Buyer's Objection**"), failing which the Buyer shall be deemed to have accepted such amounts. The Buyer's Objection shall set forth a specific description of the basis of the Buyer's Objection and the adjustments to the Closing Statements which the Buyer believes should be made. Any items not specifically disputed during such sixty (60) Business Day period shall be deemed to have been accepted by the Buyer.

(c) Subject to Section 2.6(d), payment of the adjustment to the Equity Securities Purchase Price pursuant to Section 2.6(a) shall be made by the Buyer to the Sellers within five (5) Business Days following the earlier to occur of: (i) notification from the Buyer to the Sellers of its acceptance of the amounts contained in the Closing Statements; and (ii) the completion of the Statement Review Period.

(d) If the Sellers and the Buyer cannot agree on the adjustment of the Equity Securities Purchase Price pursuant to Section 2.6(a) within the Statement Review Period, the Sellers and the Buyer will submit any unresolved matter within a further five (5) day period, to an independent, nationally recognized accounting firm selected by the Sellers and the Buyer (the "**Independent Auditor**") for resolution or, failing agreement, as appointed by the Ontario Superior Court of Justice. The Independent Auditor will be given access to all materials and information reasonably requested by it for such purpose. The rules and procedures to be followed in the arbitration proceedings will be determined by the Independent Auditor in its discretion. The Independent Auditor will make its determination as soon as practicable and, in any case, within thirty (30) days of the matter being submitted to it. The Independent Auditor determination of all such matters will be final and binding on the Parties and will not be subject to appeal by any Party. The fees and expenses of the Independent Auditor will be borne equally between the Sellers and the Buyer. The Closing Statements will be modified to the extent required to give effect to the Independent Auditor's determination and will be deemed to have been approved as of the date of such determination.

2.7 **Access**

Following the Closing, the Buyer shall provide the Sellers and the Auditor with timely access to all books, records, documents, materials and other information and Representatives of the Holdcos and the LDC reasonably requested by the Sellers for purposes of the preparation and delivery of the Closing Statements.

2.8 **Excluded Assets**

The Buyer will not acquire any assets held by NT Holdings Inc. or either of the Holdcos under this Agreement other than the LDC Shares (the "**Excluded Assets**"). The Holdcos are permitted to sell, assign, dividend, distribute, transfer and/or dispose of any Excluded Assets to any Person prior to the Closing Date. If any legal interest in any portion of the Excluded Assets remains vested in Holdcos or any of their Affiliates or successors following the Closing Date, Buyer shall (or shall cause its applicable Affiliate to) transfer, and the Sellers shall accept transfer of such Excluded Assets, as promptly as reasonably practicable, to the Sellers for no additional consideration (it being acknowledged and agreed that the Buyer paid good and sufficient consideration hereunder for all legal interest in the Holdcos); provided that, the responsibility for any costs and expenses, including any Taxes, related to the transfer of such Excluded Assets will be allocated as between the Sellers in accordance with their Pro Rata Share. The Buyer and Sellers will (or the Buyer shall cause its applicable Affiliate to), as promptly as reasonably practicable, execute, acknowledge and deliver such assignments, transfers, consents, assumptions, conveyances and other documents and instruments and take such further acts which are reasonably necessary to effect the transfer of such portion of the Excluded Assets to the Sellers, free and clear of Encumbrances other than Permitted Encumbrances.

ARTICLE 3
THE CLOSING

3.1 **Closing**

Subject to the terms and conditions of this Agreement, the completion of the sale of the Purchased Securities to the Buyer by the Sellers hereunder shall take place at a closing (the "**Closing**") to be held at the Time of Closing on the Closing Date virtually or as otherwise mutually agreed upon by the Buyer and the Sellers.

3.2 **Deliveries by the Buyer**

At or before the Closing, the Buyer shall deliver, or cause to be delivered the following in form and substance satisfactory to the Sellers (or as directed by the Sellers):

(i) a certified copy of the corporate resolutions of the Buyer authorizing the execution, delivery and performance by the Buyer of this Agreement and all other agreements, contracts, instruments, certificates and other documents to be executed and delivered by the Buyer in connection with the completion of the transactions hereunder;

(ii) a certificate of status of the Buyer;

(iii) a certificate of a senior officer of the Buyer dated as of the Closing Date certifying that:

(A) the representations and warranties of the Buyer made herein are true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations and

warranties which do not in the aggregate constitute a Material Adverse Effect with respect to the Buyer;

(B) the Buyer has performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by it on or prior to the Closing;

(iv) a certificate of incumbency for the Buyer;

(v) [redacted]

(vi) on or before the Termination Expiry Date, a copy of the Pre-Closing Transactions Agreement duly executed by the Buyer;

(vii) payment of the Professional Fees in the manner so directed in writing by the Sellers;

(viii) an advanced tax ruling issued by the Ontario Ministry of Finance confirming that (A) no Taxes imposed under section 93(1) of the Electricity Act will become due and payable upon the amalgamation of the Holdcos and the LDC immediately following the Closing; and (B) following its formation by articles of amalgamation, the entity formed by the aforementioned amalgamation of the Holdcos and the LDC will be an MEU and can deduct from any subsequent Transfer Tax otherwise payable by it, the amount of any PILs Credits available to each of the Holdcos and the LDC that existed prior to the amalgamation as would otherwise be provided under subsection 94(3) of the Electricity Act;

(ix) all such other assurances, consents, waivers, releases, agreements, documents, instruments, and evidence reasonably requested by the Sellers to establish the due authorization and completion by the Buyer of the transactions contemplated by this Agreement, including the taking of all corporate proceedings by the directors of the Buyer required to effectively carry out the obligations of the Buyer under this Agreement.

3.3 **Deliveries by the Sellers**

At or before the Closing (unless otherwise specified below), the Sellers shall deliver, or cause to be delivered, the following in form and substance satisfactory to the Buyer (acting reasonably):

(i) a certificate of an elected official of each of the Sellers and an officer of each of the Holdcos, as applicable, dated as of the Closing Date certifying that:

(A) the representations and warranties of the Sellers herein are true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except:

(1) those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of the specified date; and

(2) any breaches of any representations and warranties which do not in the aggregate constitute a Material Adverse Effect; and

(B) such Seller or Holdco, as applicable, has performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by it on or prior to the Closing;

(ii) a copy of the municipal resolutions of each Seller authorizing the execution, delivery and performance by such Seller of this Agreement and all other agreements and instruments to be executed and delivered by such Seller in connection with the completion of the transactions hereunder;

(iii) a copy of the corporate resolutions of the Holdcos, certified by a senior officer of each such Holdco, authorizing the execution, delivery and performance by the respective Holdco of this Agreement and all other agreements and instruments to be executed and delivered by such Holdco in connection with the completion of the transactions hereunder and approving the transfer of the Purchased Shares from the Seller to the Buyer;

(iv) a certificate of incumbency for each Holdco;

(v) original share certificates evidencing the Purchased Securities in fully transferable form;

(vi) a payout statement in respect of the Amended and Restated Tay Promissory Note;

(vii) executed resignations effective as of the Time of Closing of each director of THI, NHHI and the LDC;

(viii) executed releases from each of the Sellers and each of the directors specified in Section 3.3(vii) of all Claims they may have against the NHHI, THI and the LDC;

(ix) the Amended and Restated Office Lease duly executed by Newmarket and the LDC;

(x) on or before the Termination Expiry Date, a copy of the Pre-Closing Transactions Agreement duly executed by the Sellers and the Holdcos;

(xi) a copy of the ROFR Agreements, duly executed by each of Tay and the LDC, and evidence of registration of each on title to the respective ROFR Properties;

(xii) termination and release agreement with respect to the shareholders agreement dated April 30, 2007 by and between the Sellers, NHHI and THI;

(xiii) evidence satisfactory to the Buyer that all Consents, Approvals and Waivers required to be obtained in order to carry out the transactions contemplated hereby in compliance with all Applicable Laws and Contracts binding upon the Holdcos, the LDC or either of the Sellers have been obtained on terms and conditions acceptable to the Buyer, acting reasonably;

(xiv) the Books and Records; and

(xv) all such other assurances, consents, waivers, releases, agreements, documents, instruments, and evidence reasonably requested by the Buyer to establish the due authorization and completion by each Seller of the transactions contemplated by this Agreement, including the taking of all corporate proceedings by the directors of the Sellers required to effectively carry out the obligations of the Sellers under this Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of each Seller

Each Seller, with respect to itself only, hereby represents and warrants to the Buyer as follows and acknowledges that, except as otherwise expressly provided herein, the Buyer is relying on such representations and warranties in connection with the transactions contemplated herein:

(a) **Corporate Existence of Seller**. Such Seller is a municipal corporation validly existing under the laws of the Province of Ontario.

(b) **Power and Capacity**. Such Seller has all necessary power and authority to own or lease or dispose of the Purchased Securities held by it, to enter into this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder.

(c) **Enforceability**. This Agreement has been duly executed and delivered by such Seller and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of the Seller enforceable against such Seller in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(d) **Bankruptcy**. Such Seller is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and such Seller has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. Such Seller has not initiated proceedings with respect to a compromise or arrangement with its creditors. No receiver or interim receiver has been appointed in respect of any of such Seller or any of its undertakings, property or assets (including any of the Purchased Securities) and no execution or distress has been levied on any of its undertakings, property or assets

(including any of the Purchased Securities), nor have any proceedings been commenced in connection with any of the foregoing.

(e) **Absence of Conflict**. The execution, delivery and performance by such Seller of this Agreement and the completion of the Transaction will not (with or without the giving of notice or lapse of time, or both) result in:

(i) the breach or violation of any of the provisions of, or constitute a default under, or give any Person the right to seek or cause a termination, cancellation, amendment or renegotiation of any Contract to which it is a party or by which any of its undertakings, property or assets is bound or affected, including the Purchased Securities owned by such Seller;

(ii) the breach or violation of any of the provisions of, or constitute a default under, or conflict with any of its obligations under:

(A) any judgment, decree, order or award of any Governmental Authority having jurisdiction over it;

(B) any approval issued to it or held by it or held for the benefit of or necessary to the ownership of any of the Purchased Securities; or

(C) any Applicable Law;

(D) the creation or imposition of any Encumbrance over any of the Purchased Securities; or

(E) the requirement of any approval from any of its creditors.

(f) **Litigation**. There are no Claims (whether or not purportedly on its behalf) pending or outstanding or, to the Knowledge of the Seller, threatened against such Seller which could affect the Purchased Securities or such Seller's ability to perform its obligations under this Agreement. To the Knowledge of such Seller, there is no factual or legal basis on which any such Claim might be commenced with any reasonable likelihood of success.

(g) **Residence**. Such Seller is not a non-resident of Canada for purposes of the Tax Act.

4.2 **Representations and Warranties of Newmarket Relating to NHHI**

Newmarket represents and warrants to the Buyer as follows and acknowledges that, except as otherwise expressly provided herein, the Buyer is relying on such representations and warranties in connection with the transactions contemplated herein:

(a) **Organization and Status.** NHHI is a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario and has the corporate power to own or lease its property and assets and to carry on its Business.

(b) **Power and Capacity**. NHHI has all necessary power and authority to own the LDC Shares held by it, to enter into this Agreement and the contracts, agreements and instruments

required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder.

(c) **Enforceability**. This Agreement has been duly executed and delivered by NHHI and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of NHHI enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(d) **Authorized and Issued Capital of NHHI**. The authorized share capital of NHHI consists of an unlimited number of common shares, of which only the NHHI Shares are issued and outstanding and are held by Newmarket. Newmarket is the registered and beneficial owner of the NHHI Shares, with good and marketable title thereto, free and clear of all Encumbrances, and Newmarket has the exclusive right to dispose of the NHHI Shares pursuant to the terms of this Agreement.

(e) **Assets of NHHI.** NHHI is the sole legal and beneficial owner of 9,300 common shares in the capital of the LDC registered in its name and has no other assets other than the assets set forth in the Pre-Closing Transactions Agreement.

(f) **No Liabilities.** NHHI has no liabilities other than as disclosed in the NHHI Financial Statements and for Taxes for the current year for which full payment, estimated in good faith, has been made in advance to the applicable Governmental Authority.

(g) **Bankruptcy.** NHHI is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. NHHI has not initiated proceedings with respect to a compromise or arrangement with its creditors. No receiver or interim receiver has been appointed in respect of NHHI or any of its undertakings, property or assets (including any of the NHHI Shares) and no execution or distress has been levied on any of its undertakings, property or assets (including any of the NHHI Shares), nor have any proceedings been commenced in connection with any of the foregoing.

(h) **Financial Statements.** The NHHI Financial Statements fairly and accurately reflect the financial position, the assets and liabilities of NHHI as they existed on the date of same and the results of the operation of its business for the twelve (12) month period ended on the date of the NHHI Financial Statements and have been prepared on a basis consistent with the preceding fiscal years, except where noted in the NHHI Financial Statements.

(i) **Litigation.** There are no actions, Claims, suits or proceedings pending or, to the Knowledge of Newmarket, threatened against or affecting NHHI at law or in equity, or before or by any federal, provincial, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or by or before an arbitrator or arbitration board.

(j) **Corporate Records.** The corporate records and minute books of NHHI in the Data Room are in all material respects a complete and accurate record of the material business

transacted at meetings of, and contain all resolutions passed by, the directors and sole shareholder of NHHI. To the Knowledge of Newmarket, the corporate records and minute books of NHHI have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects.

(i) **Taxes.**

(A) NHHI is exempt from Tax under the Tax Act and the *Taxation Act, 2007* (Ontario), but is required to make PILs payments under the Electricity Act in an amount equal to the Tax that it would be liable to pay under the Tax Act and the *Taxation Act, 2007* (Ontario) if it were not exempt from Tax under those statutes.

(B) All Tax Returns required by applicable Tax Law to be filed on or before the Closing Date by or on behalf of NHHI have been or will be duly filed on a timely basis in compliance with their due dates under applicable Tax Law with the appropriate Governmental Authorities on or before the Closing Date. Each of those Tax Returns is or will be true, correct and complete in all material respects.

(C) NHHI has duly, and on a timely basis, paid or remitted all Taxes required to be paid or remitted by it on or before the Closing Date, including all Taxes shown as due and owing on all Tax Returns, all Taxes assessed or reassessed by any Governmental Authority, all Taxes held in trust or deemed to be held in trust for any Governmental Authority, and all instalments on account of Taxes for the current year.

(D) All Taxes required to be deducted, withheld or remitted by NHHI under any applicable Tax Law from amounts paid or credited by it to or for the account or benefit of any Person, including Taxes on payments to any of its present or former Employees, officers or directors and Taxes on payments to any Person who is a non-resident of Canada, have been properly deducted, withheld and remitted on a timely basis to the appropriate Governmental Authorities.

(E) There are no audits, actions, assessments, reassessments, suits, proceedings, investigations or Claims in progress or, to the Knowledge of the Sellers, threatened or pending against the LDC in respect of any such Taxes and, to the Knowledge of the Sellers, there exists no facts that would reasonably give rise to an audit, action, assessment, reassessment (including to address a technical issue), suit, proceeding, investigation or Claim in respect of any such Taxes. NHHI is not party to any agreement or undertaking with respect to Taxes.

(k) **No Broker.** NHHI has not retained any financial advisor, broker, agent or finder, or entered into any agreement entitling any Person to any broker's commission, finder's fee or similar payment, relating to this Agreement or the transactions contemplated by this Agreement.

(l) **Employees.** Except as provided in the Employee Fact Sheet, NHHI does not have any Employees.

4.3 **Representations and Warranties of Tay relating to THI and the Promissory Note**

Tay represents and warrants to the Buyer as follows and acknowledges that, except as otherwise expressly provided herein, the Buyer is relying on such representations and warranties in connection with the transactions contemplated herein:

(a) **Organization and Status.** THI is a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario and has the corporate power to own or lease its property and assets and to carry on its Business.

(b) **Power and Capacity**. THI has all necessary power and authority to own the LDC Shares held by it, to enter into this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder.

(c) **Enforceability**. This Agreement has been duly executed and delivered by such Seller and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of the Seller enforceable against such Seller in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(d) **Authorized and Issued Capital of THI**. The authorized share capital of THI consists of an unlimited number of common shares, of which only the THI Shares are issued and outstanding and are held by Tay. Tay is the registered and beneficial owner of the THI Shares, with good and marketable title thereto, free and clear of all Encumbrances, and Tay has the exclusive right to dispose of the THI Shares pursuant to the terms of this Agreement.

(e) **Assets of THI.** THI is the sole legal and beneficial owner of 700 common shares in the capital of the LDC registered in its name and has no other assets other than the assets set forth in the Pre-Closing Transactions Agreement.

(f) **No Liabilities.** THI has no liabilities other than as disclosed in the THI Financial Statements and for Taxes for the current year for which full payment, estimated in good faith, has been made in advance to the applicable Governmental Authority.

(g) **Bankruptcy.** THI is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. THI has not initiated proceedings with respect to a compromise or arrangement with its creditors. No receiver or interim receiver has been appointed in respect of THI or any of its undertakings, property or assets (including any of the THI Shares) and no execution or distress has been levied on any of its undertakings, property or assets (including any of the THI Shares), nor have any proceedings been commenced in connection with any of the foregoing.

(h) **Financial Statements.** The THI Financial Statements fairly and accurately reflect the financial position, the assets and liabilities of THI as they existed on the date of same and the results of the operation of its business for the twelve (12) month period ended on the date of the THI Financial Statements and have been prepared on a basis consistent with the preceding fiscal years, except where noted in the THI Financial Statements.

(i) **Litigation.** There are no actions, Claims, suits or proceedings pending or, to the Knowledge of Tay, threatened against or affecting THI at law or in equity, or before or by any federal, provincial, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or by or before an arbitrator or arbitration board.

(j) **Corporate Records.** The corporate records and minute books of THI in the Data Room are in all material respects a complete and accurate record of the material business transacted at meetings of, and contain all resolutions passed by, the directors and sole shareholder of THI. To the Knowledge of Tay, the corporate records and minute books of THI have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects.

(i) **Taxes.**

(A) THI is exempt from Tax under the Tax Act and the *Taxation Act, 2007* (Ontario), but is required to make PILs payments under the Electricity Act in an amount equal to the Tax that it would be liable to pay under the Tax Act and the *Taxation Act, 2007* (Ontario) if it were not exempt from Tax under those statutes.

(B) All Tax Returns required by applicable Tax Law to be filed on or before the Closing Date by or on behalf of THI have been or will be duly filed on a timely basis in compliance with their due dates under applicable Tax Law with the appropriate Governmental Authorities on or before the Closing Date. Each of those Tax Returns is or will be true, correct and complete in all material respects.

(C) THI has duly, and on a timely basis, paid or remitted all Taxes required to be paid or remitted by it on or before the Closing Date, including all Taxes shown as due and owing on all Tax Returns, all Taxes assessed or reassessed by any Governmental Authority, all Taxes held in trust or deemed to be held in trust for any Governmental Authority, and all instalments on account of Taxes for the current year.

(D) All Taxes required to be deducted, withheld or remitted by THI under any applicable Tax Law from amounts paid or credited by it to or for the account or benefit of any Person, including Taxes on payments to any of its present or former Employees, officers or directors and Taxes on payments to any Person who is a non-resident of Canada, have been properly deducted, withheld and remitted on a timely basis to the appropriate Governmental Authorities.

(E) There are no audits, actions, assessments, reassessments, suits, proceedings, investigations or Claims in progress or, to the Knowledge of the Sellers, threatened or pending against the LDC in respect of any such Taxes and, to the Knowledge of the Sellers, there exists no facts that would reasonably give rise to an audit, action, assessment, reassessment (including to address a technical issue), suit, proceeding, investigation or Claim in respect of any such Taxes. THI is not party to any agreement or undertaking with respect to Taxes.

(k) **No Broker.** THI has not retained any financial advisor, broker, agent or finder, or entered into any agreement entitling any Person to any broker's commission, finder's fee or similar payment, relating to this Agreement or the transactions contemplated by this Agreement.

(l) **Employees.** THI does not have any Employees.

(m) **Promissory Note**. Tay is the legal and beneficial owner of the Promissory Note and on Closing, will be the legal and beneficial holder of the Amended and Restated Tay Promissory Note.

4.4 **Representations and Warranties of the Sellers relating to the LDC**

Each Seller represents and warrants to the Buyer as follows and acknowledges that, except as otherwise expressly provided herein, the Buyer is relying on such representations and warranties in connection with the transactions contemplated herein:

(i) **Organization**. The LDC is a corporation duly incorporated and validly subsisting under the laws of the Province of Ontario and has the corporate power to own or lease its property and assets and to carry on the Business.

(ii) **Authorized and Issued Capital of the LDC**. On Closing, the authorized share capital of the LDC shall consist of an unlimited number of common shares, of which only the 10,000 shares are issued and outstanding, with 700 common shares being held by THI and 9,300 common shares being held by NHHI. The LDC has no outstanding rights, options or warrants to acquire equity capital.

(iii) **Amended and Restated Tay Promissory Note**. On Closing, Tay will hold the Amended and Restated Tay Promissory Note.

(iv) **No Other Agreements to Purchase**. No Person has any Contract or any right or privilege (whether by law, pre-emptive or contractual) binding upon or which at any time in the future may become binding upon the Seller to acquire or obtain in any other way an interest to require the LDC to allot or issue any shares.

(v) **No Violations**. Neither the execution nor delivery of this Agreement nor the completion of the transactions herein contemplated will result in:

(A) the violation of any provision of the by-laws or other constating documents of the Sellers;

(B) the violation of any Contract to which the Seller or the LDC is a party or by which the Seller, the LDC or any of their respective properties or assets is bound, which would have a Material Adverse Effect on the Seller's ability to perform its obligations under this Agreement;

(C) the contravention of any judgment, order writ, injunction or decree of any Governmental Authority; or

(D) subject to obtaining the regulatory approvals sought pursuant to Section 5.3(a) and the Competition Act Clearance sought pursuant to Section 5.3(b), the violation of any terms or provisions of any Applicable Law of any Governmental Authority having jurisdiction over the Sellers or the LDC which would have a Material Adverse Effect on the Seller's ability to perform its obligations under this Agreement.

(vi) **Corporate Records.** The corporate records and minute books of the LDC in the Data Room are in all material respects a complete and accurate record of the material business transacted at meetings of, and contain all resolutions passed by, the directors and shareholders of the LDC. The corporate records and minute books of the LDC have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects.

(vii) **Restrictive Covenants.** Except for the Financing Agreement and the distribution licence issued to the LDC by the OEB, the LDC is not bound by or affected by any Contract containing any covenant expressly limiting its ability to compete in any line of business, or limiting its ability to transfer or move any of its assets or operations, or any covenant that could reasonably be expected to have a Material Adverse Effect.

(viii) **Consents and Approvals**. Except as set out in Sections 5.2, 5.3(a), and 5.3(b), there is no requirement for the Seller or the LDC to make any filing with, give any notice to or obtain any license, permit, certificate, registration, authorization, consent or approval of, any (i) Governmental Authority or regulatory authority as a condition to the lawful consummation of the transactions contemplated by this Agreement or (ii) third party under any Material Contract in order to consummate the transactions contemplated by this Agreement.

(ix) **Compliance with Applicable Laws**. The LDC has complied in all material respects with all Applicable Laws applicable to the Business.

(x) **Subsidiaries**. The LDC has no Subsidiaries. The LDC does not own or hold, directly or indirectly, any Securities of, and does not have any other interest in, any Person and, the LDC has not entered into any agreement to acquire any such interest.

(xi) **Real Property.**

(A) **Real Property:**

(1) Schedule 4.4(xi) of the Confidential Disclosure Schedule sets forth a list of all of the lands owned by the LDC in fee simple, including their proper and complete legal description.

(2) Schedule 4.4(xi) of the Confidential Disclosure Schedule is complete and accurate and the LDC has good title to such interests in owned Real Property subject only in each case to Permitted Encumbrances.

(3) All Real Property is legally and beneficially owned by the LDC with good and marketable title thereto, free and clear of all Encumbrances other than Permitted Encumbrances and it (including all Fixtures thereon) is in compliance in all material respects with all Applicable Laws.

(4) The LDC has the exclusive right to possess and dispose of each of the Real Property, free and clear of any Encumbrances other than Permitted Encumbrances.

(5) Except as disclosed in the Data Room, the LDC has all rights of ingress and egress to and from the Real Property necessary to operate in all material respects in the Normal Course of Business.

(6) Except as disclosed in the Data Room, the LDC is the only occupant of any of the Real Property.

(7) Except as disclosed in the Data Room and the rights of first refusal granted to Tay for the ROFR Properties pursuant to this Agreement:

a) No Person has any option or right of any kind to purchase all or any part of the Real Property; and

b) no Person, other than LDC, and any occupants disclosed in the Data Room, is using or has any right to use, or is in or has any right to possession or occupancy of, any part of the Real Property.

(8) Copies of the surveys to the Real Property have been provided to the Buyer in the Data Room, which, to the Knowledge of the Sellers, are the most up-to-date surveys relating to the Real Property.

(9) To the Knowledge of the Sellers, the surveys provided to the Buyer in the Data Room accurately identify the location of all buildings and other improvements erected on the Real Property. The buildings and other improvements erected on the Real Property are situated wholly within the lot lines of the Real Property and either comply with all applicable set-back requirements of the local municipality in all material respects or constitute a legal non-conforming use.

(10) Except as disclosed in the Data Room, all of the plant, buildings, structures, erections, improvements, fixtures and appurtenances on or forming part of the Real Property are in good operating condition and in a state of good maintenance and repair adequate and suitable for the purposes for which they are currently being used by the LDC, other than ordinary wear and tear.

(11) The LDC has not received any notification of, and to the Knowledge of the Sellers there does not exist any outstanding deficiency notice or work order, or any pending deficiency notice or work order, in respect of any of the Real Property. To the Knowledge of the Sellers, the Real Property, including the buildings and other improvements erected on them, the current operation, maintenance and uses of them, and the operations carried on from them in each case within the Normal Course of Business of the LDC, complies in all material respects with all applicable building and zoning Applicable Laws and all material restrictions relating to the Real Property.

(12) Except as disclosed in the Data Room:

a) no Person has applied for a re-zoning of any part of the Real Property; and

b) to the Knowledge of the Sellers, there is no proposed or pending change to any zoning affecting any part of the Real Property.

(13) To the Knowledge of the Sellers, there are no matters, including any building or use restrictions, affecting the right, title and interest of the LDC in and to any of the Real Property that, in the aggregate, would materially affect the ability to operate the LDC in the Normal Course of Business on the Real Property or, to the Knowledge of the Sellers, that would result in a Material Adverse Effect on the ability to carry on any other activity currently carried on upon the Real Property.

(14) All of the tangible personal property located on the Real Property is legally and beneficially owned by the LDC, except those items of tangible personal property:

i) leased under the Leased Property; or

ii) owned by the occupants disclosed in the Data Room.

(15) All accounts for work and services performed and materials placed or furnished upon or in respect of the Real Property at the request of the LDC and the Sellers have been fully paid and

satisfied and no one is entitled to claim a lien under the *Construction Act* (Ontario) against any part of the Real Property.

(16) There is nothing owing in respect of the Real Property by the LDC to any municipal corporation, or to any other Person owning or operating a public utility or other distributor, for the supply or use of water, gas, electrical power or energy, steam or hot water, other than current accounts accrued in Normal Course of Business of the LDC in respect of which the payment due date has not yet passed.

(17) No part of the Real Property has been taken or expropriated by any Governmental Authority, and no notice or proceeding in respect of any such expropriation has been given or commenced.

(B) **Leased Property and Leased LDC Property:**

(1) Schedule 4.4(xi) sets forth a list of all the Leased Property and Leased LDC Property.

(2) Schedule 4.4(xi) is complete and accurate and the LDC and all leases for such Leased Property and Leased LDC Property are in good standing (true and complete copies of such leases have been provided to the Buyer in the Data Room).

(3) Except for the Leased Property and Leased LDC Property, except as provided for in the Data Room, the LDC is not a party as lessee or lessor to any lease or agreement in the nature of a lease or any other type of occupancy agreement relating to any real property.

(4) LDC has all rights of ingress and egress to and from the Leased Property and Leased LDC Property necessary to operate in all material respects in the Normal Course of Business of the LDC.

(5) The Leased Property and Leased LDC Property were entered into on an arm's length basis, on normal market terms and in the ordinary course of the Sellers' Business.

(6) All rental and other payments required to be paid by the LDC as tenant under the Leased Property, or to be received by LDC as landlord of the Leased LDC Property, have been duly paid to date and LDC is not otherwise in default of its obligations under any of the Leased Property or Leased LDC Property. No event exists that, with the passing of time or the giving of notice, or both, would constitute a default by LDC as tenant or landlord under the relevant Leased Property lease or Leased LDC Property lease by either party to any Leased Property lease and no party to any Leased Property lease or Leased LDC Property lease has delivered written notice claiming any such default or, to the Knowledge of

the Sellers, taking any action purportedly based upon any such default.

(7) The LDC has not waived, or omitted to take any action in respect of, any of their rights under the Leased Property leases or Leased LDC Property leases.

(8) The LDC has not received any notification of, and to the Knowledge of the Sellers there does not exist any outstanding deficiency notice or work order, or any pending deficiency notice or work order, in respect of any of the Leased Property or Leased LDC Property. The Leased Property and Leased LDC Property, including the buildings and other improvements erected on them, the current operation, maintenance and uses of them, and the operation of the carried on from them in each case within the Normal Course of Business of the LDC, complies in all material respects with all applicable building and zoning Applicable Laws and all material restrictions relating to the Leased Property or the Leased LDC Property.

(9) Except as disclosed in the Data Room, all of the plant, buildings, structures, erections, improvements, fixtures and appurtenances on or forming part of the Leased Property or the Leased LDC Property are in good operating condition and in a state of good maintenance and repair, adequate and suitable for the purposes for which they are currently being used by the LDC or the tenants of the Leased LDC Property.

(10) Except as disclosed in the Data Room:

a) no Person has applied for a re-zoning of any part of the Leased Property or Leased LDC Property; and

b) to the Knowledge of the Sellers, there is no proposed or pending change to any zoning affecting any part of the Leased Property or Leased LDC Property.

(11) Except as disclosed in the Data Room, there are no matters, including any building or use restrictions, affecting the right and interest of the LDC in and to any of the Leased Property or Leased LDC Property that, in the aggregate, would materially affect the ability to operate the LDC in the Normal Course of Business of the LDC on the Leased Property or, to the Knowledge of the Sellers, that would result in a Material Adverse Effect on the ability to carry on any other activity currently carried on upon the Leased Property or Leased LDC Property.

(12) All of the tangible personal property located on the Leased Property or Leased LDC Property is owned by the LDC or Sellers, except those items of tangible personal property:

a) leased under the Leased Property; or

b) owned by the occupants of the Leased LDC Property leases.

(13) All accounts for work and services performed and materials placed or furnished upon or in respect of the Leased Property or Leased LDC Property have been fully paid and satisfied, and no one is entitled to claim a lien under the *Construction Act* (Ontario) against any part of the Leased Property or Leased LDC Property.

(14) There is nothing owing in respect of the Leased Property or Leased LDC Property to any municipal corporation, or to any other Person owning or operating a public utility or other distributor, for the supply or use of water, gas, electrical power or energy, steam or hot water, other than current accounts accrued in the Normal Course of Business of the LDC in respect of which the payment due date has not yet passed.

(15) No part of the Leased Property or Leased LDC Property has been taken or expropriated by any Governmental Authority, and no notice or proceeding in respect of any such expropriation has been given or commenced.

(16) Except as disclosed in the Data Room, there have been no material leasehold improvements to the Leased Property or Leased LDC Property.

(C) **Registered and Unregistered Easements:**

(1) The Data Room contains all the registered and unregistered easements of which (i) the LDC and, as it relates to the Real Property, the Leased LDC Property or the Leased Property, (ii) the Sellers, have the burden and/or benefit (the "**Easements**").

(2) The LDC has good and valid rights to the Easements. The Easements are in full force and effect, enforceable in accordance with their terms, and have not been modified, terminated, amended, assigned, subordinated, or waived, in each case in any manner whatsoever, except as may be set forth in the Data Room. There is no default under any of the Easements and such Easements constitute all rights and interests necessary and sufficient for the continued use, occupancy, access to, and operation in the Normal Course of Business of the LDC. No consent, approval, notice, filing, or other action is required to

preserve, maintain, or continue the Easements in connection with the Transaction, furthermore, the Transaction will not result in a termination, impairment, or diminution of any of the Easements. To the Knowledge of the Sellers, all the Easements and all rights in the nature of easements and rights-of-ways that are material to the use or operation of the Real Property in the Normal Course of Business of the LDC are duly recorded or otherwise enforceable against successors and assigns, run with the land or are otherwise assignable to Buyer without material cost or liability (other than routine recording fees), and are not subject to any claims of forfeiture, reversion, termination, or right of first refusal or similar right. There are no pending or, to the Knowledge of the Sellers, threatened actions by any Governmental Authority or third party to condemn, terminate, relocate, materially modify, or otherwise materially adversely affect any Easement, and neither the LDC nor the Sellers have received written notice of any such action. All amounts due and payable under the Easements have been paid and, to the Knowledge of the Sellers, no amounts are delinquent or subject to dispute. There are no unsatisfied conditions precedent, outstanding obligations, or required third-party consents under any Easement.

(xii) **Intellectual Property**.

(A) Schedule 4.4(xii)(A) sets forth a list of all Intellectual Property used in whole or in part by the Business, in each case specifying whether the item is owned by the LDC or used by the LDC under a licence agreement or arrangement from another Person. The LDC has valid rights to use such Intellectual Property in the Business. The Intellectual Property that is owned by the LDC is free and clear of any Encumbrance other than Permitted Encumbrances, and no Person other than the LDC has any right to that Intellectual Property except as disclosed on Schedule 4.4(xii)(A).

(B) The Sellers have no Knowledge that would cause them to believe that the conduct of the Business conflicts with, infringes upon or violates any rights in the Intellectual Property of any other Person.

(C) The LDC has not received any notice of any adverse claim, litigation or assertion of infringement, invalidity or unenforceability in respect of the Intellectual Property described in Schedule 4.4(xii)(A) and it is not a party to any litigation alleging that the conduct of the Business as now carried on by it infringes upon or breaches the rights of any other Person in Intellectual Property.

(xiii) **Commitments**. Except for the distribution licence issued to the LDC by the OEB, the LDC is not a party to or bound by any agreement, contract or commitment limiting the freedom of the LDC to engage in any line of business or to complete with another Person.

(xiv) **Employee Benefits**. Except as set forth in Schedule4.4(xiv), the LDC is not a party to or bound by or subject to any agreement or arrangement with respect to salaries, wages,

bonuses, commissions, fees, retirement, pension, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or other compensation plan or arrangement or other similar employee benefits (the "**Employee Benefits**").

(xv) **Collective Agreements**. Except for the agreements set out in Schedule 4.4(xv), the LDC has not made, and at Closing will not have any Contracts with any labour union or employee association nor made commitments to or conducted negotiations with any labour union or employee association with respect to any future agreements.

(xvi) **Employees**.

(A) The Buyer has been provided with a complete and accurate confidential list of the names of all individuals who are Employees of the LDC (which, for clarity, includes the sole employee of NHHI) specifying title, compensation, years of service, whether they are union or non-union, (whether active or non-active, and if not active, the reason why and period of time not active) and the benefits under the Employee Benefits to which they are entitled (the "**Employee Fact Sheet**").

(B) To the Knowledge of the Sellers, the LDC has no material unfunded liabilities with respect to its pension plans.

(C) To the Knowledge of the Sellers, no Employee, and no consultant with whom the LDC has contracted, is in material violation of any term of any employment contract, contract of engagement, services agreement, proprietary information agreement or any other agreement relating to the right of that individual to be employed, engaged or retained by the LDC, and, to the Knowledge of the Sellers, the continued employment or engagement by the LDC of the Employees will not result in any violation of those contracts or agreements. The LDC has not received any notice alleging that any violation of those contracts or agreements has occurred.

(D) Except as disclosed in the Employee Fact Sheet, all of the Employees are employed, engaged or retained for an indefinite term and none are subject to written employment agreements, contracts of engagement or services agreements. True and complete copies of any employment agreements, contracts of engagement or services agreements listed in the Employee Fact Sheet have been provided to the Buyer in the Data Room.

(E) There are no change of control or similar agreements or arrangements with any Employees, and neither the execution and delivery of this Agreement nor the completion of the transactions contemplated by this Agreement will result in any cash or other compensation or benefits becoming payable to any Employees.

(F) There are no Employment Law-related Claims pending, commenced or, to the Knowledge of the Sellers, threatened, and there are no outstanding

Employment Law-related orders, awards or rulings, in each case against the LDC that have or might reasonably be expected to have a Material Adverse Effect.

(xvii) **Insurance**. Schedule 4.4(xvii) sets forth all Insurance Policies (specifying the insurer, the amount of the coverage, the type of insurance, the policy number and any pending Claims thereunder) maintained by the LDC on its property and assets or personnel. To the Knowledge of the Sellers, all Insurance Policies are in full force and effect and the LDC:

(A) is not in default in the payment of premiums or otherwise, under any material term or condition of any of the Insurance Policies; or

(B) has not failed to give notice or present any Claim under any of the Insurance Policies in a due and timely fashion and in accordance with the terms of the Insurance Policies.

(xviii) **Environmental**.

(A) Except as described in Schedule 4.4(xviii):

(1) there are no active or abandoned underground or aboveground storage tanks located on any Real Property or Leased Property, except those that comply with applicable Environmental Laws;

(2) no Release of Hazardous Substances has occurred on or from any Real Property or Leased Property, except those that do not violate applicable Environmental Laws;

(3) the LDC has all Environmental Permits required for the conduct by the LDC of the Business and such Environmental Permits are valid, subsisting and in good standing and the LDC is in material compliance with those Environmental Permits; and

(4) to the Knowledge of the Sellers, there are no Hazardous Substances on any neighbouring or adjoining properties to any of the Real Property or Leased Property that may have a Material Adverse Effect on the Business, or any of the Real Property or Leased Property.

(B) The Business, the Real Property and Leased Property have been and are being owned, occupied and operated in material compliance with applicable Environmental Laws and there are no material breaches thereof and no enforcement actions in respect thereof are pending or, or, to the Knowledge of the Sellers, threatened which, in any such-case, would, either individually or in the aggregate, have, a Material Adverse Effect.

(C) There has been no order for Remediation issued to the LDC in respect of the Business, or with respect to any of the Real Property or Leased Property and, to the Knowledge of the Sellers, no order for Remediation is, to the Knowledge of

the Sellers, threatened, and there are no facts that could give rise to any order for Remediation by the LDC.

(D) The LDC has received no notice of an Environmental Claim, summons, order, direction or other communication relating to non-compliance with any Environmental Laws from any Governmental Authority or other third party.

(E) To the Knowledge of the Sellers, there are no pending or threatened matter, act or fact that could cause the LDC, the conduct of the Business, or any of the Real Property or Leased Property, to be no longer in compliance with all applicable Environmental Laws.

(xix) **Litigation**. There are no actions, Claims, suits or proceedings pending or, to the Knowledge of the Sellers threatened, against or affecting the LDC at law or in equity, or before or by any federal, provincial, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or by or before an arbitrator or arbitration board.

(xx) **Taxes**.

(A) The LDC is exempt from Tax under the Tax Act and the *Taxation Act, 2007* (Ontario), but is required to make PILs payments under the Electricity Act in an amount equal to the Tax that it would be liable to pay under the Tax Act and the *Taxation Act, 2007* (Ontario) if it were not exempt from Tax under those statutes.

(B) All Tax Returns required by applicable Tax Law to be filed on or before the Closing Date by or on behalf of the LDC have been or will be duly filed on a timely basis in compliance with their due dates under applicable Tax Law with the appropriate Governmental Authorities on or before the Closing Date. Each of those Tax Returns is or will be true, correct and complete in all material respects.

(C) The LDC has duly, and on a timely basis, paid or remitted all Taxes required to be paid or remitted by it on or before the Closing Date, including all Taxes shown as due and owing on all Tax Returns, all Taxes assessed or reassessed by any Governmental Authority, all Taxes held in trust or deemed to be held in trust for any Governmental Authority, and all instalments on account of Taxes for the current year.

(D) All Taxes required to be deducted, withheld or remitted by the LDC under any applicable Tax Law from amounts paid or credited by it to or for the account or benefit of any Person, including Taxes on payments to any of its present or former Employees, officers or directors and Taxes on payments to any Person who is a non-resident of Canada, have been properly deducted, withheld and remitted on a timely basis to the appropriate Governmental Authorities.

(E) Except as set out in Schedule 4.4(xx), there are no audits, actions, assessments, reassessments, suits, proceedings, investigations or Claims in progress or, to the Knowledge of the Sellers, threatened or pending against the LDC in respect of any such Taxes and, to the Knowledge of the Sellers, there exists no facts that would reasonably give rise to an audit, action, assessment, reassessment (including to address a technical issue), suit, proceeding, investigation or Claim in respect of any such Taxes. The LDC is not party to any agreement or undertaking with respect to Taxes.

(xxi) **Withholding**. The LDC has deducted, withheld, collected and remitted when due to each Governmental Authority, all Taxes which it is required to deduct, withhold, collect and remit. Without limiting the generality of the foregoing, the LDC has withheld from each amount paid or credited or deemed to have been paid or credited, and each taxable benefit conferred upon or distribution paid or deemed to have been paid to any of its past or present employees, officers or directors, and to any non-resident of Canada, the amount of all Taxes and other deductions required to be withheld therefrom, including without limitation, all employee and employer portions for Workers' Compensation, Canada Pension Plan, Unemployment Insurance and Employment Insurance and has paid the same to the proper tax or other receiving officers within the time required under any applicable legislation. The LDC has remitted to the appropriate Tax authority when required by law to do so all amounts collected by it on account of sales taxes, including HST. The LDC has not received any requirement, demand or request from any Governmental Authority pursuant to section 224 of the Tax Act or any similar provision of Applicable Law that remains unsatisfied in any respect.

(xxii) **Financial Statements**. The Initial Financial Statements fairly and accurately reflect the financial position, the assets and liabilities of the LDC as they existed on the date of same and the results of the operation of its business for the twelve (12) month period ended on the date of the Initial Financial Statements and have been prepared on a basis consistent with the preceding fiscal years, except where noted in the Initial Financial Statements.

(xxiii) **Accounts Receivable**. All accounts receivable of the LDC reflected in the Initial Financial Statements were created in the Normal Course of Business. The accounts receivable referred to in the Initial Financial Statements arose from bona fide transactions entered into by the LDC in the Normal Course of Business.

(xxiv) **Absence of Undisclosed Liabilities**. Except to the extent reflected or reserved in the Initial Financial Statements, or incurred subsequent to September 30, 2025 in the Normal Course of Business, the LDC does not have any material outstanding indebtedness or any liabilities or obligations (whether accrued, absolute, contingent, known, unknown or otherwise, including under any guarantee of any debt).

(xxv) **Inventories**. The Inventories have been accumulated by the LDC for use or sale in the Normal Course of Business, and are in good and marketable condition. The present levels of the Inventories are consistent with the levels of inventories that have been maintained by the LDC before the date of this Agreement in the Normal Course of Business in light of seasonal adjustments, market fluctuations and the requirements of customers of its Business.

(xxvi) **Material Contracts**. Other than as disclosed on Schedule 4.4(xxvi), there are no Material Contracts with respect to the LDC. The LDC is not in default or breach of any Material Contract, and there exists no state of facts that, after notice or lapse of time or both, would constitute a material default or material breach under any Material Contract. To the Knowledge of the Sellers, no counterparty to any Material Contract is in material default of any of its obligations under any Material Contract. The LDC is entitled to all benefits under each Material Contract, and the LDC has not received any written, or to the Knowledge of the Sellers, oral notice of termination of any Material Contract.

(xxvii) **Suppliers**. Schedule 4.4(xxvii) lists the LDC's fifteen (15) largest suppliers by aggregate monetary value for the 12-month period ended November 30, 2025. None of the suppliers listed on Schedule 4.4(xxvii) have advised the LDC, in writing or, to the Knowledge of the Sellers, orally that it is terminating, considering terminating its relationship with any of them, or considering negotiating its relationship with any of them on terms that would have a Material Adverse Effect on the LDC's Business.

(xxviii) **Absence of Unusual Transactions**. Except as disclosed in Schedule 4.4(xxviii), since the Initial Financial Statements, the LDC has not:

(A) Given any guarantee of any debt, liability or obligation of any Person;

(B) Subjected, or permitted to be subjected, any of its assets to any encumbrance other than Permitted Encumbrances;

(C) acquired, sold, leased or otherwise disposed of or transferred any material assets, other than in the Normal Course of Business;

(D) made or committed to any material capital expenditures, other than in the Normal Course of Business;

(E) declared or paid dividends or otherwise made any distribution or payment of any kind to any of its shareholders or any other person except as otherwise set forth in the Pre-Closing Transactions Agreement;

(F) redeemed, purchased or otherwise retired any of its shares or otherwise reduced its stated capital;

(G) entered into or became bound by any Contract, other than in the Normal Course of Business;

(H) amended or terminated any Contract (except for Contracts that expire by the passage of time) resulting in a Material Adverse Effect on the LDC;

(I) waived or released any rights that it has or had, or any debts owed to it, resulting, collectively or individually, in a material and adverse effect on the Business, condition (financial or otherwise), properties, assets (tangible or intangible), liabilities (contingent or otherwise), capitalization, operations, prospects or results of operations of the LDC;

(J) made any change in excess of (A) $250,000 in any compensation arrangement or agreement with any Employee or officer, director or shareholder of the Holdcos or the LDC; or (B) $100,000 in any compensation arrangement or agreement with any Employee or officer, director or shareholder of the Holdcos or the LDC without providing ten (10) Business Days' prior written notice to the Buyer;

(K) changed any method of accounting or auditing practices; or

(L) agreed or offered to do any of the things described above.

(xxix) **Rights to Use Personal Information**. All Personal Information in the possession of the LDC has been collected, used and disclosed in compliance with Data Protection Requirements in all material respects. The LDC has disclosed to the Buyer in the Data Room all Contracts and material facts concerning the collection, use, retention, destruction and disclosure by the LDC of Personal Information, and there are no other Contracts or material facts that, on completion of the transactions contemplated by this Agreement, would restrict or interfere with the use of any Personal Information by the LDC in the continued operation of its Business as conducted before the Closing. To the Knowledge of the Sellers, there are no Claims pending or threatened with respect to the LDC's collection, use or disclosure of Personal Information. The LDC maintains and enforces reasonable policies and procedures regarding cyber-security, data privacy, protection and security, sufficient for compliance with Data Protection Requirements. The LDC has implemented and maintains reasonable measures to protect the integrity and security of the information technology and to protect the Personal Information under the LDC's possession, custody or control against Data Security Incidents and are consistent with current leading industry standards and practices of a similar business operating in a similar industry. The LDC has established and has complied with at all times in all material respects, a written information security program that complies with Data Protection Requirements, and (A) includes administrative, technical and physical safeguards, controls and measures that are designed to protect the security and integrity of data (including Personal Information, trade secrets, and proprietary or confidential information), in the possession, custody or control of the LDC, (B) includes disaster recovery, business continuity, incident response, and security plans, procedures and facilities, and (C) is designed to protect against Data Security Incidents. There have been no Data Security Incidents that could reasonably have a Material Adverse Effect on the LDC. No (i) notices have been sent or received by LDC regarding any Data Security Incident or violation or potential violation of Data Protection Requirements nor have (ii) to the Knowledge of the Sellers, circumstances have arisen requiring LDC to notify a Governmental Authority or any other Person of, or notice issued by, or on behalf of, the LDC, to any Governmental Authority or any other Person in respect of, any Data Security Incident or actual or alleged violation of any Data Protection Requirements. The LDC has taken commercially reasonable steps to ensure all third parties, including vendors, Affiliates, and other Persons that collect, use or disclose Personal Information comply with all Data Protection Requirements and maintains an information security program that is sufficient to enable the LDC to comply with its Data Protection Requirements, and to the Knowledge of the Sellers, there is no non-compliance by any third parties with any Contracts or Data Protection Requirements in respect of the Business that would have a Material Adverse Effect on the LDC.

(xxx) **Data Security Incidents.** There have been no Data Security Incidents that would have a Material Adverse Effect on the LDC. The LDC has implemented and maintains reasonable measures to protect the integrity and security of the information technology and to protect the Personal Information under the LDC's possession, custody or control against Data Security Incidents and are consistent with current leading industry standards and practices of a similar business operating in a similar industry. The LDC has established and has complied with at all times in all material respects, a written information security program that complies with Applicable Laws, and (A) includes administrative, technical and physical safeguards, controls and measures that are designed to protect the security and integrity of data (including Personal Information, trade secrets, and proprietary or confidential information), in the possession, custody or control of the LDC, (B) includes disaster recovery, business continuity, incident response, and security plans, procedures and facilities, and (C) is designed to protect against Data Security Incidents.

(xxxi) **Product Warranties.** There are no Claims against the LDC with respect to its distribution licence issued by the OEB relating to the LDC's service standards, nor to the Knowledge of the Sellers, are any such Claims threatened or pending.

(xxxii) **No Broker**. The LDC has not retained any financial advisor, broker, agent or finder, or entered into any agreement entitling any Person to any broker's commission, finder's fee or similar payment, relating to this Agreement or the transactions contemplated by this Agreement.

4.5 **Representations and Warranties of the Buyer**

The Buyer represents and warrants to the Sellers as follows and acknowledges that, except as otherwise expressly provided herein, the Sellers are relying on such representations and warranties in connection with the transactions contemplated herein:

(i) **Organization**. The Buyer is a corporation duly amalgamated and validly subsisting under the laws of the Province of Ontario.

(ii) **Corporate Power and Due Authorization**. The Buyer has all requisite statutory power, authority and capacity to enter into, and to perform its obligations under this Agreement. The Buyer has duly taken, or has caused to be taken, all action required to be taken by the Buyer to authorize the execution and delivery of this Agreement by the Buyer and the performance of its obligations hereunder.

(iii) **Binding Agreement**. This Agreement has been duly executed by the Buyer and will, upon delivery, constitute a valid and binding obligation of the Buyer, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. Each of the contracts, agreements and instruments required by this Agreement to be delivered by the Buyer will, at the Closing, have been duly executed and delivered by it and will be enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(iv) **Consents and Approvals**. Except for the OEB Approval and Competition Act Clearance, there is no requirement for the Buyer to make any filing with or give any notice to any Governmental Authority or to obtain any permit or approval from any other Person (including, for clarity, the consent or approval of any creditor or lender of the Buyer), as a condition to the lawful completion of the Transaction.

(v) **Bankruptcy**. The Buyer is not an insolvent Person within the meaning of the Bankruptcy and Insolvency Act (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Buyer has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.

(vi) **No Violations**. Neither the execution nor delivery of this Agreement nor the completion of the Transaction will result in the violation of:

(A) any provision of the by-laws or other constating documents of the Buyer,

(B) any Contract to which the Buyer is a party or by which the Buyer is bound, which would have a Material Adverse Effect on the Buyer's ability to perform its obligations under this Agreement; or

(C) subject to obtaining the regulatory approvals sought pursuant to Section 5.3(a) and Competition Act Clearance sought pursuant to Section 5.3(b), any terms or provisions of any Applicable Law of any Governmental Authority having jurisdiction over the Buyer which would have a Material Adverse Effect on the Buyer's ability to perform its obligations under this Agreement.

(vii) **Financial Statements.** The Buyer Financial Statements fairly and accurately reflect the financial position, the assets and liabilities of the Buyer as they existed on the date of same and the results of the operation of its business for the twelve (12) month period ended on the date of the Buyer Financial Statements and have been prepared on a basis consistent with the preceding fiscal years, except where noted in the Buyer Financial Statements.

(viii) **No Broker**. Except for BMO Nesbitt Burns Inc. and BFL CANADA Risk and Insurance Services Inc., the Buyer has not retained any financial advisor, broker, agent or finder, or entered into any agreement entitling any Person to any broker's commission, finder's fee or similar payment, relating to this Agreement or the transactions contemplated by this Agreement. The Buyer will not take any action that could cause the Sellers to become liable for any brokerage commission, finder's fee or other similar arrangement including those payable to BMO Nesbitt Burns Inc. and BFL CANADA Risk and Insurance Services Inc.

(ix) **Financial Capability**. The Buyer has sufficient funds in place to pay the Equity Securities Purchase Price and the Promissory Note Payout Amount on the Closing Date on the terms and conditions contained in this Agreement.

(x) **Litigation**. There are no actions, suits, judgments, investigations, proceedings or other adverse claims outstanding, pending or, to the knowledge of the Buyer, threatened against or affecting the Buyer that would affect the Buyer's ability to accept a transfer of the Purchased Securities in accordance with this Agreement.

(xi) **Accredited Investor**. The Buyer is an "accredited investor" within the meaning of that term in National Instrument 45-106 – Prospectus Exemptions.

(xii) **Residency**. The Buyer is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada). The Buyer is not a "non-resident" for Tax purposes.

ARTICLE 5
COVENANTS

5.1 Covenants of the Buyer

(a) Rate Freeze. Following the Closing, the Buyer shall cause the LDC to maintain customer base electricity distribution rates at the 2026 rate amounts for all classes of customers of the LDC for the years 2027 and 2028, subject to approval from the OEB, unless an inflationary increase is authorized by the OEB and the Transitional Committee (defined below). Notwithstanding the foregoing, the Buyer will not be in breach of this Section 5.1(a) in the event the Buyer cannot satisfy part or all of its obligations hereunder on the basis that the Closing occurs on or after the deadline required to file a rate base application with the OEB for such applicable year.

(b) Capital Expenditure. Commencing January 1, 2028, and continuing annually until December 31, 2032, the Buyer shall invest a minimum of $12,000,000 per annum in the Service Territory, subject to receipt of all necessary or desirable approvals from the OEB, and supported by the LDC's capital investment plan for the period.

(c) Transitional Committee. The Buyer will, as soon as practicable and in any event no later than the Termination Expiry Date, establish a committee (the "**Transitional Committee**"). The term of the Transitional Committee, along with its composition, matters for which they will be consulted, and governing procedures are included on Schedule 5.1(c) hereto.

(d) Employment Guarantee and Location Guarantee. The Buyer hereby covenants and agrees that it will, subject to its rights to dismiss for Cause and the remaining provisions of this Section 5.1(d), continue or otherwise cause the continued employment with the LDC, the Buyer or an Affiliate of the Buyer of each Employee who is an Employee on the Closing Date as outlined in the Employee Fact Sheet, including the same or no less favourable: (i) benefits in the aggregate; (ii) compensation; and (iii) position and seniority. The Buyer's covenant in this Section 5.1(d) in respect of each Employee on the Closing Date will commence on the Closing Date and end on the earliest of (i) the exercise by the Buyer of its dismissal rights for Cause as provided herein, (ii) the retirement of such Employee, and (iii) the voluntary or mutually agreed departure, or resignation of such Employee. All Employees will be eligible for training and professional development programs offered by the Buyer. The Buyer further covenants not to relocate an Employee without that Employee's prior written consent until January 1, 2031. Any relocation of an Employee

following such date may occur without their prior written consent so long as the relocation is to a location within a territory in which the Buyer, the LDC, or any of their Affiliates service customers; provided that, the Buyer shall make commercially reasonable efforts to keep Employees in their current territory. From and after the Closing Date, Employees may apply for positions within the Buyer and its Affiliates and will be considered for such positions on a fair and equitable basis with other employees of the Buyer and its Affiliates, with credit for their seniority and service with the LDC and/or NHHI, as applicable.

(e) Employee-Related Matters. The Buyer acknowledges that from and after Closing, it shall be responsible for all obligations owing to present and former Employees, and the Employees' respective beneficiaries of the LDC and the Holdcos and their predecessors and of the Business relating to such employment, including all obligations and liabilities relating to wages, severance pay, notice of termination of employment or pay in lieu of such notice, damages for wrongful dismissal or other Employee Benefits or claims, including vacation pay, regardless of whether these arose before or after Closing. From and after the Time of Closing the Buyer shall indemnify and save harmless the Sellers from and against any and all Losses, damages, expenses, liabilities, Claims and demands whatsoever made or brought against the Sellers by any Employee, association or trade union or by any Governmental Authority or any other Person or body which in any way pertains to or arises out of such liability including, without limiting the generality of the foregoing, any and all Losses, damages, expenses, liabilities, Claims and demands whatsoever with respect to wages, severance pay, notice of termination of employment or pay in lieu of such notice, damages for wrongful dismissal or other Employee Benefits or claims, including vacation pay, and including any interest, award, judgment or penalty relating thereto and any costs or expenses incurred by the Sellers in defending any such claim or demand.

(f) Books and Records. The Buyer shall preserve the Books and Records delivered by the Sellers to it pursuant to this Agreement for a period of eight (8) years from the Closing Date, or for such longer period as is required by any Applicable Law, and will permit the Sellers or their authorized Representatives reasonable access thereto in connection with the affairs of the Sellers relating to its matters, but the Buyer will not be responsible for or liable to the Sellers for or as a result of any accidental loss or destruction of or damage to any Books and Records; provided that the Buyer caused the LDC and/or the Holdcos, as applicable, to maintain such Books and Records with the same care and diligence that it maintains its own records.

5.2 **Covenants of the Sellers**

(a) Conduct of Business. Except as contemplated by this Agreement, during the Interim Period, the Sellers will cause the Holdcos and the LDC to:

(i) operate the Business in the Normal Course of Business consistent with past practices (except as may be otherwise required or contemplated by the provisions of this Agreement and the Pre-Closing Transactions Agreement);

(ii) except upon receipt of the Transitional Committee's approval, acting reasonably, not enter into or amend any Material Contract;

(iii) not, without the Transitional Committee's written approval (which may be withheld), take any actions, including the filing of the rate base application with the OEB, to pursue a new customer base electricity distribution rates for the 2027 year (or a subsequent calendar year prior to Closing), unless an inflationary increase is authorized by the OEB; and

(iv) not, without the Transitional Committee's approval, acting reasonably, make any amendment to the articles of incorporation or by-laws or other constating documents of the Holdcos or the LDC.

During the period from execution of this Agreement to the Closing Date, the LDC shall be prohibited from declaring and paying dividends to the Holdcos, other than dividends that are declared consistent with past practices or dividends or distributions that are made in connection with, or in further of, the transactions that are set forth the Pre-Closing Transactions Agreement. Notwithstanding Section 5.2(a)(i), the Holdcos shall be permitted to declare dividends outside the Normal Course of Business, including in furtherance of the transfer of any Excluded Assets.

(b) Rights of Access. During the Interim Period, the Sellers shall cause the LDC and the Holdcos to provide:

(i) during ordinary business hours and upon reasonable notice and subject to compliance with all Applicable Law, this Agreement and the Confidentiality Agreement, reasonable access to the Books and Records, management, Contracts, Intellectual Property, insurance policies, premises, properties and other information relating to the Business; and

(ii) as the Buyer may reasonably request, such updated financial and operating data relating to the LDC and the Holdcos.

(c) Consents. The Sellers shall use commercially reasonable efforts to cause the LDC to obtain each of the Consents, Approvals and Waivers applicable to the LDC, prior to Closing.

(d) Pre-Closing Tax Return and Post-Closing Tax Obligations. The Sellers shall cause the LDC and the Holdcos to prepare on a timely basis all Tax Returns required to be filed by the LDC and the Holdcos for all Pre-Closing Tax Periods ending before the Closing Date that were not filed prior to the Closing Date (each a "**Outstanding Pre-Closing Tax Return**"). The Buyer shall cause the LDC and the Holdcos to file with the appropriate Governmental Authorities the Outstanding Pre-Closing Tax Returns. The Buyer shall pay or remit to the appropriate Governmental Authorities all amounts in respect of Taxes required to be paid or remitted by the LDC and the Holdcos for all periods, including those periods prior to and ending on the day immediately preceding the Closing Date. The Sellers and the Buyer shall co-operate fully with each other and make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation of any Tax Return of the LDC and the Holdcos for a period ending on, before or including the Closing Date and for purposes of applying to any Governmental Authority for any ruling in respect of Taxes and shall preserve such data and other information until the expiration of any applicable limitation period under any Applicable Law with respect to Taxes. For purposes of calculating the portion of the Taxes attributable to a Straddle Period that should

be allocated to a Pre-Closing Tax Period, such amount will be determined as follows: (i) in the case of property Taxes and other Taxes imposed on a periodic basis without regard to income, gross receipts, payroll, sales, withholding or any specific transaction or event, deemed to be the amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period and (ii) in the case of all other Taxes (including, for the avoidance of doubt, income, PILs payroll, sales, HST, and withholding Taxes), determined as though the taxable year of the LDC and the Holdcos terminated at the end of the day immediately preceding the Closing Date.

(e) 1160 Stellar Drive. The Sellers shall use commercially reasonable efforts to dedicate Part 26 on Reference Plan 65R-8672 as part of the public road accessing the property municipally known as 1160 Stellar Dr., Newmarket that forms part of the Real Property prior to Closing.

(f) Update of Registered Title. Prior to the Closing Date, the Sellers will have updated the parcel registers of each property listed below to reflect that the name of the registered owner of each of the properties is the LDC:

(i) 2892 Triple Bay Road, Port McNicoll, Ontario;
(ii) 0 Columbus Way, Newmarket, Ontario;
(iii) 301 Main Street North, Newmarket, Ontario;
(iv) 326 Pine Street, Tay, Ontario;
(v) 48 Mulock Street, Newmarket, Ontario;
(vi) 489 Finlayson Street, Tay, Ontario;
(vii) 52 Mill Road Tay, Ontario;
(viii) 530 Kent Drive/0 Mulock, Newmarket, Ontario;
(ix) 935 Mulock Drive East, Newmarket, Ontario;
(x) 0 Mulock, Whitchurch, Ontario;
(xi) 0 Robinson Dr. S/S Whitchurch, Newmarket, Ontario; and
(xii) 71 Pedersen Dr., Aurora, Ontario.

(g) Update of Registered Title. Prior to the Closing Date, the Sellers will have updated the parcel register of the property municipally known as 590 Steven Court, Newmarket Ontario to reflect the name of the registered owner of the property as Newmarket.

(h) Right of First Refusal Agreements.

Prior to Closing:

(i) Tay will enter into right of first refusal agreements with the LDC in respect of the ROFR Properties (the "**ROFR Agreements**"), in form and substance agreed to by the Buyer, acting reasonably, and which ROFR Agreements will provide that such right of first refusal will be to purchase the ROFR Properties at either the then fair market value of the applicable ROFR Property or the price offered to the LDC by a third party; and

(ii) the Sellers will register such ROFR Agreements on title to the respective ROFR Properties.

(i) Amended and Restated Tay Promissory Note.

Prior to Closing, the LDC, Tay and THI will execute and deliver to the Buyer an amended and restated promissory note, which will be made on the same terms as the Promissory Note, to amend the principal amount owing thereunder to $1,752,731 (the "**Amended and Restated Tay Promissory Note**"). The Amended and Restated Tay Promissory Note will amend, restate and supersede the Promissory Note in its entirety.

5.3 **Mutual Covenants**

(a) Cooperation with MAADs Application. Each of the Parties shall use commercially reasonable efforts to cooperate with one another to prepare, including preparation of any required financial statements in accordance with IFRS, and submit to the OEB, the application seeking the OEB's approval in respect of the transactions contemplated under this Agreement (the "**MAADs Application**") as soon as practicable following the Termination Expiry Date and in the event that no definitive agreement in respect of an Acquisition Proposal has been entered into by Sellers and/or the Holdcos, so that the OEB Approval can be obtained as soon as reasonably possible, and in any event prior to the Outside Date. Subject to the Buyer's reimbursement of the Professional Fees, all the costs and expenses incurred by the Sellers in connection with the application for the OEB Approval shall be borne by each Party.

(b) Competition Act Clearance.

(i) The Buyer shall, as promptly as possible after the day that is sixty (60) days following the Termination Expiry Date in the event that no definitive agreement in respect of an Acquisition Proposal has been entered into by the Sellers and/or the Holdcos, submit to the Commissioner a request for an Advance Ruling Certificate or, in the alternative, a "no action" letter, together with a request for a waiver in accordance with section 113(c) of the Competition Act. If Competition Act Clearance is not obtained within 45 days of the submission of the request for an Advance Ruling Certificate or, in the alternative, a "no action" letter, together with a request for a waiver in accordance with section 113(c) of the Competition Act, then unless the Parties agree otherwise in writing, the Buyer shall make, and the Sellers shall and/or shall cause the LDC to make, a premerger notification filing with the Commissioner in accordance with Part IX of the Competition Act by no later than 14 days after such 45th day.

(ii) The filing fee payable in connection with the Competition Act Clearance shall be borne exclusively by the Sellers.

(c) Confidentiality.

(i) For the purposes of this Section 5.3(c), "**Confidential Information**" of a Party at any time means all information relating to that Party which at the time is of a confidential nature (whether or not specifically identified as confidential), is

known or should be known by the other relevant Party or its Representatives as being confidential, and has been or is from time to time made known to or is otherwise learned by the relevant other Party or any of its Representatives as a result of the matters provided for in this Agreement, and includes:

(A) the existence and the terms of this Agreement and of any other contract, agreement, instrument, certificate or other document to be entered into as contemplated by this Agreement;

(B) a Party's business records; and

(C) all Books and Records and all other information and documentation with respect to the LDC and the Holdcos, provided by the Sellers to the Buyer and its Representatives, including all notes, analyses, compilations, studies, summaries and other material prepared by the Buyer and its Representatives as a result of the Books and Records, information or documentation.

Notwithstanding the foregoing, Confidential Information does not include any information that at the time has become generally available to the public other than as a result of a disclosure by the other Party or any of its Representatives, any information that was available to the other Party or its Representatives on a non-confidential basis before the date of this Agreement or any information that becomes available to the other Party or its Representatives on a non-confidential basis from a Person (other than the Party to which the information relates or any of its Representatives) who is not otherwise bound by confidentiality obligations to the Party to which the information relates in respect of the information or otherwise prohibited from transmitting the information to the other Party or its Representatives.

(ii) Each Party shall (and shall cause each of its Representatives to) hold in strictest confidence and not use in any manner, other than as expressly contemplated by this Agreement, all Confidential Information of the other Parties.

(iii) Subject to 5.3(d), Section 5.3(c)(ii) shall not apply to the disclosure of any Confidential Information where that disclosure is required by Applicable Law. In that case, the Party required to disclose (or whose Representative is required to disclose) shall, as soon as possible in the circumstances, notify the other Parties of the requirement of the disclosure including the nature and extent of the disclosure and the provision of Applicable Law pursuant to which the disclosure is required. To the extent possible, the Party required to make the disclosure shall, before doing so, provide to the other Parties the text of any disclosure. On receiving the notification, the other Parties may take any reasonable action to challenge the requirement, and the affected Party shall (or shall cause the applicable Representative to), at the expense of the other Parties, assist the other Parties in taking that reasonable action. Notwithstanding the foregoing, no disclosure shall be made of the amount of the Equity Securities Purchase Price, unless and to the extent required by Applicable Law.

(iv) In the event that this Agreement is terminated in accordance with the provisions hereof,

(A) the Buyer hereby covenants and agrees that it, and its Affiliates, shall keep confidential, in accordance with the terms of the Confidentiality Agreement and this Agreement, any and all information and trade secrets received by the Buyer from the Sellers and/or the Holdcos, whether or not received prior to or after the date of this Agreement, concerning the business and affairs of the Sellers and/or the LDC.

(B) the Buyer shall:

(1) promptly return to the Sellers and/or the Holdcos all documents, computer disks, other forms of electronic storage or other materials furnished by the Sellers, the Holdcos or the LDC or by any of their respective Representatives to the Buyer or its Representatives constituting Confidential Information, together with all copies and summaries thereof in the possession or under the control of the Buyer or its Representatives and materials generated by the Buyer or its Representatives that include or refer to any part of the Confidential Information, without retaining a copy of any such material; or

(2) alternatively, provided that the prior written consent of the Sellers and the Holdcos has been obtained, promptly destroy all documents or other matters constituting Confidential Information in the possession or under the control of the Buyer or its Representatives;

and the Buyer shall confirm such return and/or destruction of Confidential Information to the Sellers and the Holdcos in writing and certified by two senior officers of the Buyer;

(C) the Buyer shall promptly destroy the portion of the Confidential Information which consist of analyses, compilations, forecasts, studies, other material or documents prepared by the Buyer or its Representatives and shall confirm such destruction in writing and certified by two senior officers of the Buyer;

(D) any oral or visual Confidential Information will continue to be subject to the terms of the Confidentiality Agreement and the terms of this Section 5.3(c); and

(E) the Buyer shall not, directly, use for its own purposes, any Confidential Information discovered or acquired by the Buyer's Representatives as a result of the Sellers, the Holdcos or the LDC making available to them any Confidential Information.

(d) Public Statements. Prior to Closing, no Party shall issue or make any public announcement or press release (a "**Public Announcement**") with respect to this Agreement or the Transaction or other transactions contemplated hereby without the prior written consent of the Buyer and the Sellers, which consent shall not be unreasonably withheld or delayed, except as may be required by Applicable Law or a Governmental Authority; but the Parties may make statements or other public disclosure without such prior written consent that is consistent with a Public Announcement to which such consent has previously been obtained. If such disclosure is required by Applicable Law or a Governmental Authority, the Party required to make such disclosure shall, if practicable, provide prior notice to the other Parties of such requirement, the nature thereof, and the nature of the proposed disclosure, and shall limit the scope of such disclosure to the extent necessary to comply with such requirement. Upon the completion of the Transaction, the Parties shall issue a mutually acceptable press release.

(e) Consents Approvals and Waivers. Each Party shall keep the other Party reasonably informed as to the status of the proceedings related to obtaining Consents, Approvals and Waivers, including by:

(i) providing the other Party (or its external counsel on an external counsel only basis in respect of competitively sensitive information) with copies of all related correspondence, applications and notifications to obtain any Consents, Approvals, or Waivers in draft form;

(ii) permitting the other Party (or its external counsel on an external counsel only basis in respect of competitively sensitive information) to review, in draft form, and consider incorporating such Party's reasonable comments in, any communication to be given to a Governmental Authority with respect to obtaining any Consents, Approvals, or Waivers;

(iii) promptly furnishing the other Party (or its external counsel on an external counsel only basis in respect of competitively sensitive information) with copies of notices or other communications received by the Party from, or given by the Party to, a Governmental Authority with respect to the Transaction; and

(iv) not initiating or participating in any meeting or discussion related to the transactions contemplated by this Agreement, in person, by telephone or videoconference, with a Governmental Authority unless, to the extent not prohibited by the Commissioner, the Party gives the other Party, or its external legal counsel, the opportunity to attend such meeting or discussion.

(f) Co-operation and Compliance. Subject to the terms and conditions of this Agreement and Applicable Law, each of the Parties shall use commercially reasonable efforts to take; or cause to be taken, all action, to (i) do, or cause to be done, in a timely manner all things necessary, proper or advisable to consummate and make effective, as soon as reasonably practicable, the Transaction and other transactions contemplated hereby, (ii) ensure satisfaction of the conditions precedent to each Party's obligations under this Agreement and (iii) ensure that the representations and warranties over which it has reasonable control are true and correct at the Time of Closing.

(g) Transfer of Purchased Securities. On Closing, the Sellers shall sell, and the Buyer shall purchase, the Purchased Securities, as set out in Section 2.1(a), and the Sellers and the Buyer shall execute and deliver any transmittal instruments required in connection therewith.

(h) Notice of Breaches by Other Parties. Prior to Closing each Party shall, as soon as practicable after they become aware of the same, provide written notice to the other Parties if they have actual knowledge of a breach of representation, warranty or covenant of another Party hereto, except with respect to the representations and warranties of the Sellers as set out in Section 4.4(xi). For clarity, neither Party will deliver any notices under this Section 5.3(h) with respect to the representations and warranties of the Sellers as set out in Section 4.4(xi).

5.4 **Exclusivity and Notice of Discussions**

Subject to Section 5.5, during the Interim Period, neither the Sellers, the Holdcos, nor their Representatives or Affiliates will, directly or indirectly, solicit offers from, enter into any Contracts with, or provide any non-public information to, any third party for or relating to the transfer or sale of either or both of (i) the Sellers' interest in the Holdcos, or (ii) either of the Holdcos' interest in the LDC, nor shall the Sellers, the Holdcos or their respective Representatives or Affiliates, directly or indirectly, solicit offers from, enter into any Contracts with, or provide any non-public information to, any third party for or relating to the transfer or sale of (i) the Purchased Securities, or (ii) any assets or liabilities of the LDC, other than in the Normal Course of Business.

5.5 **Go-Shop Option**

(a) Notwithstanding Section 5.4 of this Agreement, during the Go-Shop Period, the Sellers and the Holdcos shall be permitted to, directly or indirectly:

(i) solicit, initiate, encourage or otherwise facilitate any inquiry, proposal or offer, that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(ii) enter into or otherwise engage or participate in any discussions or negotiations with any person regarding any inquiry, proposal or offer, that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(iii) subject to the entry into, and in accordance with, a confidentiality agreement containing terms that are not less favourable in the aggregate than those contained in the Confidentiality Agreement (an "**Acceptable Confidentiality Agreement**"), furnish to any other Person, provide copies of, access to, or disclosure of, any non-public information with respect to the business, properties, assets, operations, Books and Records, prospects or conditions (financial or otherwise) of the Sellers, the LDC and the Holdcos, excluding a copy (whether or not executed) of this Agreement or the Pre-Closing Transactions Agreement; or

(iv) otherwise cooperate in any way with, or assist to participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing.

The Sellers shall be entitled to provide other Persons with a copy of the SPA Summary.

(b) The Buyer shall not, and shall cause each of its Affiliates and their Representatives not to, take any action that such Person knows will interfere with or prevent the participation of any Person, including any Representative of the Buyer and of any bank, investment bank or other potential provider of debt or equity financing, in negotiations and discussions permitted by this Section 5.5; provided that, for certainty, this provision shall not prohibit the Buyer or its Affiliates from conducting their business in the ordinary course of their respective operations.

(c) As promptly as reasonably practicable, and in any event, within 24 hours following the earlier of (i) the Go-Shop Expiry Time, or (ii) the date a definitive agreement is entered into by the Sellers, the Holdcos and/or the LDC with a third party in respect of an Acquisition Proposal, the Sellers' shall notify the Buyer of the results of the Go-Shop Period. In the event the results of the Go-Shop Period do not yield a definitive agreement with a third party, the Sellers, the Holdcos, and the LDC shall, as of the Go-Shop Expiry Time, cease all solicitations, negotiations and other activities permitted under Section 5.5(a) with third parties and will (A) discontinue any and all access to and disclosure of information relating to the Holdcos, the LDC or any of their Businesses, including any data room access and (B) require all third parties to return or destroy any such disclosed information.

(d) In the event the Sellers, the Holdcos and/or the LDC enter into a definitive agreement with a third party in respect of an Acquisition Proposal during the course of the Go-Shop Period and until the date that is twelve (12) months following the date of this Agreement, the Sellers shall pay, by wire transfer of immediately available funds, a break fee to the Buyer equal to the sum of [redacted] (the "**Go-Shop Break Fee**"), provided that the No Transaction Break Fee paid by the Sellers pursuant to Section 8.1(e), if applicable, will be deducted from the Go-Shop Break Fee. The Sellers shall pay the Go-Shop Break Fee in accordance with their Pro Rata Share to the Buyer within five (5) Business Days of the entering into an agreement or document in respect of an Acquisition Proposal during the Go-Shop Period or on or before the date that is twelve (12) months following the date of this Agreement and, upon payment of the Go-Shop Break Fee, this Agreement will be automatically terminated and cease to be of any further force and effect without any further action of any Party.

5.6 **Reverse Break-Fee**

The Parties acknowledge, agree and confirm that no Reverse Break-Fee (as such term is defined in the Indication of Interest) was paid to any Party prior to the execution and delivery of this Agreement and that such provisions are of no further force and effect.

5.7 [redacted]

[redacted]

(i) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]



ARTICLE 6
CONDITIONS

6.1 Conditions to Obligations of the Buyer

(a) The obligations of the Buyer to complete the Transaction shall be subject to the fulfilment of the following conditions on or before the Closing Date:

(i) each of the Sellers shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with them on or prior to the Closing;

(ii) the representations and warranties of the Sellers set forth in this Agreement shall be true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations or warranties which (A) in the aggregate do not constitute a Material Adverse Effect or (B) relate to Section 4.4(xi);

(iii) the receipt of a tax ruling as described in Section 3.2(viii);

(iv) the Sellers shall have provided evidence to the Buyer that Newmarket has dedicated Part 26 on Reference Plan 65R-8672 as part of the public road accessing the property municipally known as 1160 Stellar Dr., Newmarket that forms part of the Real Property;

(v) not later than fifteen (15) days prior to the Closing Date, receipt by the Buyer from the Sellers of evidence satisfactory to the Buyer, acting reasonably, that the transactions under the Pre-Closing Transactions Agreement have been completed; and

(vi) the Sellers shall have delivered, or caused to be delivered the applicable closing deliveries described in Section 3.3.

(b) If any of the conditions contained in this Section 6.1 have not been performed, fulfilled or waived at or prior to the Time of Closing to the satisfaction of the Buyer, acting reasonably, the Buyer in its sole discretion may, by notice to the other Parties, terminate this Agreement

and the obligations of the Parties under this Agreement, other than the obligations contained in Sections 5.3(c), 5.3(d), and 9.3, provided that the Buyer may also bring an action pursuant to Article 7 against one or both of the Sellers for damages suffered by the Buyer where the non-performance or non-fulfilment of the relevant condition is as a result of a breach of covenant, representation or warranty by such Seller(s) or is subject to indemnification hereunder.

6.2 **Conditions to Obligations of the Sellers**

(a) The obligations of the Sellers to complete the transactions contemplated hereunder shall be subject to the fulfilment of the following conditions on or before the Closing Date:

(i) the Buyer shall have performed and complied in all material respects with the covenants and agreements contained in this Agreement which are required to be performed and complied with by the Buyer on or prior to the Closing;

(ii) the representations and warranties of the Buyer set forth in this Agreement shall be true and correct as at the Time of Closing with the same effect as if made at and as of the Time of Closing except for breaches of such representations or warranties which in the aggregate do not constitute a Material Adverse Effect;

(iii) the Buyer shall have delivered, or caused to be delivered to the Sellers the applicable closing deliveries described in Section 3.2;

(iv) the receipt of a tax ruling as described in Section 3.2(viii); and

(v) the Sellers shall not be liable for Transfer Tax or Departure Tax or any similar Tax in any successor statute, in relation to the sale or purchase of the Purchased Securities.

(b) If any of the conditions contained in this section 6.2 have not been performed or fulfilled at or prior to the Time of Closing to the satisfaction of the Sellers, acting reasonably, the Sellers may, in their sole discretion, by notice to the Buyer, terminate this Agreement and the obligations of the Parties under this Agreement, other than the obligations contained in Sections 5.3(c), 5.3(d), and 9.3, provided that each of the Sellers may also bring an action pursuant to Article 7 against the Buyer for damages suffered by either or both of them where the non-performance or non-fulfilment of the relevant condition is as a result of a breach of covenant, representation or warranty by the Buyer or is subject to indemnification hereunder.

6.3 **Mutual Conditions**

(a) In addition to the other conditions set forth herein, the obligations of each of the Parties to complete the Transaction shall be subject to the fulfilment on or before the Closing Date of the following conditions:

(i) no preliminary or permanent injunction or other order, judgment or decree by any Governmental Authority which restrains, enjoins or otherwise prohibits the

Transaction shall have been issued and remain in effect and no Applicable Law shall have been enacted which prohibits the Transaction;

(ii) the OEB Approval shall have been received, provided that no terms or conditions required by the OEB in connection therewith shall have a Material Adverse Effect on the LDC; and

(iii) Competition Act Clearance shall have been received.

(b) If any of the conditions contained in this Section 6.3 shall not be performed or fulfilled at or prior to the Time of Closing to the satisfaction of any Party, acting reasonably, such Party in its sole discretion may, by notice to the other Parties, terminate this Agreement and the obligations of the Parties under this Agreement, other than the obligations contained in sections 5.3(c), 5.3(d), and 9.3, provided that such Party may also bring an action pursuant to Article 7 against one or more other Parties for damages suffered by such Party where the non-performance or non-fulfilment of the relevant condition is as a result of a breach of covenant, representation or warranty by such other Parties or is subject to indemnification hereunder.

6.4 **Waiver of Conditions**

Subject to Article 8, any condition in this Article 6 may be waived in whole or in part by the Party entitled to the benefit of such condition (or so waived on such terms as may be agreed by such Party) without prejudice to any of its rights to indemnification pursuant to Article 7.

ARTICLE 7
INDEMNIFICATION

7.1 **Indemnification**

(a) Subject to Section 7.2, the Buyer (for the purposes of indemnity claims under this Section 7.1(a) hereinafter referred to as the "**Indemnifying Party**") shall indemnify and save harmless the Sellers and each of their respective officers, directors, employees, shareholders and agents (for the purposes of indemnity claims under this Section 7.1(a) hereinafter collectively referred to as an "**Indemnified Party**") from any and all Losses suffered or incurred by the applicable Indemnified Party relating to, in connection with or resulting from or arising out of any Claim or Third Party Claim in respect of:

(i) any breach by the Indemnifying Party of any representation and warranty contained in this Agreement, or incorrectness in any certificate furnished by the Indemnifying Party in accordance with this Agreement (except that the Indemnifying Party shall not be required to indemnify and save harmless such Indemnified Party in respect of any inaccuracy or breach of any such representation or warranty unless the Indemnified Party shall have provided notice to the Indemnifying Party in accordance with Section 7.3 on or prior to the expiration of the applicable time period related to that representation and warranty set out in Section 9.2);

(ii) any breach or non-performance by the Indemnifying Party of any covenants or other obligation contained in this Agreement contained in this Agreement or in any contract, certificate or other document delivered pursuant to this Agreement, provided that the Indemnified Party shall have provided notice to the Indemnifying Party in accordance with Section 7.3 on or prior to the third anniversary of the Closing Date;

(iii) if the Sellers elect to receive the Equity Securities Purchase Price pursuant to Section 2.2(a)(ii), any breach or non-performance by the Indemnifying Party of any covenants or other obligation contained in Section 2.3 of this Agreement; and

(iv) the reasonable expenses and fees (including reasonable legal fees) incurred by the Sellers in connection with the Sellers' enforcement of their rights under Section 2.3, if applicable, on a solicitor-and-client basis.

(b) The Buyer shall indemnify the Sellers, the Holdcos and the LDC from and against any liability for Tax, whether Transfer Tax, Departure Tax, income tax or any other Tax, exigible on the LDC, the Sellers or the Holdcos as a result of the Transaction contemplated by this Agreement.

(c) Each of the Sellers shall severally and not jointly (for the purposes of any indemnity claims under this Section 7.1(c) hereinafter referred to as the "**Indemnifying Party**") indemnify and save harmless the Buyer and its respective officers, directors, employees, shareholders and agents (for the purposes of any indemnity claims under this Section 7.1(c) hereinafter collectively referred to as an "**Indemnified Party**") from any and all Losses suffered or incurred by the applicable Indemnified Party relating to, in connection with or resulting from or arising out of any Claim or Third Party Claim in respect of:

(i) any breach or non-performance by the Indemnifying Party of any covenants or other obligation contained in this Agreement contained in this Agreement or in any contract, certificate or other document delivered pursuant to this Agreement, except in respect of Section 7.2(b); or

(ii) Fraud by the Indemnifying Party.

(d) Except as provided in Section 7.1(e), the indemnity contained in Section 7.1(c) that is in respect of covenant to be performed by the Sellers under this Agreement that, by its nature is required to be performed after the Closing, shall survive until such covenants are fully performed or fulfilled.

(e) Notwithstanding anything contained in this Article 7 to the contrary, any indemnity claim brought under this Article 7 which is based upon intentional misrepresentation or Fraud may be brought at any time.

(f) Each Indemnifying Party respectively hereby appoints the Buyer and the Sellers, as applicable, as trustee for its respective Indemnified Parties that are not party to this Agreement of the covenants of such Indemnifying Party in this Article 7 and each of the Buyer and the Sellers, as applicable, respectively agrees to accept such trust and to hold and enforce such covenants on behalf of the applicable Indemnified Party.

(g) All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Equity Securities Purchase Price for Tax purposes, unless otherwise required by Applicable Laws.

7.2 **Limitations** [redacted]

(a) [redacted]

[redacted]

[redacted]

(ii) [redacted]

[redacted]

(iii) [redacted]

(iv) [redacted]

(c) [redacted]

(d) [redacted]

7.3 **Notice of Claim**

(a) Promptly on becoming aware of any circumstances which have given or could give rise to a Claim of indemnification under this Article 7, the Indemnified Party shall notify the Indemnifying Party in writing of those circumstances. That notice shall specify whether the Losses arise as a result of a Claim by a Person against the applicable Indemnified Party (a "**Third Party Claim**") or whether the Losses do not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent the information is available) the factual basis for the Claim and the amount of the Losses, if known.

(b) If, through the fault of the applicable Indemnified Party, the applicable Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, in addition to any rights it may have under Section 9.2, the applicable Indemnifying Party shall be entitled to set off against the amount claimed by the applicable Indemnified Party the amount of any Losses incurred by the applicable Indemnifying Party resulting from the applicable Indemnified Party's failure to give that notice on a timely basis.

7.4 **Direct Claims**

With respect to any Direct Claim, following receipt of notice from the applicable Indemnified Party of the Direct Claim, the applicable Indemnifying Party shall have sixty (60) days to make such investigation of the Direct Claim as is considered necessary or desirable. For the purpose of that investigation, the applicable Indemnified Party shall make available to the applicable Indemnifying Party the information relied on by the applicable Indemnified Party to substantiate the Direct Claim, together with such information as the applicable Indemnifying Party may reasonably request. If the Parties agree at or prior to the expiry of such sixty (60) day period (or agree to any extension of this period) to the validity and amount of that Direct Claim, the applicable Indemnifying Party shall immediately pay to the applicable Indemnified Party the full amount as agreed to by such Parties of the Direct Claim.

7.5 **Third Party Claims**

(a) With respect to any Third Party Claim, the applicable Indemnifying Party shall be entitled (but not required), at its expense, to participate in or assume the conduct of the negotiations, settlement or defence of the Third Party Claim and, in that event, the applicable Indemnifying Party shall reimburse the applicable Indemnified Party for all of the applicable Indemnified Party's reasonable out-of-pocket expenses as a result of that participation or assumption.

(b) If the applicable Indemnifying Party elects to assume the conduct of the negotiations, settlement or defence of the Third Party Claim, the applicable Indemnifying Party shall be entitled to retain counsel on behalf of the applicable Indemnified Party to represent the applicable Indemnified Party of that Third Party Claim in any Third Party Claim for which the applicable Indemnifying Party elects to assume that conduct, the applicable Indemnified Party shall have the right to participate in the negotiation, settlement or defence of that Third Party Claim and to retain separate counsel to act on its behalf but the fees and disbursements of that counsel shall be at the expense of the applicable Indemnified Party unless:

(i) the applicable Indemnified Party determines, acting reasonably, that actual or potential conflicts of interests exist which make representation chosen by the applicable Indemnifying Party not advisable (such as where the named parties to that Third Party Claim include both the applicable Indemnifying Party and the applicable Indemnified Party, and the defences available to the applicable Indemnified Party are different or in addition to those available to the applicable Indemnifying Party); or

(ii) the applicable Indemnifying Party has authorized the retention of that counsel.

(c) If the applicable Indemnifying Party, having elected to assume that conduct, thereafter fails to defend the Third Party Claim within a reasonable time, the applicable Indemnified Party shall be entitled to assume that conduct, and the applicable Indemnifying Party shall be bound by the results obtained by the applicable Indemnified Party with respect to that Third Party Claim. If any Third Party Claim is of a nature such that the applicable Indemnified Party is required by Applicable Law to make a payment to any Person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the applicable Indemnified Party shall provide prior written notice of that payment to the applicable Indemnifying Party and thereafter may make that payment and the applicable Indemnifying Party shall, forthwith after demand by the applicable Indemnified Party, reimburse the applicable Indemnified Party for that payment. If the amount of any liability of the applicable Indemnified Party under the Third Party Claim in respect of which that payment was made, as finally determined, is less than the amount that was paid by the applicable Indemnifying Party to the applicable Indemnified Party, the applicable Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of that difference to the applicable Indemnifying Party.

7.6 Settlement of Third Party Claims

If the applicable Indemnifying Party fails to assume conduct of the defence of any Third Party Claim, the applicable Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the applicable Indemnifying Party assumes conduct of the negotiation, settlement or defence of any Third Party Claim, the applicable Indemnifying Party shall not settle any Third Party Claim without the written consent of the applicable Indemnified Party, which consent cannot be unreasonably withheld or delayed, except that the liability of the applicable Indemnifying Party shall be limited to the proposed amount if any such consent is not obtained for any reason and the applicable Indemnified Party shall indemnify and save harmless the applicable Indemnifying Party from and against any Losses resulting from or arising out of the failure of the applicable Indemnified Party to consent to that settlement.

7.7 Co-operation

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to that Third Party Claim (including supplying copies of all relevant documentation promptly as it becomes available). Where the defence of a Third Party Claim is being undertaken and conducted by the Indemnifying Party, the Indemnified Party shall use all reasonable efforts to make available to the Indemnifying Party, at the request and expense of the Indemnifying Party, those employees of the Indemnified Party whose assistance, testimony or presence is reasonably necessary to assist the Indemnifying Party in evaluating and defending that Third Party Claim.

7.8 Gross-up

If an Indemnified Party is subject to Taxes in respect of the receipt of an amount pursuant to this Agreement or this Article 7, after taking into account any offsetting deduction or Tax credit available in respect of the applicable Losses, then the amount payable by the Indemnifying Party shall be increased by an amount (the "**Increased Amount**") such that the Indemnified Party shall be in the same position after paying Tax on the amount received hereunder, including any Taxes payable on the Increased Amount, as

the Indemnified Party would have been in had the Losses giving rise to such payment not arisen and had such amount not been payable.

7.9 **Effect of Waiver**

The waiver of any condition relating to any representation, warranty or covenant will not affect the right to indemnification under this Article 7 based on that representation, warranty or covenant.

7.10 **Exclusivity**

[redacted]

7.11 **Insurance**

Nothing in this Agreement shall in any way restrict or limit the general obligation at Applicable Laws of an Indemnified Party to mitigate any Losses which it may suffer or incur by reason of the breach by an Indemnifying Party of any representation, warranty or covenant under this Agreement. Without limiting the foregoing, if any Direct Claim or Third Party Claim can be reduced by any recovery under or pursuant to any insurance policy that may be maintained by an Indemnified Party such Indemnified Party shall take all commercially reasonable steps to make a claim and collect under such insurance policy. If the amount of Losses incurred by an Indemnified Party at any time is reduced by any recovery, settlement or any insurance proceeds actually received under an insurance policy, the Indemnified Party shall promptly repay to the Indemnifying Party (to the extent that Losses in respect of such matter have been paid) the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith) up to the amount of such Losses.

7.12 **Trust and Agency**

The Buyer accepts each indemnity in favour of any of the Indemnified Parties referred to in Section 7.1(c) (the "**Buyer Indemnified Parties**") that is not a Party as agent and trustee of the Buyer Indemnified Parties and may enforce any such indemnity in favour of that Buyer Indemnified Party on behalf of that Buyer Indemnified Party. The Sellers accept each indemnity in favour of any of the Indemnified Parties referred to in Section 7.1(a) (the "**Sellers Indemnified Parties**") as agent and trustee of that Sellers Indemnified Party and may enforce any such indemnity in favour of that Sellers Indemnified Party on behalf of that Sellers Indemnified Party.

7.13 [redacted]

[redacted]

[redacted]

ARTICLE 8
TERMINATION

8.1 **Termination**

(a) This Agreement may be terminated at any time prior to the Closing Date by mutual written consent of the Parties.

(b) This Agreement will be automatically terminated in accordance with Section 5.5(d) following payment of the Go-Shop Break Fee.

(c) In addition to the provisions of Article 6, this Agreement may be terminated by either the Buyer or the Sellers, if:

(i) an injunction, order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated under this Agreement have been issued by a Governmental Authority, and such injunction, order, judgment or decree has become final and non-appealable; or

(ii) any Applicable Law has been enacted by a Governmental Authority which, directly or indirectly, prohibits the consummation of any of the transactions contemplated hereby;

(d) This Agreement may be terminated by the Buyer:

(i) in the event of an occurrence of a Material Adverse Effect in respect of the LDC; or

(ii) if any condition set out in sections 6.1 or 6.3 that has not been waived by the Buyer has not been satisfied at or before the Outside Date, provided that the failure to satisfy such condition is not the result, directly or indirectly of the Buyer's breach of this Agreement.

(e) This Agreement may be terminated by the Sellers at any time during the period ended on the day that is sixty (60) days following the Go-Shop Expiry Time (such date being the "**Termination Expiry Date**") on written notice to the Buyer and the Sellers' payment of the No Transaction Break Fee to an account designated in writing by the Buyer within five (5) Business Days of the delivery of such notice. For greater certainty, following the end of such sixty (60) day period, the Sellers shall have no further termination right other than as provided for in Sections 8.1(a), (c) and (f).

(f) This Agreement may be terminated by any of the Sellers if any condition set out in Sections 6.2 or 6.3 that has not been waived by that Seller has not been satisfied at or before the Outside Date, provided that the failure to satisfy such condition is not the result, directly or indirectly by the breach of this Agreement by the Sellers.

8.2 **Procedure and Effect of Termination**

In the event of termination of this Agreement pursuant to any provision of this Article 8, written notice thereof shall forthwith be given by the terminating Party to the other Parties, whereupon, with the exception of sections 5.3(c), 5.3(d), and 9.3, and, subject to the next sentence, the obligations of the Parties under this Agreement shall be terminated. A Party may promptly submit a Direct Claim, to be resolved in accordance with Article 7, if applicable, against one or more of the other Parties for damages suffered by that Party where the termination of this Agreement is as a result of a violation or breach of, or non-performance of or non-compliance with, a covenant or agreement or a representation and warranty of one or more of the other Parties hereunder.

ARTICLE 9
GENERAL PROVISIONS

9.1 **Notices**

Any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given by facsimile, e-mail or other means of electronic communication or by hand-delivery as provided below. Any such notice or other communication, if sent by facsimile, e-mail or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand, shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this Section 9.1. Notices and other communications shall be addressed as follows:

(a) in the case of Newmarket:

395 Mulock Drive
P.O. Box 328 Station Main,
Newmarket, ON, L3Y 4X7

Attention: Ian McDougall
email: imcdougall@newmarket.ca

with a copy (not constituting notice) to:

Borden Ladner Gervais LLP
22 Adelaide Street W.
Suite 3400
Toronto, ON M5H 4E3

Attention: Mark Rodger

Email: mrodger@blg.com

(b) in the case of Tay:

450 Park Street,
P.O. Box 100
Victoria Harbour, ON, L0K 2A0

Attention: Andrea Fay
E-mail: afay@tay.ca

with a copy (not constituting notice) to:

Borden Ladner Gervais LLP
22 Adelaide Street W.
Suite 3400
Toronto, ON M5H 4E3

Attention: Mark Rodger
Email: mrodger@blg.com

(c) in the case of NHHI:

395 Mulock Drive
P.O. Box 328 Station Main,
Newmarket, ON, L3Y 4X7

Attention: Ian McDougall
email: imcdougall@newmarket.ca

with a copy (not constituting notice) to:

Borden Ladner Gervais LLP
22 Adelaide Street W.
Suite 3400
Toronto, ON M5H 4E3

Attention: Mark Rodger
Email: mrodger@blg.com

(d) in the case of THI:

450 Park Street,
P.O. Box 100
Victoria Harbour, ON, L0K 2A0

Attention: Andrea Fay
E-mail: afay@tay.ca

with a copy (not constituting notice) to:

Borden Ladner Gervais LLP
22 Adelaide Street W.
Suite 3400
Toronto, ON M5H 4E3

Attention: Mark Rodger
Email: mrodger@blg.com

(e) in the case of the Buyer:

2185 Derry Road West
Mississauga, Ontario
L5N 7A6

Attention: Vinay Mehta
E-mail: vinay.mehta@alectra.com

with a copy (not constituting notice) to:

Gowling WLG (Canada) LLP
1 First Canadian Place
100 King Street W.
Suite 1600
Toronto, ON M5X 1G5

Attention: Robert Hull
Email: Robert.hull@gowlingwlg.com

Notwithstanding the foregoing, any notice or other communication required or permitted to be given by any Party pursuant to or in connection with any arbitration procedures contained in this Agreement or in any Schedule to this Agreement may only be delivered by hand. The failure to send or deliver a copy of a notice to counsel shall not invalidate any notice given under this Section 9.1.

9.2 **Survival of Representations and Warranties, Covenants and Obligations**

(a) [redacted]

(b) The representations and warranties given or made by the Buyer in this Agreement or in any certificate or other writing furnished in connection with this Agreement shall survive the Closing for a period of two (2) years after the Closing Date and shall thereafter terminate and be of no further force or effect.

(c) The covenants of the Buyer and the Sellers, as applicable, that by their terms apply or are to be performed in their entirety on or prior to the Closing shall terminate at the Closing. Each covenant of the Buyer or the Sellers, as applicable, that by its nature is required to be performed after the Closing, shall survive until such covenant is fully performed or fulfilled, provided that Section 7.2(b) shall survive indefinitely. For clarity, Section 2.3, Section 7.1(a)(iii) and Section 7.1(a)(iv) will survive the Closing Date in full force and effect if the Sellers elect to receive the Equity Securities Purchase Price pursuant to Section 2.2(a)(ii).

9.3 **Expenses**

Except to the extent specifically provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including the cost of legal, technical and financial advisers and consultants and the cost of filing for and obtaining the required Consents, Approvals and Waivers shall be borne by the Party incurring such costs and expenses.

9.4 **No Third Party Beneficiary**

Except as provided for in Section 7.12, this Agreement is solely for the benefit of the Parties and no third party accrues any benefit, claim or right of any kind pursuant to, under, by or through this Agreement.

9.5 **No Personal Liability Re: Certificates**

All certificates delivered by a corporate officer or director in accordance with this Agreement shall be delivered in such official capacity without personal liability to any such individual.

9.6 **Entire Agreement and Paramountcy**

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior negotiations, understandings and agreements between the Parties, written or oral, in respect thereof, including the Indication of Interest and the Initial SPA.

9.7 **Further Assurances**

Each Party hereby covenants and agrees that at any time and from time to time after the Closing Date it will, upon the request of the other Parties, or any one of them, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers, conveyances and assurances as may be reasonably required for the better carrying out and performance of all the terms of this Agreement.

9.8 **Remedies Cumulative**

Except as set forth in this Agreement, the rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

9.9 **Waiver, Amendment**

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Party or Parties to be bound thereby. No waiver of any provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, no such waiver shall constitute a waiver of any other provision of this Agreement nor constitute a continuing waiver, or operate as a waiver of, or estoppel with respect to, any subsequent failure to comply.

9.10 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same agreement.

9.11 **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein.

9.12 **Time of Essence**

Time shall be of the essence hereof.

9.13 **Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. In respect of any provision so determined to be unenforceable or invalid except where Section 2.3(d)(iii) is applicable, the Parties agree to negotiate in good faith to replace the unenforceable or invalid provision with a new provision that is enforceable and valid in order to give effect to the business intent of the original provision to the extent permitted by law and in accordance with the intent of this Agreement. For clarity, there will be no obligation of the parties to negotiate in good faith with respect to Section 2.3(d)(iii) only.

9.14 **No Partnership**

Nothing contained in this Agreement, nor any acts of the Parties hereunder, shall be deemed to constitute any Party as a partner of any other Party.

9.15 **Assignment**

The rights of the Parties hereunder shall not be assignable.

9.16 **Successors and Assigns**

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors. Nothing herein, express or implied, is intended to confer upon any Person, other than the Parties hereto and their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have duly authorized and executed this Agreement as of the date first above written.

Authorized at the Closed Session Special Council meeting held on December 15, 2025, Recommendation 5 and at the Closed Session Special Council meeting held on February 26, 2026, Recommendation #7 and 9; and Newmarket Hydro Holdings Inc. By-Law No.1, Clause 13

NEWMARKET HYDRO HOLDINGS INC.

Per: _____

Name: Ian McDougall
Title: Director

TAY HYDRO INC.

Per: 

Name: Andrea Fay
Title: Director

CORPORATION OF THE TOWN OF NEWMARKET

Authorized at the Closed Session Special Council meeting held on December 15, 2025, Recommendation 4 and at the Closed Session Council Meeting held on February 26, 2026, Recommendation #7

Per: JOHN TAYLOR

Name: John Taylor
Title: Mayor

Per:

Name: Ian McDougall
Title: Chief Administrative Officer

THE CORPORATION OF THE TOWNSHIP OF TAY

Per: _____

Name: Ted Walker
Title: Mayor

Per: _____

Name: Andrea Fay
Title: Chief Administrative Officer/Deputy Clerk

ALECTRA INC.

Per: _____

Name: Brian Bentz
Title: President and Chief Executive Officer

CONFIDENTIAL DISCLOSURE SCHEDULE

to

SECURITIES PURCHASE AGREEMENT

between

CORPORATION OF THE TOWN OF NEWMARKET

- and –

THE CORPORATION OF THE TOWNSHIP OF TAY

As the Sellers

- and –

NEWMARKET HYDRO HOLDINGS INC.

- and –

TAY HYDRO INC.

As the Holdcos

- and -

ALECTRA INC.

As the Buyer

- regarding -

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Dated as of January 10, 2026

This Confidential Disclosure Schedule, dated as of January 10, 2026, is being delivered by the Sellers pursuant to the Share Purchase Agreement, dated as of January 10, 2026, between the Sellers, the Holdcos, and the Buyer (the "**Agreement**"). Capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Agreement.

The disclosure of any item in this Confidential Disclosure Schedule is a disclosure of that item for all purposes for which such disclosure is required under the Agreement and is disclosure in respect of all appropriate sections of this Confidential Disclosure Schedule.

This Confidential Disclosure Schedule is qualified in its entirety by reference to provisions of the Agreement, and is not intended to constitute, and shall not be construed as constituting, representations or warranties of the Sellers, except and to the extent expressly provided in the Agreement.

The inclusion of an item in a section to this Confidential Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by the Sellers that such item represents an exception or material fact, event or circumstance, or that such item has had or is reasonably likely to have a Material Adverse Effect or that such item meets or exceeds a dollar threshold specified for disclosure in the Agreement, except in each case to the extent expressly provided in the Agreement. Further, (a) no disclosure in this Confidential Disclosure Schedule relating to any possible breach or violation of any Contract, Applicable Law or any potential adverse contingency shall be construed as an admission or indication that any such breach or violation exists or has actually occurred or that such adverse contingency will actually occur, (b) any disclosures contained in this Confidential Disclosure Schedule which refer to a document are qualified in their entirety by reference to the text of such document, (c) this Confidential Disclosure Schedule may include items or information that the Sellers are not required to disclose under the Agreement, and disclosure of such items or information or any items or information shall not affect (directly or indirectly) the interpretation of the Agreement or the scope of the disclosure obligations thereunder and do not constitute a determination by the Sellers that such item or information is material and shall not be deemed to establish a standard of materiality, (d) nothing in this Confidential Disclosure Schedule shall expand the scope or effect of the representations and warranties set forth in the Agreement and the Confidential Disclosure Schedule and the information and disclosures contained in this Confidential Disclosure Schedule are intended only to qualify and limit the representations, warranties, covenants and agreements of the Sellers contained in the Agreement and shall not be deemed to expand in any way the scope or effect of any of such representations, warranties, covenants or agreements and (e) an admission of liability or obligation of the Holdcos or the LDC to any third party.

[signature page follows]

IN WITNESS WHEREOF the Parties have duly authorized and executed this Confidential Disclosure Schedule as of the date first above written.

NEWMARKET HYDRO HOLDINGS INC.

Per: _____

Name: Ian McDougall
Title: Director

TAY HYDRO INC.

Per: 

Name: Andrea Fay
Title: Director

CORPORATION OF THE TOWN OF NEWMARKET

Per: JOHN TAYLOR

Name: John Taylor
Title: Mayor

Per:

Name: Ian McDougall
Title: Chief Administrative Officer

THE CORPORATION OF THE TOWNSHIP OF TAY

Per: Ted Walker

Name: Ted Walker
Title: Mayor

Per: Andrea Fay

Name: Andrea Fay
Title: Chief Administrative Officer / Deputy Clerk

ALECTRA INC.

Per: _____

Name: Brian Bentz

Title: President and CEO, Alectra Inc.

Schedules

Schedule 4.4(xi)	Real Property
Schedule 4.4(xii)(A)	Intellectual Property
Schedule 4.4(xiv)	Employee Benefits
Schedule 4.4(xv)	Collective Agreements
Schedule 4.4(xvii)	Insurance
Schedule 4.4(xviii)	Environmental
Schedule 4.4(xx)	Taxes
Schedule 4.4(xxvi)	Material Contracts
Schedule 4.4(xxvii)	Suppliers
Schedule 4.4(xxviii)	Absence of Unusual Transactions

Schedule 4.4(xi)

Real Property

Municipal Address (if available)	PIN and Legal Description	Leased/Owned
OWNED PROPERTY		
301 Main Street North E/S, Newmarket, Ontario (also known as 0 Main St. N E/S, Newmarket, Ontario)	PIN 03556-0359 (LT) PCL C-1 SEC M74; PT BLK C PL M74, PT 1 65R2996; S/T LT16934 NEWMARKET	Owned
48 Mulock Drive, Newmarket, Ontario	PIN 03625-0488 (LT) PT LT 90 CON 1 WHITCHURCH PTS 1, 2 & 3, 65R6903; S/T R367013E NEWMARKET	Owned
0 Robinson Drive S/S Whitchurch, Newmarket, Ontario	PIN 03594-0152 (LT) PT LT 92 CON 1 WHITCHURCH, PT 8, 65R28265; NEWMARKET	Owned
	PIN 03594-0153 (LT) PT LT 92 CON 1 WHITCHURCH, PT 1, 65R25972 SAVE AND EXCEPT PTS 8 & 9, 65R28265; NEWMARKET	
1160 Stellar Drive, Newmarket, Ontario (also known as 0 Stellar Dr., Newmarket, Ontario)	PIN 03558-0142 (LT) PT LOT 3, CON 3 NEG PT 27, 65R8672; NEWMARKET	Owned
1210 Twinney Drive, Newmarket, Ontario (also known as 0 Twinney Dr., Newmarket, Ontario)	PIN 03619-0079 (LT) PT LT 35 CON 3 WHITCHURCH PTS 2, 3 & 6 65R2010; S/T A13542A,R168637E,R174974,R174975 NEWMARKET; TOGETHER WITH AN EASEMENT OVER PART BLOCK 5, PLAN 65M3871, NEWMARKET BEING PART 1, PLAN 65R-39847 AS IN YR350943	Owned
0 Mulock Drive N/S, Newmarket, Ontario (also known as 530	PIN 03607-0290 (LT) PT BLK B PL 541 NEWMARKET PT 1, 65R84 ; NEWMARKET	Owned

Municipal Address (if available)	PIN and Legal Description	Leased/Owned
Kent Drive, Newmarket, Ontario)		
[redacted][1]	[redacted]	[redacted]
935 Mulock Drive, Newmarket, Ontario	PIN 03613-0287 (LT) PCL 36-1 SEC 65M2836; BLK 36 PL 65M2836; NEWMARKET	Owned
0 Columbus Way W/S, Newmarket, Ontario	PIN 03626-1000 (LT) BLOCK 153, PLAN 65M3648, NEWMARKET. S/T EASE OVER THAT PART LYING WITHIN THE LIMITS OF PART 84, PL 65R24258, AS IN LT1042112. S/T EASE OVER THAT PART LYING WITHIN THE LIMITS OF PART 84, PL 65R24258, AS IN YR99013.	Owned
30 Mulock Drive, Newmarket, Ontario	PIN 03626-0043 (LT) PCL 90-2 SEC K1; PT LT 90 CON 1 (NK), WYS, PTS 2, 3 & 4 65R17395 ; S/T LT1042112 NEWMARKET	Owned
0 Mulock Drive N/S Whitchurch, Ontario	PIN 03619-0246 (LT) PT LT 31 CON 3 WHITCHURCH, PTS 1 & 2, 65R28425 , BEING PT BORGARTTOWN CURVE ; NEWMARKET .	Owned

[1] [redacted]

Municipal Address (if available)	PIN and Legal Description	Leased/Owned
	PIN 03619-0252 (LT) PT LOT 31 CON 3 WHITCHURCH PT 3, 65R28425 STOPPED UP AND CLOSED BY BY-LAW NO R-1432-2005-103 AS IN YR785554; NEWMARKET	
	PIN 03619-0243 (LT) PT LT 31 CON 3 WHITCHURCH, PT 12 65R28425; BEING PT BOGARTTOWN CURVE ; NEWMARKET .	
[redacted][2]	[redacted]	[redacted]
71 Pedersen Drive, Aurora, Ontario	PIN 03641-0396 (LT) PCL 15-1 SEC 65M2873; LT 15 PL 65M2873; T/W PT LT 84 & 85, CON 1, PT 2 & 3, 65R14776 AS IN B41763B; S/T LT797096 AURORA	Owned
326 Pine Street, Tay, Ontario	PIN 58498-0260 (LT) PT LT B W/S FRONT ST PL 332 TAY PT 7, 51R24680; TAY	Owned
	PIN 58498-0309 (LT) PT LT B W/S FRONT ST PL 332 TAY AS IN RO224316 EXCEPT	Owned

[2] [redacted].

Municipal Address (if available)	PIN and Legal Description	Leased/Owned
	RO1255831; S/T INTEREST IN RO224316; S/T RO224316E; TAY	
0000 Camilla Street, Tay, Ontario	PIN 58484-0359 (LT) PT E1/2 LT 15 CON 5 TAY PTS 3 & 4 51R36137, S/T EASEMENT OVER PT 3 ON 51R36137 AS IN RO1441106, T/W EASEMENT OVER PTS 1, 2 & 5 51R36137 AS IN SC717411; TAY	Owned
2892 Triple Bay Road, Tay, Ontario	PIN 58477-0012 (LT) PT BLK A PL 580 TAY PT 1 & 2, 51R21576; TAY	Owned
489 Finlayson Street, Tay, Ontario	PIN 58483-0017 (LT) LT 49, 50 S/S FINLAYSON ST, 51, 52 S/S FINLAYSON ST, 53 S/S FINLAYSON ST, 54-55, 56 S/S FINLAYSON ST, 93-96 PL 544 TAY; 14 FT LANE PL 544 TAY ADJOINING LT 49 THROUGH 56 INCLUSIVE; PT LT 92 N/S BRODERICK ST PL 544 TAY AS IN RO1319521; TAY	Owned
52 Mill Road, Tay, Ontario	PIN 58490-0182 (LT) PT W PT OR HALF LT 14 CON 8 TAY PT 1, 51R23383; TAY	Owned
824 William Street, Midland, Ontario	PIN 58474-0237 (LT) PT LT 101 CON 2 TAY PT 1, 51R4078; T/W RO1446846; MIDLAND	Owned
LEASED PROPERTY		
328 Scott Street, Midland, Ontario	PIN 58472-0207 (LT) LT 27 N/S SCOTT ST PL 649 MIDLAND; MIDLAND	Leased (tenant) Lease dated September 7, 2018 between The Corporation of the Town of Midland and LDC (as successor to Midland Power Utility Corporation)

Municipal Address (if available)	PIN and Legal Description	Leased/Owned
809 Montreal Street, Midland, Ontario	PIN 58458-0085 (LT) PT LT 1 S/S MONTREAL ST RANGE C PL 467 MIDLAND PT 4 & 5, 51R17766; MIDLAND	Leased (tenant) Lease dated September 7, 2018 between The Corporation of the Town of Midland and LDC (as successor to Midland Power Utility Corporation)
850 Brandon Street, Midland, Ontario	PIN 58474-0229 (LT) PT LT 101 CON 2 TAY AS IN RO488344; S/T RO395614; MIDLAND	Leased (tenant) Lease dated September 7, 2018 between The Corporation of the Town of Midland and LDC (as successor to Midland Power Utility Corporation
187 Queen Street, Midland, Ontario	PIN 58466-0058 (R) LT 15 E/S QUEEN ST PL 166 MIDLAND; MIDLAND	Leased (tenant) Lease dated September 7, 2018 between The Corporation of the Town of Midland and LDC (as successor to Midland Power Utility Corporation)
67 Fourth Street, Midland, Ontario	PIN 58452-0018 (LT) PT LT 108 CON 1 TAY PT 4, 51R26146, AS IN RO234044 SURFACE RIGHT ONLY; LT 39 E/S FOURTH ST, 40 E/S FOURTH ST, 41 E/S FOURTH ST PL 357 MIDLAND; MIDLAND	Leased (tenant) Lease dated September 7, 2018 between The Corporation of the Town of Midland and LDC (as successor to Midland Power Utility Corporation)
16984 Highway 12, Midland, Ontario	PIN 58513-0423 (LT) PCL 100-6 SEC 51-TAY-1; PT N1/2 LT 100 CON 1 TAY PARTS 3 AND 4, 51R42210; SUBJECT TO AN EASEMENT OVER PART 4, 51R42210 AS IN LT343394; TOWN OF MIDLAND	Leased (tenant) Lease dated September 7, 2018 between The Corporation of the Town of Midland and LDC (as successor to Midland

Municipal Address (if available)	PIN and Legal Description	Leased/Owned
		Power Utility Corporation) Partial Surrender and Variation of Lease dated August 16, 2022 Lease Amending Agreement dated June 29, 2023
Antennae Dominion Ave., Midland	PIN 58461-0032(LT) LT 48 S/S Kent St, 49 S/S Kent St PL 306 Midland; Midland	Licence – extension to licence agreement awaited. Licence Agreement for Antenna dated September 7, 2018 between The Corporation of the Town of Midland and LDC (as successor to Midland Power Utility Corporation)
590 Steven Court, Newmarket, Ontario	PIN 03624-0534 (LT) PCL 5-1 SEC 65M2121; LT 5 PL 65M2121 ; S/T LT90092, LT99667 NEWMARKET	Leased (Tenant)
	PIN 03624-0535 (LT) PCL 6-1 SEC 65M2121; LT 6 PL 65M2121 ; S/T LT90092 NEWMARKET	
LEASED LDC PROPERTY		
489 Finlayson Street, Tay, Ontario	PIN 58483-0017 (LT) LT 49, 50 S/S FINLAYSON ST, 51, 52 S/S FINLAYSON ST, 53 S/S FINLAYSON ST, 54-55, 56 S/S FINLAYSON ST, 93-96 PL 544 TAY;	Leased (landlord) Lease dated May 28, 2018 between LDC and Severn Sound Environmental Association

Municipal Address (if available)	PIN and Legal Description	Leased/Owned
	14 FT LANE PL 544 TAY ADJOINING LT 49 THROUGH 56 INCLUSIVE; PT LT 92 N/S BRODERICK ST PL 544 TAY AS IN RO1319521; TAY	Addendum #1 effective May 1, 2023
1210 Twinney Drive, Newmarket, Ontario (also known as 0 Twinney Dr., Newmarket, Ontario)	PIN 03619-0079 (LT) PT LT 35 CON 3 WHITCHURCH PTS 2, 3 & 6 65R2010; S/T A13542A,R168637E,R174974,R174975 NEWMARKET; TOGETHER WITH AN EASEMENT OVER PART BLOCK 5, PLAN 65M3871, NEWMARKET BEING PART 1, PLAN 65R-39847 AS IN YR350943	Leased (landlord) Lease dated May 9, 2018 between LDC and Ameresco Newmarket Energy Storage Inc.

Schedule 4.4(xii)(A)

Intellectual Property

Business Name Registration for a Corporation:

Business Name: NT Power
Business Identification Number: [redacted]
Corporation Name: Newmarket – Tay Power Distribution Ltd.
Effective Date: November 29, 2023
Expiry Date: November 28, 2028

Active Software Contracts:
[see attached]

Software Renewals

Active Contracts

Name	LICENSE QTY	LICENSE UNIT	DATE PURCHASED	EXPIRATION	Owned/License Arrangement
[redacted]	24	Per 2 Core	2021-05-29	2027-05-31	License Arrangement
	96	Per 2 Core	2022-05-31	2025-05-31	License Arrangement
	4	Per Core	2023-05-31	2025-05-31	License Arrangement
	4	Per Core	2023-05-31	2025-05-31	License Arrangement
	65	Per User	2021-05-29	2027-05-31	License Arrangement
	20	Per User	2022-05-29	2025-05-31	License Arrangement
	8	Per Device	2023-05-31	2025-05-31	License Arrangement
	1	Per Device			License Arrangement
	25	Per User	2022-05-31	2025-01-31	License Arrangement
	80	Per User	2024-01-01	2025-01-01	License Arrangement
	85	Per User	2021-10-01	2025-10-01	License Arrangement
	50	Per Server	2021-09-12	2025-10-01	License Arrangement
	4	Per Device	2022-12-12	2026-12-14	License Arrangement
	2	Per Device	2022-12-12	2026-12-14	License Arrangement
	6	Per Server	2022-02-01	2025-01-31	License Arrangement
	6	Per Device	2021-10-31	2027-02-01	License Arrangement
	4	Per Server	2023-03-13	2028-03-13	License Arrangement
	4	Per Device	2022-09-10	2027-09-10	License Arrangement
	2	Per Device	2021-10-29	2027-02-01	License Arrangement
	4	Per Device	2023-03-17	2025-03-16	License Arrangement
	4	Per Device	2023-12-01	2028-11-01	License Arrangement
	2	Per Device	2023-12-01	2028-11-01	License Arrangement
	2	Per Device	2023-09-22	2028-09-21	License Arrangement
	4	Per Device	2023-09-22	2028-09-21	License Arrangement
	1	Per Device	2023-12-14	2025-12-13	License Arrangement
	2	Per Device	2022-03-17	2025-03-16	License Arrangement
	85	Per User	2022-10-26	2025-11-01	License Arrangement
	137	Per Device	2022-03-30	2025-03-30	License Arrangement
	1	Per Server	2021-11-02	2025-10-31	License Arrangement
	200	Per User	2022-10-30	2025-10-24	License Arrangement
	70	Per User	2022-12-18	2025-12-18	License Arrangement
	110	Per Device	2023-04-20	2025-04-20	License Arrangement
	0	Per User	2024-01-22	2025-01-22	License Arrangement
	3	Per User	2023-04-07	2025-04-07	License Arrangement
	25	Per User	2023-09-16	2025-09-16	License Arrangement
	8	Per User	2023-10-01	2026-06-02	License Arrangement
	20	Per Device	2023-06-01	2025-06-01	License Arrangement
	75	Per User	2022-12-22	2024-12-22	License Arrangement
	7	Per User	2022-12-15	2024-12-15	License Arrangement
	8	Per User	2023-12-08	2024-12-08	License Arrangement
					License Arrangement
	8	Per User	2022-03-17	2025-03-17	License Arrangement
	5	Connections	2021-11-13	2025-11-13	License Arrangement
	80	Org	2021-01-01	2024-10-01	License Arrangement
		Org		2025-05-03	License Arrangement
	45	Per User	2020-05-30	2027-05-30	License Arrangement
					License Arrangement
	5	Per Website	2021-07-01	2025-02-14	License Arrangement
	7	Per Device	2019-08-31	2024-08-31	License Arrangement
	6	Per User	2017-01-01	2024-07-01	License Arrangement
	5	Per User	2017-01-01	2026-09-20	License Arrangement
	5	Per User	2021-04-26	2026-04-25	License Arrangement
	40	Per User			License Arrangement
	40	Per User			License Arrangement
	40	Per User			License Arrangement
	5	Org			License Arrangement
	15	Org			License Arrangement
	15	Per User	2024-05-01		License Arrangement
	15	Per User	2024-05-01		License Arrangement
	5	Org			License Arrangement

Schedule 4.4(xiv)

Employee Benefits

Please note that the company pays 100% of benefit premiums. Pension contributions are also matched by the company (standard OMERS).

There are several policies and benefit programs that may be available to employees. These items are referenced in various documents, including:

- Pregnancy, Parental and Adoption Leave Policy
- Sick and Short-Term Disability Leave Policy
- OMERS Member Handbook
- The MEARIE Group Employee Benefit Program/Employee Benefit Booklet (Executives)
- The MEARIE Group Employee Benefit Program/Employee Benefit Booklet (Non-Union Employees)
- The MEARIE Group Employee Benefit Program/Employee Benefit Booklet (Union Employees)

Schedule 4.4(xv)

Collective Agreements

1. Collective Agreement between Newmarket-Tay Power Distribution Ltd. and The Power Workers' Union (CUPE Local 1000 – C.L.C.) effective April 1, 2022 to March 31, 2026.

Schedule 4.4(xvii)

Insurance

Insurance Policies:

Insurer	Type of Insurance	Coverage Amount	Policy Number	Pending Claims
[redacted]				

Insurer	Type of	Coverage Amount	Policy	Pending Claims
[redacted]				

Insurer	Type of Insurance	Coverage Amount	Policy Number	Pending Claims
[redacted]				

Insurer	Type of Insurance	Coverage Amount	Policy Number	Pending Claims
[redacted]				

Insurer	Type of Insurance	Coverage Amount	Policy Number	Pending Claims
[redacted]				

Insurer	Type of Insurance	Coverage Amount	Policy Number	Pending Claims
[redacted]				

Open WSIB Claims:

Claim ID	Employee ID	Date of Injury	Injury	Details of Claim	Lost Time	Current Status
[redacted]						

Schedule 4.4(xviii)

Environmental

1. Nil.

2. List of Reports:



3. Nil.

4. Nil.

Schedule 4.4(xx)

Taxes



Schedule 4.4(xxvi)

Material Contracts

1. Financing Agreement.

2. Reference is made to the disclosure listed on Schedule 4.4(xxvii) (Suppliers).

Schedule 4.4(xxvii)

Suppliers

	Vendor Name
1.	[redacted]
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	

Schedule 4.4(xxviii)

Absence of Unusual Transactions

Nil.

Exhibit A – Ascribed Economic Interest Calculation

Sellers' Ascribed Economic Interest, Adjusted (FY+1 and FY+2 Shown for Illustrative Purposes to Demonstrate Adjustment Mechanics)



Exhibit B - Closing Date Net Debt Accounts

Account Name	**Mapping to Annual Audited Financial Statement**	**Formula**
Current portion of long-term debt	Long-term debt[2]	A
Current portion of lease liability	Lease liabilities[2]	B
Long-term debt	Long-term debt[3]	C
Subordinated debt	Subordinated debt	D
Lease liabilities	Lease liabilities[3]	E
Advance from parent company	Advances from majority shareholder	F
Any amounts in accrued liabilities that relate to capital expenditure projects, including, but not limited to, the York Region Capex Project	Accounts payable and accrued liabilities[4]	G
Bank indebtedness / (Cash)[1]	Bank indebtedness and Cash	H
Promissory Note Payout Amount[5]		I
Total Closing Date Net Debt		**J = (A+B+C+D+E+F+G+H+I)**

Note: For the Closing Date Net Debt Accounts, the amount shall be as of the most recent month-end from the Closing Date. For example, if the Closing Date is July 15, 2026, then the most recent end of the month would be June 30, 2026. Hence, the Closing Date Net Debt Accounts shall be as of June 30, 2026.

1. For clarity, if bank indebtedness / (cash) is a negative amount (i.e., a positive cash balance), then it is deducted instead of added from the Closing Date Net Debt Accounts calculation
2. Under the “Current liabilities” section of the audited income statement
3. Under the “Non-current liabilities” section of the audited income statement
4. Only includes amounts within Accrued Liabilities that relate to capital expenditure projects, including, but not limited to, the York Region Capex Project, as confirmed by the Sellers.
5. As defined in the Securities Purchase Agreement

Exhibit C - Closing Date Rate Base Calculation

	Formula
Opening NBV Property, Plant, and Equipment[2] [3]	A
Opening NBV Work in Progress and Customer List[2] [3]	B
Net Opening NBV of Property, Plant, and Equipment	**C = A – B**
Closing NBV Property, Plant, and Equipment[1] [3]	D
Closing NBV Work in Progress and Customer List[1] [3]	E
Net Closing NBV Property, Plant, and Equipment	**F = D – E**
Average Property, Plant, and Equipment	**G = (C + F) / 2**
Cost of Power[4]	H
OM&A[5]	I
Non-Recoverable Donations[6]	J
Working Capital Allowance	K = (H + I – J) * 14.5%
Closing Date Rate Base	**L = G + K**

1. Closing NBV shall be as of the most recent month-end from the Closing Date. For example, if the Closing Date is July 15, 2026, then the most recent end of the month would be June 30, 2026. Hence, the Closing NBV shall be as of June 30, 2026.
2. Opening NBV shall be a period of 12 months prior to date of the Closing NBV. For example, if the Closing NBV is as of June 30, 2026, then the Opening NBV shall be as of June 30, 2025.
3. Net Book Values (NBV) of property, plant, and equipment, work in progress, and customer lists shall be determined based on the LDC's fixed asset continuity schedule, prepared by the LDC as of the most recent month-end from the Closing Date.
4. "Energy Sales" within the financial statements.
5. "Operating Expenses" within the financial statements, calculated as the sum of (i) wages and benefits; (ii) materials, equipment and other operating expenses; and (iii) administration and overhead (excluding any non-recoverable donations expenses).
6. "Donations" expenses, within the LDC's administration and overhead expenses, which are non-recoverable such that the LDC is not allowed to earn a return through its rate base.



SCHEDULE 5.1(c)

TRANSITIONAL COMMITTEE

This schedule sets out the mandate, jurisdiction, authority, consultation matters, decision-making procedures, operations, reporting and term applicable to the Transitional Committee established pursuant to Section 5.1(c) of the Securities Purchase Agreement. Capitalized terms used here that are not otherwise defined have the meanings set forth in the Securities Purchase Agreement.

The Transitional Committee's role will be advisory with respect to certain matters as more particularly outlined in Section 2 of this Schedule.

1. Composition – Initial Members

The Transitional Committee will consist of four (4) members. Alectra Inc. will have the right to nominate three (3) of the four members, which will initially be (i) the Chief Executive Officer of Alectra Inc., Brian Bentz, (ii) James Douglas, and (iii) Elias Lyberogiannis. The Sellers will collectively have the right to nominate the fourth member, which will initially be Mayor John Taylor, or his successor (the fourth member is referred to herein as the "**Seller's Representative**").

Each member will serve from the date of appointment until the earlier of (a) such member's resignation, incapacity, removal or replacement by the nominating party and (b) the expiry of the Transitional Committee's term provided for under Section 4 of this Schedule; provided that, in the case of Brian Bentz and James Douglas, such members shall not resign or be removed or replaced during the first two (2) years unless such member can no longer serve on the committee due to their incapacity, other health-related reasons or in the case that such member is no longer an employee of the nominating party or any of its Affiliates.

2. Matters within the Transitional Committee's Jurisdiction

The Transitional Committee will be consulted and will provide its recommendations to the Buyer and/or the LDC, as applicable, on the following matters:

i. The development and preparation of the initial integration plan involving the integration of the LDC (or its successor) with the business of Alectra Inc. and its affiliates, including the integration with Alectra Utilities Corporation.

ii. Key integration matters, including the preparation of the initial integration plan.

iii. Reviewing a draft Distribution System Plan prepared by the LDC.

iv. Reviewing the draft Cost of Service prepared by the LDC in respect of the 2028 calendar year.

v. Considering allocations of participation in community events and economic development in Newmarket and Tay consistent with the treatment by the Buyer (or an affiliate thereof) of its other service territory allocations.

vi. Considering and advising on co-branding and future branding matters in respect of the LDC.

vii. Communications with stakeholders of the LDC, including but not limited to the municipalities of Newmarket and Tay, customers of the LDC and residents of Newmarket and Tay.

viii. Selecting the service provider who will provide water billing services to the LDC.

ix. Establishing the rate base increases and changes for the LDC up to and including the year 2031.

x. Establishing executive compensation for senior executive employees of the LDC.

xi. Preparing and submitting a proposal to the board of directors of Alectra Inc. recommending an option in favour of the Sellers to convert the payment of the remaining Purchase Price owing under Section 2.3 of the Securities Purchase Agreement (if applicable) into equity securities of Alectra Inc. ranking *pari passu* with all other common equity holders. Such proposal will include, among other things, the proposed terms such as the conversion or exchange price, valuation mechanics and standard adjustments to account for changes in share capital over time, such as amalgamations, share consolidations and share exchanges (the "**Equity Conversion Proposal**"). The Equity Conversion Proposal will be delivered to Alectra's board of directors by the Transitional Committee management within five (5) years of the Closing Date, and if such Equity Conversion Proposal is approved or recommended by the board, delivered to Alectra's shareholders.

3. Procedures

Meetings. Any Transitional Committee member may call a meeting on not less than five (5) Business Days' notice, which may be waived in writing by all members. Meetings may be held in-person or by videoconference or teleconference facilities that permit all persons participating in the meeting to hear and communicate with each other simultaneously (a member participating at a meeting by such electronic means shall be deemed to be present at such meeting). A quorum at a meeting of the Transitional Committee shall be three (3) members, of which one (1) shall be the Seller's Representative. A meeting shall be adjourned for lack of quorum, and a second meeting may be held three (3) Business Days following the date of the original meeting. If quorum is not met at a second meeting, a third meeting may be held two (2) Business Days later. The Transitional Committee will meet on a regularly quarterly basis.

Decisions. Recommendations will be determined by the Transitional Committee based on a majority vote of the Transitional Committee members present at a duly-constituted meeting, with each member holding one vote, provided that any decision of the Transitional Committee outline in Sections 2 (ii), (v), (vii), (viii), (ix), and (x), requires the affirmative vote of the Seller's Representative. Where a recommendation has been decided and has received the affirmative number of votes at a duly called meeting, the Transitional Committee will prepare a brief written decision summary, including rationale, for delivery to the Buyer and/or the LDC, as applicable, for the Buyer and/or LDC's consideration. The Transitional Committee will deliver or cause to be delivered a report to the Buyer and/or the LDC as soon as possible following the conclusion of the applicable meeting.

Procedures. The members of Transitional Committee may establish such procedures and practices for the conduct of the activities of Transitional Committee as the members consider appropriate from time to time.

4. Consultative Function

The Transitional Committee, nor any representative on the Transitional Committee (in their capacity as members of the Transitional Committee), has any authority whatsoever to bind the Sellers or to waive any rights or obligations of any party under the Securities Purchase Agreement.

5. Term

Unless otherwise agreed unanimously by the Transitional Committee, the term of the Transitional Committee will end on the earlier to occur of:

i. The effective date of the amalgamation of the LDC with Alectra Utilities Corporation;

ii. December 31, 2031; and

iii. The date the members of the Transitional Committee unanimously elect to dissolve the Transitional Committee.

6. Paramountcy and Liability

This Schedule forms part of the Securities Purchase Agreement. In the event of any inconsistency or conflict between this Schedule and the body of the Securities Purchase Agreement, the Securities Purchase Agreement will prevail to the extent of the inconsistency.

The participation of Seller's Representative on the Transitional Committee, including in the activities of the Transitional Committee contemplated herein does not mitigate or otherwise relieve the Buyer from performing its obligations under the Securities Purchase Agreement. The Seller's Representative will not be liable, in damages or otherwise, to the Buyer, the LDC or any other Person for any act or omission performed or omitted by the Seller's Representative in his or her capacity as a member of the Transitional Committee.

7. Public Communications

Public statements relating to the Transitional Committee's work will be handled in accordance with the Securities Purchase Agreement's public announcement provisions. Committee members will not issue public statements about the deliberations of the Transitional Committee without the Buyer's prior consent, except as required by Applicable Law.

Appendix C

Resolutions by Parties Approving the Proposed Transaction

EXTRACT

MINUTES OF

ALECTRA INC.

BOARD OF DIRECTORS MEETING

AUGUST 21, 2025

2185 DERRY RD., W., 3RD FL. BOARDROOM

PRIVATE AND CONFIDENTIAL

EXTRACT

3.1 Development Committee Update

After which, duly moved and seconded, it was:

RESOLVED THAT the Board approves the potential purchase of Newmarket Tay Power subject to: (i) additional analysis on the relative valuation for NT Power which will reflect a relative ownership not to exceed [redacted] and will also include an assessment of the associated impact to Alectra's dividends (the **"Valuation Analysis"**); (ii) further review of the Valuation Analysis and related matters at a to be scheduled Special Meeting of the Development Committee; and, (iii) completion of due diligence and all material agreements to the satisfaction of Alectra's President and CEO.

Town of Newmarket Council Extract from Confidential Closed Session

Special Council - Electronic

Title: Potential Merger or Sale of NT Power - Update

Date: Monday, December 15, 2025

Moved by: Councillor Simon

Seconded by: Councillor Morrison

4. That the Chief Administrative Officer and Mayor Taylor be directed to execute on behalf of the Corporation of the Town of Newmarket, a Securities Purchase Agreement with Alectra Inc. ("Alectra") for the sale of all of the shares of Newmarket Hydro Holdings Inc. ("NHHI") (and therefore also all of the shares of Newmarket-Tay Power Distribution Ltd. ("NT Power") as a subsidiary of NHHI) on substantially the terms set out in this report; and,

5. That the Chief Administrative Officer be directed to execute on behalf of NHHI, in his role as sole director, a Securities Purchase Agreement with Alectra for the sale of all of the shares of NT Power on substantially the terms set out in this report; and,

11. That Staff be directed to do all things necessary to give effect to this resolution.

Carried

Town of Newmarket Council Extract from Confidential Closed Session
Special Council - Electronic

Title: Potential Merger or Sale of NT Power

Date: Thursday, February 26, 2026

Moved by: Councillor Kwapis

Seconded by: Councillor Bisanz

7. That the Mayor and the Chief Administrative Officer be directed to execute an amendment to the January Alectra SPA to turn the non-binding Alectra Go Shop Enhancement offer into a legally binding agreement; and

10. That staff be directed to bring forward a report to Council in open session on Monday, March 2, 2026 to share with the public the direction to move forward with a sale of all of the shares of NHHI and NT Power to Alectra; and,

14. That staff be directed to work with external legal and financial advisors to prepare for the Ontario Energy Board (“OEB”) approval process; and,

15. That Staff be directed to do all things necessary to give effect to this resolution.

Carried

450 Park Street
PO Box 100
Victoria Harbour, ON
L0K 2A0

Tel: 705-534-7248
Fax: 705-534-4493
tay.ca

Township of Tay Council Extract from Confidential Closed Session

Special Council Meeting

10:00 AM - Tuesday, December 16, 2025
Council Chambers
Tay Township Municipal Office
450 Park Street, Victoria Harbour

Resolution:
Moved by Councillor Paul Raymond
Seconded by Councillor Sandy Talbot

4. That the Mayor and CAO be directed to execute on behalf of the Corporation of the Township of Tay, a Securities Purchase Agreement with Alectra Inc (Alectra) for the sale of all of the shares of Tay Hydro Inc. and therefore also all of the shares of Newmarket-Tay Power Distribution Ltd (NT Power) as a subsidiary of Tay Hydro Inc on substantially the terms set out in this Item; and

5. That the CAO be directed to execute on behalf of Tay Hydro Inc, in her role as sole director, a Securities Purchase Agreement with Alectra for the sale of all of the shares of NT Power on substantially the terms set out in this Item; and,

11. That Staff be directed to do all things necessary to give effect to this resolution.

Carried

450 Park Street
PO Box 100
Victoria Harbour, ON
L0K 2A0

Tel: 705-534-7248
Fax: 705-534-4493
tay.ca

Township of Tay Council Extract from Confidential Closed Session

Special Council Meeting

7:00 PM - Thursday, February 26, 2026
Admin Boardroom
Tay Township Municipal Office
450 Park Street, Victoria Harbour

Resolution:
Moved by Councillor Sylvia Bumstead
Seconded by Councillor Judy Larmand

6. That the Mayor and the Chief Administrative Officer be directed to execute an amendment to the January Alectra SPA to turn the non-binding Alectra Go Shop Enhancement offer into a legally binding agreement; and

9. That staff be directed to bring forward a report to Council in open session on Monday, March 2, 2026 to share with the public the direction to move forward with a sale of all of the shares of Tay Hydro Inc. and NT Power to Alectra; and,

13. That staff be directed to work with external legal and financial advisors to prepare for the Ontario Energy Board (“OEB”) approval process; and,

14. That Staff be directed to do all things necessary to give effect to this resolution.

Carried

Appendix D

2025 Annual Scorecards

Scorecard - Alectra Utilities Corporation

9/17/2026

Performance Outcomes	Performance Categories	Measures		2021	2022	2023	2024	2025	Trend	Target: Industry	Target: Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	**Service Quality**	New Residential/Small Business Services Connected on Time		90.40%	90.78%	90.62%	93.48%	94.99%	↑	90.00%	
		Scheduled Appointments Met On Time		99.30%	98.56%	98.98%	99.48%	98.79%	↓	90.00%	
		Telephone Calls Answered On Time		70.70%	70.69%	53.35%	29.78%	57.94%	↓	65.00%	
	Customer Satisfaction	First Contact Resolution		83.47%	81.10%	79.86%	79.16%	81.78%			
		Billing Accuracy		99.58%	99.71%	99.60%	99.73%	99.73%	↑	98.00%	
		Customer Satisfaction Survey Results		92.00%	94.00%	94.00%	703	703			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	**Safety**	Level of Public Awareness		82.00%	82.00%	83.00%	83.00%	83.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	→		C
		Serious Electrical Incident Index	Number of General Public Incidents	11	32	30	30	20	↑		18
			Rate per 10, 100, 1000 km of line	0.222	0.617	0.591	0.587	0.391	→		0.353
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		0.98	0.88	0.83	0.75	0.88	↓		0.88
		Average Number of Times that Power to a Customer is Interrupted [2]		1.15	1.07	1.06	1.08	1.26	↑		1.11
	Asset Management	Distribution System Plan Implementation Progress		90.26%	87.77%	100.42%	99.28%	100.73%			
	Cost Control	Efficiency Assessment		3	3	3	3	2			
		Total Cost per Customer [3]		$691	$753	$871	$906	$946			
		Total Cost per Km of Line [3]		$14,252	$15,952	$18,459	$19,247	$20,161			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	**Connection of Renewable Generation**	New Micro-embedded Generation Facilities Connected On Time		100.00%	93.26%	98.43%	97.50%	94.31%	↓	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	**Financial Ratios**	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.65	0.72	0.51	0.79	0.79			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.13	1.21	1.24	1.31	1.24			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	8.95%	8.95%	8.95%	8.95%	8.95%			
			Achieved	6.18%	6.70%	7.55%	7.16%	6.39%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.

Legend:

5-year trend
↑ up ↓ down → flat

Current year
target met target not met

2025 Scorecard Management Discussion and Analysis ("2025 Scorecard MD&A")

The link below provides a document titled "Scorecard - Performance Measure Descriptions" that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard's measures in the 2025 Scorecard MD&A:
http://www.ontarioenergyboard.ca/OEB/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A – General Overview

Alectra Utilities ("Alectra") serves over 1 million customers across a service territory of approximately 1,900 sq. km spanning 17 communities including Alliston, Aurora, Barrie, Beeton, Brampton, Bradford, Guelph, Hamilton, Markham, Mississauga, Penetanguishene, Richmond Hill, Rockwood, St. Catharine's, Thornton, Tottenham, and Vaughan. Alectra is committed to delivering safe, reliable and affordable electricity and quality service to all customers within its service territory.

The annual scorecard summarizes utility performance outcomes over the most recent five-year period in key areas that are valued most by customers, namely customer focus, operational effectiveness, public policy responsiveness, and financial performance.

In 2025, Alectra achieved high performance results across many customer-focused scorecard measures, including those related to the connection of new services, timely attendance at appointments with customers, and billing accuracy. With respect to operational effectiveness, Alectra successfully met its reliability target related to customer outage duration. Finally, Alectra saw stable performance within the financial management category.

Service Quality

New Residential/Small Business Services Connected on Time

The OEB's Distribution System Code ("DSC") requires that electricity distributors complete a connection for new service under 750 volts within five days of the date all applicable service conditions are satisfied, or a later date agreed to by both customer and distributor. This service quality standard must be met at least 90% of the time on an annual basis. In 2025, Alectra connected 94.99% of 6,843 eligible low-voltage residential and small business customers to its system within the five-day timeline. Alectra manages the day-to-day activities of its field crews to ensure that this service quality measure and customers' needs are met.

Scheduled Appointments Met on Time

The DSC requires that electricity distributors offer to schedule an appointment within a window of time that is no greater than four hours. The electricity distributor must arrive for the appointment within the scheduled timeframe at least 90% of the time. Of 17,753 appointments scheduled in 2025 where the presence of the customer was required, Alectra arrived within the permitted timeframe 98.79% of the time. The services provided in this category include connection or reconnection of services, locates, meter reads, power isolations, and other necessary work as requested by customers or required by Alectra.

Telephone Calls Answered on Time

The DSC requires that electricity distributors answer calls within 30 seconds at least 65% of the time on an annual basis. Utility performance is influenced by the volume of customer calls that are received and is driven by factors including, but not limited to, arrears management and collection activities, billing and rate inquiries, customer move ins and outs, news about the electricity market in the media, conservation and demand management programs and power outages.

In 2025, Alectra's Customer Service Representatives (CSRs) received 535,795 customer calls. CSRs answered 57.94% of all calls within 30 seconds in 2025, improving significantly upon the 2024 performance result of 29.78%, but falling short of the OEB target of 65%. High telephone call volumes were recorded in January 2025 in particular, driven by billing and collections-related inquiries and compounded by the Canada Post labour disruption, which delayed the delivery of paper correspondence and increased customer reliance on voice channels. Alectra implemented mitigation measures such as updates to Interactive Voice Response (IVR) menu options, proactive customer communications, and increased resourcing, which improved performance through the balance of the year.

Customer Satisfaction

First Contact Resolution

First Contact Resolution ("FCR") refers to the ability to resolve a customer query within a single call, thereby eliminating the need for a customer to follow up with further calls.

Alectra determines FCR results through transactional customer surveys that probe the quality of service received by customers at the time they contact the utility. Alectra uses the survey results to identify customer service opportunities for training and improvement with the

intention of improving first contact resolution.

In 2025, Alectra resolved 81.78% of calls on first contact, which is an improvement on the 2024 result of 79.16%.

Billing Accuracy

The Billing Accuracy metric is defined as the number of accurate bills issued, expressed as a percentage of the total number of bills issued. A bill is considered accurate if it has not been subject to any adjustments, meter reading estimates, or to a bill cancellation and re-bill.

In 2025, Alectra issued 13.3 million customer bills and achieved a billing accuracy performance measure of 99.73%. This result exceeds the prescribed OEB target of 98%. Alectra's sustained attention to business processes contributed to consistently high billing accuracy performance results. The utility continues to carefully monitor billing accuracy results to identify opportunities for further improvement.

Customer Satisfaction Survey Results

Electricity distributors are required to measure customer satisfaction results at least once every other year. The OEB allows electricity distributors' discretion in the creation and reporting of customer satisfaction surveys.

JD Power conducted a comprehensive Customer Satisfaction survey on Alectra's behalf in 2025. The survey measures the satisfaction level of a representative sample of customers across eight core attributes, referred to as 'dimensions', including safety and reliability, ease of doing business, people, problem resolution, trust, digital channels, information provided, and total monthly cost. The survey includes 18 Canadian utilities. An index score of customer satisfaction is captured for each area and the utility's overall provision of service. Each dimension is evaluated on a 6-point scale from 'Poor' to 'Perfect' and weighted based on its respective importance to the customer experience.

JD Power used a new, modernized survey framework in 2025 compared to previous years. JD Power developed a bridge model to help translate the results between the old and new survey design so historical trends remain meaningful, even though the underlying measurement has changed.

Alectra achieved a bridge index score of 703 points for overall customer satisfaction in 2025, which is equivalent to a 7.03 out of 10 rating, where 10 represents outstanding service. This result is consistent with the 703-index score achieved in 2024. Alectra's strongest rankings were achieved in safety and reliability, ease of doing business, and problem resolution. Alectra's overall bridge index score of 703 represents

a performance level that is slightly better than the median and within the second quartile.

The data and feedback from the survey are incorporated into Alectra's planning processes, ensuring that Alectra's practices evolve to meet customers' needs and expectations.

Safety

Public Safety

The Public Safety metric was developed for the OEB with the assistance of the Electrical Safety Authority ("ESA"). The OEB has developed three component metrics that consist of: (a) Public Awareness of Electrical Safety, (b) Compliance with Ontario Regulation 22/04, and (c) a Serious Electrical Incident Index. Details of Alectra's performance in each of these component areas are discussed below.

Safety is a core value and is always a top priority for Alectra, both as an employer and as a responsible operator within the community. Alectra's commitment to public and employee safety is demonstrated through its stringent safety protocols and training.

Component A – Level of Public Awareness of Electrical Safety

The ESA and OEB developed a standard survey methodology to determine the level of awareness of key electrical safety precautions among the public. Results are based on a combination of online interviews and web-based surveys conducted across over 1,000 members of the general public who are 18 years of age or older within Alectra's service territory.

The six core measurement questions correspond to the six most frequent incidents involving utility equipment in Ontario over the past decade. Alectra's Public Safety Awareness Score, as indicated in the most recent biennial survey issued in March 2026 was 83.00%, consistent with Alectra's prior survey, conducted in 2024.

Component B – Compliance with Ontario Regulation 22/04

The metric measuring Ontario Regulation 22/04 exists to assess compliance with the ESA's standard for safety requirements in the design, construction, and maintenance of electrical distribution systems. Alectra received a rating of 'compliant', the highest rating possible, for its performance in 2025. This rating is based upon an assessment of Alectra's performance in the following areas: Regulation 22/04 Audit; Declaration of Compliance; Due Diligence Inspections; Public Safety Concerns; and Compliance Investigations.

For the last five years, Alectra has had zero non-compliance issues identified in the annual Regulation 22/04 Audit, confirming that the company's commitment to safety is effective. The audit is an independent review and examination of records and activities to: (i) assess the adequacy of system controls; (ii) ensure compliance with established policies and procedures; and (iii) recommend necessary changes in controls, policies, or procedures to meet objectives, if necessary.

Annual Due Diligence Inspections of the LDC's electrical distribution installations are completed by the ESA, primarily focused on ensuring construction in the field is done in accordance with a plan, work instruction, and design characteristics that are compliant with Regulation 22/04.

Finally, all Public Safety Concerns issued to the LDC by the ESA are reviewed for compliance against Ontario Regulation 22/04 and corrected in a timely manner should any concerns fall outside the established Regulation.

Component C – Serious Electrical Incident Index

The Serious Electrical Incident Index measures both the number of incidents and the rate of serious electrical incidents per 1,000 kilometers of line. A serious electrical incident is defined as any electrical contact or any fire or explosion that caused, or had the potential to cause, critical injury or death in any part of the distribution system operating at greater than 750 Volts (except as caused by lightning strikes).

The OEB set a target of 18 Serious Electrical Incidents for Alectra for the 2025 reporting period. The target is calculated and established as 70% of the five-year rolling average of such incidents. For Alectra, this results in a target equal to 0.353 incidents per every 1,000 kilometers of line that Alectra operates.

For the 2025 reporting period, Alectra experienced 20 incidents that met the serious electrical incident criteria (actual or potential electrical contact). This translates to 0.391 incidents per every 1,000 kilometers of line. Six (6) incidents resulted from trees or tree branches falling on conductors, five (5) from equipment failures, four (4) from inadvertent contacts, three (3) incidents resulted from adverse weather events that caused overhead conductors to come down to the ground, one (1) from an animal contact, and one (1) from a motor vehicle accident.

Alectra routinely reviews these incidents and makes appropriate adjustments to system renewal and maintenance activities to reduce the risk of serious electrical events on the system to the extent possible and within Alectra's control.

System Reliability

Average Number of Hours that Power to a Customer is Interrupted

In 2025, the average number of hours that power to a customer was interrupted (excluding loss of supply and major event days) was 0.88 hours, compared to 0.75 hours in 2024. Alectra's SAIDI performance decreased in 2025 due to increases in customer hours of interruption from outages related to defective equipment, adverse weather and adverse environment (e.g., pole fires).

Average Number of Times that Power to a Customer is Interrupted

In 2025, the average number of times that power to a customer was interrupted was 1.26, compared to 1.08 occurrences in 2024. Alectra's SAIFI increased in 2025 due to an increase in customer interruptions from outages caused by defective equipment, adverse weather, adverse environment, human element and foreign interference.

Asset Management

Distribution System Plan Implementation Progress

Alectra Utilities completed its first harmonized Distribution System Plan ("DSP") as a merged entity for the period of 2020 to 2024. The Company filed its second DSP for the period of 2027 to 2031 with the Ontario Energy Board as part of an application for rates set to start on January 1, 2027. Alectra Utilities' second DSP includes a plan for the 2025 and 2026 bridge years.

The DSP Implementation Progress measure for 2025 continues to reflect the financial and operational performance of the plan for the bridge year as outlined in the second DSP. For 2025, Alectra Utilities achieved a DSP Implementation Progress performance level of 100.73%.

Alectra Utilities completed capital programs and projects in overhead renewal to address deteriorated poles, replacement of deteriorated and failing underground cables, renewal of substation assets and expanded system automation to enable expedited system restoration from outages. These capital investments are responsive to reliability performance challenges caused by adverse weather, equipment failures, and loss of supply, enabling Alectra Utilities to meet the OEB's reliability targets.

Cost Control

Efficiency Assessment

A total cost efficiency evaluation is conducted annually by Pacific Economics Group LLC ("PEG") on behalf of the OEB for all electricity distributors in the province. Distributors are divided into five groups based on an assessment of their total cost efficiency, which is measured as the magnitude of the difference between their actual and predicted costs. Distributors with larger negative differences between actual and predicted costs are considered better cost performers. The results are used to group distributors into Cohorts with specific stretch factor assignments, which are then applied to annual rate adjustments. The Cohorts and associated stretch factor assignments are defined as follows:

1) Cohort I (Stretch Factor = 0.0%) – Actual costs are 25% or more below predicted costs
2) Cohort II (Stretch Factor = 0.15%) – Actual costs are 10% to 25% or more below predicted costs
3) Cohort III (Stretch Factor = 0.30%) – Actual costs are within +/- 10% of predicted costs
4) Cohort IV (Stretch Factor = 0.45%) – Actual costs are 10% to 25% or more above predicted costs
5) Cohort V (Stretch Factor = 0.60%) – Actual costs are 25% or more above predicted costs

As a result of consistent efficiency gains and cost performance, Alectra's Cohort placement improved from Cohort III to Cohort II in 2025. Alectra's three-year rolling average cost efficiency was assessed at -10.4% based on the 2023-2025 period. The efficiency assessment does not consider additional merger related benefits.

Total Cost per Customer

Total costs refer to combined operating and capital costs and include costs to operate, maintain, administer, and renew the distribution system, buildings, and related systems and processes necessary to operate the distribution system. Total cost is computed by PEG using an econometric model that benchmarks distributors' cost performance and facilitates comparability across the sector. The costs reported on the scorecard are the costs resulting from PEG's econometric model. As a result, they are based on, but do not exactly equal, costs reported in financial statements.

The total cost per customer is calculated as the sum of capital and operating costs divided by the total number of customers that Alectra serves. In 2025, Alectra's total cost per customer is calculated at $946 per customer, representing an increase of $40 or 4% over the previous year. The increase relates to operational costs and capital investment for specific projects in 2025. Alectra continues to implement productivity improvement initiatives in order to drive cost efficiencies.

Total Cost per Km of Line

The total cost per Km of Line is calculated as the sum of capital and operating costs divided by the kilometers of line that Alectra operates to serve its customers. In 2025, the total cost per kilometer of line increased to $20,161, a 5% increase over 2024 ($19,247 per km), and below the average for the sector. The same cost drivers that apply to the total cost per customer apply to the total cost per km of line.

Connection of Renewable Generation

New Micro-Embedded Generation Facilities Connected on Time

Alectra successfully connected 94.31% of all New Micro-embedded Generation Facilities in 2025 within the required timeframe established by the OEB. These connections are for net metering and load displacement projects of less than 10 kW. The OEB requires 90% of these projects to be completed within five days of receiving authorization from the ESA.

Financial Ratios

Liquidity: Current Ratio (Current Assets/Current Liabilities)

The Current Ratio is one of several common measures used to determine the financial health of a distributor. The Current Ratio indicates whether the distributor has enough resources (assets) to pay its debts (liabilities) over the next 12 months. A Current Ratio of 1.0 indicates that current assets are equal to the value of current liabilities.

Alectra's current ratio remained stable at 0.79 in 2025 as the proportion of short-term assets and short-term liabilities decreased by the same percentage. The decrease in short-term assets was driven by lower cash balances and lower inventories which were offset by a reduction in short-term debt.

Leverage: Total Debt (including both short-term and long-term debt) to Equity Ratio

The debt-to-equity ratio measures the extent to which assets are financed by debt and equity for an entity. The OEB uses a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates, representing a debt-to-equity ratio of 1.5 (60/40). A debt-to-equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A debt-to-equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure.

Alectra's total debt to equity ratio decreased marginally from 1.31 in 2024 to 1.24 in 2025 primarily due to a decrease in short-term debt and an increase in retained earnings.

Profitability: Regulatory Return on Equity – Deemed (included in rates)

The Return on Equity ("ROE") earned through OEB approved distribution rates is another common measure indicating the financial health of the distributor. If a distributor performs outside of a range of +/- 3% of the deemed ROE, this may trigger a review of the distributor's revenue and cost structures. Alectra's deemed ROE was constructed and approved based on the deemed ROE for each of its predecessor companies' last rebasing application (Enersource 8.93%, Brampton 9.3%, PowerStream 8.78%, Guelph Hydro 9.19%) or Custom Incentive Regulation (Horizon Utilities 9.0%). These rates were combined using a weighted average of the OEB-approved rate base for each predecessor to calculate a deemed ROE for Alectra of 8.95%.

Profitability: Regulatory Return on Equity – Achieved

Alectra achieved a ROE of 6.39% in 2025, which is within the +/- 3% range allowed by the OEB (relative to 8.95%).

Note to Readers of 2025 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions, or results to differ materially from historical results or those contemplated. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions, and weather. For these reasons, the information on future performance is intended to be management's best judgement as at the time of reporting.

Scorecard - Newmarket-Tay Power Distribution Ltd.

9/17/2026

Performance Outcomes	Performance Categories	Measures		2021	2022	2023	2024	2025	Trend	Target: Industry	Target: Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	**Service Quality**	New Residential/Small Business Services Connected on Time		96.28%	95.32%	97.45%	97.90%	100.00%	↑	90.00%	
		Scheduled Appointments Met On Time		98.71%	96.37%	96.85%	98.53%	97.87%	↑	90.00%	
		Telephone Calls Answered On Time		54.76%	47.21%	77.03%	87.28%	89.13%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution		100%	100%	100%	99.3%	99.50%			
		Billing Accuracy		99.73%	99.84%	99.94%	99.98%	99.98%	↑	98.00%	
		Customer Satisfaction Survey Results		84%	84%	86%	86%	87%			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	**Safety**	Level of Public Awareness		83.00%	77.00%	77.00%	88.00%	88.00%			
		Level of Compliance with Ontario Regulation 22/04 [1]		C	C	C	C	C	→		C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	1	0	→		0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.971	0.000	→		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		0.63	1.56	1.39	1.30	1.84	↑		1.17
		Average Number of Times that Power to a Customer is Interrupted [2]		0.53	0.68	0.88	0.75	0.82	↑		0.67
	Asset Management	Distribution System Plan Implementation Progress		103.97%	117.02%	174.44%	311.31%	90.84%			
	Cost Control	Efficiency Assessment		2	2	2	2	2			
		Total Cost per Customer [3]		$649	$705	$783	$877	$947			
		Total Cost per Km of Line [3]		$28,216	$30,740	$34,829	$38,369	$41,540			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	**Connection of Renewable Generation**	New Micro-embedded Generation Facilities Connected On Time		100.00%	100.00%	100.00%	100.00%	100.00%	→	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	**Financial Ratios**	Liquidity: Current Ratio (Current Assets/Current Liabilities)		1.42	1.09	0.96	0.98	0.73			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.24	1.05	1.23	1.24	1.23			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.51%	9.51%	9.51%	9.51%	9.51%			
			Achieved	9.51%	7.29%	7.60%	7.97%	1.05%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).
2. An upward arrow indicates decreasing reliability while downward indicates improving reliability.
3. A benchmarking analysis determines the total cost figures from the distributor 's reported information.

Legend:

5-year trend
↑ up ↓ down → flat

Current year
target met target not met

2025 Scorecard Management Discussion and Analysis ("2025 Scorecard MD&A")

The link below provides a document titled "Scorecard - Performance Measure Descriptions" that has the technical definition, plain language description and how the measure may be compared for each of the Scorecard's measures in the 2025 Scorecard MD&A:

http://www.ontarioenergyboard.ca/OEB/_Documents/scorecard/Scorecard_Performance_Measure_Descriptions.pdf

Scorecard MD&A - General Overview

NT Power provides electricity service to over 45,000 customers, covering over 94 square kilometers spanning the communities of the Town of Newmarket, Township of Tay, and Town of Midland.

Overall, NT Power's 2025 scorecard results demonstrate its continued strong performance across each category, including the following highlights:

- NT Power's focus on customer needs, as evidenced through the service quality and customer satisfaction metrics that exceed OEB targets. NT Power's commitment to continuous improvement in service quality is evident in the significant improvement made in relation to Calls Answered on Time.
- Safety is of the utmost importance at NT Power. NT Power remains compliant with Ontario Regulation 22/04.
- While reliability metrics were below the OEB's distributor target in 2025, the frequency and duration of NT Power's outages remains well below industry averages. NT Power's continued implementation of its Distribution System Plan in 2025 is expected to move reliability measures in a favourable direction moving forward.
- While operating expenses and capital work increased per customer and per kilometer unit costs in 2025, NT Power has maintained its above-average cost efficiency ranking.
- While regulatory return on equity in 2025 was 1.05%, NT still Power maintained reasonable financial ratios as at the end of 2025.

Management is pleased to share its scorecard results and the following discussion and analysis with all interested stakeholders.

Service Quality

- **New Residential/Small Business Services Connected on Time**

  100% of new service customers were connected within the five-day timeframe mandated by the Distribution System Code. NT Power has consistently achieved over 95% during the past 5 years, exceeding the OEB's industry target of 90%. Meeting customers' expectations is a priority for NT Power that is maintained by ensuring adequate resources are in place to be responsive to customers' needs.

- **Scheduled Appointments Met On Time**

  NT Power met 97.87% of its scheduled appointments on time in 2025, exceeding the OEB's industry target of 90% in each of the past 5 years

- **Telephone Calls Answered On Time**

  NT Power responded to 89.13% of eligible customer calls within the 30 seconds required by the Distribution System Code, significantly exceeding the OEB's industry target of 65%. NT Power has continued to improve on this measure when compared to prior years. NT Power closely monitored call volumes in 2025 and continued with several initiatives to ensure timely, effective support that aligned with customer expectations. This includes investing in a skilled support team, enhancing customer and staff education, and expanding engagement initiatives, all with a continued focus on reducing call response times. NT Power remains dedicated to strengthening its customer service capabilities.

Customer Satisfaction

- **First Contact Resolution**

  The OEB does not prescribe a specific methodology for the First Contact Resolution Metric. Instead, it offers distributors discretion in determining this measure. NT Power bases this measure on statistics from phone records after each interaction. NT Power achieved a First Contact Resolution rate of 99.50%, reflecting its dedication to resolving customer inquiries efficiently and effectively. NT Power remains committed to delivering exceptional service tailored to the needs of its customers.

- **Billing Accuracy**

  NT Power achieved a 99.98% accuracy rate in issuing customer bills, surpassing the OEB's industry target of 98%. NT Power's high billing accuracy rate is largely attributed to its pre-billing internal review process. NT Power remains committed to continuously improving its billing processes.

- **Customer Satisfaction Survey Results**

  NT Power is required to conduct a customer satisfaction survey on a biennial basis. In partnership with a third-party provider, NT Power conducted a customer satisfaction survey in 2025 to better understand customer needs and expectations. The survey yielded a strong satisfaction score of 87%, highlighting both areas of success and opportunities for improvement. Insights from the survey are actively used to guide NT Power's planning and decision-making, with a focus on the issues that matter most to customers. Survey topics included overall satisfaction, reliability, billing, and customer service. Feedback emphasized the importance of supporting low-income customers, enhancing safety awareness education, and reducing outage response times. Feedback from the survey has been integrated into NT Power's strategic goals, reinforcing the company's commitment to continuous improvement and customer-focused service. NT Power's next customer satisfaction survey is planned for 2027.

Safety

- **Public Safety**

  An OEB mandated biennial survey was conducted in 2024 to measure the level of awareness of key electrical safety precautions among the public within its service territory. The key electrical safety precaution questions identified by the OEB are:

  - Likelihood to "call before you dig"
  - Impact of touching a power line
  - Proximity of an overhead power line
  - Danger of tampering with electrical equipment
  - Proximity to downed power line
  - Actions taken in vehicle in contact with wires

  A third-party agent was engaged to survey the level of public awareness of safety precautions. Survey results were based on a random telephone survey of several respondents in NT Power's service areas. The data is statistically weighted based on the Canadian census figures for age, gender and region. NT Power achieved a score of 88% on the Public Safety Awareness Index Score with results indicating that a majority of the public have a good awareness of key public electrical safety issues.

  NT Power continues to promote continued education, awareness and application of good safety practices around powerlines. Public and employee safety is a core value for NT Power.

- **Component B – Compliance with Ontario Regulation 22/04**

Ontario Regulation 22/04 - *Electrical Distribution Safety* ("O. Reg,22/04") establishes objective-based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors. An audit is performed to determine the status of compliance. NT Power achieved full compliance with O.Reg.22/04.

- **Component C – Serious Electrical Incident Index**

The Serious Electrical Incident Index measures the number of serious electrical incidents affecting the public, including fatalities, which occur within a utility's territory. As assessed by the Electrical Safety Authority (ESA), there were no reportable serious electrical incidents in 2025.

NT Power remains strongly committed to the safety of staff, contractors, and the general public. NT Power regularly provides its customers with electrical safety information via its website and social media. Additionally, NT Power continues to make significant maintenance and capital infrastructure investments to enhance system safety and reliability.

System Reliability

- **Average Number of Hours that Power to a Customer is Interrupted**

The average number of hours that an NT Power customer was interrupted, or its System Average Interruption Duration Index (SAIDI), was 1.84. NT Power did not meet the OEB's distributor target of 1.17, however, the achieved result was still significantly better than the recent industry average for this measure[1].

Approximately 66% of the customer interruptions hours were related to three large-scale outages that occurred at substations due to defective equipment. Due to the nature and timing of the outages, it took longer than average for crews to resolve these incidents. When excluding these events, Loss of Supply, and Major Event Days, SAIDI was 0.63, which is 46% lower than the distributor target.

- **Average Number of Times that Power to a Customer is Interrupted**

The average number of times power to NT Power customers was interrupted, or its System Average Interruption Frequency Index (SAIFI) was 0.82. NT Power did not meet the OEB's distributor target of 0.67, however, the achieved result is still significantly better than the recent industry average for this measure[2].

Similar to customer interruption hours, approximately 38% of the customer interruptions in 2025 were related to the three large-scale substation outages. When excluding these events, Loss of Supply, and Major Event Days, the SAIFI measure was 0.51, which is 24% lower than the distributor target.

[1] The average for 2020 to 2024 was 2.69, as calculated from the OEB's annual Electricity Distributor Yearbook
[2] The average for 2020 to 2024 was 1.51, as calculated from the OEB's annual Electricity Distributor Yearbook

Asset Management

- **Distribution System Plan Implementation Progress**

  NT Power measures its performance in Distribution System Plan ("DSP") Implementation Progress as the ratio of actual capital expenditures made in a calendar year over the total planned capital expenditures per its DSP for that calendar year. For 2025, NT Power implemented 90.84% of its planned DSP capital expenditure. The variance between actual and planned expenditures in 2025 can be attributed to contract and vendor delays encountered with the purchase of station lands and distribution plant.

Cost Control

- **Efficiency Assessment**

  On an annual basis, the cost-efficiency of each Ontario electricity distributor is assessed by an independent organization, on behalf of the OEB. Based on the differential between their actual and anticipated costs (calculated by econometric modelling) over the previous three-year average, each distributor is assigned a ranking, placing them into one of five cohort groups (Group 1 being the most cost efficient). NT Power maintained an efficiency assessment of Group 2 in 2025, indicating that it has performed above industry average in regards to cost-efficiency.

- **Total Cost per Customer**

  Total cost per customer is calculated as the sum of NT Power's capital and operating costs divided by the total number of customers that NT Power serves. In 2025, NT Power's total cost per customer was $947 (2024 was $877), an increase of 8% over the prior year, largely attributable to an increase in operating expenses and increased spending on capital work that have not been offset by proportional customer growth in NT Power's service territory.

- **Total Cost per Km of Line**

  Total cost per kilometer of line is calculated as the sum of NT Power's capital and operating costs divided by the circuit-kilometers of powerlines that NT Power operates. In 2025, NT Power's cost per kilometer of line was $41,540 (2024 was $38,369), an increase of 8% over the prior year. Similar to the increase in cost per customer, this change is largely attributable to an increase in operating expenses and capital work experienced in 2025.

Connection of Renewable Generation

- **New Micro-embedded Generation Facilities Connected On Time**

  NT Power connected 8 new micro-embedded generation facilities on time, which represented 100% of new micro-embedded generation facilities. This exceeds the OEB's industry target of 90%.

Financial Ratios

- **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

  The current ratio is an indicator of financial health, with a ratio greater than one indicating that the company is in an acceptable position to pay its short-term debts and financial obligations. The higher the value, the more liquid the company is, operating with a larger margin of safety to cover its short-term debts and financial obligations. NT Power's 2025 current ratio was 0.73 (2024 was 0.98). NT Power maintains a strong liquidity position with respect to meeting its short-term obligations.

- **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

  The total debt-to-equity ratio is an indicator of a company's financial leverage. The OEB applies a deemed capital structure of 60% debt and 40% equity for electricity distributors when establishing rates. This deemed capital structure is equal to a debt-to-equity ratio of 1.5 (60/40). In 2025, NT Power maintained a total debt to equity ratio of 1.23 (2024 was 1.24), below the OEB-deemed ratio of 1.5. NT Power manages its optimal capital structure on an ongoing basis, ensuring it has financing resources in place to meet its current and future capital investment needs.

- **Profitability: Regulatory Return on Equity – Deemed (included in rates)**

  The OEB approves NT Power's distribution rates and allows for a deemed regulated return on equity. NT Power's approved deemed regulated return on equity is 9.51%. If a distributor's achieved regulatory return on equity falls outside of a +/- 3% range, a regulatory review of the distributor's revenue and cost structure may be triggered.

- **Profitability: Regulatory Return on Equity – Achieved**

  NT Power's achieved regulatory return on equity for 2025 was 1.05% (2024 was 7.97%). The achieved ROE was mainly as a result of distribution revenues increases based on the OEB's approved Price Cap IR being lower than the increase in costs required to sustain operations in the current environment.

Note to Readers of 2025 Scorecard MD&A

The information provided by distributors on their future performance (or what can be construed as forward-looking information) may be subject to a number of risks, uncertainties and other factors that may cause actual events, conditions or results to differ materially from historical results or those contemplated by the distributor regarding their future performance. Some of the factors that could cause such differences include legislative or regulatory developments, financial market conditions, general economic conditions and the weather. For these reasons, the information on future performance is intended to be management's best judgement on the reporting date of the performance scorecard, and could be markedly different in the future.

Appendix E

Audited Financial Statements

Consolidated Financial Statements
(In millions of Canadian dollars)

ALECTRA INC.

Year ended December 31, 2024

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan ON L4K 0J3
Canada
Tel 905-265-5900
Fax 905-265-6390

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alectra Inc.:

Opinion

We have audited the consolidated financial statements of Alectra Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor’s report thereon, included in Management’s Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
KPMG Canada provides services to KPMG LLP.

We obtained the information, other than the financial statements and auditor's report thereon, included in Management's Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 7, 2025

ALECTRA INC.
Consolidated Statement of Financial Position
(in millions of Canadian dollars)
as at December 31, 2024 and 2023

	Notes	2024	2023
Assets			
Current assets			
Cash		40	21
Trade and other receivables	18	749	642
Other assets	9	99	87
Total current assets		**888**	**750**
Non-current assets			
Property, plant, and equipment and right of use assets	7	4,647	4,292
Goodwill and other intangible assets	8	1,052	1,026
Deferred tax asset	24	7	4
Other assets	9	17	5
Total non-current assets		**5,723**	**5,327**
Total assets		**6,611**	**6,077**
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	10	491	503
Customer deposits liability		59	58
Loans and borrowings	12	455	691
Deferred revenue	22	26	22
Lease obligations	17	2	2
Contingent consideration	13	5	—
Other liabilities	14	142	107
Total current liabilities		**1,180**	**1,383**
Non-current liabilities			
Loans and borrowings	12	2,419	1,921
Deferred revenue	22	808	702
Employee future benefits	15	75	75
Lease obligations	17	21	23
Deferred tax liabilities	24	183	146
Contingent consideration	13	4	—
Other liabilities	14	35	26
Total non-current liabilities		**3,545**	**2,893**
Total liabilities		**4,725**	**4,276**
Shareholders' equity			
Share capital	16, 26	978	990
Contributed surplus		599	599
Accumulated other comprehensive income		6	4
Retained earnings		303	208
Total shareholders' equity		**1,886**	**1,801**
Total liabilities and shareholders' equity		**6,611**	**6,077**

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

_____Chair of the Board _____ Director

ALECTRA INC.

Consolidated Statement of Income and Comprehensive Income

(in millions of Canadian dollars)

for the years ended December 31, 2024 and 2023

	Notes	2024	2023
Revenue			
Distribution revenue	20	797	716
Electricity sales	20	3,306	3,032
Other revenue	20	266	208
		4,369	**3,956**
Expenses			
Cost of power		3,356	3,055
Operating expenses	21	452	403
Depreciation and amortization	7, 8	208	195
		4,016	**3,653**
Income from operating activities		**353**	**303**
Net finance costs	23	(108)	(96)
Loss on derecognition of property, plant, and equipment and intangible assets		(12)	(6)
Loss on fair value of contingent consideration	13	(4)	—
Share of net loss of joint venture	9	—	(1)
Income before income taxes		**229**	**200**
Income tax expense	24	(62)	(54)
Net income		**167**	**146**
Other comprehensive income (loss)			
Item that may be subsequently reclassified to income			
Reclassification to net income, loss on bond forward		2	2
Items that will not be subsequently reclassified to income			
Remeasurement of defined benefit obligation	15	1	(3)
Tax impact on remeasurement of defined benefit obligation		(1)	—
Total other comprehensive income (loss)		**2**	**(1)**
Total comprehensive income		**169**	**145**

The accompanying notes are an integral part of these consolidated financial statements.

ALECTRA INC.

Consolidated Statement of Changes in Equity
(in millions of Canadian dollars)
for the years ended December 31, 2024 and 2023

	Notes	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total
Balance, January 1, 2023		992	599	5	140	1,736
Net income		—	—	—	146	146
Other comprehensive loss		—	—	(1)	—	(1)
Return of capital	16, 26	(2)	—	—	—	(2)
Dividends paid	16, 26	—	—	—	(78)	(78)
Balance, December 31, 2023		**990**	**599**	**4**	**208**	**1,801**
Net income		—	—	—	167	167
Other comprehensive income		—	—	2	—	2
Return of capital	16, 26	(12)	—	—	10	(2)
Dividends paid	16, 26	—	—	—	(82)	(82)
Balance, December 31, 2024		**978**	**599**	**6**	**303**	**1,886**

The accompanying notes are an integral part of these consolidated financial statements.

ALECTRA INC.

Consolidated Statement of Cash Flows
(in millions of Canadian dollars)
for the years ended December 31, 2024 and 2023

	Notes	2024	2023
Net cash from (used in)			
Operating activities			
Net income		167	146
Adjustments for:			
Depreciation and amortization	7, 8	208	195
Amortization and derecognition of capital contributions	22	(23)	(23)
Loss on derecognition of property, plant, and equipment and intangible assets		12	6
Loss on fair value of contingent consideration		4	—
Share of net loss of joint venture	9	—	1
Income tax expense	24	62	54
Net finance costs	23	108	96
Capital contributions received	22	109	116
Net change in operating working capital	25	(135)	(19)
Net change in non-current assets and liabilities		8	6
Cash generated from operating activities		520	578
Income taxes paid	24	(14)	(21)
Income taxes refunded	24	1	7
Net cash from operating activities		**507**	**564**
Investing activities			
Decrease in restricted cash		—	3
Consideration paid for investment in a business	6	(49)	—
Purchase of investment security	9	—	(2)
Consideration for investment in joint venture	9	(10)	(2)
Purchase of property, plant, and equipment	7	(470)	(467)
Purchase of intangible assets	8	(27)	(29)
Proceeds from disposal of property, plant and equipment		1	3
Proceeds from disposal of intangible assets		—	1
Net cash used in investing activities		**(555)**	**(493)**
Financing activities			
Issuance of short-term debt	26	12,187	11,758
Repayment of short-term debt	26	(12,107)	(11,673)
Repayment of long-term loans and borrowings	26	(316)	—
Issuance of long-term loans and borrowings, net of transaction costs	26	498	—
Repayment of lease obligations	17, 26	(2)	(5)
Interest received	26	8	5
Interest paid	26	(117)	(103)
Return of capital	16, 26	(2)	(2)
Dividends paid	16, 26	(82)	(78)
Net cash from (used in) financing activities		**67**	**(98)**
Net cash inflow (outflow)		**19**	**(27)**
Cash, beginning of year		**21**	**48**
Cash, end of year		**40**	**21**

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of the Business

Alectra Inc. is owned as follows:

- 29.57% by Enersource Corporation, which is owned 90% by the Corporation of the City of Mississauga (the "City of Mississauga") and 10% by BPC Energy Corporation, which is a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS");
- 20.50% by the Vaughan Holdings Inc., a wholly-owned subsidiary of the Corporation of the City of Vaughan (the "City of Vaughan");
- 17.31% by Hamilton Utilities Corporation, a wholly-owned subsidiary of the Corporation of the City of Hamilton (the "City of Hamilton");
- 15.00% by Markham Enterprises Corporation, a wholly-owned subsidiary of the Corporation of the City of Markham (the "City of Markham");
- 8.37% by Barrie Hydro Holdings Inc., which is wholly-owned by the Corporation of the City of Barrie (the "City of Barrie");
- 4.63% by St. Catharines Hydro Inc., a wholly-owned subsidiary of the Corporation of the City of St. Catharines (the "City of St. Catharines"); and
- 4.63% by the Guelph Municipal Holdings Inc., a wholly-owned subsidiary of the Corporation of the City of Guelph (the "City of Guelph").

The Corporation's registered head office is 2185 Derry Road W, Mississauga, Ontario, Canada.

The accompanying consolidated financial statements of the Corporation include the accounts of Alectra Inc. and its subsidiaries. The principal subsidiaries of the Corporation are: Alectra Utilities, a regulated electricity distribution company under license issued by the Ontario Energy Board ("OEB") which also includes a commercial rooftop solar generation business ("Ring Fenced Solar"); and Alectra Energy Solutions Inc. ("AES"), a non-regulated energy services company. The Corporation also indirectly owns a 100% ownership interest in Solar Sunbelt General Partnership (“Solar Sunbelt GP”), which is held through Alectra Utilities (99.9975% interest) and Horizon Solar Corporation (0.0025% interest).

AES was incorporated on January 31, 2017 and has two subsidiaries: Alectra Energy Services Inc. ("AESI"); and Alectra Power Services Inc. ("APSI"). AESI has four subsidiaries: Util-Assist Inc. ("UA"); Alectra Microgrid Master Limited Partnership ("AMSP"); Alectra Microgrid Master General Partnership; and Holland Power Services Inc. ("HPSI"). UA has one subsidiary: Util-Assist Corp. HPSI has two subsidiaries: Holland New England ("HNE") and 748953 N.B. Ltd. AESI has a 50% Joint Venture with Convergent Energy and Power through the formation of Alectra Convergent Development LP ("ACD"). On January 1, 2023, HPS Holdings Inc. ("HPS") amalgamated under the provisions of the Business Corporations Act (New Brunswick) with Holland Power Services Inc. to form Holland Power Services Inc. On October 12, 2023, HPSI incorporated a wholly owned subsidiary, 748953 N.B. Ltd. On May 31, 2024, 748953 N.B. Ltd. acquired assets from Gagnon Line Construction Inc. ("GLC"), a private company specialized in providing emergency power restoration services in Eastern Canada and the United States.

AES is an Ontario-based company that provides customers with energy solutions and services through the use of innovative technologies. The principal activities of AES, its subsidiaries and joint venture include:

- AESI - provides wholesale metering and sub-metering services for condominium and commercial properties;
- APSI - provides street lighting services including design, construction, and maintenance;
- HPSI, HNE and 748953 N.B. Ltd. - provide emergency power restoration services to utilities primarily located along the eastern seaboard of the United States and Canada; and industrial electrical services to utilities and industrial clients;
- UA - provides consulting services (with respect to advanced metering systems procurement and implementation; customer information systems procurement and implementation); billing and meter data exception management services; an outage management call centre (PowerAssist); and other smart grid applications and services;

1. Description of the Business (continued)

- AMSP - provides energy management services which includes installing, owning and operating an industrial energy storage battery and gas system with third parties; and
- ACD - provides distributed energy solutions which includes developing, constructing, commissioning, owning, operating and maintaining front-of-the-meter storage system projects in Ontario.

2. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the Board of Directors on March 7, 2025.

Certain prior year figures have been reclassified to conform to the presentation of the current year.

(b) Functional and presentation currency, and basis of measurement

These consolidated financial statements are presented in Canadian dollars ("$CAD"), which is the functional currency of the Corporation. These consolidated financial statements have been prepared on a historical cost basis, except for the valuation of employee future benefits, which are recorded at the actuarial present value of the defined benefit obligation, and contingent consideration and investment security which are recorded at fair value. Amounts are rounded to the nearest million, unless otherwise stated.

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the amounts reported and disclosed in these consolidated financial statements.

Estimates are used predominately in determining the measurement of certain of the Corporation's assets and liabilities. Estimates and underlying assumptions are continually reviewed and are based on factors that are considered to be relevant, such as historical experience and forecast trends. Actual results may differ from these estimates. Revisions of estimates are recognized in the period of revision and prospectively.

The areas which require management to make significant estimates and assumptions are as follows:

- Note 4(b) – valuation of identifiable net assets acquired in a business combination;
- Note 4(c)(ii) – recognition and measurement of unbilled revenue;
- Note 4(d)(i) – measurement of the fair value of the contingent consideration and investment security;
- Note 4(g) and (h) – estimation of the useful lives of property, plant and equipment and finite life intangible assets;
- Note 4(i) – impairment of non-financial assets: key assumptions underlying recoverable amounts; and
- Note 4(k) – measurement of employee future benefits – key actuarial assumptions.

Judgments included in the consolidated financial statements are decisions made by management, based on the analysis of relevant information available at the time of each decision. Judgments relate to the application of accounting policies and decisions related to the recognition, measurement and disclosure of financial amounts.

2. Basis of Preparation (continued)

(c) Use of estimates and judgments (continued)

The areas which require management to make significant judgments are as follows:

- Note 4(b) – the determination of whether or not an acquisition meets the definition of a business combination;
- Note 4(c)(i) - principal versus agent determination for recording revenue on a gross or net basis;
- Note 4(c)(ii) - deferred revenue: assessment of the performance obligation for contributions from customer;
- Note 4(j) – recognition and measurement of provisions and contingencies, determining whether a present obligation exists and assessing the probability, timing, and amount of any future outflows; and
- Note 4(m) – recognition of deferred tax assets and liabilities.
- Note 4(p) – equity-accounted investees: whether the Corporation has significant influence or joint control over an investee and assessment of impairment indicators;
- Note 4(q) – lease term: determining whether the Corporation is reasonably certain to exercise a lease extension option;

Changes in the economic environment arising from geopolitical events and uncertainty over economic growth could generate, in future periods, a risk of adjustments to the carrying amounts of balances subject to estimates and judgments.

3. Regulation

The Corporation, through Alectra Utilities, is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The regulatory accounting treatments of the OEB require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS. Refer to Note 28.

(a) Rate Setting

The electricity distribution rates and other regulated charges of the Corporation are determined in a manner that provides shareholders of the Corporation with opportunity to earn a regulated maximum allowable return on equity ("MARE") on the amount of shareholders' equity supporting the business of electricity distribution, which is also determined by regulation.

The rate-making policies of the OEB are guided by its statutory objectives under *The Ontario Energy Board Act, 1998 (Ontario)* ("OEBA") that include, among other matters, to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

The OEB regulates the electricity distribution rates charged by local distribution companies ("LDCs"), such as Alectra Utilities, through periodic rate applications to the OEB and its ongoing monitoring and reporting requirements. At present, LDCs may apply to the OEB for electricity distribution rates under options specified in its *Report of the Board - A Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (“RRF”). The three rate-setting methods available to LDCs under the RRF are: Price Cap Incentive Rate-setting (“Price Cap IR”); Custom Incentive Rate-setting ("Custom IR"); or Annual Incentive Rate-setting Index ("Annual IR").

3. Regulation (continued)

(a) *Rate Setting (continued)*

Price Cap IR

The Price Cap IR method establishes rates on a single forward test-year cost of service basis, indexed for four subsequent years through a formulaic adjustment.

The Incremental Capital Module ("ICM") is available to distributors under the Price Cap IR method. It is intended to address capital investment needs that arise during the rate-setting plan that are incremental to an OEB prescribed materiality threshold. The requested amount for an ICM claim must be: incremental to a distributor's capital requirements within the context of its financial capacities underpinned by existing rates; and satisfy the eligibility criteria of materiality, need, and prudence. For distributors that are in an extended rebasing deferral period arising from utility consolidations (i.e., distributors in years six to ten of the rebasing deferral period), incremental capital funding may be requested for an annual capital program. The OEB requires that a distributor requesting relief for incremental capital during the Price Cap IR plan term include comprehensive evidence to support the need. This includes the calculation of a rate rider to recover the incremental revenue from each applicable customer class. The incremental revenue is recognized in the year when the actual ICM related expenditures are expected to be in-service. This approach is consistent with the timing of the actual capital investment benefit to customers, which aligns with the expected timing of the OEB approval of ICM rate adjustments.

Custom IR

The Custom IR method establishes rates based on a forecast of an LDC's revenue requirement and sales volumes. This rate-setting method is customized to fit the specific applicant's circumstances. The annual rate adjustment over the Custom IR term is determined by the OEB on a case-by-case basis.

Annual IR

The Annual IR method sets a distributor's rates through an annual adjustment mechanism.

(b) *Rate Applications*

2024 Rate Application

On July 21, 2023, Alectra Utilities filed an ICM application for the approval of 2024 incremental capital funding for urgent underground cable renewal investments in the PowerStream and Enersource rate zones, effective January 1, 2024. On February 13, 2024, the OEB issued its Decision and Order on the ICM application, approving $17 of Alectra Utilities' $25 ICM capital request. For the 2024 rate year, the OEB approved recovery of the incremental revenue requirement, approved as part of the Decision, over a 10-month period from March 1, 2024, to December 31, 2024, and over a 12-month period in the subsequent rate years.

On August 17, 2023, Alectra Utilities filed an application for all five predecessor utility rate zones for the approval of 2024 electricity distribution rates, effective January 1, 2024. On December 14, 2023, the OEB issued its Decision and Rate Order on the Price Cap IR application, approving a 4.5% rate adjustment to distribution rates effective January 1, 2024 and providing for disposition of deferral and variance account balances.

4. Material Accounting Policies

The following material accounting policies used in the preparation of these consolidated financial statements, have been applied consistently to all periods presented herein;

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries from the date that control commences until the date that control ceases. The Corporation controls a subsidiary if it is exposed, or has rights, to variable returns from its investment in the subsidiary and can affect those returns through its power over the subsidiary. All intercompany accounts and transactions are eliminated on consolidation.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value of: assets conveyed; liabilities incurred or assumed; and the equity instruments issued by the Corporation in exchange for control of the acquired business. Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at fair value at the acquisition date. The Corporation records all identifiable intangible assets including identifiable assets that had not been recognized by the acquiree before the business combination. Any excess of the cost of acquisition over the Corporation's share of the fair value of the net identifiable assets acquired and liabilities assumed is recorded as goodwill.

During the measurement period (within one year of the acquisition date), the Corporation may, on a retrospective basis, adjust the amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

The Corporation accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received.

(c) Revenue from contracts with customers

Revenue is recognized at a point in time or over time, depending on when the Corporation has satisfied its performance obligation(s) to its customers. Where the Corporation has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance to date, revenue is recognized in an amount to which the Corporation has a "right to invoice". The right to invoice represents the fair value of the consideration received or receivable.

The following provides a summary of the nature of the various performance obligations within contracts with customers and when performance is recognized on those obligations:

(i) Distribution revenue and electricity sales

The Corporation has identified that its material performance obligation is the distribution and provision of electricity to customers. Alectra Utilities is licensed by the OEB to distribute electricity. Distribution revenue is recognized based on OEB-approved distribution rates, set at a level intended to recover the costs incurred by Alectra Utilities in delivering electricity to customers and a regulated return on invested capital, and includes revenue collected through OEB-approved rate riders. As a licensed distributor, Alectra Utilities is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. Alectra Utilities is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether Alectra Utilities ultimately collects these amounts from customers.

4. Material Accounting Policies (continued)

(c) Revenue from contracts with customers (continued)

(i) Distribution revenue and electricity sales (continued)

The Corporation has determined that it is acting as a principal for electricity distribution and therefore has presented the electricity sales on a gross basis. Revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution charges, and any other regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Electricity sales are recorded based on regular meter readings and estimates of customer usage since the last meter reading date to the end of the year. The Corporation satisfies its performance obligation to the customer over time, which is to use reasonable diligence in providing a regular and uninterrupted supply of electricity over the contract term.

(ii) Other revenue

Other revenue includes revenue from renewable generation and government grants under CDM programs, contributions from customers, sub-metering, consulting, and other general revenue. The methods of recognition for other revenue are as follows:

- Revenue from renewable generation sources is recognized in the period in which electricity is generated and delivered, based on regular meter readings, and is measured at the fair value of the consideration received or receivable, net of sales tax.
- Capital contributions received from electricity customers and developers to construct or acquire property, plant, and equipment for the purpose of connecting a customer to a network are recorded as deferred revenue. The deferred revenue is initially recorded at fair value of the capital contribution and amortized to other revenue on a straight-line basis over the estimated economic lives of the assets to which the contribution relates. Contributions received from customers to construct or acquire fixed assets to deliver services other than those related to delivery of electricity are recorded as deferred revenue and amortized to other revenue over the term of the contract with the customer.
- Sub-metering revenue is primarily comprised of management fees billed for sub-metering services related to the consumption of electricity and water in individual units within multi-residential and commercial buildings. Revenue is recognized monthly over the term of corresponding service agreements as the services are provided to the customer. AESI has determined that it is acting as an agent for its meter billing service and, as such, the revenue is recognized on a net basis.
- Revenue from consulting services is recognized using a time and materials basis which is measured monthly based on input measures, such as hours incurred to date, with consideration given to output measures, such as contract milestones when applicable. Certain service revenues, such as upfront conversion revenue, are recognized at a point in time.
- Revenue from power restoration services provided to utilities during storm events and industrial services including installation, maintenance and repairs to power infrastructure utilities and industrial clients is recognized as services are rendered.
- Revenue is recognized as services are rendered where ancillary to: the electricity distribution; delivery of street lighting services; water billing; and pole and duct rentals.

4. Material Accounting Policies (continued)

(c) Revenue from contracts with customers (continued)

The measurement of unbilled revenue is based on an estimate of the amount of electricity, water, gas and thermal delivered to customers, power restoration services and industrial services provided but not yet billed. These accrued amounts are presented as unbilled revenues under IFRS 15, Revenue from Contracts with Customers. The Corporation assesses unbilled revenue for impairment in accordance with IFRS 9, *Financial Instruments.*

(d) Financial instruments

Financial assets and liabilities include cash, investment security, trade and other receivables, trade and other payables, customer deposits liability, contingent consideration, and loans and borrowings. All financial assets and liabilities, except trade and other receivables, are initially recognized at fair value plus transaction costs. Trade and other receivables balances are initially recognized at the transaction price. Financial assets and liabilities, except for investment security and contingent consideration, are subsequently measured at amortized cost using the effective interest rate method, less any applicable impairment. Interest income is calculated using the effective interest rate method and is recognized in the Consolidated Statement of Income and Comprehensive Income. Investment security and contingent consideration are subsequently measured at fair value and changes in fair value are recognized in the Consolidated Statement of Income and Comprehensive Income. The fair value measurement of investment security and contingent consideration is categorized as Level 2.

(i) Financial instruments at fair value

The fair value of a financial instrument is the amount of agreed upon consideration in an arm's length transaction between willing parties. Financial instruments, which are disclosed at fair value, are classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values of the disclosed financial liabilities, and are as follows:

- Level 1: inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the liabilities that are not based on observable market data (unobservable inputs).

Fair value inputs are taken from observable markets where possible. In the absence of an active market, the Corporation estimates fair value by using valuation techniques that refer to observable market data or estimated market prices. In making such estimates, the Corporation gives the highest priority to unadjusted quoted prices in active markets for similar assets or liabilities (Level 2) and the lowest priority to unobservable inputs (Level 3), as applicable. Fair values estimated using generally accepted pricing models are based on discounted cash flow analysis, with the most significant inputs being the contractual terms of the instrument and the market discount rates that reflect the credit risk of counterparties.

(ii) Impairment of financial assets

Impairment of the Corporation’s financial assets is assessed on a forward-looking basis. The Corporation applies the simplified approach to its trade receivables which requires expected lifetime losses to be recognized from initial recognition of the receivables and on an ongoing basis. The Corporation assesses all information available in the measurement of the expected credit losses ("ECL") associated with its assets carried at amortized cost.

4. Material Accounting Policies (continued)

(d) Financial instruments (continued)

(ii) Impairment of financial assets (continued)

The measurement of ECL for trade receivables is based on management's estimates and assumptions. ECL is determined using a provision matrix based on historical observed default rates and incorporated macroeconomic factors such as GDP growth forecast, inflation rates, unemployment rates, and customer-specific assessments. Trade receivables are written-off against the allowance when they are deemed uncollectible.

(e) Cash

Cash includes cash in bank accounts. On the consolidated statements of cash flows, cash (working capital balances) include bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted-moving average basis and includes expenditures incurred in acquiring the inventories and other costs to bring the inventories to their existing location and condition.

(g) Property, plant, and equipment ("PP&E")

Land is measured at cost. PP&E (other than land) is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and includes contracted services, cost of materials, directly attributable overhead, direct labour, pension and other benefit costs, and borrowing costs incurred in respect of qualifying assets constructed.

Work in progress assets are generally assets that are undergoing active construction or development and are not currently available for use. Such assets are therefore not depreciated.

When items of PP&E are disposed of, a gain or loss on asset derecognition, if any, is determined by comparing the proceeds from disposal with the carrying amount of the item. Any gain or loss on asset derecognition is included in the Consolidated Statement of Income and Comprehensive Income.

Depreciation of PP&E is recognized on a straight-line basis over the useful life of each item. Depreciation on these assets commences when such assets are ready for their intended use.

The assessment of the useful lives of PP&E is based on management's judgment and are reviewed at each financial year-end and adjusted prospectively. When components of an item of PP&E have different useful lives, each component is recorded separately within PP&E and depreciated over each component's useful life. These assets are classified to the appropriate categories of PP&E when completed and ready for intended use.

The method of depreciation and estimated useful lives for each category of PP&E are as follows:

Buildings	Straight-line	10 to 60 years
Distribution assets	Straight-line	10 to 70 years
Other assets	Straight-line	2 to 50 years

4. Material Accounting Policies (continued)

(h) Goodwill and other intangible assets

Intangible assets include goodwill; land rights; brands; computer software; contributions; and other intangible assets. Other intangible assets include: work in progress; customer relationships; and non-compete agreements.

Goodwill arising on the acquisition of subsidiaries or on amalgamation represents the excess of the purchase price over the fair value assigned to the Corporation's interest of the net identifiable assets acquired. Goodwill is measured at cost less accumulated impairment losses. Goodwill has been assessed as having an indefinite useful life as it cannot exist independently of the business, nor it can be sold or transferred separately.

Land rights are measured at cost. Land rights held by the Corporation are effective in perpetuity and there is no foreseeable limit to the period over which the rights are expected to provide benefit to the Corporation. Consequently, no removal date can be determined and no reasonable estimate of the fair value of such asset retirement obligations can be determined. If, at some future date, it becomes possible to estimate the fair value cost of removing these assets and the Corporation is legally or constructively required to remove such assets, a related asset retirement obligation will be recognized at that time. Land rights have been assessed as having an indefinite useful life.

Brands, excluding brand licensing agreement, have been assessed as having an indefinite useful life, as there is no foreseeable limit to the cash flows generated by the brands.

Computer software, contributions, customer relationships, and other intangible assets are measured at cost less accumulated amortization and any applicable impairment losses. Amortization begins when the asset is available for use and is measured on a straight-line basis.

Contributions represent payments made to Hydro One Networks Inc. ("Hydro One"), an electricity distributor and transmitter in the Province of Ontario, for building dedicated infrastructure to accommodate the Corporation's distribution system requirements. Contributions are measured at cost less accumulated amortization.

Other includes a brand licensing agreement and acquired non-compete agreements. These agreements are recorded at fair value at the date of acquisition and are subsequently measured at cost less accumulated amortization and any applicable impairment losses. Amortization is charged on a straight-line basis over the life of the asset.

Work in progress assets are generally assets that are undergoing development and are not currently available for use. Work in progress assets are not depreciated.

Gains or losses arising from derecognition, if any, of an intangible asset are measured as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognized in the Consolidated Statement of Income and Comprehensive Income when the asset is derecognized.

The useful lives of intangible assets are assessed based on management's judgment and are reviewed at each financial year-end and adjusted prospectively.

4. Material Accounting Policies (continued)

(h) Goodwill and other intangible assets (continued)

The useful lives and amortization methods are as follows:

Goodwill	Not amortized	Indefinite
Land rights	Not amortized	Indefinite
Brands	Not amortized	Indefinite
Computer software	Straight-line	3 to 10 years
Contributions	Straight-line	10 to 70 years
Other	Straight-line	2 to 35 years

(i) Impairment of non-financial assets

For the purpose of impairment testing, the Corporation uses judgment to group its assets into the smallest group that generates cash inflows that are largely independent of those from other assets or cash generating units ("CGUs"). Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Goodwill and intangible assets with indefinite lives are tested for impairment annually and when circumstances indicate that the recoverable amount of an asset or CGU may be below its carrying value. The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU, a suitable discount rate in order to calculate a present value as a basis for determining impairment and an estimated terminal value calculated by discounting the final year in perpetuity. Fair value less costs of disposal is determined based on observable market inputs and categorized as level 2 for fair value measurement. Property, plant and equipment and intangible assets with finite lives are tested for impairment when management determines indicators of impairment exist. Significant judgment is involved in determining the inputs used for determining the recoverable amount of CGUs.

Impairment losses are recognized if the carrying amount of an asset or CGU exceeds its recoverable amount, and are recognized in net income. Impairment losses relating to CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been previously recognized.

(j) Provisions and contingencies

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be determined reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured as the expected outcome of the consideration required to settle the present obligation at the reporting date. Significant judgement is required in determining whether a present obligation exists and its probability of realization. Provisions are subject to significant uncertainty and are determined by discounting the expected future cash flows at a rate, net of tax, that corresponds to current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as an expense.

4. Material Accounting Policies (continued)

(j) Provisions and contingencies (continued)

Decommissioning provisions are liabilities recognized in the consolidated financial statements for the future costs associated with dismantling and removing assets, and restoring the site to its original condition. The estimated future cash flows of the site restoration costs are risk adjusted and discounted using a pre-tax, risk-free rate that reflects the time value of money. The associated site restoration costs are capitalized as part of the carrying amount of the asset and then amortized over its useful life. Changes due to revision of discount rates, the timing, or the amount of the original estimate of the provision are reflected on a prospective basis by adjusting the carrying amount of the related asset. In the event the amounts resulting from the changes in estimates exceed the carrying amount of the related asset, the excess amount is recognized immediately in Consolidated Statement of Income and Comprehensive Income.

Contingencies are disclosed unless the possibility of an outflow of economic benefits is remote.

An assessment of the likelihood of a contingent event, such as events arising from legal proceedings, third-party contracts and other events, requires management's judgment as to the probability of a loss occurring. Actual results may differ from those estimates.

(k) Employee future benefits

The Corporation provides pension and other benefit plans for its employees. Details on these plans are as follows:

(i) Multi-employer defined benefit pension plan

The Corporation provides a pension plan for the majority of its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

As OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan as a defined benefit plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

(ii) Non-pension defined benefit plans

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans. These benefits are provided through group defined benefit plans shared between entities under common control of Alectra Inc. Alectra Utilities, which is controlled by Alectra Inc., is the legal sponsor of the plans. There is a stated policy in place to allocate the net defined benefit cost to the participating entities under the common control of Alectra Inc. based on the obligation attributable to the plan participants employed by each participating entity.

The Corporation has incorporated its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these consolidated financial statements.

4. Material Accounting Policies (continued)

(k) Employee future benefits (continued)

(ii) Non-pension defined benefit plans (continued)

The Corporation's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting such to determine its present value. The discount rate is the interest yield, at the reporting date, on high quality debt instruments with duration similar to the duration of the plan.

Due to the long-term nature of these plans, estimates used in the valuation such as discount rates, expected rates of return on assets, future salary increases and mortality rates, are subject to significant uncertainty.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligation and the current service costs are actuarially determined by applying the projected unit credit method and incorporate management's best estimate of certain underlying assumptions. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income and reported in accumulated other comprehensive income. Amounts recorded in OCI are not reclassified to the Consolidated Statement of Income and Comprehensive Income.

The measurement date used to determine the present value of the benefit obligation is December 31 of the applicable year. The latest full actuarial valuation was performed as at December 31, 2022.

(l) Customer deposits liability

Customer deposit liability is comprised of cash collections from customers as security for the payment of energy bills and water bills. Deposits held in respect of commercial customers are applied against any unpaid portion of individual customer accounts. Customer deposit liability in excess of unpaid account balances is refundable to individual customers upon termination of their electricity distribution service. These customer deposits are classified as a current liability as they are refundable on demand once a customer establishes a good payment history in accordance with the policies of the Corporation. This liability includes related interest amounts owed to the customers with a corresponding amount charged to finance costs.

(m) Income taxes

The Corporation and its subsidiaries, other than AESI, HPSI and UA, are currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts").

AESI, HPSI and UA are subject to the payment of tax under the Tax Acts. Other than AESI, HPSI and UA, pursuant to the EA, and because of its exemption from income taxes under the Tax Acts, the Corporation is required to make payments in lieu of income taxes (“PILs”) to the Ontario Electricity Finance Corporation ("OEFC"). These payments are calculated in accordance with the Tax Acts. These amounts are applied to reduce certain debt obligations of the former Ontario Hydro continuing in OEFC.

PILs comprise current and deferred payments in lieu of income tax. PILs is recognized in the Consolidated Statement of Income and Comprehensive Income except to the extent that it relates to items recognized directly in either comprehensive income or in equity, in which case, it is recognized in comprehensive income or in equity.

4. Material Accounting Policies (continued)

(m) Income taxes (continued)

Current PILs is the expected amount of cash taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred PILs comprise the net tax effects of temporary differences between the tax basis of assets and liabilities and their respective carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred PILs assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred PILs assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred PILs asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred PILs assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

AESI, HPSI and UA are taxable under the Tax Acts with income tax expense that comprises current and deferred tax.

Current tax expense comprises the expected tax payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax expense is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the anticipated reversal date.

(n) Finance income and costs

Finance income is recognized as it accrues in net income and is comprised of interest earned on cash.

Finance costs comprise interest expense on borrowings, lease obligations and decommissioning provisions are recognized as an expense in the Consolidated Statement of Income and Comprehensive Income except for those amounts capitalized as part of the cost of qualifying property, plant, and equipment.

(o) Advance payments

Advance payments are prepayments on capital projects that have been purchased and will remain as an advance until the project is in service and billable under the terms of the corresponding service agreements.

4. Material Accounting Policies (continued)

(p) *Investment in joint venture*

A joint venture is a type of joint arrangement whereby, the entities that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the entities sharing control. Judgment is required when assessing the classification of a joint arrangement as a joint venture. When making this assessment, the Corporation considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements, and other facts and circumstances.

The investment in joint venture is accounted for using the equity method. Such investment is recognized initially at cost, which includes the purchase price and other costs directly attributable to the purchase. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the profit or loss and other comprehensive income of equity accounted investee, until the date on which significant influence or joint control ceases. If there is a loss of significant influence or joint control and the investment ceases to be a joint venture, equity accounting is discontinued from the date of loss of significant influence or joint control.

(q) *Leases*

At the inception of a contract, an assessment is made to determine if the contract is, or contains, a lease based on the right to control the asset and the receipt of substantially all the benefits from the use of the identifiable asset.

A lease obligation is initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined then by using the Corporation's incremental borrowing rate. The lease obligation is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments or a lease modification. A corresponding adjustment is made to the carrying amount of the right of use asset ("RoU") or is recorded in the Consolidated Statement of Income and Comprehensive Income if the carrying amount of the RoU has been reduced to zero.

The Corporation, depending upon the nature of the lease agreement, includes the following in the lease payments: fixed payments (including in-substance fixed payments); variable lease payments that depend on an index or a rate; and penalties for lease termination if the Corporation plans to exercise the termination option. The Corporation assesses extension options based on available information at the lease commencement date. Subsequently, if there is a change in circumstances within its control, the Corporation will then reassess the extension option to determine whether there is an economic incentive to exercise the option. Such an assessment is subject to management's judgment. The Corporation allocates the consideration in the contract to each lease component based on their relative stand-alone prices

The Corporation recognizes a RoU at the lease commencement date. The RoU is initially measured at cost which is the initial measurement of the lease obligation plus any lease payments made at or before the commencement date. The RoU is depreciated using the straight-line method over the shorter of the lease term and the estimated remaining useful life of the asset. The RoU is subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for certain remeasurements of the lease obligation.

The Corporation has elected not to recognize RoU assets and lease obligations with a lease term of 12 months or less and low value leases. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5. Future Accounting Changes

The amendments have been published by the International Accounting Standards Board but are not effective as at December 31, 2024, and have not been adopted in these consolidated financial statements: The Corporation is assessing the impact of implementation of these Standards on its consolidated financial statements. The Corporation does not plan to early adopt these standards.

Effective Date: Reporting periods beginning on or after January 1, 2027

(a) Presentation and Disclosure in Financial Statements (IFRS 18)

During the year, the IASB published a new IFRS accounting standard, IFRS 18 - *Presentation and Disclosure in Financial Statements*, to replace IAS 1, *Presentation of Financial Statements*, and will amend IAS 7, *Statement of Cash Flows*. The primary objective of IFRS 18 is to improve the assessment of an entity's performance by increasing comparability in presentation. Changes include: introducing a defined structure for the presentation of the Consolidated Statement of Income and Comprehensive Income, including required totals and sub-totals, management-defined performance measures, enhanced requirements for grouping (aggregation and disaggregation) of information, and disclosure of specific expenses by nature.

(b) Subsidiaries without Public Accountability: Disclosures (IFRS 19)

IFRS 19, allows eligible subsidiaries to apply reduced disclosure requirements in its consolidated, separate or individual financial statements. This new standard aims to simplify and reduce the cost of financial reporting for subsidiaries while maintaining the usefulness of their financial statements.

6. Business Combination

On May 31, 2024 ("Closing Date"), 748953 N.B. Ltd. acquired assets from GLC, a private company specialized in providing emergency power restoration services in Eastern Canada and the United States. The acquisition was recognized as a business combination in accordance with IFRS 3 - *Business Combinations.* The acquisition supports the strategic growth objectives of the Corporation.

The consolidated financial statements include the fair value of identifiable net assets as at the Closing Date. Goodwill arising from the acquisition of $14 relates to the expected growth, cost synergies and the value of the acquiree's workforce which cannot be separately recognized. Goodwill is not deductible for income tax purposes.

The total consideration for the acquired assets comprises:

(i) an initial payment of $45 to the vendor on the Closing Date (“Fixed Purchase Price”);
(ii) working capital adjustment of $4 to the vendor in consideration of actual working capital as at the Closing Date in excess of an assumed level of working capital underlying the total consideration; and
(iii) additional contingent payments, if any, based on meeting annual revenue targets of 748953 N.B. Ltd for the years ending 2024, 2025, and 2026. Refer to note 13 for details.

6. Business Combination (continued)

The assets acquired were valued based on discounted expected future cash flows using market risk adjusted rates of return. The following table summarizes the recognized amounts of assets acquired at the date of acquisition:

	Notes	
Trade and other receivables		7
Inventories		2
Property, plant, and equipment	7	9
Intangible assets	8	22
Fair value of identifiable net assets acquired		40
Goodwill	8	14
Total assets recognized		54
Represented by		
Fixed purchase price		45
Working capital adjustment		4
Cash consideration		49
Contingent consideration payable	13	5
Total consideration		54

For the seven months ended December 31, 2024, 748953 N.B. Ltd contributed revenue of $25 and net income of $1 to the Corporation's results.

7. Property, Plant, and Equipment and Right of Use Assets

		Property, Plant and Equipment					RoU	
	Note	Land and buildings	Distribution assets	Other assets	Work in progress	Sub-Total	RoU assets	Total
Cost								
Balance at January 1, 2023		211	4,207	317	204	4,939	38	4,977
Additions		—	—	2	492	494	1	495
Transfers into service		124	384	22	(530)	—	—	—
Disposals, write-offs		—	(12)	(11)	—	(23)	(8)	(31)
Balance at December 31, 2023		335	4,579	330	166	5,410	31	5,441
Additions through acquisition	6	5	—	4	—	9	—	9
Additions		—	—	44	492	536	2	538
Transfers into service		11	440	29	(480)	—	—	—
Disposals, write-offs		—	(20)	(12)	—	(32)	(1)	(33)
Balance at December 31, 2024		351	4,999	395	178	5,923	32	5,955
Accumulated depreciation								
Balance at January 1, 2023		35	818	132	—	985	15	1,000
Depreciation		6	136	25	—	167	5	172
Disposals, write-offs		—	(4)	(11)	—	(15)	(8)	(23)
Balance at December 31, 2023		41	950	146	—	1,137	12	1,149
Depreciation		7	143	27	—	177	2	179
Disposals, write-offs		—	(7)	(13)	—	(20)	—	(20)
Balance at December 31, 2024		48	1,086	160	—	1,294	14	1,308
Net book value								
December 31, 2023		294	3,629	184	166	4,273	19	4,292
December 31, 2024		303	3,913	235	178	4,629	18	4,647

Other assets include solar panels, meters, vehicles, furniture and equipment, behind-the-meter distributed energy generation resources, computer equipment, and leasehold improvements.

RoU assets represent the Corporation's right to use buildings and roof tops over the duration of the lease term.

During the year, borrowing costs of $3 (2023 - $7) were capitalized as part of the cost of property plant & equipment and intangible assets. An average capitalization rate of 4.27% (2023 - 4.36%) was used to determine the amount of borrowing costs to be capitalized with respect to the Corporation. Refer to Note 23.

7. Property, Plant, and Equipment and Right of Use Assets (continued)

Reconciliation between the amounts presented on the Consolidated Statement of Cash Flows and additions to property, plant and equipment:

	Note	2024	2023
Purchase of property, plant and equipment, cash basis		470	467
Non-cash asset contributions	22	13	16
Depreciation expense capitalized		6	6
Holdback payable/accruals		47	5
Additions to property, plant and equipment		536	494

Reconciliation between depreciation and amortization amounts included in continuity tables of Note 7 and 8 and the amounts presented on the Consolidated Statement of Income and Comprehensive Income:

	Notes	2024	2023
Depreciation	7	179	172
Amortization	8	35	29
Depreciation capitalized		(6)	(6)
Depreciation and amortization per Consolidated Statement of Income and Comprehensive Income		208	195

8. Goodwill and Other Intangible Assets

(a) Goodwill and other intangible assets

	Note	Goodwill	Land rights	Computer software	Contributions	Work in progress	Other assets	Total
Cost or deemed cost								
Balance at January 1, 2023		777	4	175	97	33	60	1,146
Additions		—	—	—	—	27	—	27
Transfers into service		—	—	27	—	(34)	7	—
Disposals, write-offs		—	—	(5)	—	(5)	—	(10)
Balance at December 31, 2023		777	4	197	97	21	67	1,163
Additions through acquisition	6	14	—	—	—	—	22	36
Additions		—	—	—	—	25	—	25
Transfers into service		—	—	27	—	(31)	4	—
Disposals, write-offs		—	—	(1)	—	—	(2)	(3)
Balance at December 31, 2024		791	4	223	97	15	91	1,221
Accumulated amortization								
Balance at January 1, 2023		—	—	75	23	—	14	112
Amortization		—	—	21	3	—	5	29
Disposals, write-offs		—	—	(4)	—	—	—	(4)
Balance at December 31, 2023		—	—	92	26	—	19	137
Amortization		—	—	26	3	—	6	35
Disposals, write-offs		—	—	(1)	—	—	(2)	(3)
Balance at December 31, 2024		—	—	117	29	—	23	169
Net book value								
December 31, 2023		777	4	105	71	21	48	1,026
December 31, 2024		791	4	106	68	15	68	1,052

Other assets include customer relationships, brands, brand licensing agreement and non-compete agreements.

Borrowing costs capitalized in intangible assets and property plant & equipment during the year is included in Note 7 and 23.

8. Goodwill and Other Intangible Assets (continued)

(a) Goodwill and other intangible assets (continued)

Reconciliation between the amounts presented on the Consolidated Statement of Cash Flows and additions to intangible assets:

	2024	2023
Purchase of intangible assets, cash basis	27	29
Accruals	(2)	(2)
Additions to intangible assets	25	27

(b) Impairment testing of goodwill and other indefinite life intangible assets

Goodwill with a carrying amount of $791 (2023 - $777), brands with a carrying amount of $2 (2023 - $2) and land rights with a carrying amount of $4 (2023 - $4) have been allocated to the Corporation's CGUs as follows:

	Goodwill		Land rights		Brands	
	2024	2023	2024	2023	2024	2023
AUC	755	755	4	4	—	—
HPS	16	16	—	—	2	2
748953 N.B. Ltd	14	—	—	—	—	—
UA	6	6	—	—	—	—

The Corporation tested goodwill, land rights and brands for impairment as at September 30, 2024, and September 30, 2023. The impairment test was performed by considering the latest developments and economic conditions. The recoverable amount of goodwill, brands and land rights determined in the analysis for both years was greater than the carrying value and no impairment was recorded.

The recoverable amount is based on the value-in-use. The value-in-use calculations use cash flow projections based on financial plan and extrapolated cash flows using a terminal growth value for AUC and estimated growth rates for other CGUs.

The key assumptions used in the value-in-use calculations include forecast earnings before interest, taxes, depreciation, and amortization ("EBITDA"), weighted average cost of capital ("WACC") and a terminal growth value.

The rate base multiple, terminal growth rate and WACC rate used for each CGU are as follows:

	Rate base multiple, Terminal growth rate		WACC rate	
	2024	2023	2024	2023
AUC	1.3x	3.00%	4.92%	5.16%
HPS	2.50%	2.50%	12.87%	14.23%
748953 N.B. Ltd	2.00%	N/A	12.87%	N/A
UA	3.00%	3.00%	20.81%	21.22%

8. Goodwill and Other Intangible Assets (continued)

(b) Impairment testing of goodwill and other indefinite life intangible assets (continued)

Forecast EBITDA is based on expectations of future outcomes considering past experience, adjusted for anticipated revenue growth and cost savings. Revenue growth is projected based on the average growth rate, the estimated sales volume and expected price increases for the next seven years. WACC is based on market and equity risk factors for comparable companies. The terminal growth value is projected using a rate base multiple of 1.3x. In the prior year a percentage growth rate of 3% was used to determine the terminal value. During the year, a rate base multiple was used to calculate AUC's terminal value as the rate base multiple incorporates the future capital expenditures and cost recoveries in the calculations and are not included in the period of forecasted EBITDA.

Management is not aware of any changes to the key assumptions that would cause the CGUs' carrying amounts to exceed the recoverable amounts.

9. Other Assets

	2024	2023
Current		
Inventories	75	61
Prepaid expenses	18	18
Other receivable	6	8
	99	87
Non-current		
Investment in joint venture	11	1
Prepaid expenses	4	2
Investment security	2	2
	17	5

Inventories consist of parts and supplies acquired for internal construction or consumption.

Investment security relates to the Corporation's ownership share in Global Strategic Mobility Fund LP. with a total capital commitment of $8 USD over a 10-year period. As at December 31, 2024, the Corporation's ownership share in the fund was 13% (2023 - 15%).

10. Trade and Other Payables

	Note	2024	2023
Trade payables - energy purchases		259	234
Accrued liabilities		78	118
Due to related parties	11	58	54
Trade payables - other		46	47
Customer receivables in credit balances		29	30
Interest payable		21	20
		491	503

11. Related Party Balances and Transactions

(a) Balances and transactions with related parties

Services provided to related parties include electricity distribution, street lighting, road projects, and water and sewage billing. Expenses incurred include municipal taxes and facilities rental.

These transactions are summarized in the table below:

2024				
	Revenue/ Deferred Revenue	Expenses	Due from related parties	Due to related parties
City of Barrie	8	—	2	—
City of Guelph	12	—	—	7
City of Hamilton	37	1	5	26
City of Markham	9	1	2	11
City of Mississauga	23	1	4	—
City of St. Catharines	5	—	1	—
City of Vaughan	10	1	4	14
Eastern Ontario Lease Parking Inc.	—	1	—	—
Gagnon Construction Inc.	—	1	—	—
	104	6	18	58

2023				
	Revenue/ Deferred Revenue	Expenses	Due from related parties	Due to related parties
City of Barrie	7	—	2	—
City of Guelph	11	—	1	7
City of Hamilton	33	1	2	24
City of Markham	9	1	2	11
City of Mississauga	19	3	3	—
City of St. Catharines	5	—	1	—
City of Vaughan	8	1	1	12
	92	6	12	54

The corporation has lease agreements with the City of Hamilton, City of Barrie and City of Markham that are included in RoU assets. Refer to Note 7.

Refer to Note 12 for related party loans and borrowings.

The Corporation paid dividends to shareholders during the year. Refer to Note 16.

11. Related Party Balances and Transactions (continued)

(b) Key management personnel compensation

Key management personnel includes individuals who are directly or indirectly responsible for planning, directing and controlling the activities of the Corporation. Annual compensation of key management personnel that is directly attributable to the Corporation is as follows:

	2024	2023
Salaries and current employment benefits	17	16
Employee future benefits	2	1
	19	17

12. Loans and Borrowings

	2024	2023
Total loans and borrowings	2,874	2,612
Less:		
Short-term debt	455	375
Current portion of long term-debt	—	316
Current portion of loans and borrowings	455	691
Non-current portion of loans and borrowings	2,419	1,921

(a) Short-term debt

The Corporation meets its short-term liquidity requirements through the issuance of commercial paper ("CP") and the use of committed and uncommitted credit facilities.

The CP program has a maximum authorized amount of $900 (2023 - $700) and is supported by the Corporation's $900 (2023 - $700) committed credit facility with $100 expansion option subject to mutual agreement between the Corporation and its lenders. CPs are issued with varying maturities of less than one year and bear interest based on the prevailing market conditions at the time of issuance. CP issuance at December 31, 2024, was $455 (2023 - $375).

For the year ended December 31, 2024, the average annual outstanding borrowings under the Corporation's committed revolving credit facility and uncommitted credit facility was $498 (2023 - $348) with a weighted average interest rate of 4.68% (2023 - 4.92%). Refer to Note 18(b)(iii).

12. Loans and Borrowings (continued)

(b) Long-term debt

	2024	2023
Debentures[1]		
3.239% Debentures due 2024	—	150
2.488% Debentures due 2027	675	675
5.264% Debentures due 2030	65	65
1.751% Debentures due 2031	300	300
4.627% Debentures due 2034	200	—
4.309% Debentures due 2034	300	—
5.297% Debentures due 2041	210	210
3.958% Debentures due 2042	200	200
4.121% Debentures due 2045	30	30
3.458% Debentures due 2049	200	200
5.225% Debentures due 2052	250	250
Less: unamortized transaction costs	(11)	(9)
	2,419	2,071
Promissory notes from related parties		
4.410% Promissory note issued to the City of Vaughan	—	78
4.410% Promissory note issued to the City of Markham	—	68
4.410% Promissory note issued to the City of Barrie	—	20
	—	166
Total long-term debt	2,419	2,237
Less: Current portion of long-term debt	—	316
Non-current portion of loans and borrowings	2,419	1,921

All interest rates are per annum.

[1]Debentures issued are senior unsecured debentures.

The debentures rank pari passu with all the Corporation's other senior unsubordinated and unsecured obligations. Interest on these debentures was $80 (2023 - $74).

The 3.239% debenture payable in 2024 was repaid during the year.

On June 13, 2024, the Corporation issued a 4.627% senior unsecured debenture for $200 maturing in 2034 and incurred a debt issuance cost of $1.

On October 30, 2024, the Corporation issued a 4.309% senior unsecured debenture for $300 maturing in 2034 and incurred a debt issuance cost of $2.

The debentures are subject to a financial covenant. The covenant requires that neither the Corporation nor any designated subsidiary may incur any funded obligation (other than non-recourse debt and intercompany indebtedness) unless the aggregate principal amount of the consolidated funded obligations does not exceed 75% of the total consolidated capitalization. The Corporation was in compliance with the covenant at December 31, 2024, and 2023.

12. Loans and Borrowings (continued)

(b) Long-term debt (continued)

The three promissory notes payable to the City of Vaughan, the City of Markham and the City of Barrie were repaid on May 31, 2024. Interest expense on these promissory notes was $3 (2023 - $7).

The table below summarizes principal repayments on long-term debt due in the next five years and thereafter as at December 31, 2024.

2027	675
Thereafter	1,755
	2,430

13. Contingent Consideration

Contingent consideration relates to earnout payments relating to the acquisition of assets from GLC, and is dependent on exceeding pre-determined revenue levels for the years ending December 31, 2024, 2025 and 2026.

The fair value of the contingent consideration recognized on the acquisition date was determined using the Monte Carlo Simulation approach for estimating revenue. The distribution of revenue was determined to follow the Geometric Brownian Motion model. The fair value of the contingent consideration is based on estimation of future revenue using historical information, relevant market variables and the payment date outlined in the asset acquisition agreement. The change in the fair value of contingent consideration from the closing date is recognized in the Consolidated Statement of Income and Comprehensive Income.

	Note	
Initial recognition upon acquisition on May 31, 2024	6	5
Increase in fair value		4
Balance, December 31, 2024		9
Less: Current portion of contingent consideration		5
Non-current portion of contingent consideration		4

14. Other Liabilities

	2024	2023
Current		
Advance payments	94	99
Holdback payable	35	6
Income tax payable	10	1
Other	3	1
	142	107
Non-current		
Expansion deposits	30	25
Decommissioning provision	4	—
Other	1	1
	35	26

Advance payments represent amounts received from customers and developers for services that will be performed in the future and are recognized in revenue when the performance obligation is satisfied.

Expansion deposits represent security deposits received from customers, which are expected to be returned to the customer upon project completion.

The decommissioning provision mainly relates to the Corporation's obligation to restore leased rooftops upon expiration or termination of the lease. The timing of restoration work is expected to range from 2031 and 2036 based on the contract terms.

15. Employee Future Benefits

(a) Multi-employer defined benefit pension plan

The Corporation provides a pension plan for its employees, except those in UA and HPSI, through OMERS. The plan is a multi-employer, contributory defined benefit pension plan with equal contributions by the Corporation and its employees. During the year ended December 31, 2024, the Corporation made employer contributions of $20 (2023 - $19) to OMERS. These contributions have been recognized as an expense net of the amount capitalized in assets. The expected payment for 2025 is $24.

As at December 31, 2023, and subject to the estimates, assumptions and valuations of OMERS, the plan obligations are 97% (2022 - 95%) funded by its assets. OMERS has a strategy to return the plan to a fully funded position. The Corporation is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

(b) Non-pension defined benefit plans

The Corporation, excluding UA and HPSI, provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees. These benefits are provided through group defined benefit plans. There are four defined benefit plans. Independent actuarial valuations of the plans were performed as at December 31, 2023. The group defined benefit plans as a whole provide benefits to eligible retirees of the Corporation.

15. Employee Future Benefits (continued)

(b) Non-pension defined benefit plans (continued)

Information about the group unfunded defined benefit plan and changes in the present value of the aggregate unfunded defined benefit obligation and the aggregate accrued benefit liability are as follows:

	2024	2023
Defined benefit obligation at January 1	75	71
Benefit cost recognized in net income:		
Current service costs	1	1
Interest expense	3	3
Benefit cost recognized in net income	4	4
Amounts recognized in other comprehensive income:		
Remeasurement of defined benefit obligation	(1)	3
Amounts recognized in other comprehensive income	(1)	3
Payments from the plans	(3)	(3)
Defined benefit obligation at December 31	75	75

The main actuarial assumptions underlying the valuation are as follows:

	2024	2023
Discount rate	4.70 %	4.60 %
Medical benefits costs escalation	5.10 %	4.90 %
Dental benefits costs escalation	5.40 %	5.10 %

(c) Sensitivity analysis

The approximate effect on the defined benefit obligation if the main actuarial assumptions underlying the valuation increased or decreased by:

	2024	2023
Discount rate		
1% increase	(9)	(9)
1% decrease	11	11
Medical and dental benefits costs escalation		
1% increase	9	9
1% decrease	(7)	(7)

16. Share Capital

The Corporation's authorized share capital is comprised of an unlimited number of Class A through G voting common shares, and an unlimited number of Class S non-voting shares, all of which are without nominal or par value as follows:

	2024		2023	
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
Unlimited Class A through G common shares				
Issued and outstanding				
Class A common shares	2,149,000	206	2,149,000	206
Class B common shares	1,573,000	146	1,573,000	146
Class C common shares	878,000	74	878,000	74
Class D common shares	3,100,000	361	3,100,000	361
Class E common shares	1,815,000	91	1,815,000	91
Class F common shares	485,000	32	485,000	32
Class G common shares	485,000	43	485,000	43
Total common shares	10,485,000	953	10,485,000	953
Authorized				
Unlimited Class S shares				
Issued and paid				
Class S shares	99,999	25	99,999	37
Total Class S shares	99,999	25	99,999	37
Total share capital	10,584,999	978	10,584,999	990

An unlimited number of Class A through C special shares have been authorized but not issued.

Each class of shares relates to the common shares issued to each shareholder as follows:

- Class A common shares have been issued to Vaughan Holdings Inc.
- Class B common shares have been issued to Markham Enterprise Corporation
- Class C common shares have been issued to Barrie Hydro Holdings Inc.
- Class D common shares have been issued to Enersource Corporation
- Class E common shares have been issued to Hamilton Utilities Corporation
- Class F common shares have been issued to St Catharines Hydro Inc.
- Class G common shares have been issued to Guelph Municipal Holdings Inc.
- Class S non-voting common shares have been issued to Vaughan Holdings Inc., Markham Enterprise Corporation, and Barrie Hydro Holdings Inc.

During the year, the Board of Directors approved a return of capital to the Class S shareholders in the amount of $2 (2023 - $2) in accordance with the Alectra Dividend Policy incorporated as Schedule C to its Unanimous Shareholders' Agreement.

Dividends on the common shares and Class S shares of the Corporation may be approved by the Board of Directors through a resolution.

16. Share Capital (continued)

During the year, the Corporation declared and paid dividends as follows:

- Common share dividends aggregating $81 or $7.70 per share (2023 - $76 or $7.31 per share); and
- Class S share dividends aggregating $1 or $14.72 per share (2023 - $2 or $15.04 per share).

The Class S share dividends, other than return of capital, are subject to Part VI.1 tax under the *Income Tax Act (Canada)* at a rate of 25% based on the amount of dividend paid. The Corporation is also eligible for a corresponding deduction equal to a specified multiple of the dividend. The deduction does not fully offset the Part VI.1 tax, resulting in a net effective tax rate of 1.8% on the Class S share dividends to the former PowerStream Shareholders.

Subsequent to the year end, on March 7, 2025, the Corporation declared a dividend in the amount of $36 and $1, payable to common shareholders and Class S shareholders, respectively. The Corporation has also declared a return of capital in the amount of $1, payable to Class S shareholders.

17. Lease Obligations

The Corporation leases assets including properties for its various offices and operation centre, building rooftops for installing and operating solar panels projects, vehicles, and equipment. Property leases which include both land and building elements, of which the land portion does not qualify as a lease is not included in the lease liability. The Corporation expensed the land portion of the operations centre lease.

The Corporation has different lease terms and bargain purchase options at the end of lease term for different property leases. The Corporation has assessed that it is not likely to exercise the purchase options. For property and building rooftop leases that includes extension options, the Corporation has assessed that it is not likely to exercise these options and is not included in the lease liability.

The Corporation leases vehicles for qualifying employees with a standard lease term of three years. The Corporation does not purchase or guarantee the value of leased vehicles.

The contractual undiscounted cash flows for lease obligations are as follows:

	2024	2023
Less than one year	4	4
Between one and five years	12	13
More than five years	13	16
Total undiscounted lease obligations	29	33

	2024	2023
Amounts recognized in the Consolidated Statement of Income and Comprehensive Income		
Interest on lease obligations	1	1
Variable lease payments and non-lease components not included in the measurement of lease obligations	1	1

17. Lease Obligations (continued)

	2024	2023
Amounts recognized in the Consolidated Statement of Cash Flows		
Payments for the principal portion included within financing activities	2	5
Payments for the interest portion included within financing activities	1	1
Variable lease payments included within operating activities	1	1
Total cash outflow for leases	4	7

18. Financial Instruments and Risk Management

(a) Fair value of financial instruments

The carrying amount of cash, trade and other receivables, customer deposits, trade and other payables, short-term debt and current portion of long-term debt approximates fair value because of the short maturity of these instruments.

		2024		2023	
	Maturity Date	Carrying Value[1]	Fair Value[2]	Carrying Value[1]	Fair Value[2]
Loans and borrowings					
Debentures issued in 2010	2030	65	70	65	69
Debentures issued in 2011	2041	210	229	210	229
Debentures issued in 2012	2042	200	186	200	186
Debentures issued in 2015	2045	30	28	30	28
Debentures issued in 2017	2027	675	662	675	640
Debentures issued in 2019	2049	200	169	200	170
Debentures issued in 2021	2031	300	268	300	256
Debentures issued in 2022	2052	250	277	250	283
Debentures issued in 2024	2034	200	209	—	—
Debentures issued in 2024	2034	300	304	—	—
Total loans and borrowings - long-term portion		2,430	2,402	1,930	1,861
Less: unamortized transaction costs		(11)	—	(9)	—
		2,419	2,402	1,921	1,861

[1]The carrying value of long-term debt represents the par value of the notes and debentures.

[2]The fair value of long-term debt is based on unadjusted year-end market prices for the same or similar debt of the same remaining maturities. The fair value measurement of long-term debt is categorized as Level 2.

18. Financial Instruments and Risk Management (continued)

(b) Financial risks

The risks associated with the Corporation's financial instruments and policies for managing these risks are described below:

(i) Credit risk

The Corporation's primary source of credit risk to its trade and other receivables results from customers failing to discharge their payment obligations for electricity consumed and billed, as they come due.

The carrying amount of trade and other receivables is reduced, to the extent deemed necessary by management's judgment, through the use of ECL with the amount of such during the year recognized in net income. Subsequent recoveries of trade and other receivables previously recorded as impaired are credited to net income.

The Corporation considers current economic and credit conditions to determine the ECL allowance of its trade and other receivable balances. During the years ended December 31, 2024, and 2023 management revised the estimates and judgments used in the preparation of the ECL allowance on its trade and other receivable balances, which were subject to a higher degree of estimation uncertainty. This includes disaggregating the customer base into commercial and residential customers and applying provision rates based on recent and evolving trends for customer collections and current and forecasted economic and other conditions. The Corporation has further segmented customers that are at a higher risk of payment default and have applied higher provision rates to their aged balances.

As at December 31, 2024, and 2023, there was no significant concentration of credit risk with respect to any financial assets.

Trade and other receivables and respective aging are as follows:

	Note	2024	2023
Trade receivables		441	360
Unbilled revenue		307	292
Due from related parties	11	18	12
Other		13	12
		779	676
Less: expected credit losses		(30)	(34)
Total trade and other receivables, net		749	642
Less than 30 days		666	597
30 - 60 days		72	18
61 - 90 days		12	13
Greater than 90 days		29	48
		779	676
Less: expected credit losses		(30)	(34)
Total trade and other receivables, net		749	642

18. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(i) Credit risk (continued)

	Expected credit losses
Balance, January 1, 2023	(43)
Additional provision	(7)
Write-offs	18
Recoveries	(2)
Balance, December 31, 2023	(34)
Additional provision	(9)
Write-offs	16
Recoveries	(3)
Balance, December 31, 2024	(30)

ECL is sensitive to the inputs used in internally developed models, the macroeconomic variables in the forward-looking forecasts, and other factors considered when applying judgments. A 1% increase or decrease in these inputs, assumptions, and judgments would not have significant effect on the assessment of credit risk and the measurement of ECL.

(ii) Interest rate risk

The Corporation is exposed to fluctuations in interest rates for the valuation of its post-employment benefit obligations, refer to Note 15. The Corporation is also exposed to short-term interest rate risk on short-term debt under its credit facility and CP program, customer deposits liability balances and cash. Most of its remaining obligations are either non-interest bearing or bear fixed interest rates, and its remaining financial assets were predominately short-term in nature and primarily non-interest bearing.

The Corporation manages interest rate risk by monitoring its mix of fixed and floating rate instruments and taking action as necessary to maintain an appropriate balance.

The Corporation estimates that a 1% increase in short-term interest rates, with all other variables held constant, would result in an increase of approximately $5 (2023 - $4) to annual finance costs.

18. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(iii) Liquidity risk

Liquidity risk is the risk associated with the Corporation's inability to meet its financial obligations as they fall due. Liquidity risk associated with financial liabilities using undiscounted cash flows is as follows:

2024				
	Due within 1 year	Due between 1 and 5 years	Due past 5 years	Total
Trade and other payables	487	—	—	487
Short-term debt	455	—	—	455
Customer deposits liability	59	—	—	59
Contingent consideration	5	4	—	9
Other liabilities	129	29	—	158
2.488% Debentures due 2027[1]	17	700	—	717
5.264% Debentures due 2030[1]	3	14	68	85
1.751% Debentures due 2031[1]	5	21	308	334
5.297% Debentures due 2041[1]	11	44	338	393
3.958% Debentures due 2042[1]	8	32	303	343
4.121% Debentures due 2045[1]	1	5	50	56
3.458% Debentures due 2049[1]	7	28	335	370
5.225% Debentures due 2052[1]	13	52	550	615
4.627% Debentures due 2034[1]	9	37	242	288
4.309% Debentures due 2034[1]	13	52	365	430
Lease obligations[1]	4	12	13	29
	1,226	1,030	2,572	4,828

[1]The balances for debentures and lease obligations include both principal and interest.

18. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(iii) Liquidity risk (continued)

	2023			
	Due within 1 year	Due between 1 and 5 years	Due past 5 years	Total
Trade and other payables	503	—	—	503
Short-term debt	375	—	—	375
Customer deposits liability	58	—	—	58
Other liabilities	104	26	—	130
4.410% Promissory note due 2024[1]	81	—	—	81
4.410% Promissory note due 2024[1]	70	—	—	70
4.410% Promissory note due 2024[1]	21	—	—	21
3.239% Debentures due 2024[1]	155	—	—	155
2.488% Debentures due 2027[1]	17	717	—	734
5.264% Debentures due 2030[1]	3	14	72	89
1.751% Debentures due 2031[1]	5	21	313	339
5.297% Debentures due 2041[1]	11	44	349	404
3.958% Debentures due 2042[1]	8	32	311	351
4.121% Debentures due 2045[1]	1	5	51	57
3.458% Debentures due 2049[1]	7	28	342	377
5.225% Debentures due 2052[1]	13	52	564	629
Lease obligations[1]	4	13	16	33
	1,436	952	2,018	4,406

[1]The balances for debentures and lease obligations include both principal and interest.

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet its operational and investment requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest rate exposure and cost. The Corporation monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial obligations as they come due. The Corporation has the following sources of liquidity under which it may access financial capital from time to time:

- $1,100 in aggregate revolving unsecured credit facilities comprising: (i) $900 committed revolving facility with five banks maturing November 29, 2029 ("Revolving Facility"); and (ii) an additional credit facility to support Letters of Credit of up to $200.
- The committed facility is also used to support outstanding commitments under the CP program by way of same day market rate advances.
- Issuance of senior unsecured debentures with various maturity dates under established Trust Indentures.

18. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(iv) Currency risk

The Corporation's transactions are mainly carried out in $CAD which is the functional currency of the Corporation. Exposure to currency exchange risk arises from $USD denominated cash and investment security balances where there is a mismatch between the currencies in which revenue, purchases, receivables, payables and cash balances are denominated in the functional currency of the Corporation. To mitigate the Corporation's exposure to foreign currency risk, non-$CAD cash flows are monitored in accordance with the Corporation's risk management policies.

Included in the consolidated financial statements captions noted below are significant $USD denominated balances that exposes the Corporation to currency risk:

	2024 USD	2023 USD
Trade receivables	48	15
Cash	7	5
Investment security	1	1
Trade payables	1	1

A 1% increase or decrease in the $USD to $CAD exchange rate would not have a material impact on the Corporation's consolidated financial statements.

19. Capital Structure

The main objectives of the Corporation when managing financial capital are to:

- ensure ongoing cost-effective access to financial capital and to provide adequate investment in support of its regulated electricity distribution and other businesses;
- comply with covenants within its financial instruments;
- prudently manage its capital structure, as it relates to maintaining a high level of creditworthiness;
- recover financing charges permitted by the OEB on its regulated electricity distribution business; and
- deliver reasonable returns on the investments of its shareholders.

The Corporation's definition of capital includes: shareholders' equity; short-term debt; and long-term loans and borrowings, which includes the current portion of long-term loans and borrowings. The following table represents the Corporation's total capital:

	Note	2024	2023
Short-term debt	12	455	375
Current portion of long term-debt	12	—	316
		455	691
Long-term debt	12	2,419	1,921
Shareholders' equity		1,886	1,801
		4,760	4,413

19. Capital Structure (continued)

The OEB regulates the amount of interest on debt and MARE that may be recovered by the Corporation, through its electricity distribution rates, in respect of its regulated electricity distribution business. The OEB permits such recoveries based on a deemed capital structure represented by 60% debt to rate base and 40% equity to rate base. The actual capital structure for the Corporation may differ from the OEB deemed structure.

The Corporation has customary covenants associated with long-term loans and borrowings. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term loans and borrowings. Refer to Note 12.

20. Revenue

	2024	2023
Electricity sales	3,306	3,032
Distribution revenue	797	716
Power restoration and industrial services	127	75
Consulting	25	22
Amortization and derecognition of capital contributions	23	23
Sub-metering and metering services	20	16
Solar generation	15	15
Regulatory service charges	14	14
Street lighting	13	10
Water and wastewater billing and customer charges	12	12
Pole and other rental income	6	6
CDM performance incentive revenue	1	2
Other	10	13
	4,369	3,956

Energy sales and distribution revenue by customer class are as follows:

	2024	2023
Residential service[1]	1,541	1,354
Commercial[2]	2,312	2,159
Large users[3]	250	235
	4,103	3,748

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

[2] "Commercial" 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.

[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.

21. Operating Expenses

	2024	2023
Labour	258	227
Contract and consulting	85	75
General and administrative	33	32
Repairs and maintenance	23	20
Information and technology	19	18
Business taxes and fees	12	11
Provision for ECL	7	7
Facility expenses	5	5
Other	10	8
	452	403

22. Deferred Revenue

	Notes	2024	2023
Deferred revenue at January 1		724	607
Capital contributions received		120	124
Non-cash asset contributions	7	13	16
Amortization and derecognition	20	(23)	(23)
Deferred revenue at December 31		834	724
Less: Current portion of deferred revenue		26	22
Non-current portion of deferred revenue		808	702

Reconciliation between the amounts presented on the Consolidated Statement of Cash Flows and total additions to customer contributions:

	2024	2023
Capital contributions, cash basis	109	116
Accruals	11	8
Total capital contributions received	120	124

23. Net Finance Costs

	Notes	2024	2023
Finance costs			
Interest on long-term debt	12	83	81
Interest on short-term debt		23	17
Other interest		13	10
Less: capitalized interest	7	(3)	(7)
Total finance costs		116	101
Interest income		(8)	(5)
		108	96

24. Income Taxes

(a) Income tax expense

Income tax expense recognized in net income comprise the following:

	2024	2023
Current tax expense	28	16
Deferred tax expense	34	38
	62	54

Income taxes paid and refunded during the year were $14 (2023 - $21) and $1 (2023 - $7), respectively.

(b) Reconciliation of effective tax rate

Income tax expense differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is as follows:

	2024	2023
Income before taxes	229	200
Statutory Canadian federal and provincial income tax rates	26.5 %	26.5 %
Expected tax provision on income at statutory rates	61	53
Decrease in income taxes resulting from:		
Unrecognized deferred tax assets	1	1
Total income tax expense	62	54
Effective income tax rate	27.1%	27.0 %

The statutory income tax rate for the current year comprises a combined 15% (2023 - 15%) federal corporate tax rate and 11.5% (2023 - 11.5%) Ontario corporate tax rate. Certain subsidiaries of the Corporation are also subject to taxation in the provinces of New Brunswick 14% (2023 - 14%) and Quebec 11.5% (2023 - 11.5%).

24. Income Taxes (continued)

(c) Deferred tax balances

Net deferred tax assets and liabilities per the table below:

	January 1, 2024	Recognized in net income	December 31, 2024
Deferred tax assets			
Property, plant and equipment, RoU and intangible assets	(5)	1	(4)
Non-capital loss carryforwards	8	2	10
Non-deductible reserves	1	—	1
	4	3	7
Deferred tax liabilities			
Property, plant and equipment, RoU and intangible assets	202	22	224
Transaction costs of loans and borrowings	2	—	2
Tax credit carryovers	(6)	2	(4)
Non-deductible reserves	(1)	—	(1)
Energy variances	(32)	14	(18)
Employee future benefits	(19)	—	(19)
Decommissioning provision	—	(1)	(1)
	146	37	183

	January 1, 2023	Recognized in net income	December 31, 2023
Deferred tax assets			
Property, plant and equipment, RoU and intangible assets	(4)	(1)	(5)
Non-capital loss carryforwards	6	2	8
Non-deductible reserves	1	—	1
	3	1	4
Deferred tax liabilities			
Property, plant and equipment, RoU and intangible assets	175	27	202
Transaction costs of loans and borrowings	2	—	2
Non-capital loss carryforwards	(2)	2	—
Non-deductible reserves	(1)	—	(1)
Tax credit carryovers	(6)	—	(6)
Energy variances	(42)	10	(32)
Employee future benefits	(19)	—	(19)
	107	39	146

The non-capital loss carry forwards are expiring from 2033 to 2044.

25. Net Change in Operating Working Capital

	2024	2023
Trade and other receivables	(89)	(49)
Other assets	(11)	(18)
Trade and other payables	(21)	29
Other liabilities	(14)	30
Contingent consideration	—	(11)
	(135)	(19)

26. Financing Activities Reconciliation

Summary of changes in assets and liabilities arising from financing activities:

	Notes	January 1, 2024	Cash inflow	Cash outflow	Adjustment/ Provision	December 31, 2024
Short-term debt	12	375	12,187	(12,107)	—	455
Long-term debt	12	2,237	498	(316)	—	2,419
Lease obligations	17	25	—	(2)	—	23
Interest receivable		—	8	—	(8)	—
Interest payable		24	—	(117)	119	26
Share capital	16	990	—	(2)	(10)	978
Dividend payable	16	—	—	(82)	82	—
		3,651	12,693	(12,626)	183	3,901

	Notes	January 1, 2023	Cash inflow	Cash outflow	Provision	December 31, 2023
Short-term debt	12	290	11,758	(11,673)	—	375
Long-term debt	12	2,237	—	—	—	2,237
Lease obligations	17	29	—	(5)	1	25
Interest receivable		—	5	—	(5)	—
Interest payable		19	—	(103)	108	24
Share capital	16	992	—	(2)	—	990
Dividend payable	16	—	—	(78)	78	—
		3,567	11,763	(11,861)	182	3,651

27. Commitments, Contingencies, and Guarantees

(a) Commitments

(i) Security with IESO

Entities that purchase electricity in Ontario through the IESO are required to post security to mitigate its risk of their default on their expected activity in the market. The IESO could draw on this security if the Corporation fails to make the payment required on a default notice issued by the IESO. The Corporation has posted a letter of credit as security in the amount of $33 (2023 - $33).

The Corporation has posted letters of credit in the favour of IESO as security for participation in the battery energy storage projects as a part of IESO's long term energy capacity plan, in the amount of $3 (2023 - 13). Refer to Note 9 for details.

(ii) Unrecognized contractual commitments

As at December 31, 2024, the Corporation's commitments for capital expenditures contracted for but not recognized as liabilities, were $251 (2023 - $336). Included within the commitments for capital expenditures, are amounts for property, plant and equipment, intangible assets, and financial investments. The Corporation's commitments for operating expenditures were $51 (2023 - $60).

Aggregated minimum payments under there arrangements over the next five years and thereafter are as follows:

2025	256
2026	23
2027	12
2028	4
Thereafter	7

(b) Contingencies

(i) Legal claims

The Corporation is subject to legal actions and claims in the normal course of business from customers, former employees, and other parties. On an ongoing basis, the Corporation assesses 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 claim. Such provisions are subject to change based on ongoing assessments or settlements of individual claims, including potential mitigation under the Corporation's insurance policies or otherwise. As at December 31, 2024, and 2023, in the opinion of management, the outcome of such matters will not have a material adverse effect on the Corporation’s consolidated financial position, results of operations or cash flows.

(ii) Insurance

The Corporation excluding HPSI, is a member of a reciprocal insurance exchange. The reciprocal insurance exchange is a pooling of electricity industry liability insurance risks of many of the sector participants in Ontario. All members of the pool are subject to assessment for losses experienced by the pool, for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. HPSI is insured through a separate insurer. As at December 31, 2024, and 2023, no assessments have been made.

27. Commitments, Contingencies, and Guarantees (continued)

(c) Guarantees

In the normal course of operations, the Corporation enters into agreements that meet the definition of a guarantee as follows:

(i) The Corporation has provided indemnities under lease agreements for the use of certain operating facilities. Under the terms of these agreements, the Corporation agrees to indemnify the counterparties for various matters including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) The Corporation has agreed to indemnify the directors and/or officers of the Corporation for various matters including, but not limited to, all costs to settle suits or actions due to association with the Corporation, subject to certain restrictions. The Corporation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The indemnified period is not explicitly defined, but it is limited to the period over which the indemnified party served as a director or officer of the Corporation. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, the Corporation has entered into agreements that include indemnities in favour of counterparties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisor's and consultants, outsourcing agreements, leasing contracts, information technology agreements, and service agreements. These indemnification agreements may require the Corporation to compensate counterparties for certain losses incurred by the counterparties as a result of breaches of agreements such as breaches of representation or regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined, and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which results from the unpredictability of future events. Historically, the Corporation has not made any significant payments under such or similar indemnification agreements and, consequently no provision has been made in the Statement of Financial Position with respect to these agreements. The Corporation is unaware of any breaches that would result in an indemnity claim against it.

(iv) During the year, the Corporation provided a $60 guarantee on behalf of its investment in the joint venture. The guarantee is for a maximum of 50% of the outstanding loan amount of $120 in addition to accrued interest, fees and other expenses, up to a maximum of $65. The guarantee matures in May 2025. The Corporation does not expect the joint venture to default on the loan, therefore no liability with respect to this guarantee was recognized in the financial statements.

28. Divisional and Regulatory Information

Alectra Inc., through its subsidiaries, consists primarily of two operating divisions: regulated operations and competitive operations. Regulated operations are comprised of Alectra Utilities. Competitive operations are comprised of: RFSP; Solar Sunbelt; Eastview Landfill Gas Energy Plant; the Southgate Solar Photovoltaic Facility; Stone Road Mall Electric Vehicle Charging Station; and AES including its subsidiaries.

The designation of activities to the two operating divisions is based on a combination of regulatory status and the nature of the products and services provided. The accounting policies followed by the divisions are consistent with those described in the summary of material accounting policies.

Financial information that adjusts IFRS results to show the effect of rate regulation is used by the Corporation's Board of Directors, shareholders, the OEB, as well as management.

2024				
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Revenue				
Distribution revenue	671	126	—	797
Electricity sales	3,356	(50)	—	3,306
Other revenue	34	29	203	266
	4,061	**105**	**203**	**4,369**
Expenses				
Cost of power	3,356	—	—	3,356
Operating expenses	295	16	141	452
Depreciation and amortization	164	22	22	208
	3,815	**38**	**163**	**4,016**
Income from operating activities	**246**	**67**	**40**	**353**
Net finance costs	(95)	(4)	(9)	(108)
Loss on derecognition of property, plant, and equipment and intangible assets	(10)	(2)	—	(12)
Loss on fair value of contingent consideration	—	—	(4)	(4)
Income before income tax	**141**	**61**	**27**	**229**
Income tax expense	(21)	(33)	(8)	(62)
Net income	**120**	**28**	**19**	**167**
Other comprehensive income				
Reclassification to net income, loss on bond forward	—	—	2	2
Remeasurement of defined benefit obligation	1	—	—	1
Tax impact on remeasurement of defined benefit obligation	—	—	(1)	(1)
	1	**—**	**1**	**2**
Total comprehensive income	**121**	**28**	**20**	**169**

28. Divisional and Regulatory Information (continued)

	2023			
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Revenue				
Distribution revenue	632	84	—	716
Electricity sales	3,055	(23)	—	3,032
Other revenue	40	27	141	208
	3,727	**88**	**141**	**3,956**
Expenses				
Cost of power	3,055	—	—	3,055
Operating expenses	292	10	101	403
Depreciation and amortization	158	20	17	195
	3,505	**30**	**118**	**3,653**
Income from operating activities	**222**	**58**	**23**	**303**
Net finance costs	(83)	(9)	(4)	(96)
Loss on derecognition of property, plant, and equipment	(3)	(3)	—	(6)
Share of net loss of joint venture	—	—	(1)	(1)
Income before income tax	**136**	**46**	**18**	**200**
Income tax expense	(8)	(40)	(6)	(54)
Net income	**128**	**6**	**12**	**146**
Other comprehensive loss				
Reclassification to net income, loss on bond forward	—	—	2	2
Remeasurement of defined benefit obligation	(2)	(1)	—	(3)
Tax impact on remeasurement of defined benefit obligation	—	1	(1)	—
	(2)	**—**	**1**	**(1)**
Total comprehensive income	**126**	**6**	**13**	**145**

28. Divisional and Regulatory Information (continued)

2024				
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Assets				
Current assets				
Cash	37	—	3	40
Trade and other receivables	659	—	90	749
Other assets	86	—	13	99
Total current assets	**782**	**—**	**106**	**888**
Non-current assets				
Property, plant, and equipment and right of use assets	3,577	845	225	4,647
Goodwill and other intangible assets	936	8	108	1,052
Regulatory assets	437	(437)	—	—
Deferred tax asset	—	—	7	7
Other assets	8	—	9	17
Total non-current assets	**4,958**	**416**	**349**	**5,723**
Total assets	**5,740**	**416**	**455**	**6,611**
Liabilities and Shareholders' Equity				
Current liabilities				
Trade and other payables	460	—	31	491
Customer deposits liability	58	—	1	59
Loans and borrowings	370	—	85	455
Lease obligations	1	—	1	2
Deferred revenue	—	26	—	26
Contingent consideration	—	—	5	5
Other liabilities	98	—	44	142
Total current liabilities	**987**	**26**	**167**	**1,180**
Non-current liabilities				
Loans and borrowings	2,245	—	174	2,419
Deferred revenue	—	808	—	808
Employee future benefits	74	—	1	75
Lease obligations	10	—	11	21
Regulatory liabilities	130	(130)	—	—
Deferred tax liabilities	230	(71)	24	183
Contingent consideration	—	—	4	4
Other liabilities	30	—	5	35
Total non-current liabilities	**2,719**	**607**	**219**	**3,545**
Total liabilities	**3,706**	**633**	**386**	**4,725**
Shareholders' equity				
Share capital	682	—	296	978
Contributed surplus	839	(13)	(227)	599
Accumulated other comprehensive income	4	5	(3)	6
Retained earnings	509	(209)	3	303
Total shareholders' equity	**2,034**	**(217)**	**69**	**1,886**
Total liabilities and shareholders' equity	**5,740**	**416**	**455**	**6,611**

28. Divisional and Regulatory Information (continued)

	2023			
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Assets				
Current assets				
Cash	—	—	21	21
Trade and other receivables	600	—	42	642
Other assets	75	—	12	87
Total current assets	**675**	**—**	**75**	**750**
Non-current assets				
Property, plant, and equipment and right of use assets	3,395	735	162	4,292
Goodwill and other intangible assets	943	8	75	1,026
Regulatory assets	434	(434)	—	—
Deferred tax asset	—	—	4	4
Other assets	6	—	(1)	5
Total non-current assets	**4,778**	**309**	**240**	**5,327**
Total assets	**5,453**	**309**	**315**	**6,077**
Liabilities and Shareholders' Equity				
Current liabilities				
Bank indebtedness	15	—	(15)	—
Trade and other payables	471	—	32	503
Customer deposits liability	57	—	1	58
Loans and borrowings	668	—	23	691
Lease obligations	1	—	1	2
Deferred revenue	—	22	—	22
Other liabilities	104	—	3	107
Total current liabilities	**1,316**	**22**	**45**	**1,383**
Non-current liabilities				
Loans and borrowings	1,746	—	175	1,921
Deferred revenue	—	702	—	702
Employee future benefits	75	—	—	75
Lease obligations	12	—	11	23
Regulatory liabilities	94	(94)	—	—
Deferred tax liabilities	196	(76)	26	146
Other liabilities	25	—	1	26
Total non-current liabilities	**2,148**	**532**	**213**	**2,893**
Total liabilities	**3,464**	**554**	**258**	**4,276**
Shareholders' equity				
Share capital	682	—	308	990
Contributed surplus	839	(13)	(227)	599
Accumulated other comprehensive income	3	5	(4)	4
Retained earnings	465	(237)	(20)	208
Total shareholders' equity	**1,989**	**(245)**	**57**	**1,801**
Total liabilities and shareholders' equity	**5,453**	**309**	**315**	**6,077**

28. Divisional and Regulatory Information (continued)

Alectra Utilities derecognizes all rate-regulated debit and credit balances that do not qualify for recognition under IFRS. The table below presents a summary of rate-regulated debit and credit balances as prescribed by the OEB irrespective of their recognition under IFRS.

	2024	2023
Regulatory Assets:		
Deferred income tax asset[a]	252	223
Retail settlement variance accounts (RSVA's)[b]	116	142
Large commercial interval meter recovery[c]	16	16
OEB cost assessments deferral[d]	16	12
Collection of account lost revenue[e]	15	12
Net refund of regulatory balances[f]	11	2
Incremental locate costs deferral[g]	5	3
Renewable generation capital and operating cost deferral[h]	4	4
LEAP EFA Funding Deferral[i]	1	—
Incremental cloud Implementation Cost[j]	1	—
Lost revenues adjustment mechanism variance account (LRAMVA)[k]	—	20
	437	**434**
Regulatory Liabilities:		
PILs and tax variance[l]	40	38
Retail settlement variance accounts (RSVA's)[b]	37	12
Capitalization policy[m]	25	21
Pole rental variance account[n]	16	14
Re-measurements of post-employment benefits[o]	7	6
Other[p]	5	3
	130	**94**

(a) Deferred income taxes are presented as regulatory liabilities or assets and are not expensed through the Consolidated Statement of Income and Comprehensive Income as is the case under IFRS.

(b) The most significant regulatory activities included in the regulatory adjustments are: retail settlement variances; the difference between the cost of the electricity commodity and the sales revenue at the OEB allowed rates. Specifically, these amounts include variances between the amounts charged by Hydro One and the IESO for the operation of the electricity markets and grid, as well as various wholesale market settlement charges and transmission charges as compared to the amount billed to consumers based on the OEB-approved rates. Under regulatory accounting, Alectra Utilities would have adjusted energy sales or purchases for these variances with corresponding assets or liabilities. Under IFRS, Alectra Utilities recognizes these differences in future periods as an increase or decrease to distribution revenue, when these differences are settled with customers.

(c) The OEB approved a deferral account to record costs associated with replacing interval meters for its large commercial customers in order to meet amendments made to its Distribution System Code. Under IFRS, Alectra Utilities capitalizes or expenses the amounts in the period they were incurred.

28. Divisional and Regulatory Information (continued)

(d) The OEB established a variance account for electricity distributors to record any material differences between OEB cost assessments currently built into rates and cost assessments that will result from the application of a new cost assessment model effective April 1, 2016. Under IFRS, Alectra Utilities recognizes these costs under operating expenses in the period they were incurred.

(e) The OEB approved a deferral account to record the lost revenues related to the administration of the Collection of Account charge. In 2020, the OEB mandated that collection of account charges are part of normal business activities and eliminated any customer charges for this activity. However, as the associated revenue was factored into the rate-setting process the established deferral account allows Alectra Utilities to record the lost revenues for recovery through future distribution rates.

(f) The OEB approved deferral accounts to record the amounts recovered (or refunded) through rates including those recovered (or refunded) through deferral and variance accounts rate riders. Under IFRS, Alectra Utilities recognizes amounts collected or refunded through rate riders as an increase or decrease to distribution revenue.

(g) The OEB established a generic, sector-wide variance account, effective April 1, 2023, to record the incremental cost of locates resulting from the implementation of Bill 93. The bill includes amendments to the *Ontario Underground Notification System Act, 2012* imposing a five-business day deadline for completing standard locate requests and introducing administrative penalties for failing to comply. Under IFRS, Alectra Utilities recognizes costs of locates under operating expenses in the period they were incurred.

(h) The OEB approved four deferral accounts to record qualifying incremental capital investments, operating, maintenance and administration expenses, and funding adders related to the connection of renewable generation or the development of smart grid. Under IFRS, Alectra Utilities capitalizes or expenses these items as incurred and recognizes revenue when funding is received.

(i) The OEB established a generic deferral account effective March 1, 2024, for electricity distributors to record prudently incurred incremental Low-income Energy Assistance Emergency Financial Assistance (LEAP EFA) contributions that exceed the funding amounts currently embedded in their rates. Under IFRS, Alectra Utilities recognizes LEAP EFA contributions under operating expenses in the period they were incurred.

(j) The OEB established a deferral account effective December 1, 2023 to record incremental cloud computing implementation costs incurred and any related offsetting savings. Under IFRS, the Corporate recognizes cloud computing implementation costs under operating expenses in the period they were incurred.

(k) The OEB approved a variance account to record revenues associated with the delivery of conservation and demand management ("CDM") programs. The variance account tracks the difference between the results of actual, verified impacts of CDM activities and the level of CDM program activities included in a distributor's load forecast. Alectra Utilities may recover or refund this revenue through future distribution rates.

28. Divisional and Regulatory Information (continued)

(l) The OEB requires utilities to record the impact of any differences that result from a legislative or regulatory change to the tax rates or rules that are not incorporated in the distributor's rates. On June 21, 2019, Bill C-97, the Budget Implementation Act, 2019, No. 1, was given Royal Assent, which introduced the Accelerated Investment Incentive ("AII") program. This program provides for a first-year increase in capital cost allowance (CCA) deductions on eligible capital assets acquired after November 20, 2018. On June 23, 2022, Bill C-19, Budget Implementation Act, 2022, No. 1, was given Royal Asset. Bill C-19 implements new CCA immediate expensing rules, up to a maximum of $1.5MM, on eligible capital assets acquired after April 19, 2021, and available for use before January 1, 2024. Alectra Utilities has recorded the revenue related to the CCA tax rule changes to be refunded through future distribution rates.

(m) The OEB approved four variance accounts to record the cumulative difference between the PP&E calculated using pre-merger capitalization policies and the PP&E calculated using Alectra Utilities' capitalization policy. Under IFRS, Alectra Utilities recognizes these differences as an increase or decrease to distribution revenue and will recover or refund these differences through future distribution rates.

(n) The OEB approved a new pole attachment revenue variance account to record the difference between pole attachment revenue at the prior rate of $22.35 per pole, and pole attachment revenue based on the updated rate as set by the OEB. Effective January 1, 2024, the new pole attachment charge is set at $37.78 per pole based on the OEB's decision issued on September 26, 2023. Under IFRS, Alectra Utilities recognizes the revenue based on the effective rate in the period the revenue was earned.

(o) The OEB approved a deferral account for PowerStream, Enersource and Guelph rate zones to record any re-measurements of the post-employment net defined liability including actuarial gains or losses. Under IFRS, Alectra Utilities recognizes any re-measurements of the post-employment net defined liability in other comprehensive income.

(p) The OEB requires Alectra Utilities to record eligible incremental capital investments subject to the assets being used and useful, accumulated amortization and revenues collected through rate riders related to incremental capital projects approved by the OEB. Under IFRS, Alectra Utilities capitalizes or expenses these items as incurred and recognizes revenue in the period it was earned.

Consolidated Financial Statements
(In millions of Canadian dollars)

ALECTRA INC.

Year ended December 31, 2025

KPMG LLP
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Vaughan, ON L4K 0J3
Canada
Tel 905 265 5900
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alectra Inc.

Opinion

We have audited the consolidated financial statements of Alectra Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of income and comprehensive income for the year then ended
- the consolidated statements of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

March 5, 2026

ALECTRA INC.
Consolidated Statement of Financial Position
(in millions of Canadian dollars)
as at December 31, 2025 and 2024

	Notes	2025	2024
Assets			
Current assets			
Cash		56	40
Trade and other receivables	19	708	749
Other assets	10	109	99
Total current assets		**873**	**888**
Non-current assets			
Property, plant and equipment and right of use assets	8	4,932	4,647
Goodwill and other intangible assets	9	1,018	1,052
Deferred tax asset	25	3	7
Other assets	10	25	17
Total non-current assets		**5,978**	**5,723**
Total assets		**6,851**	**6,611**
Liabilities and Shareholders' Equity			
Current liabilities			
Trade and other payables	11	537	491
Customer deposits liability		59	59
Loans and borrowings	13	355	455
Deferred revenue	23	28	26
Lease obligations	18	2	2
Contingent consideration	14	—	5
Other liabilities	15	94	142
Total current liabilities		**1,075**	**1,180**
Non-current liabilities			
Loans and borrowings	13	2,420	2,419
Deferred revenue	23	946	808
Employee future benefits	16	72	75
Lease obligations	18	19	21
Deferred tax liabilities	25	242	183
Contingent consideration	14	3	4
Other liabilities	15	37	35
Total non-current liabilities		**3,739**	**3,545**
Total liabilities		**4,814**	**4,725**
Shareholders' equity			
Share capital	17, 27	975	978
Contributed surplus		599	599
Accumulated other comprehensive income		12	6
Retained earnings		451	303
Total shareholders' equity		**2,037**	**1,886**
Total liabilities and shareholders' equity		**6,851**	**6,611**

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

_____ Chair of the Board

_____ Director

ALECTRA INC.

Consolidated Statement of Income and Comprehensive Income

(in millions of Canadian dollars)

for the years ended December 31, 2025 and 2024

	Notes	2025	2024 *Re-presented
Revenue			
Distribution revenue	21	733	797
Electricity sales	21	3,622	3,306
Other revenue	21	181	248
		4,536	**4,351**
Expenses			
Cost of power		3,523	3,356
Operating expenses	22	444	448
Depreciation and amortization	8, 9	203	204
		4,170	**4,008**
Income from operating activities		**366**	**343**
Net finance costs	24	(105)	(108)
Foreign exchange loss		(1)	—
Net loss on derecognition of property, plant and equipment and intangible assets		(7)	(12)
Gain (loss) on fair value of contingent consideration	14	1	(4)
Share of net loss of joint ventures, net of tax	10	(1)	—
Income before income taxes		**253**	**219**
Income tax expense	25	(70)	(61)
Net income from continuing operations, net of tax		**183**	**158**
Net income from discontinued operation, net of tax	7	44	9
Net income for the period		**227**	**167**
Other comprehensive income			
Item that may be subsequently reclassified to income			
Reclassification to net income, loss on bond forward		2	2
Share of other comprehensive income of joint venture	10	2	—
Items that will not be subsequently reclassified to income			
Remeasurement of defined benefit obligation	16	4	1
Tax impact on remeasurement of defined benefit obligation		(2)	(1)
Total other comprehensive income		**6**	**2**
Total comprehensive income		**233**	**169**

*The comparative information has been re-presented due to the discontinued operation. Refer to Note 7.

The accompanying notes are an integral part of these consolidated financial statements.

ALECTRA INC.

Consolidated Statement of Changes in Equity
(in millions of Canadian dollars)
for the years ended December 31, 2025 and 2024

	Notes	Share capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total
Balance, January 1, 2024		990	599	4	208	1,801
Net income		—	—	—	167	167
Other comprehensive income		—	—	2	—	2
Return of capital	17, 27	(12)	—	—	10	(2)
Dividends paid	17, 27	—	—	—	(82)	(82)
Balance, December 31, 2024		**978**	**599**	**6**	**303**	**1,886**
Net income		—	—	—	227	227
Other comprehensive income		—	—	6	—	6
Return of capital	17, 27	(3)	—	—	—	(3)
Dividends paid	17, 27	—	—	—	(79)	(79)
Balance, December 31, 2025		**975**	**599**	**12**	**451**	**2,037**

The accompanying notes are an integral part of these consolidated financial statements.

ALECTRA INC.

Consolidated Statement of Cash Flows
(in millions of Canadian dollars)
for the years ended December 31, 2025 and 2024

	Notes	2025	2024
Net cash from (used in)			
Operating activities			
Net income for the period		227	167
Adjustments			
Depreciation and amortization	8, 9	205	208
Amortization and derecognition of capital contributions	23	(25)	(23)
Gain on sale of discontinued operation, net of tax	7	(37)	—
Net loss on derecognition of property, plant and equipment and intangible assets		7	12
(Gain) loss on fair value of contingent consideration	14	(1)	4
Share of net loss of joint ventures, net of tax	10	1	—
Foreign exchange loss		1	—
Income tax expense	25	70	62
Net finance costs	24	105	108
Capital contributions received	23	148	109
Net change in operating working capital	26	53	(138)
Net change in non-current assets and liabilities		3	5
Cash generated from operating activities		757	514
Income taxes paid	25	(37)	(14)
Income taxes refunded	25	1	1
Net cash from operating activities		**721**	**501**
Investing activities			
Proceeds from disposal of discontinued operation, net of transaction costs	7	125	—
Consideration paid for investment in a business	6	—	(49)
Purchase of investment security	10	(2)	—
Investments in joint ventures	10	(6)	(10)
Purchase of property, plant and equipment	8	(511)	(467)
Purchase of intangible assets	9	(23)	(27)
Proceeds from disposal of property, plant and equipment		3	1
Net cash used in investing activities		**(414)**	**(552)**
Financing activities			
Issuance of short-term debt	27	11,597	12,187
Repayment of short-term debt	27	(11,697)	(12,107)
Repayment of long-term loans and borrowings	27	—	(316)
Issuance of long-term loans and borrowings, net of transaction costs	27	—	498
Repayment of lease obligations	18, 27	(2)	(2)
Interest received	27	7	8
Interest paid	27	(114)	(114)
Return of capital	17, 27	(3)	(2)
Dividends paid	17, 27	(79)	(82)
Net cash (used in) from financing activities		**(291)**	**70**
Net cash inflow		**16**	**19**
Cash, beginning of year		**40**	**21**
Cash, end of year		**56**	**40**

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of the Business

Alectra Inc. is owned as follows:

- 29.57% by Enersource Corporation, which is owned 90% by the Corporation of the City of Mississauga (the "City of Mississauga") and 10% by BPC Energy Corporation, which is a wholly owned subsidiary of the Ontario Municipal Employees Retirement System ("OMERS");
- 20.50% by the Vaughan Holdings Inc., a wholly-owned subsidiary of the Corporation of the City of Vaughan (the "City of Vaughan");
- 17.31% by Hamilton Utilities Corporation, a wholly-owned subsidiary of the Corporation of the City of Hamilton (the "City of Hamilton");
- 15.00% by Markham Enterprises Corporation, a wholly-owned subsidiary of the Corporation of the City of Markham (the "City of Markham");
- 8.37% by Barrie Hydro Holdings Inc., which is wholly-owned by the Corporation of the City of Barrie (the "City of Barrie");
- 4.63% by St. Catharines Hydro Inc., a wholly-owned subsidiary of the Corporation of the City of St. Catharines (the "City of St. Catharines"); and
- 4.63% by the Guelph Municipal Holdings Inc., a wholly-owned subsidiary of the Corporation of the City of Guelph (the "City of Guelph").

The Corporation's registered head office is 2185 Derry Road W, Mississauga, Ontario, Canada.

The accompanying consolidated financial statements of the Corporation include the accounts of Alectra Inc. and its subsidiaries. The principal subsidiaries of the Corporation are: Alectra Utilities, a regulated electricity distribution company under license issued by the Ontario Energy Board ("OEB") which also includes a commercial rooftop solar generation business ("Ring Fenced Solar"); and Alectra Energy Solutions Inc. ("AES"), a non-regulated energy services company. The Corporation also indirectly owns a 100% ownership interest in Solar Sunbelt General Partnership (“Solar Sunbelt GP”), which is held through Alectra Utilities (99.9975% interest) and Horizon Solar Corporation (0.0025% interest).

AES was incorporated on January 31, 2017 and has two subsidiaries: Alectra Energy Services Inc. ("AESI"); and Alectra Power Services Inc. ("APSI"). AESI has nine subsidiaries: Util-Assist Inc. ("UA"); Alectra Microgrid Services Master Limited Partnership ("AMSP"); Alectra Microgrid Services Master GP Inc.; Alectra Campbell Road GP Inc.; Alectra Campbell Road LP; Holland Power Services Inc. ("HPSI"); Alectra Energy Development Corp.; Util-Assist Corp. and Alectra ELT-1 Holdco Inc. (“AEHI”). HPSI has two subsidiaries: Holland New England ("HNE") and 748953 N.B. Ltd. AEHI has a 49.995% joint venture with Convergent Canada Acquisition Co ULC through the formation of Alectra Convergent ELT-1 Development Holdco Inc. ("ACEDHI"). AESI has a 50% joint venture with Kruger Energy L.P. through the formation of A.K. Renewables Inc. On October 12, 2023, HPSI incorporated a wholly owned subsidiary, 748953 N.B. Ltd. On May 31, 2024, 748953 N.B. Ltd. acquired assets from Gagnon Line Construction Inc. ("GLC"), a private company specialized in providing emergency power restoration services in Eastern Canada and the United States.

AES is an Ontario-based company that provides customers with energy solutions and services through the use of innovative technologies. The principal activities of AES is to provide wholesale metering services for commercial properties. The principal activities of AES's subsidiaries and joint venture include:

- APSI – provides street lighting services including design, construction, and maintenance;
- HPSI, HNE and 748953 N.B. Ltd. – provide emergency power restoration services to utilities primarily located along the eastern seaboard of the United States and Canada; and industrial electrical services to utilities and industrial clients;
- UA – provides consulting services (with respect to advanced metering systems procurement and implementation; customer information systems procurement and implementation); billing and meter data exception management services; an outage management call centre (PowerAssist); and other smart grid applications and services;

1. Description of the Business (continued)

- AMSP – provides energy management services which includes installing, owning and operating an industrial energy storage battery and gas system with third parties; and
- ACEDHI – provides distributed energy solutions which includes developing, constructing, commissioning, owning, operating and maintaining front-of-the-meter battery energy storage system projects in Ontario.

2. Basis of Preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the Board of Directors on March 5, 2026.

Certain prior year figures have been represented as a result of the discontinued operation during the current year. Refer to Note 7.

(b) Functional and presentation currency, and basis of measurement

These consolidated financial statements are presented in Canadian dollars ("$CAD"). The Corporation and its Canadian subsidiaries use the Canadian dollar ($CAD) as their functional currency, while its United States subsidiaries, HNE and Util-Assist Corp., use the United States dollar ($USD). These consolidated financial statements have been prepared on a historical cost basis, except for the valuation of employee future benefits, which are recorded at the actuarial present value of the defined benefit obligation, and contingent consideration and investment security which are recorded at fair value. Amounts are rounded to the nearest million, unless otherwise stated.

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of accounting policies and the amounts reported and disclosed in these consolidated financial statements.

Estimates are used predominately in determining the measurement of certain of the Corporation's assets and liabilities. Estimates and underlying assumptions are continually reviewed and are based on factors that are considered to be relevant, such as historical experience and forecast trends. Actual results may differ from these estimates. Revisions of estimates are recognized in the period of revision and prospectively.

The areas which require management to make significant estimates and assumptions are as follows:

- Note 4(b) – valuation of identifiable net assets acquired in a business combination;
- Note 4(d)(ii) – recognition and measurement of unbilled revenue;
- Note 4(e)(i) – measurement of the fair value of the contingent consideration and investment security;
- Note 4(h) and (i) – estimation of the useful lives of property, plant and equipment and finite life intangible assets;
- Note 4(k) – impairment of non-financial assets: key assumptions underlying recoverable amounts; and
- Note 4(m) – measurement of employee future benefits – key actuarial assumptions.

2. Basis of Preparation (continued)

(c) Use of estimates and judgments (continued)

Judgments included in the consolidated financial statements are decisions made by management, based on the analysis of relevant information available at the time of each decision. Judgments relate to the application of accounting policies and decisions related to the recognition, measurement and disclosure of financial amounts.

The areas which require management to make significant judgments are as follows:

- Note 4(b) – the determination of whether or not an acquisition meets the definition of a business combination;
- Note 4(d)(i) – principal versus agent determination for recording revenue on a gross or net basis;
- Note 4(d)(ii) – deferred revenue: assessment of the performance obligation for contributions from customer;
- Note 4(j) – whether the Corporation has significant influence or joint control over an investee and assessment of impairment indicators;
- Note 4(l) – recognition and measurement of provisions and contingencies, determining whether a present obligation exists and assessing the probability, timing, and amount of any future outflows;
- Note 4(o) – lease term determining whether the Corporation is reasonably certain to exercise a lease extension option; and
- Note 4(q) – recognition of deferred tax assets and liabilities.

Changes in the economic environment arising from geopolitical events and uncertainty over economic growth could generate, in future periods, a risk of adjustments to the carrying amounts of balances subject to estimates and judgments.

3. Regulation

The Corporation, through Alectra Utilities, is regulated by the Ontario Energy Board ("OEB"). In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that differ from IFRS. The regulatory accounting treatments of the OEB require the recognition of regulatory assets and liabilities which do not meet the definition of an asset or liability under IFRS. Refer to Note 29.

(a) Rate Setting

The electricity distribution rates and other regulated charges of the Corporation are determined in a manner that provides shareholders of the Corporation with opportunity to earn a regulated maximum allowable return on equity ("MARE") on the amount of shareholders' equity supporting the business of electricity distribution, which is also determined by regulation.

The rate-making policies of the OEB are guided by its statutory objectives under *The Ontario Energy Board Act, 1998 (Ontario)* that include, among other matters, to support the cost-effective planning and operation of the electricity distribution network and to provide an appropriate alignment between a sustainable, financially viable electricity sector and the expectations of customers for reliable service at a reasonable price.

3. Regulation (continued)

(a) Rate Setting (continued)

The OEB regulates the electricity distribution rates charged by local distribution companies ("LDCs"), such as Alectra Utilities, through periodic rate applications to the OEB and its ongoing monitoring and reporting requirements. At present, LDCs may apply to the OEB for electricity distribution rates under options specified in its *Report of the Board - A Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* ("RRF"). The three rate-setting methods available to LDCs under the RRF are Price Cap Incentive Rate-setting ("Price Cap IR"), Custom Incentive Rate-setting ("Custom IR"), or Annual Incentive Rate-setting Index ("Annual IR").

Price Cap IR

The Price Cap IR method establishes rates on a single forward test-year cost of service basis, indexed for four subsequent years through a formulaic adjustment.

The Incremental Capital Module ("ICM") is available to distributors under the Price Cap IR method. It is intended to address capital investment needs that arise during the rate-setting plan that are incremental to an OEB prescribed materiality threshold. The requested amount for an ICM claim must be: incremental to a distributor's capital requirements within the context of its financial capacities underpinned by existing rates; and satisfy the eligibility criteria of materiality, need, and prudence. For distributors that are in an extended rebasing deferral period arising from utility consolidations (i.e., distributors in years six to ten of the rebasing deferral period), incremental capital funding may be requested for an annual capital program. The OEB requires that a distributor requesting relief for incremental capital during the Price Cap IR plan term include comprehensive evidence to support the need. This includes the calculation of a rate rider to recover the incremental revenue from each applicable customer class. The incremental revenue is recognized in the year when the actual ICM related expenditures are expected to be in-service. This approach is consistent with the timing of the actual capital investment benefit to customers, which aligns with the expected timing of the OEB approval of ICM rate adjustments.

Custom IR

The Custom IR method establishes rates based on a forecast of an LDC's revenue requirement and sales volumes. This rate-setting method is customized to fit the specific applicant's circumstances. The annual rate adjustment over the Custom IR term is determined by the OEB on a case-by-case basis.

Annual IR

The Annual IR method sets a distributor's rates through an annual adjustment mechanism.

(b) Rate Applications

2025 Rate Application

On August 15, 2024, Alectra Utilities filed an application for all five predecessor utility rate zones for the approval of 2025 electricity distribution rates and other charges, effective January 1, 2025. On December 12, 2024, the OEB issued its Decision and Rate Order on the Price Cap IR application, approving a 3.3% rate adjustment to distribution rates effective January 1, 2025, and providing for disposition of deferral and variance account balances.

3. Regulation (continued)

(b) Rate Applications (continued)

2026 Rate Application

On August 14, 2025, Alectra Utilities filed an application for all five predecessor utility rate zones for the approval of 2026 electricity distribution rates and other charges, effective January 1, 2026. On December 16, 2025, the OEB issued its Decision and Rate Order on the Price Cap IR application, approving a 3.4% rate adjustment to distribution rates effective January 1, 2026, and providing for disposition of deferral and variance account balances.

2027 - 2031 Rate Application

On October 14, 2025, Alectra Utilities filed a Custom IR application with the OEB seeking approval of electricity distribution rates and charges effective January 1, 2027. The application also includes proposed subsequent annual rate adjustments based on a custom price cap index for the period from January 1, 2028 to December 31, 2031. A decision from the OEB is expected in the fourth quarter of 2026.

4. Material Accounting Policies

The following material accounting policies used in the preparation of these consolidated financial statements, have been applied consistently to all periods presented herein;

(a) Basis of consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries from the date that control commences until the date that control ceases. The Corporation controls a subsidiary if it is exposed, or has rights, to variable returns from its investment in the subsidiary and can affect those returns through its power over the subsidiary. All intercompany accounts and transactions are eliminated on consolidation.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair value of assets conveyed, liabilities incurred or assumed, and the equity instruments issued by the Corporation in exchange for control of the acquired business. Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at fair value at the acquisition date. The Corporation records all identifiable intangible assets including identifiable assets that had not been recognized by the acquiree before the business combination. Any excess of the cost of acquisition over the Corporation's share of the fair value of the net identifiable assets acquired and liabilities assumed is recorded as goodwill.

During the measurement period (within one year of the acquisition date), the Corporation may, on a retrospective basis, adjust the amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

The Corporation accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received.

4. Material Accounting Policies (continued)

(c) Discontinued operation

A discontinued operation is a component of the Corporation that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of the discontinued operation are presented separately in the Consolidated Statement of Income and Comprehensive Income as if the operation had been discontinued from the start of the comparative year.

The Corporation eliminates all intercompany transactions and balances, between continuing and discontinuing operations. This includes any internal charges, allocations, or other intercompany transactions that occurred prior to the disposal of the discontinued operation.

(d) Revenue from contracts with customers

Revenue is recognized at a point in time or over time, depending on when the Corporation has satisfied its performance obligation(s) to its customers. Where the Corporation has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the performance to date, revenue is recognized in an amount to which the Corporation has a "right to invoice". The right to invoice represents the fair value of the consideration received or receivable.

The following provides a summary of the nature of the various performance obligations within contracts with customers and when performance is recognized on those obligations:

(i) Distribution revenue and electricity sales

The Corporation has identified that its material performance obligation is the distribution and provision of electricity to customers. Alectra Utilities is licensed by the OEB to distribute electricity. Distribution revenue is recognized based on OEB-approved distribution rates, set at a level intended to recover the costs incurred by Alectra Utilities in delivering electricity to customers and a regulated return on invested capital, and includes revenue collected through OEB-approved rate riders. As a licensed distributor, Alectra Utilities is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. Alectra Utilities is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether Alectra Utilities ultimately collects these amounts from customers.

The Corporation has determined that it is acting as a principal for electricity distribution and therefore has presented the electricity sales on a gross basis. Revenue attributable to the delivery of electricity is based upon OEB-approved distribution tariff rates and includes the amounts billed to customers for electricity, including the cost of electricity supplied, distribution charges, and any other regulatory charges. Revenue is recognized as electricity is delivered and consumed by customers. Electricity sales are recorded based on regular meter readings and estimates of customer usage since the last meter reading date to the end of the year. The Corporation satisfies its performance obligation to the customer over time, which is to use reasonable diligence in providing a regular and uninterrupted supply of electricity over the contract term.

4. Material Accounting Policies (continued)

(d) Revenue from contracts with customers (continued)

(ii) Other revenue

Other revenue includes revenue from renewable generation, contributions from customers, power restoration and industrial service, submetering, consulting, and other general revenue. The methods of recognition for other revenue are as follows:

- Revenue from renewable generation sources is recognized in the period in which electricity is generated and delivered, based on regular meter readings, and is measured at the fair value of the consideration received or receivable, net of sales tax.
- Capital contributions received from electricity customers and developers to construct or acquire property, plant and equipment for the purpose of connecting a customer to a network are recorded as deferred revenue. The deferred revenue is initially recorded at fair value of the capital contribution and amortized to other revenue on a straight-line basis over the estimated economic lives of the assets to which the contribution relates. Contributions received from customers to construct or acquire fixed assets to deliver services other than those related to delivery of electricity are recorded as deferred revenue and amortized to other revenue over the term of the contract with the customer.
- Revenue from power restoration services provided to utilities during storm events and industrial services including installation, maintenance and repairs to power infrastructure utilities and industrial clients is recognized as services are rendered.
- Revenue from consulting services is recognized using a time and materials basis which is measured monthly based on input measures, such as hours incurred to date, with consideration given to output measures, such as contract milestones when applicable. Certain service revenues, such as upfront conversion revenue, are recognized at a point in time.
- Revenue is recognized as services are rendered for activities ancillary to electricity distribution, including street lighting services, water billing, and pole and duct rentals.
- Revenue from distributed energy services such as global adjustment savings, demand response savings, and avoided energy savings, is recognized at the time of billing to customers.

The measurement of unbilled revenue is based on an estimate of the amount of electricity, global adjustment savings, demand response savings, and avoided energy savings delivered to customers, power restoration services and industrial services provided but not yet billed. These accrued amounts are presented as unbilled revenues under IFRS 15, Revenue from Contracts with Customers. The Corporation assesses unbilled revenue for impairment in accordance with IFRS 9, *Financial Instruments.*

4. Material Accounting Policies (continued)

(e) Financial instruments

Financial assets and liabilities include cash, investment security, trade and other receivables, trade and other payables, customer deposits liability, contingent consideration, and loans and borrowings. All financial assets and liabilities, except trade and other receivables, are initially recognized at fair value plus transaction costs. Trade and other receivables balances are initially recognized at the transaction price. Financial assets and liabilities, except for investment security and contingent consideration, are subsequently measured at amortized cost using the effective interest rate method, less any applicable impairment. Interest income is calculated using the effective interest rate method and is recognized in the Consolidated Statement of Income and Comprehensive Income. Investment security and contingent consideration are subsequently measured at fair value and changes in fair value are recognized in the Consolidated Statement of Income and Comprehensive Income. The fair value measurement of investment security and contingent consideration is categorized as Level 2.

(i) Financial instruments at fair value

The fair value of a financial instrument is the amount of agreed upon consideration in an arm's length transaction between willing parties. Financial instruments, which are disclosed at fair value, are classified using a three-level hierarchy. Each level reflects the inputs used to measure the fair values of the disclosed financial liabilities, and are as follows:

- Level 1: inputs are unadjusted quoted prices of identical instruments in active markets;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the liabilities that are not based on observable market data (unobservable inputs).

Fair value inputs are taken from observable markets where possible. In the absence of an active market, the Corporation estimates fair value by using valuation techniques that refer to observable market data or estimated market prices. In making such estimates, the Corporation gives the highest priority to unadjusted quoted prices in active markets for similar assets or liabilities (Level 2) and the lowest priority to unobservable inputs (Level 3), as applicable. Fair values estimated using generally accepted pricing models are based on discounted cash flow analysis, with the most significant inputs being the contractual terms of the instrument and the market discount rates that reflect the credit risk of counterparties.

(ii) Impairment of financial assets

Impairment of the Corporation’s financial assets is assessed on a forward-looking basis. The Corporation applies the simplified approach to its trade receivables which requires expected lifetime losses to be recognized from initial recognition of the receivables and on an ongoing basis. The Corporation assesses all information available in the measurement of the expected credit losses ("ECL") associated with its assets carried at amortized cost.

The measurement of ECL for trade receivables is based on management's estimates and assumptions. ECL is determined using a provision matrix based on historical observed default rates and incorporated macroeconomic factors such as GDP growth forecast, inflation rates, unemployment rates, and customer-specific assessments. Trade receivables are written-off against the allowance when they are deemed uncollectible.

4. Material Accounting Policies (continued)

(f) Cash

Cash includes cash in bank accounts. On the consolidated statements of cash flows, cash includes bank overdrafts that are repayable on demand and form an integral part of the Corporation's cash management.

(g) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted-moving average basis and includes expenditures incurred in acquiring the inventories and other costs to bring the inventories to their existing location and condition.

(h) Property, plant and equipment ("PP&E")

Land is measured at cost. PP&E (other than land) is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and includes contracted services, cost of materials, directly attributable overhead, direct labour, pension and other benefit costs, and borrowing costs incurred in respect of qualifying assets constructed.

Work in progress assets are generally assets that are undergoing active construction or development and are not currently available for use. Work in progress assets are not depreciated.

When items of PP&E are disposed of, a gain or loss on asset derecognition, if any, is determined by comparing the proceeds from disposal with the carrying amount of the item. Any gain or loss on asset derecognition is included in the Consolidated Statement of Income and Comprehensive Income.

Depreciation of PP&E is recognized on a straight-line basis over the useful life of each item. Depreciation on these assets commences when such assets are ready for their intended use.

The assessment of the useful lives of PP&E is based on management's judgment and are reviewed at each financial year-end and adjusted prospectively. When components of an item of PP&E have different useful lives, each component is recorded separately within PP&E and depreciated over each component's useful life. These assets are classified to the appropriate categories of PP&E when completed and ready for intended use.

The method of depreciation and estimated useful lives for each category of PP&E are as follows:

Buildings	Straight-line	10 to 60 years
Distribution assets	Straight-line	10 to 70 years
Other assets	Straight-line	2 to 50 years

(i) Goodwill and other intangible assets

Intangible assets include goodwill, land rights, computer software, contributions, and other intangible assets. Other intangible assets include work in progress, customer relationships, brands and a brand license agreement.

Goodwill arising on the acquisition of subsidiaries or on amalgamation represents the excess of the purchase price over the fair value assigned to the Corporation's interest of the net identifiable assets acquired. Goodwill is measured at cost less accumulated impairment losses. Goodwill has been assessed as having an indefinite useful life as it cannot exist independently of the business, nor it can be sold or transferred separately.

4. Material Accounting Policies (continued)

(i) Goodwill and other intangible assets (continued)

Land rights are measured at cost. Land rights held by the Corporation are effective in perpetuity and there is no foreseeable limit to the period over which the rights are expected to provide benefit to the Corporation. Consequently, no removal date can be determined and no reasonable estimate of the fair value of such asset retirement obligations can be determined. If, at some future date, it becomes possible to estimate the fair value cost of removing these assets and the Corporation is legally or constructively required to remove such assets, a related asset retirement obligation will be recognized at that time. Land rights have been assessed as having an indefinite useful life.

Computer software and contributions are measured at cost less accumulated amortization and any applicable impairment losses. Amortization begins when the asset is available for use and is measured on a straight-line basis.

Contributions represent payments made to Hydro One Networks Inc. ("Hydro One"), an electricity distributor and transmitter in the Province of Ontario, for building dedicated infrastructure to accommodate the Corporation's distribution system requirements. Contributions are measured at cost less accumulated amortization.

Other includes brands, customer relationships and a brand licensing agreement. Brands have been assessed as having an indefinite useful life, as there is no foreseeable limit to the cash flows generated by the brands. Customer relationships and a brand licensing agreement are recorded at fair value at the date of acquisition and are subsequently measured at cost less accumulated amortization and any applicable impairment losses. Amortization is charged on a straight-line basis over the life of the asset.

Work in progress assets are generally assets that are undergoing development and are not currently available for use. Work in progress assets are not depreciated.

Gains or losses arising from derecognition, if any, of an intangible asset are measured as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognized in the Consolidated Statement of Income and Comprehensive Income when the asset is derecognized.

The useful lives of intangible assets are assessed based on management's judgment and are reviewed at each financial year-end and adjusted prospectively.

The useful lives and amortization methods are as follows:

Goodwill	Not amortized	Indefinite
Land rights	Not amortized	Indefinite
Brands	Not amortized	Indefinite
Computer software	Straight-line	3 to 15 years
Contributions	Straight-line	10 to 70 years
Other	Straight-line	2 to 35 years

4. Material Accounting Policies (continued)

(j) Investment in joint venture

A joint venture is a type of joint arrangement whereby, the entities that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the entities sharing control. Judgment is required when assessing the classification of a joint arrangement as a joint venture. When making this assessment, the Corporation considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements, and other facts and circumstances.

The investment in joint venture is accounted for using the equity method. Such investment is recognized initially at cost, which includes the purchase price and other costs directly attributable to the purchase. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the profit or loss and other comprehensive income of equity accounted investee, until the date on which significant influence or joint control ceases. If there is a loss of significant influence or joint control and the investment ceases to be a joint venture, equity accounting is discontinued from the date of loss of significant influence or joint control.

(k) Impairment of non-financial assets

For the purpose of impairment testing, the Corporation uses judgment to categorize its assets into the smallest group that generates cash inflows that are largely independent of cash inflows from other assets or cash generating units ("CGU"). Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Intangible assets with indefinite lives (including goodwill) are tested for impairment annually and when circumstances indicate that the recoverable amount of an asset or CGU may be below its carrying value. The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU, a suitable discount rate in order to calculate a present value as a basis for determining impairment and an estimated terminal value calculated by discounting the final year in perpetuity. Fair value less costs of disposal is determined based on observable market inputs and categorized as level 2 for fair value measurement. Property, plant and equipment and intangible assets with finite lives are tested for impairment when management determines indicators of impairment exist. Significant judgment is involved in determining the inputs used for determining the recoverable amount of CGUs.

Impairment losses are recognized if the carrying amount of an asset or CGU exceeds its recoverable amount, and are recognized in the Consolidated Statement of Income and Comprehensive Income. Impairment losses relating to CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been previously recognized.

4. Material Accounting Policies (continued)

(l) Provisions and contingencies

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be determined reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured as the expected outcome of the consideration required to settle the present obligation at the reporting date. Significant judgement is required in determining whether a present obligation exists and its probability of realization. Provisions are subject to significant uncertainty and are determined by discounting the expected future cash flows at a rate, net of tax, that corresponds to current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as an expense.

Decommissioning provisions are liabilities recognized in the consolidated financial statements for the future costs associated with dismantling and removing assets, and restoring the site to its original condition. The estimated future cash flows of the site restoration costs are risk adjusted and discounted using a rate that reflects current market assessment of the time value of money and the risk specific to the project. The associated site restoration costs are capitalized as part of the carrying amount of the asset and are amortized over the asset's useful life. Changes due to revision of discount rates, the timing, or the amount of the original estimate of the provision are reflected on a prospective basis by adjusting the carrying amount of the related asset. In the event the amounts resulting from the changes in estimates exceed the carrying amount of the related asset, the excess amount is recognized immediately in the Consolidated Statement of Income and Comprehensive Income.

Contingencies are disclosed unless the possibility of an outflow of economic benefits is remote.

An assessment of the likelihood of a contingent event, such as events arising from legal proceedings, third-party contracts and other events, requires management's judgment as to the probability of a loss occurring. Actual results may differ from those estimates.

(m) Employee future benefits

The Corporation provides pension and other benefit plans for its employees. Details on these plans are as follows:

(i) Multi-employer defined benefit pension plan

The Corporation provides a pension plan for the majority of its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund.

As OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan as a defined benefit plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the Consolidated Statement of Income and Comprehensive Income when they are due.

4. Material Accounting Policies (continued)

(m) Employee future benefits (continued)

(ii) Non-pension defined benefit plans

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans. These benefits are provided through group defined benefit plans shared between entities under common control of Alectra Inc. Alectra Utilities, which is controlled by Alectra Inc., is the legal sponsor of the plans. There is a stated policy in place to allocate the net defined benefit cost to the participating entities under the common control of Alectra Inc. based on the obligation attributable to the plan participants employed by each participating entity.

The Corporation has incorporated its share of the defined benefit costs and related liabilities, as calculated by the actuary, in these consolidated financial statements.

The Corporation's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting such to determine its present value. The discount rate is the interest yield, at the reporting date, on high quality debt instruments with duration similar to the duration of the plan.

Due to the long-term nature of these plans, estimates used in the valuation such as discount rates, expected rates of return on assets, future salary increases and mortality rates, are subject to significant uncertainty.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligation and the current service costs are actuarially determined by applying the projected unit credit method and incorporate management's best estimate of certain underlying assumptions. Remeasurements arising from defined benefit plans are recognized immediately in other comprehensive income and reported in accumulated other comprehensive income. Amounts recorded in Other Comprehensive Income ("OCI") are not reclassified to the Consolidated Statement of Income and Comprehensive Income.

The measurement date used to determine the present value of the benefit obligation is December 31 of the applicable year. The latest full actuarial valuation was performed as at December 31, 2025.

(n) Customer deposits liability

Customer deposit liability is comprised of cash collections from customers as security for the payment of energy bills and water bills. Deposits held in respect of commercial customers are applied against any unpaid portion of individual customer accounts. Customer deposit liability in excess of unpaid account balances is refundable to individual customers upon termination of their electricity distribution service. These customer deposits are classified as a current liability as they are refundable on demand once a customer establishes a good payment history in accordance with the policies of the Corporation. This liability includes related interest amounts owed to the customers with a corresponding amount charged to finance costs.

4. Material Accounting Policies (continued)

(o) *Leases*

At the inception of a contract, an assessment is made to determine if the contract is, or contains, a lease based on the right to control the asset and the receipt of substantially all the benefits from the use of the identifiable asset.

A lease obligation is initially measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined then by using the Corporation's incremental borrowing rate. The lease obligation is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments or a lease modification. A corresponding adjustment is made to the carrying amount of the right of use asset ("RoU") or is recorded in the Consolidated Statement of Income and Comprehensive Income if the carrying amount of the RoU has been reduced to zero.

The Corporation, depending upon the nature of the lease agreement, includes the following in the lease payments: fixed payments (including in-substance fixed payments); variable lease payments that depend on an index or a rate; and penalties for lease termination if the Corporation plans to exercise the termination option. The Corporation assesses extension options based on available information at the lease commencement date. Subsequently, if there is a change in circumstances within its control, the Corporation will then reassess the extension option to determine whether there is an economic incentive to exercise the option. Such an assessment is subject to management's judgment. The Corporation allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

The Corporation recognizes a RoU at the lease commencement date. The RoU is initially measured at cost which is the initial measurement of the lease obligation plus any lease payments made at or before the commencement date. The RoU is depreciated using the straight-line method over the shorter of the lease term and the estimated remaining useful life of the asset. The RoU is subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for certain remeasurements of the lease obligation.

The Corporation has elected not to recognize RoU assets and lease obligations with a lease term of 12 months or less and low value leases. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(p) Advance payments

Advance payments are prepayments on capital projects that have been purchased and will remain as an advance until the project is in service and billable under the terms of the corresponding service agreements.

4. Material Accounting Policies (continued)

(q) Income taxes

The Corporation, Alectra Utilities, AES, and APSI are exempt from income taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively, the 'Tax Acts'). Accordingly, the Corporation, Alectra Utilities, AES and APSI are required to make payments in lieu of income taxes ('PILs') to the Ontario Electricity Finance Corporation ('OEFC'), which are calculated in accordance with the Tax Acts and applied to reduce certain debt obligations of the former Ontario Hydro continuing in OEFC. The remaining subsidiaries of the Corporation are subject to taxation under the Tax Acts, with income tax expense comprising current and deferred tax.

PILs comprise current and deferred payments in lieu of income tax. PILs is recognized in the Consolidated Statement of Income and Comprehensive Income except to the extent that it relates to items recognized directly in either comprehensive income or in equity, in which case, it is recognized in comprehensive income or in equity.

Current PILs is the expected amount of cash taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred PILs comprise the net tax effects of temporary differences between the tax basis of assets and liabilities and their respective carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred PILs assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred PILs assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

A deferred PILs asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred PILs assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax expense comprises the expected tax payable or receivable on taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax expense is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the anticipated reversal date.

(r) Finance income and costs

Finance income is recognized as it accrues in the Consolidated Statement of Income and Comprehensive Income and is comprised of interest earned on cash.

Finance costs comprise interest expense on borrowings, lease obligations and decommissioning provisions are recognized as an expense in the Consolidated Statement of Income and Comprehensive Income except for those amounts capitalized as part of the cost of qualifying property, plant and equipment.

5. Future Accounting Changes

The following amendments and new standards have been published by the IASB but are not effective as at December 31, 2025, and have not been adopted in these consolidated financial statements.

Effective Date: Reporting periods beginning on or after January 1, 2026

(a) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

The amendments permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system. For financial asset classification, the amendments offer clarity on assessing basic lending arrangements, provide a comprehensive description of non-recourse features, and detail contractually linked instruments. Additionally, disclosure requirements now include the fair value gain or loss from equity investments and contractual terms affecting cash flows.

These amendments are not expected to materially affect the consolidated financial statements as the Corporation holds no significant financial instruments whose treatment or disclosure would be affected.

Effective Date: Reporting periods beginning on or after January 1, 2027

(b) IFRS 18 Presentation and Disclosure in Financial Statements

In 2024, the IASB published a new IFRS accounting standard, IFRS 18 - *Presentation and Disclosure in Financial Statements*, to replace IAS 1, *Presentation of Financial Statements*, and will amend IAS 7, *Statement of Cash Flows*. The primary objective of IFRS 18 is to improve the assessment of an entity's performance by increasing comparability in presentation. Changes include introducing a defined structure for the presentation of the Consolidated Statement of Income and Comprehensive Income, including required totals and sub-totals, management-defined performance measures, enhanced requirements for grouping (aggregation and disaggregation) of information, and disclosure of specific expenses by nature.

The Corporation anticipates that implementation of the Standard will have a significant impact on the presentation and disclosures in its consolidated financial statements. The Corporation does not intend to early adopt the standard.

6. Business Combination

On May 31, 2024 ("Closing Date"), 748953 N.B. Ltd. acquired assets from GLC, a private company specialized in providing emergency power restoration services in Eastern Canada and the United States. The acquisition was recognized as a business combination in accordance with IFRS 3 - *Business Combinations.* The acquisition supports the strategic growth objectives of the Corporation.

The consolidated financial statements include the fair value of identifiable net assets as at the Closing Date. Goodwill arising from the acquisition of $14 relates to the expected growth, cost synergies and the value of the acquiree's workforce which cannot be separately recognized. Goodwill is not deductible for income tax purposes.

6. Business Combination (continued)

The total consideration for the acquired assets comprises:

(i) an initial payment of $45 to the vendor on the Closing Date ("Fixed Purchase Price");
(ii) working capital adjustment of $4 to the vendor in consideration of actual working capital as at the Closing Date in excess of an assumed level of working capital underlying the total consideration; and
(iii) additional contingent payments, if any, based on meeting annual revenue targets of 748953 N.B. Ltd for the years ending 2024, 2025, and 2026. Refer to note 14.

The assets acquired were valued based on discounted expected future cash flows using market risk adjusted rates of return. The following table summarizes the recognized amounts of assets acquired at the date of acquisition:

	Note	
Trade and other receivables		7
Inventories		2
Property, plant and equipment	8	9
Intangible assets	9	22
Fair value of identifiable net assets acquired		40
Goodwill	9	14
Total assets recognized		54
Represented by		
Fixed purchase price		45
Working capital adjustment		4
Cash consideration		49
Contingent consideration payable	14	5
Total consideration		54

7. Discontinued Operation

During the year, AESI received an offer to purchase the submetering assets, leading to the decision to sell. The assets were classified as held for sale on August 22, 2025, the date the Asset Purchase Agreement was signed, at which point depreciation ceased. The sale of the submetering assets was completed on October 1, 2025.

Subsequent to the sale of the submetering assets, AESI will no longer provide customized residential and commercial submetering services. UA, however, will continue to provide billing services to the discontinued operation.

The results of the discontinued operation are presented in the Consolidated Statement of Income and Comprehensive Income as a discontinued operation. The comparative information in the Consolidated Statement of Income and Comprehensive Income was re-presented to separately disclose the results of the discontinued operation from continuing operations.

7. Discontinued Operation (continued)

(a) Financial information and cash flow information

The financial performance information for the discontinued operation is presented below:

	Note	2025	2024
Revenue		15	18
Expenses		(8)	(8)
Income before income taxes of discontinued operation		7	10
Income tax expense		—	(1)
Income after income tax of discontinued operation		7	9
Gain on sale of the discontinued operation, net of tax	7(b)	37	—
Net income from discontinued operation		44	9

Expenses of the discontinued operation exclude the following intercompany expenses under common control that are eliminated upon consolidation:

	2025	2024
Management fee	1	1
Consulting expenses	4	4
Interest on loans and borrowings	2	3
	7	8

The cashflow information for the discontinued line is presented below:

	2025	2024
Net cash inflow from operating activities	10	8
Net cash inflow (outflow) from investing activities[1]	119	(13)
Net cash outflow from financing activities	—	(1)
	129	(6)

[1] 2025 includes net inflow of $128 from the sale of the discontinued operation.

(b) Gain on sale of the discontinued operation, net of tax

	Note	
Net cash consideration received		128
Carrying amount of net assets sold		(80)
Transaction costs		(3)
Gain on sale of the discontinued operation before income tax		45
Income tax expense		(8)
	7(a)	37

7. Discontinued Operation (continued)

(b) Gain on sale of the discontinued operation, net of tax (continued)

Net carrying amount of assets and liabilities transferred to the buyer at the date of sale were:

	Note	
Property, plant and equipment	8	51
Goodwill and other intangible assets	9	33
Trade and other receivables		12
Total assets		96
Customer deposits		1
Trade and other payables		15
Total liabilities		16
Net assets		80

8. Property, Plant and Equipment and Right of Use Assets

		Property, Plant and Equipment					RoU	
	Note	Land and buildings	Distribution assets	Other assets	Work in progress	Total PP&E	RoU assets	Total PP&E & ROU
Cost								
Balance at January 1, 2024		335	4,579	330	166	5,410	31	5,441
Additions through acquisition of business	6	5	—	4	—	9	—	9
Additions		—	—	44	492	536	2	538
Transfers into service		11	440	29	(480)	—	—	—
Disposals and write-offs		—	(20)	(12)	—	(32)	(1)	(33)
Balance at December 31, 2024		351	4,999	395	178	5,923	32	5,955
Additions		2	—	4	524	530	1	531
Transfers into service		14	498	25	(537)	—	—	—
Disposals and write-offs		(1)	(15)	(63)	(7)	(86)	(1)	(87)
Balance at December 31, 2025		366	5,482	361	158	6,367	32	6,399
Accumulated depreciation								
Balance at January 1, 2024		41	950	146	—	1,137	12	1,149
Depreciation		7	143	27	—	177	2	179
Disposals and write-offs		—	(7)	(13)	—	(20)	—	(20)
Balance at December 31, 2024		48	1,086	160	—	1,294	14	1,308
Depreciation		8	147	29	—	184	2	186
Disposals and write-offs		—	(6)	(21)	—	(27)	—	(27)
Balance at December 31, 2025		56	1,227	168	—	1,451	16	1,467
Net book value								
December 31, 2024		303	3,913	235	178	4,629	18	4,647
December 31, 2025		310	4,255	193	158	4,916	16	4,932

Other assets include solar panels, meters, vehicles, furniture and equipment, behind-the-meter distributed energy generation resources, computer equipment, and leasehold improvements.

During the year, $14 was transferred from work in progress to land and buildings, primarily related to the completion of an office building, a vehicle storage facility, and building improvements.

Disposals and write-offs during the year, includes other assets of $44 and work in progress of $7 related to the discontinued operation. Refer to Note 7.

8. Property, Plant and Equipment and Right of Use Assets (continued)

Effective January 1, 2025, Alectra Utilities revised the estimated useful lives of its PP&E based on a study performed by an independent third party. This change was applied prospectively and will impact the depreciation expense for the year-ended December 31, 2025 and future years. The effect of the change on actual and expected depreciation expenses was as follows:

	2025	2026	2027	2028	2029	After 2029
(Decrease) increase in depreciation expense	(7)	(12)	(13)	(12)	(12)	56

RoU assets represent the Corporation's right to use buildings and roof tops over the duration of the lease term.

During the year, borrowing costs of $3 (2024 - $3) were capitalized as part of the cost of property plant & equipment and intangible assets. An average capitalization rate of 3.89% (2024 - 4.27%) was used to determine the amount of borrowing costs to be capitalized with respect to the Corporation. Refer to Note 24.

Reconciliation between the amounts presented on the Consolidated Statement of Cash Flows and additions to property, plant and equipment:

	Note	2025	2024
Purchase of property, plant and equipment, cash basis		511	467
Non-cash asset contributions	23	34	13
Depreciation expense capitalized		6	6
Borrowing cost capitalized		3	3
Adjustment for holdback payable and accruals		(24)	47
Additions to property, plant and equipment		530	536

Reconciliation between depreciation and amortization amounts included in continuity tables of Note 8 and 9 and the amounts presented on the Consolidated Statement of Income and Comprehensive Income:

	Note	2025	2024
Depreciation of property, plant and equipment and right of use assets		186	179
Amortization of intangible assets	9	25	35
Depreciation expense capitalized		(6)	(6)
		205	208
Depreciation and amortization included in			
Continuing operations		203	204
Discontinued operation		2	4
		205	208

9. Goodwill and Other Intangible Assets

(a) Goodwill and other intangible assets

	Note	Goodwill	Land rights	Computer software	Contributions	Other assets[1]	Work in progress	Total
Cost or deemed cost								
Balance at January 1, 2024		777	4	197	97	67	21	1,163
Additions through acquisition	6	14	—	—	—	22	—	36
Additions		—	—	—	—	—	25	25
Transfers into service		—	—	27	—	4	(31)	—
Disposals and write-offs		—	—	(1)	—	(2)	—	(3)
Balance at December 31, 2024		791	4	223	97	91	15	1,221
Additions		—	—	—	—	—	24	24
Transfers into service		—	—	18	—	2	(20)	—
Disposals and write-offs		(2)	—	(6)	—	(39)	(3)	(50)
Balance at December 31, 2025		789	4	235	97	54	16	1,195
Accumulated amortization								
Balance at January 1, 2024		—	—	92	26	19	—	137
Amortization		—	—	26	3	6	—	35
Disposals and write-offs		—	—	(1)	—	(2)	—	(3)
Balance at December 31, 2024		—	—	117	29	23	—	169
Amortization		—	—	15	3	7	—	25
Disposals and write-offs		—	—	(6)	—	(11)	—	(17)
Balance at December 31, 2025		—	—	126	32	19	—	177
Net book value								
December 31, 2024		791	4	106	68	68	15	1,052
December 31, 2025		789	4	109	65	35	16	1,018

[1] Other assets include customer relationships, brands and a brand license agreement.

Disposals and write-off during the year includes goodwill of $2, other assets of $28 and work in progress of $3 related to the discontinued operation. Refer to Note 7.

9. Goodwill and Other Intangible Assets (continued)

(a) Goodwill and other intangible assets (continued)

Effective January 1, 2025, Alectra Utilities revised the estimated useful lives of its definite life intangible assets based on a study performed by an independent third party. This change was applied prospectively and will impact the amortization expense for the year-ended December 31, 2025 and future years. The effect of the change on actual and expected amortization expense was as follows:

	2025	2026	2027	2028	2029	After 2029
(Decrease) increase in amortization expense	(11)	(12)	(12)	3	5	27

Borrowing costs capitalized in intangible assets and property plant & equipment during the year is included in Note 8 and 24.

Reconciliation between the amounts presented on the Consolidated Statement of Cash Flows and additions to intangible assets:

	2025	2024
Purchase of intangible assets, cash basis	23	27
Adjustment for accruals	1	(2)
Additions to intangible assets	24	25

(b) Impairment testing of goodwill and other indefinite life intangible assets

Goodwill with a carrying amount of $789 (2024 - $791), brands with a carrying amount of $2 (2024 - $2) and land rights with a carrying amount of $4 (2024 - $4) have been allocated to the Corporation's CGUs as follows:

	Goodwill		Land rights		Brands	
	2025	2024	2025	2024	2025	2024
Alectra Utilities	755	755	4	4	—	—
HPS	16	16	—	—	2	2
748953 N.B. Ltd	14	14	—	—	—	—
UA, AESI and APSI	4	6	—	—	—	—

The Corporation tested goodwill, land rights and brands for impairment as at September 30, 2025 and 2024, and determined that no impairment existed. The impairment test was performed by considering the latest developments and economic conditions. The recoverable amount of goodwill, brands and land rights determined in the analysis for both years was greater than the carrying value and no impairment was recorded.

The recoverable amount of the CGUs is based on value-in-use calculations, which combines cash flow projections from the financial plan and extrapolated cash flows using rate base multiple for Alectra Utilities and estimated growth rates for the rest of CGUs.

The key assumptions used in the value-in-use calculations include forecast earnings before interest, taxes, depreciation, and amortization ("EBITDA"), weighted average cost of capital ("WACC") and a terminal growth value.

9. Goodwill and Other Intangible Assets (continued)

(b) Impairment testing of goodwill and other indefinite life intangible assets (continued)

The rate base multiple, terminal growth rate and WACC rate used for each CGU are as follows:

	Rate base multiple, Terminal growth rate		WACC rate	
	2025	2024	2025	2024
Alectra Utilities	1.3x	1.3x	4.98%	4.92%
HPS	2.50%	2.50%	14.06%	12.87%
748953 N.B. Ltd	2.00%	2.00%	14.06%	12.87%
UA, AESI and APSI	2.00%	3.00%	17.66%	20.81%

Forecast EBITDA is based on expectations of future outcomes considering past experience and adjusted for anticipated revenue growth and cost savings. Revenue growth is projected based on the average growth rate, the estimated sales volume and expected price increases for the next seven years. WACC is based on market and equity risk factors for comparable companies.

A rate base multiple is used to calculate AUC's terminal value as the rate base multiple incorporates the future capital expenditures and cost recoveries in the calculations and are not included in the period of forecasted EBITDA. Terminal growth rates are used for HPS, 748953 N.B. Ltd., UA, Submetering and APSI. Given the inherent variability of weather events that drive the power restoration services revenue of HPS and 748953 N.B. Ltd, management's revenue projections of those two CGUs are based on a Monte-Carlo simulation analysis utilizing a probability model to calculate the expected occurrence of storm events using historical storm data. The UA, Submetering and AESI's growth is projected based on the average growth rate for the next seven years.

Reasonable negative changes in any one key assumption, holding other factors constant, would not result in an impairment.

There were no significant changes to the key assumptions as at December 31, 2025 and 2024.

10. Other Assets

	2025	2024
Current		
Inventories	73	75
Prepaid expenses	21	18
Other receivable	15	6
	109	99
Non-current		
Investment in joint ventures	18	11
Prepaid expenses	4	4
Investment security	3	2
	25	17

(a) Inventories

Inventories consist of parts and supplies acquired for internal construction or consumption.

10. Other Assets (continued)

(b) Investment in joint ventures

On June 27, 2022, AESI entered into a 49.995% Joint Venture with Convergent Energy and Power through the formation of Alectra Convergent Development LP ("ACD"). On March 3, 2025, ACEDHI was incorporated. On April 4, 2025, AESI transferred 49.995% of its individual ownership in ACD to AEHI, and AEHI subsequently transferred 49.995% of the ownership of ACD into ACEDHI. On April 4, 2025, ACD converted from a limited partnership to a general partnership and was renamed Alectra Convergent ELT-1 General Partnership.

	2025	2024
Balance, January 1	11	1
Investments during the year	6	10
Share of net loss of joint ventures, net of tax	(1)	—
Share of other comprehensive income of joint venture	2	—
Balance, December 31	18	11

(c) Investment security

Investment security relates to AESI's ownership share in Global Strategic Mobility Fund LP. with a total capital commitment of USD $8 over a 10-year period. As at December 31, 2025, AESI's ownership share in the fund was 12% (2024 - 13%).

11. Trade and Other Payables

	Note	2025	2024
Trade payables - energy purchases		278	259
Accrued liabilities		95	78
Due to related parties	12	63	58
Trade payables - other		53	46
Customer receivables in credit balances		28	29
Interest payable		20	21
		537	491

12. Related Party Balances and Transactions

(a) Balances and transactions with related parties

Services provided to the cities include electricity distribution, street lighting, road projects and water and sewage billing. Expenses incurred include municipal taxes and facilities rental.

Arlen Energy Storage 1 LP and Vaughan 1E Energy Storage LP are related parties to the Corporation as they are joint ventures of AESI. Revenue with these related parties include services performed for the infrastructure upgrade.

Eastern Ontario Lease Parking Inc. and Gagnon Construction Inc. are related parties of the Corporation, as each entity’s owner is part of the key management personnel of the Corporation’s subsidiaries. Expenses with these entities relate to management services and contracted fleet rental and mechanical services, respectively.

12. Related Party Balances and Transactions (continued)

(a) Balances and transactions with related parties (continued)

These transactions are summarized in the table below:

	2025			
	Revenue/ Deferred Revenue	Expenses	Due from related parties[1]	Due to related parties[2]
City of Barrie	8	—	1	—
City of Guelph	13	—	2	7
City of Hamilton	38	2	4	27
City of Markham	10	1	3	13
City of Mississauga	26	1	4	—
City of St. Catharines	5	—	1	—
City of Vaughan	11	1	2	16
Arlen Energy Storage 1 LP	1	—	—	—
Vaughan 1E Energy Storage 1 LP	1	—	—	—
	113	5	17	63

[1] Refer to Note 19.

[2] Refer to Note 11.

	2024			
	Revenue/ Deferred Revenue	Expenses	Due from related parties[1]	Due to related parties[2]
City of Barrie	8	—	2	—
City of Guelph	12	—	—	7
City of Hamilton	37	1	5	26
City of Markham	9	1	2	11
City of Mississauga	23	1	4	—
City of St. Catharines	5	—	1	—
City of Vaughan	10	1	4	14
Eastern Ontario Lease Parking Inc.	—	1	—	—
Gagnon Construction Inc.	—	1	—	—
	104	6	18	58

[1] Refer to Note 19.

[2] Refer to Note 11.

12. Related Party Balances and Transactions (continued)

(b) Key management personnel compensation

Key management personnel include individuals who have direct or indirect responsibility for planning, directing, and controlling the activities of the Corporation. Annual compensation of key management personnel is included in operating expenses in the Consolidated Statement of Income and Comprehensive Income.

	2025	2024
Salaries and current employment benefits	18	17
Employee future benefits	2	2
	20	19

(c) Other related party transactions

The corporation has lease agreements with the City of Hamilton, City of Barrie and City of Markham that are included in RoU assets. Refer to Note 8.

The Corporation paid dividends to shareholders during the year. Refer to Note 17.

13. Loans and Borrowings

	2025	2024
Total loans and borrowings	2,775	2,874
Less short-term debt	355	455
Non-current portion of loans and borrowings	2,420	2,419

(a) Short-term debt

The Corporation meets its short-term liquidity requirements through the issuance of commercial paper ("CP") and the use of committed and uncommitted credit facilities.

The CP program has a maximum authorized amount of $900 (2024 - $900) and is supported by the Corporation's $900 (2024 - $900) committed credit facility with $100 expansion option subject to mutual agreement between the Corporation and its lenders. CPs are issued with varying maturities of less than one year and bear interest based on the prevailing market conditions at the time of issuance. CP issuance at December 31, 2025, was $355 (2024 - $455).

For the year ended December 31, 2025, the average annual outstanding borrowings under the Corporation's committed revolving credit facility and uncommitted credit facility was $471 (2024 - $498) with a weighted average interest rate of 2.84% (2024 - 4.68%).

13. Loans and Borrowings (continued)

(b) Long-term debt

	2025	2024
Debentures[1]		
2.488% Debentures due 2027	675	675
5.264% Debentures due 2030	65	65
1.751% Debentures due 2031	300	300
4.627% Debentures due 2034	200	200
4.309% Debentures due 2034	300	300
5.297% Debentures due 2041	210	210
3.958% Debentures due 2042	200	200
4.121% Debentures due 2045	30	30
3.458% Debentures due 2049	200	200
5.225% Debentures due 2052	250	250
Unamortized transaction costs	(10)	(11)
	2,420	2,419

All interest rates are per annum.

[1]Debentures issued are senior unsecured debentures.

The debentures rank pari passu with all the Corporation's other senior unsubordinated and unsecured obligations. Interest on these debentures was $91 (2024 - $80). Refer to Note 24.

The debentures are subject to a financial covenant. The covenant requires that neither the Corporation nor any designated subsidiary may incur any funded obligation (other than non-recourse debt and intercompany indebtedness) unless the aggregate principal amount of the consolidated funded obligations does not exceed 75% of the total consolidated capitalization. The Corporation was in compliance with the covenant at December 31, 2025, and 2024.

The table below summarizes principal repayments on long-term debt due in the next five years and thereafter as at December 31, 2025.

2027	675
2030	65
Thereafter	1,690
	2,430

14. Contingent Consideration

Contingent consideration consists of earnout payments associated with the acquisition of assets from GLC, and is dependent on exceeding pre-determined revenue levels for the years ending December 31, 2024, 2025 and 2026. The revenue threshold associated with the earnout arrangement for the acquisition of assets from GLC was achieved in 2024. As a result, an earnout payment was made in 2025 in accordance with the terms of the agreement. The revenue threshold for the 2025 measurement period was not achieved and, as such, no earnout payment is payable for that year.

14. Contingent Consideration (continued)

The fair value of the contingent consideration is determined using a Monte Carlo simulation to estimate revenue, assuming a Geometric Brownian Motion distribution. This valuation incorporates historical data, relevant market variables, and the payment date specified in the asset acquisition agreement. The change in the fair value of contingent consideration from the closing date is recognized in the Consolidated Statement of Income and Comprehensive Income.

	Note	2025	2024
Balance at January 1		9	—
Initial recognition upon acquisition	6	—	5
(Gain) loss on fair value		(1)	4
Payment during the year		(5)	—
Balance at December 31		3	9
Less current portion of contingent consideration		—	5
Non-current portion of contingent consideration		3	4

15. Other Liabilities

	2025	2024
Current		
Advance payments	90	94
Holdback payable	—	35
Income tax payable	3	10
Other	1	3
	94	142
Non-current		
Expansion deposits	32	30
Decommissioning provision	5	4
Other	—	1
	37	35

Advance payments represent amounts received from customers and developers for services that will be performed in the future and are recognized in revenue when the performance obligations are satisfied.

Holdback payable of $35 relating to the acquisition of distributed energy resources by AMSP was paid during the year.

Expansion deposits represent security deposits received from customers, which are expected to be returned to the customer upon project completion.

The decommissioning provision primarily reflects the Corporation's obligation to restore leased rooftops upon lease expiry or termination. Based on contractual terms, the related restoration activities are expected to occur between 2031 to 2036.

16. Employee Future Benefits

(a) Multi-employer defined benefit pension plan

The Corporation provides a pension plan for its employees, except those in UA and HPSI, through OMERS. The plan is a multi-employer, contributory defined benefit pension plan with equal contributions by the Corporation and its employees. During the year ended December 31, 2025, the Corporation made employer contributions of $22 (2024 - $20) to OMERS. These contributions have been recognized as an expense net of the amount capitalized in assets. The expected payment for 2026 is $25.

As at December 31, 2024, and subject to the estimates, assumptions and valuations of OMERS, the plan obligations are 98% (2023 - 97%) funded by its assets. OMERS has a strategy to return the plan to a fully funded position. The Corporation is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

(b) Non-pension defined benefit plans

The Corporation, excluding UA and HPSI, provides certain unfunded health, dental and life insurance benefits on behalf of its retired employees through group defined benefit plans. There are four defined benefit plans. Independent actuarial valuations of the plans were performed as at December 31, 2025. The group defined benefit plans collectively provide benefits to eligible retirees of the Corporation.

Information on the Corporation's unfunded defined benefit plans, including changes in the present value of the aggregate obligation and the accrued benefit liability, is as follows:

	2025	2024
Defined benefit obligation at January 1	75	75
Benefit cost recognized in net income		
Current service costs	1	1
Interest expense	3	3
Benefit cost recognized in net income	4	4
Amounts recognized in other comprehensive income		
Remeasurement of defined benefit obligation	(5)	(1)
Actuarial losses arising from changes in experience adjustments	1	—
Amounts recognized in other comprehensive income	(4)	(1)
Payments from the plans	(3)	(3)
Defined benefit obligation at December 31	72	75

The main actuarial assumptions underlying the valuation are as follows:

	2025	2024
Discount rate	4.90 %	4.70 %
Medical benefits costs escalation	5.30 %	5.10 %
Dental benefits costs escalation	5.60 %	5.40 %

16. Employee Future Benefits (continued)

(c) Sensitivity analysis

The approximate effect on the defined benefit obligation if the main actuarial assumptions underlying the valuation increased or decreased by:

	2025	2024
Discount rate		
1% increase	(8)	(9)
1% decrease	10	11
Medical and dental benefits costs escalation		
1% increase	7	9
1% decrease	(6)	(7)

17. Share Capital

The Corporation's authorized share capital is comprised of an unlimited number of Class A through G voting common shares, and an unlimited number of Class S non-voting shares, all of which are without nominal or par value as follows:

	2025		2024	
	Number of Shares	Amount	Number of Shares	Amount
Authorized				
Unlimited Class A through G common shares				
Issued and outstanding				
Class A common shares	2,149,000	206	2,149,000	206
Class B common shares	1,573,000	146	1,573,000	146
Class C common shares	878,000	74	878,000	74
Class D common shares	3,100,000	361	3,100,000	361
Class E common shares	1,815,000	91	1,815,000	91
Class F common shares	485,000	32	485,000	32
Class G common shares	485,000	43	485,000	43
Total common shares	10,485,000	953	10,485,000	953
Authorized				
Unlimited Class S shares				
Issued and paid				
Class S shares	99,999	22	99,999	25
Total Class S shares	99,999	22	99,999	25
Total share capital	10,584,999	975	10,584,999	978

An unlimited number of Class A through C special shares have been authorized but not issued.

17. Share Capital (continued)

Each class of shares relates to the common shares issued to each shareholder as follows:

- Class A common shares have been issued to Vaughan Holdings Inc.
- Class B common shares have been issued to Markham Enterprise Corporation
- Class C common shares have been issued to Barrie Hydro Holdings Inc.
- Class D common shares have been issued to Enersource Corporation
- Class E common shares have been issued to Hamilton Utilities Corporation
- Class F common shares have been issued to St Catharines Hydro Inc.
- Class G common shares have been issued to Guelph Municipal Holdings Inc.
- Class S non-voting common shares have been issued to Vaughan Holdings Inc., Markham Enterprise Corporation, and Barrie Hydro Holdings Inc.

During the year, the Board of Directors approved a return of capital to the Class S shareholders in the amount of $3 (2024 - $2) in accordance with the Alectra Dividend Policy incorporated as Schedule C to its Unanimous Shareholders' Agreement.

Dividends on the common shares and Class S shares of the Corporation may be approved by the Board of Directors through a resolution.

During the year, the Corporation declared and paid dividends as follows:

- Common share dividends aggregating $78 or $7.51 per share (2024 - $81 or $7.70 per share); and
- Class S share dividends aggregating $1 or $5.76 per share (2024 - $1 or $14.72 per share).

The Class S share dividends, other than return of capital, are subject to Part VI.1 tax under the *Income Tax Act (Canada)* at a rate of 25% based on the amount of dividend paid. The Corporation is also eligible for a corresponding deduction equal to a specified multiple of the dividend. The deduction does not fully offset the Part VI.1 tax, resulting in a net effective tax rate of 1.8% on the Class S share dividends to the former PowerStream Shareholders.

Subsequent to the year end, on March 5, 2026, the Corporation declared a dividend in the amount of $43 on its common shares payable to its shareholders. The Corporation has also declared a return of capital in the amount of $1, payable to Class S shareholders.

18. Lease Obligations

The Corporation leases assets including properties for its various offices and operation centre, building rooftops for installing and operating solar panels projects, vehicles, and equipment. Property leases which include both land and building elements, of which the land portion does not qualify as a lease is not included in the lease liability. The Corporation expensed the land portion of the operations centre lease.

The Corporation has various property leases with different lease terms, some of which include extension options and bargain purchase options. The Corporation has assessed, based on past practice and current expectations, that it is reasonably certain to exercise renewal options for certain leases, while it is not likely to exercise renewal or purchase options for others. Accordingly, only those renewal options that the Corporation is reasonably certain to exercise are included in the measurement of the lease obligation.

18. Lease Obligations (continued)

The contractual undiscounted cash flows for lease obligations are as follows:

	2025	2024
Less than one year	4	4
Between one and five years	13	12
More than five years	10	13
	27	29

Amounts recognized in the Consolidated Statement of Income and Comprehensive Income are as follows:

	2025	2024
Interest on lease obligations	1	1
Variable lease payments and non-lease components not included in the measurement of lease obligations	1	1
Expenses relating to short-term leases	1	—

Amounts recognized in the Consolidated Statement of Cash Flows are as follows:

	2025	2024
Payments for the principal portion included in financing activities	2	2
Payments for the interest portion included in financing activities	1	1
Variable lease payments included in operating activities	1	1
	4	4

19. Financial Instruments and Risk Management

(a) Fair value of financial instruments

The carrying amount of cash, trade and other receivables, customer deposits, trade and other payables, short-term debt and current portion of long-term debt approximates fair value because of the short maturity of these instruments.

19. Financial Instruments and Risk Management (continued)

(a) Fair value of financial instruments (continued)

		2025		2024	
	Maturity Date	Carrying Value[1]	Fair Value[2]	Carrying Value[1]	Fair Value[2]
Loans and borrowings					
Debentures issued in 2010	2030	65	70	65	70
Debentures issued in 2011	2041	210	225	210	229
Debentures issued in 2012	2042	200	182	200	186
Debentures issued in 2015	2045	30	27	30	28
Debentures issued in 2017	2027	675	671	675	662
Debentures issued in 2019	2049	200	163	200	169
Debentures issued in 2021	2031	300	277	300	268
Debentures issued in 2022	2052	250	265	250	277
Debentures issued in 2024	2034	200	209	200	209
Debentures issued in 2024	2034	300	305	300	304
Total loans and borrowings - long-term portion		2,430	2,394	2,430	2,402
Unamortized transaction costs		(10)	—	(11)	—
		2,420	2,394	2,419	2,402

[1] The carrying value of loans and borrowings represents the par value of the debentures.

[2] The fair value of loans and borrowings is based on unadjusted year-end market prices for the same or similar debt of the same remaining maturities. The fair value measurement of loans and borrowings is categorized as Level 2.

(b) Financial risks

The risks associated with the Corporation's financial instruments and policies for managing these risks are described below:

(i) Credit risk

The Corporation’s primary exposure to credit risk associated with its trade and other receivables relates to customers not meeting their payment obligations for electricity consumed and billed.

The carrying amount of trade and other receivables is reduced through an allowance for ECL, determined using management’s judgment. ECL amounts recognized during the year are recorded in the Consolidated Statement of Income and Comprehensive Income, and any recoveries of amounts previously written down are credited to the same statement.

In assessing the ECL allowance, the Corporation considers current and forecasted economic and credit conditions, together with recent trends in customer collection experience. During the years ended December 31, 2025, and 2024 management revised the estimates and judgments applied in determining the ECL allowance due to heightened estimation uncertainty. This included segmenting the customer base into commercial and residential categories and applying provision rates that reflect recent and evolving collection patterns, as well as current and forward-looking macroeconomic and other relevant conditions. Customers assessed to be at higher risk of default were further identified and higher provision rates were applied to their aged receivable balance.

As at December 31, 2025, and 2024, there was no significant concentration of credit risk with respect to any financial assets.

19. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(i) Credit risk (continued)

Trade and other receivables and respective aging are as follows:

	Note	2025	2024
Trade receivables		356	441
Unbilled revenue		351	307
Due from related parties	12	17	18
Other		10	13
		734	779
ECL		(26)	(30)
Total trade and other receivables, net		708	749
Less than 30 days		673	666
30 - 60 days		25	72
61 - 90 days		10	12
Greater than 90 days		26	29
		734	779
ECL		(26)	(30)
Total trade and other receivables, net		708	749

	ECL
Balance, January 1, 2024	(34)
Additional provision	(9)
Write-offs net of recoveries	13
Balance, December 31, 2024	(30)
Additional provision	(11)
Amount derecognized due to discontinued operation	4
Write-offs net of recoveries	11
Balance, December 31, 2025	(26)

The measurement of ECL is sensitive to the inputs applied in the Corporation's internal credit risk models, including forward-looking macroeconomic variables and other judgment-based assumptions. A 1% increase or decrease in these inputs and assumptions would not result in a significant change to the ECL estimate.

19. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(ii) Interest rate risk

The Corporation is subject to interest rate risk arising from fluctuations in discount rates used in valuing post-employment benefit obligations and from exposure to short-term interest rate movements on its short-term debt under its credit facility and CP program, customer deposits liabilities, and cash balances. Refer to Note 16 and 13. Other obligations largely bear fixed rates or are non-interest bearing, and the Corporation's remaining financial assets are predominantly short-term and non-interest bearing.

Interest rate risk is managed through ongoing monitoring of the Corporation's portfolio of fixed and variable rate instruments to maintain an appropriate balance.

A 1% increase in short-term interest rates, assuming all other variables remain constant, is estimated to increase annual finance costs by approximately $4 (2024 - $5).

(iii) Liquidity risk

Liquidity risk is the risk that the Corporation may be unable to meet its financial obligations as they become due. The Corporation monitors this risk by preparing undiscounted cash flow forecasts to assess its ability to meet upcoming commitments. The contractual maturity profile of the Corporation's financial liabilities, presented on an undiscounted basis, is as follows:

	2025				
	Note	Due within 1 year	Due between 1 and 5 years	Due past 5 years	Total
Trade and other payables		527	—	—	527
Short-term debt	13	355	—	—	355
Customer deposits liability		59	—	—	59
Contingent consideration	14	—	3	—	3
Other liabilities		87	32	—	119
2.488% Debentures due 2027[1]		17	683	—	700
5.264% Debentures due 2030[1]		3	79	—	82
1.751% Debentures due 2031[1]		5	21	303	329
5.297% Debentures due 2041[1]		11	44	327	382
3.958% Debentures due 2042[1]		8	32	295	335
4.121% Debentures due 2045[1]		1	5	49	55
3.458% Debentures due 2049[1]		7	28	328	363
5.225% Debentures due 2052[1]		13	52	537	602
4.627% Debentures due 2034[1]		9	37	232	278
4.309% Debentures due 2034[1]		13	52	352	417
Lease obligations[1]	18	4	13	10	27
		1,119	1,081	2,433	4,633

[1] The balances for debentures and lease obligations include both principal and interest.

19. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(iii) Liquidity risk (continued)

	2024				
	Note	Due within 1 year	Due between 1 and 5 years	Due past 5 years	Total
Trade and other payables		487	—	—	487
Short-term debt	13	455	—	—	455
Customer deposits liability		59	—	—	59
Contingent consideration	14	5	4	—	9
Other liabilities		129	29	—	158
2.488% Debentures due 2027[1]		17	700	—	717
5.264% Debentures due 2030[1]		3	14	68	85
1.751% Debentures due 2031[1]		5	21	308	334
5.297% Debentures due 2041[1]		11	44	338	393
3.958% Debentures due 2042[1]		8	32	303	343
4.121% Debentures due 2045[1]		1	5	50	56
3.458% Debentures due 2049[1]		7	28	335	370
5.225% Debentures due 2052[1]		13	52	550	615
4.627% Debentures due 2034[1]		9	37	242	288
4.309% Debentures due 2034[1]		13	52	365	430
Lease obligations[1]	18	4	12	13	29
		1,226	1,030	2,572	4,828

[1] The balances for debentures and lease obligations include both principal and interest.

The Corporation actively manages liquidity risk to ensure it has access to sufficient funds to meet its operational and investment requirements. Its objective is to maintain adequate liquidity to satisfy obligations as they come due while minimizing exposure to interest rate risk and financing costs. The Corporation monitors cash balances on a regular basis to ensure that sufficient liquidity is available to meet financial commitments.

The Corporation has the following sources of liquidity that it may access from time to time to meet its funding requirements:

- Revolving credit facilities: Aggregate revolving unsecured credit facilities totaling $1,100, consisting of:
  - $900 committed revolving facility with a syndicate of five banks, maturing on November 28, 2030 ("Revolving Facility"). The committed revolving facility is also used to support outstanding commitments under the Corporation’s commercial paper (“CP”) program through same-day market rate advances; and
  - a supplemental credit facility that provides support for up to $200.
- Senior unsecured debentures: Issuance of senior unsecured debentures with various maturity dates under established trust indentures.

19. Financial Instruments and Risk Management (continued)

(b) Financial risks (continued)

(iv) Currency risk

The Corporation's transactions are mainly carried out in $CAD which is the functional currency of the Corporation. Exposure to currency exchange risk arises from $USD denominated cash and investment security balances where there is a mismatch between the currencies in which revenue, purchases, receivables, payables and cash balances are denominated in the functional currency of the Corporation. To mitigate the Corporation's exposure to foreign currency risk, non-$CAD cash flows are monitored in accordance with the Corporation's risk management policies.

Included in the consolidated financial statements captions noted below are significant $USD denominated balances that expose the Corporation to currency risk:

	2025 USD	2024 USD
Trade receivables	16	48
Cash	3	7
Investment security	2	1
Trade payables	1	1

A 1% increase or decrease in the $USD to $CAD exchange rate would not have a material impact on the Corporation's consolidated financial statements.

20. Capital Structure

The main objectives of the Corporation when managing financial capital are to:

- ensure ongoing cost-effective access to financial capital and to provide adequate investment in support of its regulated electricity distribution and other businesses;
- comply with covenants within its financial instruments;
- prudently manage its capital structure, as it relates to maintaining a high level of creditworthiness;
- recover financing charges permitted by the OEB on its regulated electricity distribution business; and
- deliver reasonable returns on the investments of its shareholders.

The following table represents the Corporation's capital structure:

	Note	2025	2024
Short-term debt	13	355	455
Long-term debt	13	2,420	2,419
Shareholders' equity		2,037	1,886
		4,812	4,760

The OEB regulates the amount of interest on debt and the MARE that may be recovered by the Corporation through its electricity distribution rates for its regulated electricity distribution business. These recoveries are permitted based on a deemed capital structure of 60% debt to rate base and 40% equity to rate base. The Corporation's actual capital structure may differ from the OEB-approved deemed structure.

The Corporation has customary covenants associated with long-term loans and borrowings. The Corporation is in compliance with all credit agreement covenants and limitations associated with its long-term loans and borrowings. Refer to Note 13.

21. Revenue

	2025	2024
Electricity sales	3,622	3,306
Distribution revenue	733	797
Power restoration and industrial services	48	127
Consulting	31	25
Amortization and derecognition of capital contributions	25	23
Solar generation	14	15
Regulatory service charges	14	13
Water and wastewater billing and customer charges	13	12
Street lighting	12	13
Pole and other rental income	7	6
Distributed energy services	6	4
Other	11	10
	4,536	4,351

Energy sales and distribution revenue by customer class are as follows:

	2025	2024
Residential service[1]	1,557	1,541
Commercial[2]	2,522	2,312
Large users[3]	276	250
	4,355	4,103

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

[2] "Commercial" 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.

[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.

22. Operating Expenses

	2025	2024
Labour	241	258
Contract and consulting	82	83
General and administrative	32	32
Repairs and maintenance	22	23
Information and technology	21	19
Legal, audit and insurance	15	12
Business taxes and fees	13	12
Provision for ECL	8	6
Other	10	3
	444	448

23. Deferred Revenue

	Note	2025	2024
Deferred revenue at January 1		834	724
Capital contributions received		131	120
Non-cash asset contributions	8	34	13
Amortization and derecognition	21	(25)	(23)
Deferred revenue at December 31		974	834
Less current portion of deferred revenue		28	26
Non-current portion of deferred revenue		946	808

Effective January 1, 2025, deferred revenue amortization periods were revised prospectively to reflect changes in the estimated useful lives of the related Property, Plant and Equipment. Refer to Note 8. The effect of the change on the actual and expected amortization of deferred revenue is as follows:

	2025	2026	2027	2028	2029	After 2029
(Decrease) increase in amortization of deferred revenue	(2)	(2)	(2)	(2)	(2)	10

Reconciliation between the amounts presented on the Consolidated Statement of Cash Flows and total additions to customer contributions is as follows:

	2025	2024
Capital contributions, cash basis	148	109
Adjustment for accruals	(17)	11
Total capital contributions received	131	120

24. Net Finance Costs

	Notes	2025	2024
Finance costs			
Interest on long-term debt	13	91	83
Interest on short-term debt		13	23
Other interest		11	13
Capitalized interest	8, 9	(3)	(3)
		112	116
Interest income		(7)	(8)
		105	108

25. Income Taxes

(a) *Income tax expense*

Income tax expense recognized in net income comprise the following:

	2025	2024
Current tax expense	16	28
Deferred tax expense	62	34
	78	62
Income tax is attributable to		
Continuing operations	70	61
Discontinued operation	8	1
	78	62

Income tax paid and refunded during the year was $37 (2024 - $14) and $1 (2024 - $1), respectively.

Income tax expense recognized on continuing operations excludes:

- the Corporation's share of tax recovery from investment in joint ventures of $1 (2024 - $nil), which is included in the share of net loss of joint ventures, net of tax, and
- tax expense of $8 (2024 - $nil), relating to the gain on sale of the discontinued operation, which is presented within net income from the discontinued operation, net of tax. Refer to Note 10(b) and 7(b).

(b) *Reconciliation of the effective tax rate*

Income tax expense differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is as follows:

	2025	2024
Income from continuing operations before income taxes	253	219
Income from discontinued operation before income taxes	52	10
Income before income taxes	305	229
Statutory Canadian federal and provincial income tax rate	26.5 %	26.5 %
Expected tax provision on income at statutory rate	81	61
Decrease in income taxes resulting from		
Unrecognized deferred tax assets	1	1
Non-taxable portion of capital gains	(4)	—
Total income tax expense	78	62
Effective income tax rate	25.6%	27.1 %

The statutory income tax rate for the current year comprises a combined 15% (2024 - 15%) federal corporate tax rate and 11.5% (2024 - 11.5%) Ontario corporate tax rate. HPSI and 748953 N.B. Ltd are also subject to taxation in the provinces of New Brunswick 14% (2024 - 14%) and Quebec 11.5% (2024 - 11.5%) respectively.

25. Income Taxes (continued)

(c) Deferred tax balances

Net deferred tax assets and liabilities are as follows:

	January 1, 2025	Recognized in net income	Recognized in OCI	December 31, 2025
Deferred tax assets				
Property, plant and equipment, RoU and intangible assets	(4)	5	—	1
Non-capital loss carryforwards	10	(8)	—	2
Non-deductible reserves	1	(1)	—	—
	7	(4)	—	3
Deferred tax liabilities				
Property, plant and equipment, RoU and intangible assets	224	27	—	251
Transaction costs of loans and borrowings	2	—	—	2
Tax credit carryovers	(4)	(1)	—	(5)
Non-deductible reserves	(1)	—	—	(1)
Energy variances	(18)	34	—	16
Employee future benefits	(19)	—	1	(18)
Decommissioning provision	(1)	(2)	—	(3)
	183	58	1	242

	January 1, 2024	Recognized in net income	Recognized in OCI	December 31, 2024
Deferred tax assets				
Property, plant and equipment, RoU and intangible assets	(5)	1	—	(4)
Non-capital loss carryforwards	8	2	—	10
Non-deductible reserves	1	—	—	1
	4	3	—	7
Deferred tax liabilities				
Property, plant and equipment, RoU and intangible assets	202	22	—	224
Transaction costs of loans and borrowings	2	—	—	2
Non-deductible reserves	(1)	—	—	(1)
Tax credit carryovers	(6)	2	—	(4)
Energy variances	(32)	14	—	(18)
Employee future benefits	(19)	—	—	(19)
Decommissioning provision	—	(1)		(1)
	146	37	—	183

25. Income Taxes (continued)

(c) Deferred tax balances (continued)

The deferred tax assets recognized in net income includes $2 (2024 - $2) attributable to net income from the discontinued operation.

The non-capital loss carryforwards expire between 2038 and 2045, except for limited partnership losses of $2, that have no expiration date.

26. Net Change in Operating Working Capital

	2025	2024
Trade and other receivables	11	(89)
Other assets	(10)	(11)
Trade and other payables	50	(24)
Other liabilities	7	(14)
Contingent consideration	(5)	—
	53	(138)

27. Financing Activities Reconciliation

Summary of changes in assets and liabilities arising from financing activities:

	Note	January 1, 2025	Cash inflow	Cash outflow	Non-cash changes	December 31, 2025
Short-term debt	13	455	11,597	(11,697)	—	355
Long-term debt	13	2,419	—	—	1	2,420
Lease obligations	18	23	—	(2)	—	21
Interest receivable		—	7	—	(7)	—
Interest payable		26	—	(114)	112	24
Share capital	17	978	—	(3)	—	975
Dividend payable	17	—	—	(79)	79	—
		3,901	11,604	(11,895)	185	3,795

	Note	January 1, 2024	Cash inflow	Cash outflow	Non-cash changes	December 31, 2024
Short-term debt	13	375	12,187	(12,107)	—	455
Long-term debt	13	2,237	498	(316)	—	2,419
Lease obligations	18	25	—	(2)	—	23
Interest receivable		—	8	—	(8)	—
Interest payable		24	—	(114)	116	26
Share capital	17	990	—	(2)	(10)	978
Dividend payable	17	—	—	(82)	82	—
		3,651	12,693	(12,623)	180	3,901

28. Commitments, Contingencies, and Guarantees

(a) Commitments

(i) Security with IESO

In accordance with the *Electricity Act, 1998 (Ontario)* and the IESO Market Rules, the Corporation is required to provide security to the IESO to mitigate the risk of default on its market obligations. If the Corporation fails to make a required payment following a default notice from the IESO, the IESO may draw on this security. To satisfy this requirement, the Corporation has posted a letter of credit in the amount of $33 (2024 - $33).

(ii) Unrecognized contractual commitments

As at December 31, 2025, the Corporation's commitments for capital expenditures contracted for but not recognized as liabilities, were $272 (2024 - $251). Included within the commitments for capital expenditures, are amounts for property, plant and equipment, intangible assets, and financial investments. The Corporation's commitments for operating expenditures were $58 (2024 - $51).

Aggregated minimum payments under there arrangements over the next five years and thereafter are as follows:

2026	299
2027	13
2028	5
2029	1
2030	12

(b) Contingencies

(i) Legal and other claims

The Corporation is subject to legal actions and claims in the normal course of business from customers, former employees, and other parties. On an ongoing basis, the Corporation assesses 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 claim. Such provisions are subject to change based on ongoing assessments or settlements of individual claims, including potential mitigation under the Corporation's insurance policies or otherwise. As at December 31, 2025, and 2024, in the opinion of management, the outcome of such matters will not have a material adverse effect on the Corporation’s Consolidated results.

(ii) Insurance

The Corporation excluding HPSI, is a member of a reciprocal insurance exchange. The reciprocal insurance exchange is a pooling of electricity industry liability insurance risks of many of the sector participants in Ontario. All members of the pool are subject to assessment for losses experienced by the pool, for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. HPSI is insured through a separate insurer. As at December 31, 2025, and 2024, no assessments have been made.

28. Commitments, Contingencies, and Guarantees (continued)

(c) Guarantees

In the normal course of operations, the Corporation enters into agreements that meet the definition of a guarantee as follows:

(i) The Corporation has provided indemnities under lease agreements for the use of certain operating facilities. Under the terms of these agreements, the Corporation agrees to indemnify the counterparties for various matters including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) The Corporation has agreed to indemnify the directors and/or officers of the Corporation for various matters including, but not limited to, all costs to settle suits or actions due to association with the Corporation, subject to certain restrictions. The Corporation has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The indemnified period is not explicitly defined, but it is limited to the period over which the indemnified party served as a director or officer of the Corporation. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, the Corporation has entered into agreements that include indemnities in favour of counterparties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisor's and consultants, outsourcing agreements, leasing contracts, information technology agreements, and service agreements. These indemnification agreements may require the Corporation to compensate counterparties for certain losses incurred by the counterparties as a result of breaches of agreements such as breaches of representation or regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined, and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which results from the unpredictability of future events.

29. Divisional and Regulatory Information

Alectra Inc., through its subsidiaries, consists primarily of two operating divisions: regulated operations and competitive operations. Regulated operations are comprised of Alectra Utilities. Competitive operations are comprised of RFSP, Solar Sunbelt, the Southgate Solar Photovoltaic Facility, and AES including its subsidiaries.

The designation of activities to the two operating divisions is based on a combination of regulatory status and the nature of the products and services provided. The accounting policies followed by the divisions are consistent with those described in the summary of material accounting policies.

Financial information that adjusts IFRS results to show the effect of rate regulation is used by the Corporation's Board of Directors, shareholders, the OEB, as well as management.

2025				
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Revenue				
Distribution revenue	696	37	—	733
Electricity sales	3,523	99	—	3,622
Other revenue	16	52	113	181
	4,235	**188**	**113**	**4,536**
Expenses				
Cost of power	3,523	—	—	3,523
Operating expenses	315	15	114	444
Depreciation and amortization	157	24	22	203
	3,995	**39**	**136**	**4,170**
Income from operating activities	**240**	**149**	**(23)**	**366**
Net finance costs	(96)	—	(9)	(105)
Foreign exchange loss	—	—	(1)	(1)
Net (loss) gain on derecognition of property, plant and equipment and intangible assets	(6)	(2)	1	(7)
Gain on fair value of contingent consideration	—	—	1	1
Share of net loss of joint ventures, net of tax	—	—	(1)	(1)
Income before income tax	**138**	**147**	**(32)**	**253**
Income tax (expense) recovery	(12)	(64)	6	(70)
Net income from continuing operations	**126**	**83**	**(26)**	**183**
Net income from discontinued operation	**—**	**—**	44	44
Net income for the period	**126**	**83**	**18**	**227**
Other comprehensive income				
Reclassification to net income, loss on bond forward	—	—	2	2
Remeasurement of defined benefit obligation	1	3	—	4
Share of other comprehensive income of joint venture	—	—	2	2
Tax impact on remeasurement of defined benefit obligation	—	(1)	(1)	(2)
	1	**2**	**3**	**6**
Total comprehensive income	**127**	**85**	**21**	**233**

29. Divisional and Regulatory Information (continued)

2024				
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Revenue				
Distribution revenue	671	126	—	797
Electricity sales	3,356	(50)	—	3,306
Other revenue	34	29	185	248
	4,061	**105**	**185**	**4,351**
Expenses				
Cost of power	3,356	—	—	3,356
Operating expenses	295	16	137	448
Depreciation and amortization	164	22	18	204
	3,815	**38**	**155**	**4,008**
Income from operating activities	**246**	**67**	**30**	**343**
Net finance costs	(95)	(4)	(9)	(108)
Net loss on derecognition of property, plant and equipment	(10)	(2)	—	(12)
Loss on fair value of contingent consideration	—	—	(4)	(4)
Income before income tax	**141**	**61**	**17**	**219**
Income tax expense	(21)	(33)	(7)	(61)
Net income from continuing operations	**120**	**28**	**10**	**158**
Net income from discontinued operation	—	—	9	9
Net income for the period	**120**	**28**	**19**	**167**
Other comprehensive income				
Reclassification to net income, loss on bond forward	—	—	2	2
Remeasurement of defined benefit obligation	1	—	—	1
Tax impact on remeasurement of defined benefit obligation	—	—	(1)	(1)
	1	**—**	**1**	**2**
Total comprehensive income	**121**	**28**	**20**	**169**

29. Divisional and Regulatory Information (continued)

	2025			
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Assets				
Current assets				
Cash	5	—	51	56
Trade and other receivables	675	—	33	708
Other assets	83	—	26	109
Total current assets	**763**	**—**	**110**	**873**
Non-current assets				
Property, plant and equipment and right of use assets	3,777	983	172	4,932
Goodwill and other intangible assets	940	7	71	1,018
Regulatory assets	388	(388)	—	—
Deferred tax asset	—	—	3	3
Other assets	8	—	17	25
Total non-current assets	**5,113**	**602**	**263**	**5,978**
Total assets	**5,876**	**602**	**373**	**6,851**
Liabilities and Shareholders' Equity				
Current liabilities				
Trade and other payables	510	(1)	28	537
Customer deposits liability	59	—	—	59
Loans and borrowings	305	—	50	355
Lease obligations	1	—	1	2
Deferred revenue	—	28	—	28
Other liabilities	89	—	5	94
Total current liabilities	**964**	**27**	**84**	**1,075**
Non-current liabilities				
Loans and borrowings	2,247	—	173	2,420
Deferred revenue	—	946	—	946
Employee future benefits	72	—	—	72
Lease obligations	9	—	10	19
Regulatory liabilities	175	(175)	—	—
Deferred tax liabilities	260	(41)	23	242
Contingent consideration	—	—	3	3
Other liabilities	53	(21)	5	37
Total non-current liabilities	**2,816**	**709**	**214**	**3,739**
Total liabilities	**3,780**	**736**	**298**	**4,814**
Shareholders' equity				
Share capital	683	—	292	975
Contributed surplus	839	(13)	(227)	599
Accumulated other comprehensive income	5	6	1	12
Retained earnings	569	(127)	9	451
Total shareholders' equity	**2,096**	**(134)**	**75**	**2,037**
Total liabilities and shareholders' equity	**5,876**	**602**	**373**	**6,851**

29. Divisional and Regulatory Information (continued)

2024				
	Regulated	Adjustment for regulated activities	Competitive activities	Total
Assets				
Current assets				
Cash	37	—	3	40
Trade and other receivables	659	—	90	749
Other assets	86	—	13	99
Total current assets	**782**	**—**	**106**	**888**
Non-current assets				
Property, plant and equipment and right of use assets	3,577	845	225	4,647
Goodwill and other intangible assets	936	8	108	1,052
Regulatory assets	437	(437)	—	—
Deferred tax asset	—	—	7	7
Other assets	8	—	9	17
Total non-current assets	**4,958**	**416**	**349**	**5,723**
Total assets	**5,740**	**416**	**455**	**6,611**
Liabilities and Shareholders' Equity				
Current liabilities				
Trade and other payables	460	—	31	491
Customer deposits liability	58	—	1	59
Loans and borrowings	370	—	85	455
Lease obligations	1	—	1	2
Deferred revenue	—	26	—	26
Contingent consideration	—	—	5	5
Other liabilities	98	—	44	142
Total current liabilities	**987**	**26**	**167**	**1,180**
Non-current liabilities				
Loans and borrowings	2,245	—	174	2,419
Deferred revenue	—	808	—	808
Employee future benefits	74	—	1	75
Lease obligations	10	—	11	21
Regulatory liabilities	130	(130)	—	—
Deferred tax liabilities	230	(71)	24	183
Contingent consideration	—	—	4	4
Other liabilities	30	—	5	35
Total non-current liabilities	**2,719**	**607**	**219**	**3,545**
Total liabilities	**3,706**	**633**	**386**	**4,725**
Shareholders' equity				
Share capital	682	—	296	978
Contributed surplus	839	(13)	(227)	599
Accumulated other comprehensive income	4	5	(3)	6
Retained earnings	509	(209)	3	303
Total shareholders' equity	**2,034**	**(217)**	**69**	**1,886**
Total liabilities and shareholders' equity	**5,740**	**416**	**455**	**6,611**

29. Divisional and Regulatory Information (continued)

Alectra Utilities derecognizes all rate-regulated debit and credit balances that do not qualify for recognition under IFRS. The table below presents a summary of rate-regulated debit and credit balances as prescribed by the OEB irrespective of their recognition under IFRS.

	2025	2024
Regulatory Assets		
Deferred income tax asset[a]	287	252
Retail settlement variance accounts (RSVA's)[b]	21	116
OEB cost assessments deferral[c]	20	16
Large commercial interval meter recovery[d]	17	16
Collection of account lost revenue[e]	17	15
Net recovery of regulatory balances[f]	10	11
Incremental locate costs deferral[g]	8	5
Renewable generation capital and operating cost deferral[h]	4	4
LEAP EFA Funding Deferral[i]	2	1
Incremental cloud Implementation Cost[j]	2	1
	388	437
Regulatory Liabilities		
Retail settlement variance accounts (RSVA's)[b]	67	37
PILs and tax variance[k]	41	40
Capitalization policy[l]	31	25
Pole rental variance account[m]	19	16
Re-measurements of post-employment benefits[n]	10	7
Other[o]	7	5
	175	130

(a) Deferred income taxes are presented as regulatory liabilities or assets and are not expensed through the Consolidated Statement of Income and Comprehensive Income as is the case under IFRS.

(b) The most significant regulatory activities included in the regulatory adjustments are: retail settlement variances; the difference between the cost of the electricity commodity and the sales revenue at the OEB allowed rates. Specifically, these amounts include variances between the amounts charged by Hydro One and the IESO for the operation of the electricity markets and grid, as well as various wholesale market settlement charges and transmission charges as compared to the amount billed to consumers based on the OEB-approved rates. Under regulatory accounting, Alectra Utilities would have adjusted energy sales or purchases for these variances with corresponding assets or liabilities. Under IFRS, Alectra Utilities recognizes these differences in future periods as an increase or decrease to distribution revenue, when these differences are settled with customers.

(c) The OEB established a variance account for electricity distributors to record any material differences between OEB cost assessments currently built into rates and cost assessments that results from the application of a new cost assessment model implemented as of April 1, 2016. Under IFRS, Alectra Utilities recognizes these costs under operating expenses in the period they were incurred.

29. Divisional and Regulatory Information (continued)

(d) The OEB approved a deferral account to record costs associated with replacing interval meters for its large commercial customers in order to meet amendments made to its Distribution System Code. Under IFRS, Alectra Utilities capitalizes or expenses the amounts in the period they were incurred.

(e) The OEB approved a deferral account to record the lost revenues related to the administration of the Collection of Account charge. In 2020, the OEB mandated that collection of account charges are part of normal business activities and eliminated any customer charges for this activity. However, as the associated revenue was factored into the rate-setting process the established deferral account allows Alectra Utilities to record the lost revenues for recovery through future distribution rates.

(f) The OEB approved deferral accounts to record the amounts recovered (or refunded) through rates including those recovered (or refunded) through deferral and variance accounts rate riders. Under IFRS, Alectra Utilities recognizes amounts collected or refunded through rate riders as an increase or decrease to distribution revenue.

(g) The OEB established a generic, sector-wide variance account, effective April 1, 2023, to record the incremental cost of locates resulting from the implementation of Bill 93. The bill includes amendments to the *Ontario Underground Notification System Act, 2012* imposing a five-business day deadline for completing standard locate requests and introducing administrative penalties for failing to comply. Under IFRS, Alectra Utilities recognizes costs of locates under operating expenses in the period they were incurred.

(h) The OEB approved four deferral accounts to record qualifying incremental capital investments, operating, maintenance and administration expenses, and funding adders related to the connection of renewable generation or the development of smart grid. Under IFRS, Alectra Utilities capitalizes or expenses these items as incurred and recognizes revenue when funding is received.

(i) The OEB established a generic deferral account effective March 1, 2024, for electricity distributors to record prudently incurred incremental Low-income Energy Assistance Emergency Financial Assistance (LEAP EFA) contributions that exceed the funding amounts currently embedded in their rates. Under IFRS, Alectra Utilities recognizes LEAP EFA contributions under operating expenses in the period they were incurred.

(j) The OEB established a deferral account effective December 1, 2023 to record incremental cloud computing implementation costs incurred and any related offsetting savings. Under IFRS, the Corporate recognizes cloud computing implementation costs under operating expenses in the period they were incurred.

(k) The OEB requires utilities to record the impact of any differences that result from a legislative or regulatory change to the tax rates or rules that are not incorporated in the distributor's rates. On June 21, 2019, Bill C-97, the Budget Implementation Act, 2019, No. 1, was given Royal Assent, which introduced the Accelerated Investment Incentive ("AII") program. This program provides for a first-year increase in capital cost allowance (CCA) deductions on eligible capital assets acquired after November 20, 2018. On June 23, 2022, Bill C-19, Budget Implementation Act, 2022, No. 1, was given Royal Asset. Bill C-19 implements new CCA immediate expensing rules, up to a maximum of $1.5MM, on eligible capital assets acquired after April 19, 2021, and available for use before January 1, 2024. Alectra Utilities has recorded the revenue related to the CCA tax rule changes to be refunded through future distribution rates.

29. Divisional and Regulatory Information (continued)

(l) The OEB approved four variance accounts to record the cumulative difference between the PP&E calculated using pre-merger capitalization policies and the PP&E calculated using Alectra Utilities' capitalization policy. Under IFRS, Alectra Utilities recognizes these differences as an increase or decrease to distribution revenue and will recover or refund these differences through future distribution rates.

(m) The OEB approved a new pole attachment revenue variance account to record the difference between pole attachment revenue at the prior rate of $22.35 per pole, and pole attachment revenue based on the updated rate as set by the OEB. In 2025, the new pole attachment charge is set at $39.14 (2024 - $37.78) per pole based on the OEB's decision issued on September 26, 2024. Under IFRS, Alectra Utilities recognizes the revenue based on the effective rate in the period the revenue was earned.

(n) The OEB approved a deferral account for PowerStream, Enersource and Guelph rate zones to record any re-measurements of the post-employment net defined liability including actuarial gains or losses. Under IFRS, Alectra Utilities recognizes any re-measurements of the post-employment net defined liability in other comprehensive income.

(o) The OEB requires Alectra Utilities to record eligible incremental capital investments subject to the assets being used and useful, accumulated amortization and revenues collected through rate riders related to incremental capital projects approved by the OEB. Under IFRS, Alectra Utilities capitalizes or expenses these items as incurred and recognizes revenue in the period it was earned.

30. Subsequent Event

Subsequent to the year-end, the Corporation signed a Securities Purchase Agreement (SPA) with the City of Newmarket and Tay Township for the acquisition of Newmarket-Tay Power Distribution Ltd. ("NT Power"), an electricity distribution utility owned by Newmarket Hydro Holdings Inc. and Tay Hydro Inc. The Town of Newmarket and Tay Township (Shareholders) have voted to authorize the SPA. This transaction will proceed to the OEB for regulatory review. Closing is anticipated in late 2026 or early 2027, subject to regulatory approval. No immediate integration is planned at this time.

Financial Statements of

NEWMARKET-TAY POWER DISTRIBUTION LTD.

And Independent Auditor's Report thereon

Year ended December 31, 2024

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Newmarket-Tay Power Distribution Ltd.

Opinion

We have audited the financial statements of Newmarket-Tay Power Distribution Ltd. (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of income for the year then ended
- the statement of comprehensive income for the year then ended
- the statement of changes in equity and accumulated other comprehensive income for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024 and its results of operations and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 29, 2025

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash (note 3)	$ 3,583,473	$ -
Accounts receivable	18,845,878	16,392,735
Unbilled revenue	11,615,965	10,569,078
Income taxes receivable	376,319	-
Materials and supplies	2,874,096	2,399,268
Prepaid expenses	607,144	648,005
Total current assets	37,902,875	30,009,086
Non-current assets:		
Property, plant and equipment (note 4)	161,954,889	140,477,261
Interest rate swaps (note 11)	507,805	2,088,302
Right-of-use assets (note 13)	1,780,497	1,830,187
Intangible assets (note 5)	9,654,102	8,855,102
Goodwill (note 6)	6,864,284	6,864,284
Deferred tax assets (note 7)	461,335	498,371
Total non-current assets	181,222,912	160,613,507
Total assets	219,125,787	190,622,593
Regulatory balances (note 8)	11,703,943	11,676,897
Total assets and regulatory balances	$ 230,829,730	$ 202,299,490

See accompanying notes to financial statements.

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Financial Position (continued)

December 31, 2024, with comparative information for 2023

	2024	2023
Liabilities		
Current liabilities:		
Bank indebtedness (note 3)	$ -	$ 9,314,893
Accounts payable and accrued liabilities (note 9)	35,088,204	20,296,586
Income taxes payable (note 7)	-	579,693
Lease liabilities (note 13)	657,518	430,452
Long-term debt (note 10)	743,611	714,408
Deposits held (note 15)	226,830	457,297
Total current liabilities	36,716,163	31,793,329
Non-current liabilities:		
Long-term debt (note 10)	69,041,914	57,685,525
Subordinated debt (note 12)	1,742,821	1,742,821
Contributed capital (note 14)	54,727,194	46,823,523
Deferred tax liabilities (note 7)	2,383,358	2,045,780
Advances from majority shareholder (note 17)	89,287	90,749
Deposits held (note 15)	463,589	438,233
Employee future benefits (note 16)	1,299,243	1,271,808
Lease liabilities (note 13)	1,597,914	1,618,047
Total non-current liabilities	131,345,320	111,716,486
Total liabilities	168,061,483	143,509,815
Equity:		
Share capital (note 18)	27,140,206	27,140,206
Accumulated other comprehensive income	190,561	246,993
Retained earnings	30,498,768	29,095,295
	57,829,535	56,482,494
Regulatory balances (note 8)	4,938,712	2,307,181
Contingencies (note 25)		
Total liabilities, equity and regulatory balances	$ 230,829,730	$ 202,299,490

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Income

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenue:		
Distribution revenue	$ 26,821,387	$ 25,470,776
Energy sales	113,125,376	101,225,854
	139,946,763	126,696,630
Energy purchases	109,488,973	101,206,867
	30,457,790	25,489,763
Other income (note 19)	1,718,243	1,583,017
Income from operations	32,176,033	27,072,780
Expenses:		
Amortization	7,065,068	6,395,504
Operating expenses (note 20)	15,052,812	14,130,599
Loss on disposal of property, plant and equipment	98,709	239,190
	22,216,589	20,765,293
Income before undernoted items and income taxes	9,959,444	6,307,487
Finance income (note 21)	408,690	389,788
Finance costs (note 21)	(2,689,441)	(2,312,947)
Unrealized loss on interest rate swaps (note 11)	(1,580,496)	(1,814,887)
	(3,861,247)	(3,738,046)
Income before income taxes	6,098,197	2,569,441
Income taxes (note 7):		
Provision for current income taxes	278,624	934,276
Provision for deferred income taxes	389,568	(245,392)
	668,192	688,884
Net income before net movement in regulatory balances, net of deferred tax	5,430,005	1,880,557
Net movement in regulatory balances, net of deferred tax	(2,589,532)	292,604
Net income after net movement in regulatory balances, for the year	$ 2,840,473	$ 2,173,161

See accompanying notes to financial statements.

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Net income after net movement in regulatory balances	$ 2,840,473	$ 2,173,161
Other comprehensive income (loss):		
Actuarial loss, not reclassified to net income	(56,432)	(93,907)
Deferred tax on actuarial gain, not reclassified to net income	14,954	24,885
Net movement in regulatory balances, net of tax	(14,954)	(24,885)
Other comprehensive income (loss)	(56,432)	(93,907)
Total comprehensive income for the year	$ 2,784,041	$ 2,079,254

See accompanying notes to financial statements.

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Changes in Equity and Accumulated Other Comprehensive Income

Year ended December 31, 2024, with comparative information for 2023

	Share capital	Retained earnings	Accumulated other comprehensive income	Total
Balance at January 1, 2023	$ 27,140,206	$ 28,359,134	$ 340,900	$ 55,840,240
Net income after net movement in regulatory balances	-	2,173,161	-	2,173,161
Other comprehensive loss	-	-	(93,907)	(93,907)
Dividends paid	-	(1,437,000)	-	(1,437,000)
Balance at December 31, 2023	$ 27,140,206	$ 29,095,295	$ 246,993	$ 56,482,494
Balance at January 1, 2024	$ 27,140,206	$ 29,095,295	$ 246,993	$ 56,482,494
Net income after net movement in regulatory balances	-	2,840,473	-	2,840,473
Other comprehensive loss	-	-	(56,432)	(56,432)
Dividends paid	-	(1,437,000)	-	(1,437,000)
Balance at December 31, 2024	$ 27,140,206	$ 30,498,768	$ 190,561	$ 57,829,535

See accompanying notes to financial statements.

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Net income after net movement in regulatory balances	$ 2,840,473	$ 2,173,161
Net movement in regulatory balances	2,589,532	(292,604)
Adjustments:		
Amortization of property, plant and equipment	5,728,504	5,296,298
Amortization of intangible asset	398,071	632,336
Amortization of right-of-use assets	938,493	466,870
Deferred income taxes	389,568	(245,392)
Loss on disposal of property, plant and equipment	98,709	239,190
Change in employee future benefits	(28,997)	(11,034)
Net finance costs	2,280,751	1,923,159
Recognition of contributed capital	(1,111,543)	(1,022,167)
Unrealized loss on interest rate swap	1,580,496	1,814,887
	15,704,057	10,974,704
Changes in non-cash operating working capital (note 22)	9,696,498	(3,245,008)
	25,400,555	7,729,696
Financing activities:		
Repayment of long-term debt	(714,408)	(686,357)
Proceeds from long-term debt	12,100,000	4,900,000
Repayment of lease liability	(681,869)	(400,022)
Dividends paid	(1,437,000)	(1,437,000)
Advances received from (repaid to) majority shareholder	(1,462)	79,104
Interest paid	(2,689,441)	(2,312,947)
Interest received	408,690	389,788
	6,984,510	532,566
Investing activities:		
Purchase of property, plant and equipment	(27,465,168)	(20,455,825)
Proceeds on disposal of property, plant and equipment	160,327	1,446
Purchase of intangible assets	(1,197,072)	(630,054)
Proceeds of contributed capital	9,015,214	7,981,168
	(19,486,699)	(13,103,265)
Increase (decrease) in cash	12,898,366	(4,841,003)
Bank indebtedness, beginning of year	(9,314,893)	(4,473,890)
Cash (bank indebtedness), end of year	$ 3,583,473	$ (9,314,893)

See accompanying notes to financial statements.

Reporting entity:

Newmarket-Tay Power Distribution Ltd. (the "Company") was incorporated on May 1, 2007, by amalgamation of the former entities: Newmarket Hydro Ltd. and Tay Hydro Electric Distribution Company Inc. Subsequently, on September 7, 2018, the Company purchased (and amalgamated with) the former entity Midland Power Utility Corporation. The Company is owned by Newmarket Hydro Holdings Inc., which holds a 93% controlling interest, and Tay Hydro Inc., which holds a 7% non-controlling interest.

The principal activity of the Company is to distribute electricity to the residents and businesses in the Town of Newmarket, Town of Midland, and the Township of Tay.

The Company's registered office is located at 590 Steven Court, Newmarket, ON L3Y 6Z2.

1. Statement of compliance:

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

The financial statements for the year ended December 31, 2024 were approved and authorized for issue by the Board of Directors on April 29, 2025.

2. Material accounting policies:

Material accounting policies are detailed as follows:

(a) Basis of measurement:

The financial statements are prepared on the historical cost basis except for certain financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

The financial statements are presented in Canadian dollars which is also the Company's functional currency.

2. Material accounting policies (continued):

(b) Regulation:

The Company is licensed and regulated by the Ontario Energy Board ("OEB"). The OEB has regulatory oversight of electricity matters in Ontario. The OEB's authority and responsibilities include the power to approve and set rates for the transmission and distribution of electricity, the power to approve the amounts paid to non-contracted generators, the responsibility to provide rate protection for rural or remote electricity customers, and the responsibility for ensuring that electricity distribution companies fulfill their obligations to connect and service customers.

The following accounting policy is practiced in a rate-regulated environment:

Regulatory accounts

Regulatory accounts represent revenues or expenses incurred in the current or prior periods that are expected to be recovered (repaid) through the rate-setting process.

These assets and liabilities include various deferral and variance accounts which arise from differences in amounts billed to customers (based on regulated rates) and the actual cost of electricity services to the Company. Regulatory assets or liabilities may also arise from changes in the assumptions underpinning an entity's distribution rates, and as ordered by the OEB. These amounts are accumulated for accounting purposes because it is probable that they will be recovered (repaid) in future rates. The Company continually assesses the likelihood of the recovery of regulatory assets and likelihood of repayment of regulatory liabilities. If recovery or repayment is no longer considered probable, the amounts are charged to operations in the year the assessment is made.

(c) Revenue recognition:

The Company recognizes revenue when it transfers control over a promised good or service, a performance obligation under the contract, to a customer and where the Company is entitled to consideration as a result of completion of the performance obligation.

Electricity sale and distribution:

Revenues from the sale of electricity are recorded on the basis of cyclical billings and include an estimated amount for electricity delivered and not yet billed. The performance obligation is satisfied over time when the electricity is simultaneously received and consumed by the customer.

2. Material accounting policies (continued):

(c) Revenue recognition (continued)

Electricity sale and distribution (continued):

Electricity distribution revenue is intended to recover the costs incurred by the Company in delivering electricity to its customers. These revenues are measured based on OEB-regulated distribution rates. Electricity distribution rates may include a fixed monthly charge per customer, a variable rate based on electricity usage or demand, or a combination of both fixed and variable rates, depending on the type of customer. Electricity distribution revenues are recorded on the basis of cyclical billings and include an estimated amount for electricity delivered and not yet billed. The performance obligation is satisfied over time when the electricity is simultaneously received and consumed by the customer.

Contributed Capital

Contributed capital represent certain items of property, plant and equipment which are acquired or constructed with financial assistance in the form of contributions from developers. Contributed capital in-kind were valued at their fair value at the date of their contribution.

Contributions received from customers where the Company has an ongoing performance obligation to the customer are within the scope of IFRS 15. These contributions will be initially recorded at fair value recognized on a straight-line basis over the estimated life of the contract with the customers. Where contracts are perpetual, the contributed asset will be used to provide ongoing goods or services to customers and, as such, the estimated life of the contract with the customers is estimated to be equivalent to the economical useful life of the asset to which the contribution relates.

Other income

Other income is recognized as services are rendered.

(d) Materials and supplies:

Materials and supplies acquired for internal construction or consumption, are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis, and includes expenditures incurred in acquiring the materials and supplies, and other costs to bring the them to their existing location and condition.

2. Material accounting policies (continued):

(e) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset or its development when those costs are necessarily incurred for the asset to function in the manner intended by management. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

All assets having limited useful lives are depreciated using the straight-line or declining balance method over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is capable of operating in the manner intended by management.

In the year of acquisition, depreciation is taken at one-half of the below rates on buildings, distribution equipment, transportation equipment, office and other.

The residual value and useful life to each class of assets are reassessed at each reporting date.

Borrowing costs directly attributable to the acquisition, construction or development of qualifying assets that necessarily take a substantial period of time to prepare for their intended use are capitalized, until such time as the assets are substantially ready for their intended use. The weighted average cost of long-term borrowings is used as the capitalization rate. Qualifying assets are considered to be those that take in excess of six months to construct.

The useful lives applicable for each class of asset are as follows:

Asset	Useful lives
Buildings	25-30 years
Distribution equipment	10-50 years
Transportation equipment	5-10 years
Office equipment	5-10 years

Property, plant and equipment are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

2. Material accounting policies (continued):

(f) Goodwill and intangible assets:

Intangible assets include computer software, land rights, and licensed customer lists. They are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, if applicable. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The useful lives of the intangibles, and goodwill are as follows:

Asset	Useful lives
Computer software	3-5 years
Land rights	30 years
Licensed customer list	indefinite
Goodwill	indefinite

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software, (expenditures relating to patches and other minor updates as well as their installation), are expensed as incurred.

Land rights are capitalized based on the payments made for easements, right of access and right of use over land for which the Company does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

The licensed customer list is measured at cost and not amortized but assessed for impairment annually.

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is measured at cost, and is not amortized, but is assessed for impairment annually.

(g) Right-of-use assets and lease liabilities:

The Company implemented a single accounting model, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. The Company is a party to two lease contracts for office space, and a third lease for substation properties in Midland.

Based on the accounting policy applied, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

2. Material accounting policies (continued):

(g) Right-of-use assets and lease liabilities (continued):

The right-of-use assets and lease liability are initially measured at the present value of the future lease payments, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives;

(c) any initial direct costs incurred by the lessee; and,

(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

The initial measurement of the lease liability is based on the lease payments excluding variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss. The lease payments are discounted using the long-term borrowing rate approved by the OEB per the Company's most recent cost of service application. The lease term as determined by the Company comprises of the non-cancelable period of the lease contracts, periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the right-of-use assets are measured at the present value of the future lease payments, less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. The Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

(h) Contributed capital:

Contributions for capital construction consists of contributions from customers and developers toward the cost of constructing distribution assets. The contributions are calculated through an economic evaluation as per the OEB's Distribution System Code and are recorded as received. Contributed capital is amortized over the same period as the asset to which they relate, ranging from a 10 to 50 year period.

2. Material accounting policies (continued):

(i) Impairment of non-financial assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Related parties:

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(k) Employee future benefits:

The Company accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS") plan, a multi-employer public sector pension fund, as a defined contribution plan. Both participating employers and employees are required to make plan contributions based on the participating employees' contributory earnings. The Company recognizes the expense related to this plan as contributions are made. No liability has been established for this plan.

2. Material accounting policies (continued):

(k) Employee future benefits (continued):

The Company pays certain medical and life insurance benefits on behalf of its retired employees. These plans are not funded and accordingly have no plan assets. The Company's net obligation is calculated by estimating the amount of future benefits that are expected to be paid out discounted to determine its present value. This calculation is actuarially performed using the projected unit credit method. The last full valuation performed was as at December 31, 2022. Service costs are recognized in the Statement of Income in operating expenses, and include current and past service costs as well as gains and losses on curtailment. Net interest expense is included in finance costs.

(l) Income taxes:

Under the Electricity Act, 1998, the Company is required to make payments in lieu of income taxes to the Ontario Electricity Financial Corporation. Deferred income taxes are calculated using the liability method of tax accounting. In providing for income taxes, temporary differences between the tax basis of assets or liabilities and their carrying amounts are reflected as deferred income tax assets or liabilities. The tax rates anticipated to be in effect when these temporary differences reverse are used to calculate deferred income tax assets or liabilities.

(m) Significant accounting estimates and judgments:

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant accounting estimates, judgments and assumptions include the following:

Useful lives of depreciable assets - Depreciation and amortization expense is based on estimates of the useful lives of property, plant and equipment and intangible assets. The Company estimates the useful lives of its property, plant and equipment and intangible assets based on management’s judgment, historical experience and an asset study conducted by an independent consulting firm.

2. Material accounting policies (continued):

(m) Significant accounting estimates and judgments (continued):

Impairment of property, plant, and equipment, and finite-lived intangible assets - As part of the Company's annual impairment tests for non-financial assets, in determining whether an asset or CGU's recoverable amount is above its carrying value, significant judgment and estimation is required. Specifically, estimation and judgment is required to determine future economic benefits and cash flows associated with the underlying asset or CGU, the appropriate discount rate to apply to the future cash flows, and the fair value less cost to sell.

Payment in lieu of taxes payable - The Company is required to make payments in lieu of taxes calculated on the same basis as income taxes on taxable income earned. Significant judgment is required in determining the provision and liability or asset for income taxes. Changes in deferred taxes may be required due to changes in future tax rates.

Employee future benefits - The cost of providing certain health, dental and life insurance benefits on behalf of its retired employees are determined using actuarial valuations.

Accounts receivable, and unbilled revenue impairment - In determining the allowance for doubtful accounts, the Company considers the life-time expected credit losses that result from all possible default events over the expected life of the account balance.

Leases - The Company uses its judgment to determine whether or not an option would be reasonably certain to be exercised. The Company considers all facts and circumstances including their past practice, and any cost that will be incurred to change the asset if an option to extend is not taken, to help it determine the lease term.

(n) Provisions:

A provision is recognized in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Some of the Company's assets may have provision obligations. As the Company expects to use the majority of its fixed assets for an indefinite period, no removal costs can be determined and, consequently, a reasonable estimate of the fair value of any asset retirement obligations has not been made at this time.

2. Material accounting policies (continued):

(o) Financial instruments:

Financial assets are identified and classified based on the business model used by the Company for managing those financial assets, as one of the following: at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. Financial liabilities continue to be classified as measured at fair value through profit or loss or at amortized cost.

Financial assets and financial liabilities are presented on a net basis when the Company has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(i) *At amortized cost*

Cash, accounts receivable and unbilled revenue are classified as financial assets at amortized cost. These financial assets are recognized initially at fair value plus directly attributable transaction costs, if any. After initial recognition, they are measured at amortized cost when they are held for collection of cash flows, where those cash flows solely represent payments of principal and interest using the effective interest rate. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or a shorter period when appropriate, to the gross carrying amount of the financial asset.

The Company's accounts payable and accrued liabilities, customer deposits, bank indebtedness, subordinated debt, advance from its majority shareholder, and long-term debt are classified as financial liabilities at amortized cost and recognized on the date at which the Company becomes a party to the contractual arrangement. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire. Financial liabilities are initially recognized at fair value including discounts and premiums, plus directly attributable transaction costs, such as issue expenses, if any. Subsequently, these liabilities are measured at amortized cost using the effective interest rate method.

2. Material accounting policies (continued):

(o) Financial instruments (continued):

(ii) At fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows solely represent payments of principal and interest, are classified as financial assets at fair value through other comprehensive income. These financial assets are initially recognized at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at fair value with unrealised gains and losses recognized in other comprehensive income, except for the recognition of impairment losses, reversal of impairment losses, interest income and foreign exchange gains and losses, gain or loss previously recognized in net income. On de-recognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net income. Interest income from these financial assets is recognized as other income using the effective interest rate method. As at December 31, 2024, the Company does not have any financial assets classified at fair value through other comprehensive income.

(ii) At fair value through profit or loss

The Company's financial instruments that are classified and measured at fair value through profit or loss include derivatives. Derivatives are initially measured at fair value and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized in profit or loss. Embedded derivatives are separated from the host contract upon initial recognition and accounted for separately at fair value through profit or loss when the host contract is not a financial asset and certain conditions are met.

The Company does not use derivative instruments for speculative purposes. Hedge accounting has not been used in the preparation of these financial statements.

2. Material accounting policies (continued):

(p) 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 Company adopted these amendments, with no impact on the financial statements.

2. Material accounting policies (continued):

(q) Standards and interpretations not yet effective or adopted:

The IASB has issued a number of standards and amendments to existing standards that are not yet effective. The Company has determined that the following amendments could have an impact on its 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 and introduces limited amendments to IAS 7 Statement of Cash Flows. 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 Company is currently assessing the impact of the above standard on the Company's financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 7 *Financial Instruments: Disclosures* (IFRS 7)):

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of financial instruments. The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specified criteria are met. Other clarifications include the classification of financial assets with environmental, social, and governance linked features and other similar contingent features, financial assets with nonrecourse features, and contractually linked instruments. The amendments also introduce additional disclosures for financial instruments with contingent features and equity instruments designated at fair value through OCI. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The amendments are to be applied retrospectively. The Company is currently assessing the impact of the above amendments on the Company's financial statements.

3. Cash (bank indebtedness):

The Company has a $22,000,000 (2023 - $22,000,000) operating facility from a major chartered bank. The facility is a 364 day committed revolving operating loan, bearing interest at Canadian bank prime, to be repaid in full upon maturity unless extended by the bank at the bank's sole discretion. A commitment fee of 0.125% per annum, payable quarterly applies to any unused portion of the facility. As at December 31, 2024, the Company had $nil (2023 - $8,447,603) drawn on this facility.

The Company has provided prudential support in the amount of $3,861,670 to the Independent Electricity System Operator ("IESO"). The prudential support is secured by a letter of credit with a major chartered bank for $3,861,670, contains restrictive clauses with respect to debt repayments, is due on demand in the event of cancellation or draw and bears interest at 0.5% per annum.

The Company is required to provide various forms of security associated with its credit facility and other borrowings. This includes a general security agreement representing a first charge on all assets of the Company, as well as an assignment of business/liability insurance from the Company.

The Company is required to meet certain financial covenants related to the credit facility and long-term debt described in Note 10. At December 31, 2024, the Company was in compliance with all covenants.

4. Property, plant and equipment:

	Land and building	Distribution equipment	Transportation equipment	Office equipment	Construction in progress	Total
Cost						
Balance as at December 31, 2022	$ 5,716,168	$ 138,605,546	$ 3,411,954	$ 4,763,539	$ 14,004,413	$ 166,501,620
Additions	-	-	-	-	20,854,218	20,854,218
Transfers into service	-	5,926,758	484,458	577,176	(6,988,392)	-
Disposals, retirements, and other	-	(451,720)	55,954	94,370	-	(301,396)
Balance as at December 31, 2023	5,716,168	144,080,584	3,952,366	5,435,085	27,870,239	187,054,442
Additions	-	-	-	-	27,902,336	27,902,336
Transfers into service	-	25,794,844	846,691	553,081	(27,194,616)	-
Disposals, retirements, and other	-	(377,343)	(157,632)	(595,452)	(27,600)	(1,158,027)
Balance as at December 31, 2024	$ 5,716,168	$ 169,498,085	$ 4,641,425	$ 5,392,714	$ 28,550,359	$ 213,798,751
Accumulated depreciation						
Balance as at December 31, 2022	$ 27,911	$ 36,521,808	$ 2,242,523	$ 2,151,007	$ -	$ 40,943,249
Depreciation	2,810	4,793,730	352,975	545,176	-	5,694,691
Disposals, retirements, and other	-	(206,977)	55,954	90,264	-	(60,759)
Balance as at December 31, 2023	30,721	41,108,561	2,651,452	2,786,447	-	46,577,181
Depreciation	2,817	5,085,839	416,674	685,147	-	6,190,477
Disposals, retirements, and other	-	(181,178)	(155,530)	(587,088)	-	(923,796)
Balance as at December 31, 2024	$ 33,538	$ 46,013,222	$ 2,912,596	$ 2,884,506	$ -	$ 51,843,862
Carrying amount						
Balance as at December 31, 2023	$ 5,685,447	$ 102,972,023	$ 1,300,914	$ 2,648,638	$ 27,870,239	$ 140,477,261
Balance as at December 31, 2024	5,682,630	123,484,863	1,728,829	2,508,208	28,550,359	161,954,889

4. Property, plant and equipment (continued):

Included in land and building is land with a value of $5,576,475 (2023 - $5,576,475).

During the year, the Company had disposals of $1,158,027 (2023 - $301,396), with $923,796 (2023 - $60,759) of accumulated amortization, for proceeds of $160,327 (2023 - $1,446), resulting in a loss of $73,904 (2023 - $239,190).

For the year ended December 31, 2024, $416,674 (2023 - $544,609) of amortization of transportation equipment was allocated between operating costs and gross additions to distribution equipment.

For the year ended December 31, 2024, borrowing costs in the amount of $298,153 (2023 - $365,586) were capitalized to property, plant, and equipment, with an average interest rate of 4.21% (2023 - 5.25%).

5. Intangible assets:

	Software	Land rights	Customer list	Work in progress	Total
Cost					
Balance as at December 31, 2022	$ 1,863,291	$ 420,157	$ 7,015,367	$ 341,015	$ 9,639,830
Additions	-	-	-	630,054	630,054
Transfers into service	449,658	-	-	(449,658)	-
Disposals, retirements and other	(63,399)	-	-	-	(63,399)
Balance as at December 31, 2023	2,249,550	420,157	7,015,367	521,411	10,206,485
Additions	-	-	-	1,221,876	1,221,876
Transfers into service	1,060,329	-	-	(1,060,329)	-
Disposals, retirements and other	(272,808)	-	-	-	(272,808)
Balance as at December 31, 2024	$ 3,037,071	$ 420,157	$ 7,015,367	$ 682,958	$ 11,155,553
Accumulated amortization					
Balance as at December 31, 2022	$ 650,632	$ 131,814	$ -	$ -	$ 782,446
Additions	618,488	13,848	-	-	632,336
Disposals, retirements and other	(63,399)	-	-	-	(63,399)
Balance as at December 31, 2023	1,205,721	145,662	-	-	1,351,383
Additions	384,185	13,886	-	-	398,071
Disposals, retirements and other	(248,003)	-	-	-	(248,003)
Balance as at December 31, 2024	$ 1,341,903	$ 159,548	$ -	$ -	$ 1,501,451
Carrying amount					
Balance as at December 31, 2023	$ 1,043,829	$ 274,495	$ 7,015,367	$ 521,411	$ 8,855,102
Balance as at December 31, 2024	1,695,168	260,609	7,015,367	682,958	9,654,102

5. Intangible assets (continued):

During the year, the Company had disposals of $272,808 (2023 - $63,399), with $248,003 (2023 - $63,399) of accumulated amortization, for proceeds of $nil (2023 - $nil), resulting in a loss of $24,805 (2023 - $nil).

For the year ended December 31, 2024, $45,285 (2023 - $45,285) of amortization was recognized in other income.

For the year ended December 31, 2024, borrowing costs in the amount of $13,576 (2023 - $nil) were capitalized to intangible assets, with an average interest rate of 4.21% (2023 - 5.25%).

The licensed customer list has an indefinite useful life and is not amortized. However, it is subject to impairment testing annually. Based on the results of the annual licensed customer list impairment test, the Company determined that the recoverable amount of the cash generating unit is more than its carrying value. No impairment has been recorded in the period ended December 31, 2024.

6. Goodwill:

	Cost	Additions	Impairment	2024 Net book value
Goodwill	$ 6,864,284	$ -	$ -	$ 6,864,284

	Cost	Additions	Impairment	2023 Net book value
Goodwill	$ 6,864,284	$ -	$ -	$ 6,864,284

Goodwill with a carrying amount of $6,864,284 (2023 - $6,864,284) was allocated to the Company's entire business as a cash generating unit as a result of a business acquisition and amalgamation.

Based on the results of the annual goodwill impairment test, the Company determined that the recoverable amount of the cash generating unit is more than its carrying value. No impairment has been recorded in the period ended December 31, 2024.

7. Income taxes:

	2024	2024
Current tax expense	$ 278,624	$ 934,276
Deferred tax expense:		
Change in recognized deductible temporary differences	389,568	(245,392)
Total income taxes included in statement of income, before net movements in regulatory balances	$ 668,192	$ 688,884
Income taxes included in net movement in regulatory balances	$ (803,333)	$ (316,743)
Income taxes included in other comprehensive income:		
Post-employment benefits	(14,954)	(24,885)
Income tax expense recognized in statement of income and statement of comprehensive income	$ (150,095)	$ 347,256

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 26.5% (2023 - 26.5%) to the income before income taxes. The reasons for the differences and related tax effects are as follows:

	2024	2023
Income before taxes	$ 2,633,946	$ 2,426,510
Expected tax provision on income at statutory rates	$ 697,996	$ 643,025
Increase (decrease) in income taxes resulting from:		
Permanent differences	6,821	17,477
Temporary differences expected to be recovered from (returned to) customers	(803,333)	(316,743)
Other	(51,579)	3,497
Income tax expense	$ (150,095)	$ 347,256

7. Income taxes (continued):

	2024	2023
Deferred tax assets:		
Post-employment benefits	$ 344,299	$ 337,029
Corporate minimum tax	115,961	106,074
Other	1,075	55,268
	$ 461,335	$ 498,371

	2024	2023
Deferred tax liabilities:		
Property, plant and equipment	$ 2,248,790	$ 1,492,380
Interest rate swaps	134,568	553,400
	$ 2,383,358	$ 2,045,780

8. Regulatory account balances:

All amounts recognized as regulatory account balances are subject to approval by the OEB before they are recoverable from (or returned to) customers. Remaining recovery periods are those expected and the actual recovery or settlement periods may differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the Company has recognized the following regulatory account balances expected to be recovered or repaid in future periods:

Regulatory account debit balances	January 1, 2024	Balances arising in the period	Recovery/ reversal	Reclassifica-tions	December 31, 2024
RSVA (i)	$ 7,742,068	$ 1,145,082	$ (5,417,555)	$ 2,098,367	5,567,962
Other regulatory assets (ii)	1,015,373	695,310	-	54,275	1,764,958
Regulatory deferred tax asset (iii)	1,492,380	756,410	-	-	2,248,790
Deferred income tax	1,427,076	5,442,200	(4,734,045)	(12,998)	2,122,233
	$ 11,676,897	$ 8,039,002	$ (10,151,600)	$ 2,139,644	11,703,943

Regulatory account debit balances	January 1, 2023	Balances arising in the period	Recovery/ reversal	Reclassifica-tions	December 31, 2023
RSVA (i)	$ 7,449,903	$ 2,526,497	$ (2,234,332)	$ -	$ 7,742,068
Other regulatory assets (ii)	2,017,198	(187,777)	(814,048)	-	1,015,373
Regulatory deferred tax asset (iii)	3,025,872	(1,533,492)	-	-	1,492,380
Recovery account (iv)	412,704	2,973,345	(1,958,973)	-	1,427,076
	$ 12,905,677	$ 3,778,573	$ (5,007,353)	$ -	$ 11,676,897

Regulatory account credit balances	January 1, 2024	Balances arising in the period	Recovery/ reversal	Reclassifica-tions	December 31, 2024
Recovery account (iv)	$ 30,116	$ (186)	$ (2,248)	$ (12,998)	14,684
RSVA (i)	219,769	44,044	(133,107)	2,098,367	2,229,073
Other regulatory liabilities (ii)	1,664,999	630,307	-	54,275	2,349,581
Regulatory deferred tax liability (iii)	392,297	(46,923)	-	-	345,374
	$ 2,307,181	$ 627,242	$ (135,355)	$ 2,139,644	4,938,712

8. Regulatory account balances (continued):

Regulatory account credit balances	January 1, 2023	Balances arising in the period	Recovery/ reversal	Reclassifications	December 31, 2023
Recovery account (iv)	$ 61,255	$ 18,430	$ (49,569)	$ -	30,116
RSVA (i)	150,073	95,162	(25,466)	-	219,769
Other regulatory liabilities (ii)	1,349,820	315,179	-	-	1,664,999
Regulatory deferred tax liability (iii)	2,242,532	(1,850,235)	-	-	392,297
	$ 3,803,680	$ (1,421,464)	$ (75,035)	$ -	$ 2,307,181

(i) Retail Settlement Variance Account (“RSVA”) balances are comprised of flow-through transactions incurred by the Company on behalf of its customers. The amounts include:

- variances between various wholesale market settlement charges and transmission charges paid by the Company, as compared to the amount billed to consumers based on the OEB-approved rates;
- variances between the amounts charged by Hydro One Networks Inc. ("Hydro One") for low voltage services and the amount billed to consumers, and;
- variances between amounts charged to customers for the sale of electricity, and the total commodity costs paid to the IESO and Hydro One.

RSVA balances are typically proposed for disposition to be recovered from (or refunded to) customers through an annual application to the OEB. Carrying charges are recorded monthly on the opening balances.

(ii) Other regulatory balances include:

- variances between the revenue charged to retailers of electricity and the retail services costs associated with providing these services;
- variances associated with statutory changes in corporate income tax rules, as compared to those assumed in the Company’s underlying distribution rates;
- variances associated with changes in the rates the Company charges telecommunication carries for use of its assets, as compared to those assumed in its underlying distribution rates;
- variances associated with the cost of deployment of smart meters, as compared to the values assumed in the Company’s underlying distribution rates.

8. Regulatory account balances (continued):

(ii) (continued):

Other regulatory balances are typically proposed for disposition to be recovered from (or refunded to) customers through a cost-based rate application to the OEB, which for the Company is expected to be for rates effective in 2028. Carrying charges are recorded monthly on the opening balances.

(iii) The Company records deferred tax assets or liabilities with a corresponding regulatory tax liability or asset when those differences are ultimately expected to be included in the Company's future rate applications. The Company will not seek disposition of these balances as they will be reversed through timing differences in the recognition of deferred tax assets or liabilities.

(iv) Recovery Accounts are used to record the values of deferral and variance account balances, previously held in other regulatory accounts, that have been approved by the OEB. Any residual balances remaining in Recovery Accounts are typically proposed for disposition to be recovered from (or refunded to) customers through a subsequent application to the OEB. Carrying charges are recorded monthly on the opening balances.

9. Accounts payable and accrued liabilities:

	2024	2023
Accounts payable - purchased power	$ 8,611,896	$ 5,735,261
Other trade accounts payable and accrued liabilities	15,633,249	5,235,164
Water and sewer billings payable (note 17)	9,693,432	7,729,516
Credits on customer accounts	827,459	1,245,369
HST payable	322,168	351,276
	$ 35,088,204	$ 20,296,586

10. Long-term debt:

	2024	2023
(a) Term instalment loan 1	$ 8,976,361	$ 9,194,920
(b) Term instalment loan 2	6,512,785	6,738,658
(c) Term instalment loan 3	2,905,329	3,175,305
(d) Term instalment loan 4	5,771,150	5,771,150
(e) Term instalment loan 5	6,619,900	6,619,900
(f) Term instalment loan 6	22,000,000	22,000,000
(g) Term instalment loan 7	4,900,000	4,900,000
(h) Term instalment loan 8	12,100,000	-
	69,785,525	58,399,933
Less current portion of long-term debt	743,611	714,408
	$ 69,041,914	$ 57,685,525

(a) Unsecured, non-revolving term instalment loan with an effective 30-year interest rate of 4.077%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.80%, blended monthly principal and interest payments of $49,003, due October 2048.

(b) Unsecured, non-revolving term instalment loan with an effective 10-year interest rate of 4.059%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.80%, blended monthly principal and interest payments of $41,064, due October 2028.

(c) Unsecured, non-revolving term instalment loan with an effective 15-year interest rate of 3.922%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.80%, blended monthly principal and interest payments of $32,374, due October 2033.

(d) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 1.772%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.80%, interest only monthly payments of $8,522, due January 2026.

(e) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 2.191%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.80%, interest only monthly payments of $12,087, due September 2026.

10. Long-term debt (continued):

(f) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 3.149%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.75%, interest only monthly payments of $57,732, due February 2032.

(g) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 5.384%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.75%, interest only monthly payments of $21,985, due October 2028.

(h) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 4.920%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.75%, interest only monthly payments of $49,610, due April 2029.

Principal repayments for the next five years and thereafter are as follows:

2025	$ 743,611
2026	13,165,056
2027	805,643
2028	11,250,515
2029	12,696,249
Thereafter	31,124,451
	$ 69,785,525

11. Interest rate swaps:

To manage the risk of fluctuating interest rates, each of the Company's long-term debt instalment loans, as described in Note 10, have been structured with an interest rate swap derivative agreement with the issuing bank, effectively converting the obligations into a fixed interest rate loan. The derivative swap agreements entered into with the bank do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are recorded at their fair value at the end of the reporting period, with the unrealized gain or loss recorded in the statement of income.

The unrealized loss for the year ended December 31, 2024 was $1,580,496 (2023 - $1,814,887). As at December 31, 2024, the Company would have been entitled to receive $507,805 (2023 - $2,088,302) had it elected to unwind its position with respect to its interest rate swap derivatives.

12. Subordinated debt:

The subordinated debt is in the form of a promissory note, payable to the Township of Tay. No repayment of the subordinated debt is permissible until all payment obligations of the long-term debt are fulfilled, or the bank waives the subordination requirement. As at year end December 31, 2024, the amount payable was $1,742,821 (2023 - $1,742,821), and the interest rate is 5.48%. Interest paid on the debt during the year was $95,507 (2023 - $95,507).

13. Leases:

The Company has leases for two office buildings and a lease in place for electrical substations. Each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability.

Estimates on lease terms and lease extensions on lease contracts were measured based on circumstances at date of initial application. Lease payments are fixed, with leases of office buildings generally limited to a lease term of 5 to 10 years and leases of substations having a lease term of 5 years.

The right-of-use asset and lease liability related to 590 Steven Court was modified on March 1, 2025 requiring a revaluation of $888,803 based on the circumstances at the date of modification.

13. Leases (continued):

Right-of-use assets

Additional information on right-of-use assets by class is as follows:

	Office buildings	Electrical substations	Total
Cost			
At December 31, 2022	$ 3,324,243	$ 214,405	$ 3,538,648
Additions	-	290,569	290,569
Disposals, retirements and other	-	(214,405)	(214,405)
At December 31, 2023	3,324,243	290,569	3,614,812
Additions	888,803	-	888,803
At December 31, 2024	$ 4,213,046	$ 290,569	$ 4,503,615
Accumulated depreciation			
At December 31, 2022	$ 1,363,699	$ 168,461	$ 1,532,160
Depreciation	402,766	64,104	466,870
Disposals, retirements and other	-	(214,405)	(214,405)
At December 31, 2023	1,766,465	18,160	1,784,625
Depreciation	884,012	54,481	938,493
At December 31, 2024	$ 2,650,477	$ 72,641	$ 2,723,118
Carrying amount			
At December 31, 2023	$ 1,557,778	$ 272,409	$ 1,830,187
At December 31, 2024	1,562,569	217,928	1,780,497

13. Leases (continued):

Lease liabilities:

Lease liabilities are presented in the financial statements as follows:

December 31, 2024	Opening liability	Additions	Repayments	Carrying amount	Interest
Office buildings	$ 1,774,500	$ 888,802	$ (630,947)	$ 2,032,355	$ 276,639
Electrical substations	273,999	-	(50,922)	223,077	9,054
	$ 2,048,499	$ 888,802	$ (681,869)	$ 2,255,432	$ 285,693

December 31, 2023	Opening liability	Additions	Repayments	Carrying amount	Interest
Office buildings	$ 2,125,022	$ -	$ (350,522)	$ 1,774,500	$ 100,558
Electrical substations	32,931	290,568	(49,500)	273,999	3,870
	$ 2,157,953	$ 290,568	$ (400,022)	$ 2,048,499	$ 104,428

The current portion of lease liabilities as at December 31, 2024 is $657,518 (2023 - $430,452).

14. Contributed capital:

	2024	2023
Deferred contributions, net, beginning of year	$ 46,823,523	$ 39,864,522
Contributed capital received	9,015,214	7,981,168
Contributed capital recognized as revenue (note 19)	(1,100,400)	(1,022,167)
Contributions removed with asset disposal	(11,143)	-
Deferred contributions, net, end of year	$ 54,727,194	$ 46,823,523

15. Deposits held:

Deposits held represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash payments from developers in order to secure the performance of the developer's obligations in accordance with the Company's conditions of service.

	2024	2023
Current portion of customer deposits	$ 186,680	$ 240,346
Current portion of construction deposits	40,150	216,951
	$ 226,830	$ 457,297

	2024	2023
Long-term portion of customer deposits	$ 365,169	$ 401,772
Long-term portion of construction deposits	98,420	36,461
	$ 463,589	$ 438,233

16. Employee future benefits:

(a) Pensions

The Company makes contributions to OMERS, which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay.

The most recently available OMERS annual report is for the year ended December 31, 2024, which reported that the plan was 98% funded, with an unfunded liability of $2.9 billion. This unfunded liability is likely to result in future payments by participating employers and members.

The amount the Company contributed to OMERS for the year was $1,320,877 (2023 - $907,668).

(b) Post-employment benefits other than pensions

The Company provides certain health, dental and life insurance benefits for retired employees pursuant to the Company's policy. The accrued benefit obligation and net periodic expense for the year were determined by an actuarial valuation. The last full valuation performed was as at December 31, 2022.

Information about the Company's defined benefit plan is as follows:

	2024	2023
Accrued benefit obligation, beginning of year	$ 1,271,808	$ 1,188,935
Current service cost	52,154	49,437
Interest expense	56,821	57,821
Benefits paid	(137,972)	(118,292)
Actuarial loss	56,432	93,907
	$ 1,299,243	$ 1,271,808

Current service costs and interest on the accrued benefit obligation are recognized in the statement of income. Actuarial gains or losses arising from changes in financial assumptions are accounted for in other comprehensive income. The total benefit costs for the year are $165,407 (2023 - $201,165).

The actuarial assumptions used in the valuation of the Company's staff are a discount rate of 4.65% (2023 - 4.60%), salary increase rate of 2.50% (2023 - 2.50%), cost trend including health benefits of 5.10% (2023 - 4.90%) and dental benefits 5.40% (2023 - 5.10%) and retirement age of 61 (2023 - 61).

16. Employee future benefits (continued):

A change in the actuarial assumptions would have the following impacts on the obligation:

	Reasonable possible change	Defined benefit obligation change
Discount rate	1 %	$ (136,700)
Discount rate	(1)%	167,100
Cost trends	1 %	67,300
Cost trends	(1)%	(60,500)

17. Related party balances and transactions:

(a) The Company entered into transactions with its majority shareholder, Newmarket Hydro Holdings Inc., with its minority shareholder, Tay Hydro Inc., with The Town of Newmarket, which is the sole shareholder of Newmarket Hydro Holdings Inc., and with the Township of Tay, which is the sole shareholder of Tay Hydro Inc.. The Company also entered into transactions with NT Holdings Inc. (formerly Envi Networks Inc.), which is related through common ownership.

Included in accounts payable and accrued liabilities are water and sewer amounts collected, on behalf of and due to the Town of Newmarket.

Subordinated debt is comprised of a note payable to the Township of Tay.

(b) Transactions

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2024	2023
Revenue:		
Energy sales	$ 2,990,758	$ 2,832,029
Services	59,187	220,854
Water and sewer billing service	879,122	742,800
	$ 3,929,067	$ 3,795,683
Expenses:		
Interest	$ 95,507	$ 95,507
Rent	823,210	345,948
Property tax and storm water	192,831	178,028
Internet services	34,320	25,740
Other services	35,342	33,059
	$ 1,181,210	$ 678,282

17. Related party balances and transactions (continued):

(c) The following amounts are due from related parties and included in accounts receivable:

	2024	2023
Accounts receivable:		
Town of Newmarket	$ 251,975	$ 291,524
NT Holdings Inc.	118,220	545
Township of Tay	5,399	56,171
Tay Hydro Inc.	12,082	29,340
	$ 387,676	$ 377,580

(d) The following amount is due to the Company's majority shareholder:

	2024	2023
Newmarket Hydro Holdings Inc.	$ 89,287	$ 90,749

The key management personnel of the Company has been defined as members of its board of directors and executive team. Wages and benefits paid to these individuals total $1,965,601 (2023 - $1,971,393).

18. Share capital:

	2024	2023
Authorized:		
Unlimited number of common shares		
Issued:		
10,000 common shares	$ 27,140,206	$ 27,140,206

19. Other income:

Other income consists of the following:

	2024	2023
Pole rental charges	$ 292,730	$ 279,415
Customer charges	187,656	205,941
Recognition of contributed capital (note 14)	1,111,543	1,022,167
Other	126,314	75,494
	$ 1,718,243	$ 1,583,017

20. Operating expenses:

Operating expenses consist of the following:

	2024	2023
Wages and benefits	$ 4,665,145	$ 3,964,015
Materials, equipment and other operating expenses	2,822,996	2,881,133
Administration and overhead	7,564,671	7,285,451
	$ 15,052,812	$ 14,130,599

21. Finance income and finance costs:

	2024	2023
Finance income:		
Interest income on accounts receivable	$ 284,542	$ 339,398
Interest income on cash balance	124,148	50,390
	$ 408,690	$ 389,788

	2024	2023
Finance cost:		
Interest expense on long-term debt	$ 2,146,051	$ 1,501,921
Interest expense on lease liabilities	285,693	104,428
Interest expense on customer deposits	60,674	134,839
Interest expense on line of credit	184,767	530,502
Other interest expense	12,256	41,257
	$ 2,689,441	$ 2,312,947

22. Changes in non-cash operating working capital:

	2024	2023
Accounts receivable	$ (2,453,143)	$ (946,552)
Unbilled revenue	(1,046,887)	(349,551)
Materials and supplies	(474,828)	(609,187)
Prepaid expenses	40,861	(121,274)
Accounts payable and accrued liabilities	14,791,618	(127,194)
Deposits held	(205,111)	(1,670,943)
Income taxes payable	(579,693)	579,693
Income taxes receivable	(376,319)	-
	$ 9,696,498	$ (3,245,008)

23. Capital disclosures:

The Company's primary objective when managing capital is to maintain a prudent financial structure in order to safeguard the Company's assets and to provide adequate returns for its shareholders and benefits to the stakeholders.

24. Financial instruments and risk management:

Financial instruments consist of recorded amounts of cash, accounts receivable and unbilled revenue which will result in future cash receipts, as well as bank indebtedness, accounts payable and accrued liabilities, deposits held, advances from its majority shareholder, and long-term debt which will result in future cash outflows.

The Company does not believe that it is exposed to significant foreign exchange risk or market risk.

The Company is exposed to the following risks in respect of certain financial instruments held:

(a) Fair value:

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, unbilled revenue, accounts payable and accrued liabilities, subordinated debt, and customer deposits, approximate their carrying values due to the relatively short-term nature of the instruments and/or interest rates that are similar to market rates of interest available to the Company.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A fair value hierarchy exists that prioritizes observable and unobservable inputs used to measure fair value. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s assumptions with respect to how market participants would price an asset or liability.

Financial instruments which are disclosed at fair value are to be classified using a three level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

i. Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;

ii. Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

iii. Level 3: Inputs for the liabilities that are not based on observable market data (unobservable inputs).

The Company uses Level 2 inputs for all of its financial instrument fair value measurements.

24. Financial instruments and risk management (continued):

(a) Fair value (continued):

Each of the Company's long-term debt instalment loans, as described in Note 10, have been structured with an interest rate swap derivative agreement with the issuing bank. As at December 31, 2024 the fair market value of the swaps has been recognized as an asset of $507,805 (2023 - $2,088,302) in the statement of financial position.

(b) Credit risk:

The Company is exposed to the risk of counterparties defaulting on their obligations. The Company monitors and limits its exposure to credit risk on a continuous basis. The credit risk related to cash and cash equivalents is mitigated by the Company in assessing and monitoring the credit exposures of counterparties. The Company's exposure to credit risk primarily relates to accounts receivable and unbilled revenue. The Company is exposed to credit risk with respect to customer non-payment of electricity bills. The Company 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 Company 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 Company continues to actively monitor its exposure to credit risk.

The Company manages counterparty credit risk through various techniques, including limiting total exposure levels with individual counterparties consistent with the Company's policies and monitoring the financial condition of counterparties.

The Company considers that the credit risk of accounts receivable and unbilled revenue is limited due to the following reasons:

(i) There is a broad base of customers, and no single customer accounts for more than 10% of the total revenue earned or more than 10% of the Company's total accounts receivable balance.

(ii) The Company may obtain a security deposit from customers to mitigate risk of payment default, in accordance with rules established by the OEB.

(iii) The percentage of accounts receivable and unbilled revenue that is outstanding more than 90 days is approximately 2.5% (2023 - 4.9%) of the total accounts receivable and unbilled revenue.

24. Financial instruments and risk management (continued):

(b) Credit risk (continued):

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

	2024	2023
Expected credit loss allowance:		
Balance, beginning of year	$ (1,260,563)	$ (2,041,470)
Additional expected credit loss allowance	383,037	451,924
Write-off, net of recoveries	473,576	328,983
Balance, end of year	$ (403,950)	$ (1,260,563)

Pursuant to their respective terms, accounts receivable are aged as follows as at December 31:

	2024	2023
Accounts receivable, gross:		
Outstanding for not more than 30 days	$ 17,223,476	$ 15,046,747
Outstanding for more than 30 days and not more than 90 days	1,260,190	1,279,268
Outstanding for more than 90 days	766,162	1,327,283
Total accounts receivable, gross	19,249,828	17,653,298
Unbilled revenue, gross	11,615,965	10,569,078
Expected credit loss allowance	(403,950)	(1,260,563)
Total accounts receivable and unbilled revenue	$ 30,461,843	$ 26,961,813

24. Financial instruments and risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has access to credit facilities and monitors cash balances daily. Short-term liquidity is provided through cash on hand, funds from operations and a revolving credit facility. Short-term liquidity is expected to be sufficient to fund normal operating requirements.

The liquidity risks associated with financial commitments as at December 31, 2024 are as follows:

	Within 1 year	1 - 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 35,088,204	$ -	$ -	$ 35,088,204
Deposits held	226,830	463,589	-	690,419
Long-term debt:				
Loan 1	227,639	1,009,129	7,739,593	8,976,361
Loan 2	235,214	6,277,571	-	6,512,785
Loan 3	280,758	1,239,713	1,384,858	2,905,329
Loan 4	-	5,771,150	-	5,771,150
Loan 5	-	6,619,900	-	6,619,900
Loan 6	-	-	22,000,000	22,000,000
Loan 7	-	4,900,000	-	4,900,000
Loan 8	-	12,100,000	-	12,100,000
Interest payments on loans	2,529,913	7,970,291	4,970,437	15,470,641
Lease liabilities	758,033	1,694,051	-	2,452,084
Employee future benefits	-	-	1,299,243	1,299,243
Advances from parent company	-	-	89,287	89,287
Subordinated debt	-	-	1,742,821	1,742,821
	$ 39,346,591	$ 48,045,394	$ 39,226,239	$ 126,618,224

24. Financial instruments and risk management (continued):

(d) Interest rate risk:

The Company is exposed to interest rate fluctuations with respect to its bank indebtedness, long-term debt, customer deposits held, employee future benefits, and regulatory account balances. In management's view, the Company effectively mitigates the largest potential source of interest rate risk exposure, which is with respect to its long-term debt.

The Company enters into interest rate swap derivative agreements with its bank to exchange interest rate cash flows. Under these agreements, the Company and the bank have the periodic exchange of payments without exchanging the notional principal amount on which the payments are based. This effectively provides the Company with fixed rate loans, which reduces the impact of fluctuating interest rates on long-term debt. The Company does not enter into any such financial instrument for speculative purposes.

25. Contingencies:

(a) In the normal course of business, the Company enters into agreements that meet the definition of a guarantee. The guarantees include indemnities under purchase and sale agreements, confidentiality agreements, outsourcing, service and information agreements. The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability related to the likelihood and predictability of future events. Historically, the Company has not made any significant payments under similar indemnification agreements and therefore no amount has been accrued in the statement of financial position with respect to these agreements.

(b) Indemnity has been provided to all directors and officers of the Company for various items including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential suits or actions. The amount of any potential future liability which exceeds the amount of insurance coverage cannot reasonably be determined.

(c) The Company participates with other municipal utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electric Association Reciprocal Insurance Exchange. Under this agreement, the Company is contingently liable for additional assessments to the extent that premiums collected are not sufficient to cover actual losses, claims and costs experienced.

26. Comparative information

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. For the 2023 comparative year, various reclassifications were made to items presented on the statement of income, which are summarized below. Revenue/income is expressed in parentheses.

	Original presentation	Reclassification	Revised presentation
Distribution revenue	$ (25,204,299)	$ (266,477)	$ (25,470,776)
Energy sales	(99,499,400)	(1,726,454)	(101,225,854)
Other income	(1,474,477)	(108,540)	(1,583,017)
Operating expenses	14,153,636	(23,037)	14,130,599
Finance income	(962,327)	572,539	(389,788)
Finance costs	2,517,468	(204,521)	2,312,947
Net movement in regulatory balances, net of deferred tax	(2,049,094)	1,756,490	(292,604)
	$ (112,518,493)	$ -	$ (112,518,493)

These reclassifications have no impact on the Company's net income after net movements in regulatory balances.

Financial Statements of

NEWMARKET-TAY POWER DISTRIBUTION LTD.

And Independent Auditor's Report thereon

Year ended December 31, 2025

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Newmarket-Tay Power Distribution Ltd.

Opinion

We have audited the financial statements of Newmarket-Tay Power Distribution Ltd. (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of income and comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 29, 2026

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash (note 3)	$ -	$ 3,583,473
Accounts receivable	19,428,605	18,845,878
Unbilled revenue	12,537,191	11,615,965
Income tax receivable	-	376,319
Materials and supplies	3,141,123	2,874,096
Prepaid expenses	759,219	607,144
Total current assets	35,866,138	37,902,875
Non-current assets:		
Property, plant and equipment (note 4)	157,982,559	149,409,434
Interest rate swaps (note 11)	566,133	507,805
Right-of-use assets (note 13)	1,175,323	1,780,497
Intangible assets (note 5)	21,469,687	22,199,557
Goodwill (note 6)	6,864,284	6,864,284
Deferred tax assets (note 7)	342,022	461,335
Total non-current assets	188,400,008	181,222,912
Total assets	224,266,146	219,125,787
Regulatory balances (note 8)	9,933,303	11,703,943
Total assets and regulatory balances	$ 234,199,449	$ 230,829,730

See accompanying notes to financial statements.

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Financial Position (continued)

December 31, 2025, with comparative information for 2024

	2025	2024
Liabilities		
Current liabilities:		
Bank indebtedness (note 3)	$ 95,344	$ -
Accounts payable and accrued liabilities (note 9)	34,343,365	35,088,204
Income taxes payable (note 7)	845,006	-
Lease liabilities (note 13)	692,655	657,518
Long-term debt (note 10)	13,165,056	743,611
Deposits held (note 15)	292,423	226,830
Total current liabilities	49,433,849	36,716,163
Non-current liabilities:		
Long-term debt (note 10)	55,876,858	69,041,914
Subordinated debt (note 12)	1,742,821	1,742,821
Contributed capital (note 14)	56,437,447	54,727,194
Deferred tax liabilities (note 7)	5,592,966	2,383,358
Advances from majority shareholder (note 17)	83,077	89,287
Deposits held (note 15)	756,649	463,589
Employee future benefits (note 16)	1,274,595	1,299,243
Lease liabilities (note 13)	853,859	1,597,914
Total non-current liabilities	122,618,272	131,345,320
Total liabilities	172,052,121	168,061,483
Equity:		
Share capital (note 18)	27,140,206	27,140,206
Accumulated other comprehensive income	200,060	190,561
Retained earnings	30,331,890	30,498,768
	57,672,156	57,829,535
Regulatory balances (note 8)	4,475,172	4,938,712
Contingencies (note 25)	-	-
Total liabilities, equity and regulatory balances	$ 234,199,449	$ 230,829,730

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Income and Comprehensive Income

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue		
Distribution revenue	$ 29,700,777	$ 26,821,387
Energy sales	121,930,034	113,125,376
	151,630,811	139,946,763
Energy purchases	117,458,756	109,488,973
	34,172,055	30,457,790
Other income (note 19)	1,908,046	1,718,243
Income from operations	36,080,101	32,176,033
Expenses:		
Amortization	7,141,161	7,065,068
Operating expenses (note 20)	19,483,681	15,052,812
Loss on disposal of property, plant and equipment	200,568	98,709
	26,825,410	22,216,589
Income before undernoted items and income taxes	9,254,691	9,959,444
Finance income (note 21)	338,886	408,690
Finance costs (note 21)	(2,646,468)	(2,689,441)
Unrealized gain (loss) on interest rate swaps (note 11)	58,328	(1,580,496)
	(2,249,254)	(3,861,247)
Income before income taxes	7,005,437	6,098,197
Income taxes (note 7):		
Provision for current income taxes	1,099,294	278,624
Provision for deferred income taxes	3,326,400	389,568
	4,425,694	668,192
Net income before net movement in regulatory balances, net of deferred tax	2,579,743	5,430,005
Net movement in regulatory balances, net of deferred tax	(1,309,621)	(2,589,532)
Net income after net movement in regulatory balances	1,270,122	2,840,473
Other comprehensive income (loss):		
Actuarial gain (loss), not reclassified to net income	9,499	(56,432)
Deferred tax on actuarial gain (loss), not reclassified to net income	(2,521)	14,954
Net movement in regulatory balances, net of tax	2,521	(14,954)
Other comprehensive income (loss)	9,499	(56,432)
Total comprehensive income	$ 1,279,621	$ 2,784,041

See accompanying notes to financial statements.

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Changes in Equity

Year ended December 31, 2025, with comparative information for 2024

	Share capital	Retained Earnings	Accumlated Other Comprehensive Income	Total
Balance at December 31, 2023	$ 27,140,206	$ 29,095,295	$ 246,993	$ 56,482,494
Net income after net movement in regulatory balances	-	2,840,473	-	2,840,473
Other comprehensive loss	-	-	(56,432)	(56,432)
Dividends paid	-	(1,437,000)	-	(1,437,000)
Balance at December 31, 2024	$ 27,140,206	$ 30,498,768	$ 190,561	$ 57,829,535
Net income after net movement in regulatory balances	-	1,270,122	-	1,270,122
Other comprehensive income	-		9,499	9,499
Dividends paid	-	(1,437,000)	-	(1,437,000)
Balance at December 31, 2025	$ 27,140,206	$ 30,331,890	$ 200,060	$ 57,672,156

See accompanying notes to financial statements.

NEWMARKET-TAY POWER DISTRIBUTION LTD.

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Net income after net movement in regulatory balances	$ 1,270,122	$ 2,840,473
Net movement in regulatory balances	1,309,621	2,589,532
Adjustments:		
Amortization	7,141,161	7,065,068
Deferred income taxes	3,326,400	389,568
Loss on disposal of property, plant and equipment	200,568	98,709
Change in employee future benefits	(15,149)	(28,997)
Net finance costs	2,307,582	2,280,751
Recognition of contributed capital	(1,182,948)	(1,111,543)
Unrealized gain (loss) on interest rate swaps	(58,328)	1,580,496
	14,299,029	15,704,057
Changes in non-cash operating working capital (note 22)	(1,087,916)	9,696,498
	13,211,113	25,400,555
Financing activities:		
Repayment of long-term debt	(743,611)	(714,408)
Proceeds from long-term debt	-	12,100,000
Repayment of lease liability	(708,918)	(681,869)
Dividends paid	(1,437,000)	(1,437,000)
Advances received from (repaid to) majority shareholder	(6,210)	(1,462)
Interest paid	(2,646,468)	(2,689,441)
Interest received	338,886	408,690
	(5,203,321)	6,984,510
Investing activities:		
Purchase of property, plant and equipment	(14,578,718)	(27,465,167)
Proceeds on disposal of property, plant and equipment	64,340	160,326
Purchase of intangible assets	(113,028)	(1,197,071)
Proceeds on disposal of right of use assets	47,596	-
Proceeds of contributed capital	2,893,201	9,015,214
	(11,686,609)	(19,486,698)
Increase (decrease) in cash	(3,678,817)	12,898,367
Cash (bank indebtedness), beginning of year	3,583,473	(9,314,894)
Cash (bank indebtedness), end of year	$ (95,344)	$ 3,583,473

See accompanying notes to financial statements.

Reporting entity:

Newmarket-Tay Power Distribution Ltd. (the "Company") was incorporated on September 7, 2018, by amalgamation of the former entities: Newmarket-Tay Power Distribution Ltd. (a predecessor entity with the same name as the Company) and Midland Power Utility Corporation. The Company is owned by Newmarket Hydro Holdings Inc., which holds a 93% controlling interest, and Tay Hydro Inc., which holds a 7% non-controlling interest.

The principal activity of the Company is to distribute electricity to the residents and businesses in the Town of Newmarket, Town of Midland, and the Township of Tay.

The Company's registered office is located at 590 Steven Court, Newmarket, ON L3Y 6Z2.

1. Statement of compliance:

These financial statements of the Company have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

The financial statements for the year ended December 31, 2025 were approved and authorized for issue by the Board of Directors on April 29, 2026.

2. Material accounting policies:

Material accounting policies are detailed as follows:

(a) Basis of measurement:

The financial statements are prepared on the historical cost basis except for certain financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

The financial statements are presented in Canadian dollars which is also the Company's functional currency.

(b) Regulation:

The Company is licensed and regulated by the Ontario Energy Board ("OEB"). The OEB has regulatory oversight of electricity matters in Ontario. The OEB's authority and responsibilities include the power to approve and set rates for the transmission and distribution of electricity, the power to approve the amounts paid to non-contracted generators, the responsibility to provide rate protection for rural or remote electricity customers, and the responsibility for ensuring that electricity distribution companies fulfill their obligations to connect and service customers.

2. Material accounting policies (continued):

(b) Regulation (continued):

The following accounting policy is practiced in a rate-regulated environment:

Regulatory accounts:

Regulatory accounts represent revenues or expenses incurred in the current or prior periods that are expected to be recovered (repaid) through the rate-setting process.

These assets and liabilities include various deferral and variance accounts which arise from differences in amounts billed to customers (based on regulated rates) and the actual cost of electricity services to the Company. Regulatory assets or liabilities may also arise from changes in the assumptions underpinning an entity's distribution rates, and as ordered by the OEB. These amounts are accumulated for accounting purposes because it is probable that they will be recovered (repaid) in future rates. The Company continually assesses the likelihood of the recovery of regulatory assets and likelihood of repayment of regulatory liabilities. If recovery or repayment is no longer considered probable, the amounts are charged to operations in the year the assessment is made.

(c) Revenue recognition:

The Company recognizes revenue when it transfers control over a promised good or service, a performance obligation under the contract, to a customer and where the Company is entitled to consideration as a result of completion of the performance obligation.

Electricity sale and distribution:

Revenues from the sale of electricity are recorded on the basis of cyclical billings and include an estimated amount for electricity delivered and not yet billed. The performance obligation is satisfied over time when the electricity is simultaneously received and consumed by the customer.

Electricity distribution revenue is intended to recover the costs incurred by the Company in delivering electricity to its customers. These revenues are measured based on OEB- regulated distribution rates. Electricity distribution rates may include a fixed monthly charge per customer, a variable rate based on electricity usage or demand, or a combination of both fixed and variable rates, depending on the type of customer. Electricity distribution revenues are recorded on the basis of cyclical billings and include an estimated amount for electricity delivered and not yet billed. The performance obligation is satisfied over time when the electricity is simultaneously received and consumed by the customer.

Contributed capital:

Contributed capital represent certain items of property, plant and equipment which are acquired or constructed with financial assistance in the form of contributions from developers. Contributed capital in-kind were valued at their fair value at the date of their contribution.

2. Material accounting policies (continued):

(c) Revenue recognition (continued):

Contributions received from customers where the Company has an ongoing performance obligation to the customer are within the scope of IFRS 15. These contributions will be initially recorded at fair value recognized on a straight-line basis over the estimated life of the contract with the customers. Where contracts are perpetual, the contributed asset will be used to provide ongoing goods or services to customers and, as such, the estimated life of the contract with the customers is estimated to be equivalent to the economical useful life of the asset to which the contribution relates.

Other income:

Other income is recognized as services are rendered.

(d) Materials and supplies:

Materials and supplies acquired for internal construction or consumption, are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis, and includes expenditures incurred in acquiring the materials and supplies, and other costs to bring them to their existing location and condition.

(e) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset or its development when those costs are necessarily incurred for the asset to function in the manner intended by management. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate components of property, plant and equipment.

All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date of acquisition. Internally constructed assets are depreciated from the time an asset is capable of operating in the manner intended by management.

In the year of acquisition, depreciation is taken at one-half of the below rates on buildings, distribution equipment, transportation equipment, office and other.

The residual value and useful life to each class of assets are reassessed at each reporting date.

Borrowing costs directly attributable to the acquisition, construction or development of qualifying assets that necessarily take a substantial period of time to prepare for their intended use are capitalized, until such time as the assets are substantially ready for their intended use. The weighted average cost of long-term borrowings is used as the capitalization rate. Qualifying assets are considered to be those that take in excess of six months to construct.

2. Material accounting policies (continued):

(e) Property, plant and equipment (continued):

The useful lives applicable for each class of asset are as follows:

Asset	Useful lives
Buildings	25 - 30 years
Distribution equipment	10 - 50 years
Transportation equipment	5 - 10 years
Office equipment	5 - 10 years

Property, plant and equipment are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(f) Goodwill and intangible assets:

Intangible assets include computer software, land rights, capital contributions paid, and a licensed customer list. They are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives, if applicable. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The useful lives of the intangibles, and goodwill are as follows:

Asset	Useful lives
Computer software	3 - 5 years
Land rights	30 years
Capital contributions paid	10 - 50 years
Licensed customer list	Indefinite
Goodwill	Indefinite

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and install the specific software. Costs associated with maintaining computer software, (expenditures relating to patches and other minor updates as well as their installation), are expensed as incurred.

Land rights are capitalized based on the payments made for easements, right of access and right of use over land for which the Company does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

Capital contributions represent amounts paid to Hydro One Networks Inc. (“Hydro One”),

2. Material accounting policies (continued):

(f) Goodwill and intangible assets (continued):

under a connection cost recovery agreement, for dedicated infrastructure in order to receive connections to transmission facilities. They are capitalized based on payments made. Costs are amortized based on the estimated useful life of the underlying infrastructure assets for which the contribution was made. Capital contributions paid are measured at cost less accumulated amortization and accumulated impairment losses.

The licensed customer list is measured at cost, and is not amortized, but is assessed for impairment annually.

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is measured at cost, and is not amortized, but is assessed for impairment annually.

(g) Right-of-use assets and lease liabilities:

The Company implemented a single accounting model, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard. The Company is a party to two lease contracts for office space, and a third lease for substation properties in Midland.

Based on the accounting policy applied, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets and lease liability are initially measured at the present value of the future lease payments, which comprises:

(i) the amount of the initial measurement of the lease liability;

(ii) any lease payments made at or before the commencement date, less any lease incentives;

(iii) any initial direct costs incurred by the lessee; and,

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

The initial measurement of the lease liability is based on the lease payments excluding variable elements which are dependent on external factors. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss. The lease payments are discounted using the long-term borrowing rate approved by the OEB per the Company's most recent cost of service application. The lease term as determined by the Company comprises of the non-cancelable period of the lease contracts,

2. Material accounting policies (continued):

(g) Right-of-use assets and lease liabilities (continued):

periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the right-of-use assets are measured at the present value of the future lease payments, less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. The Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

(h) Contributed capital:

Contributions for capital construction consists of contributions from customers and developers toward the cost of constructing distribution assets. The contributions are calculated through an economic evaluation as per the OEB's Distribution System Code and are recorded as received. Contributed capital is amortized over the same period as the asset to which they relate, ranging from a 10 to 50 year period.

(i) Impairment of non-financial assets:

At the end of each reporting period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

2. Material accounting policies (continued):

(i) Impairment of non-financial assets (continued):

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(j) Related parties:

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(k) Employee future benefits:

The Company accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS") plan, a multi-employer public sector pension fund, as a defined contribution plan. Both participating employers and employees are required to make plan contributions based on the participating employees' contributory earnings. The Company recognizes the expense related to this plan as contributions are made. No liability has been established for this plan.

The Company pays certain medical and life insurance benefits on behalf of its retired employees. These plans are not funded and accordingly have no plan assets. The Company's net obligation is calculated by estimating the amount of future benefits that are expected to be paid out discounted to determine its present value. This calculation is actuarially performed using the projected unit credit method. The last full valuation performed was as at December 31, 2025. Service costs are recognized in the Statement of Income in operating expenses, and include current and past service costs as well as gains and losses on curtailment. Net interest expense is included in finance costs.

(l) Income taxes:

Under the Electricity Act, 1998, the Company is required to make payments in lieu of income taxes to the Ontario Electricity Financial Corporation. Deferred income taxes are calculated using the liability method of tax accounting. In providing for income taxes, temporary differences between the tax basis of assets or liabilities and their carrying amounts are reflected as deferred income tax assets or liabilities. The tax rates anticipated to be in effect when these temporary differences reverse are used to calculate deferred income tax assets or liabilities.

2. Material accounting policies (continued):

(m) Significant accounting estimates and judgments:

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant accounting estimates, judgments and assumptions include the following:

Useful lives of depreciable assets - Depreciation and amortization expense is based on estimates of the useful lives of property, plant and equipment and intangible assets. The Company estimates the useful lives of its property, plant and equipment and intangible assets based on management’s judgment, historical experience and an asset study conducted by an independent consulting firm.

Impairment of property, plant, and equipment, and finite-lived intangible assets - As part of the Company's annual impairment tests for non-financial assets, in determining whether an asset or CGU's recoverable amount is above its carrying value, significant judgment and estimation is required. Specifically, estimation and judgment is required to determine future economic benefits and cash flows associated with the underlying asset or CGU, the appropriate discount rate to apply to the future cash flows, and the fair value less cost to sell.

Payment in lieu of taxes payable - The Company is required to make payments in lieu of taxes calculated on the same basis as income taxes on taxable income earned. Significant judgment is required in determining the provision and liability or asset for income taxes. Changes in deferred taxes may be required due to changes in future tax rates.

Employee future benefits - The cost of providing certain health, dental and life insurance benefits on behalf of its retired employees are determined using actuarial valuations.

Accounts receivable, and unbilled revenue impairment - In determining the allowance for doubtful accounts, the Company considers the life-time expected credit losses that result from all possible default events over the expected life of the account balance.

Leases - The Company uses its judgment to determine whether or not an option would be reasonably certain to be exercised. The Company considers all facts and circumstances including their past practice, and any cost that will be incurred to change the asset if an option to extend is not taken, to help it determine the lease term.

2. Material accounting policies (continued):

(n) Provisions:

A provision is recognized in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre- tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Some of the Company's assets may have provision obligations. As the Company expects to use the majority of its fixed assets for an indefinite period, no removal costs can be determined and, consequently, a reasonable estimate of the fair value of any asset retirement obligations has not been made at this time.

(o) Financial instruments:

Financial assets are identified and classified based on the business model used by the Company for managing those financial assets, as one of the following: at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss. Financial liabilities continue to be classified as measured at fair value through profit or loss or at amortized cost.

Financial assets and financial liabilities are presented on a net basis when the Company has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

(i) *At amortized cost:*

Cash, accounts receivable and unbilled revenue are classified as financial assets at amortized cost. These financial assets are recognized initially at fair value plus directly attributable transaction costs, if any. After initial recognition, they are measured at amortized cost when they are held for collection of cash flows, where those cash flows solely represent payments of principal and interest using the effective interest rate. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or a shorter period when appropriate, to the gross carrying amount of the financial asset.

The Company's accounts payable and accrued liabilities, customer deposits, bank indebtedness, subordinated debt, advance from its majority shareholder, and long- term debt are classified as financial liabilities at amortized cost and recognized on the date at which the Company becomes a party to the contractual arrangement. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire. Financial liabilities are initially recognized at fair value including discounts and premiums, plus directly attributable transaction costs, such as issue expenses, if any. Subsequently, these liabilities are measured at amortized cost using the effective interest rate method.

2. Material accounting policies (continued):

(o) Financial instruments (continued):

(ii) *At fair value through other comprehensive income:*

Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows solely represent payments of principal and interest, are classified as financial assets at fair value through other comprehensive income. These financial assets are initially recognized at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income, except for the recognition of impairment losses, reversal of impairment losses, interest income and foreign exchange gains and losses, gain or loss previously recognized in net income. On de-recognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net income. Interest income from these financial assets is recognized as other income using the effective interest rate method. As at December 31, 2025, the Company does not have any financial assets classified at fair value through other comprehensive income.

(iii) *At fair value through profit or loss*:

The Company's financial instruments that are classified and measured at fair value through profit or loss include derivatives. Derivatives are initially measured at fair value and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized in profit or loss. Embedded derivatives are separated from the host contract upon initial recognition and accounted for separately at fair value through profit or loss when the host contract is not a financial asset and certain conditions are met.

The Company does not use derivative instruments for speculative purposes. Hedge accounting has not been used in the preparation of these financial statements.

2. Material accounting policies (continued):

(p) Standards and interpretations not yet effective or adopted:

The IASB has issued a number of standards and amendments to existing standards that are not yet effective. The Company has determined that the following amendments could have an impact on its 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 and introduces limited amendments to IAS 7 Statement of Cash Flows. 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 Company is currently assessing the impact of the above standard on the Company's financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 7 *Financial Instruments: Disclosures* (IFRS 7)):

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of financial instruments. The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specified criteria are met. Other clarifications include the classification of financial assets with environmental, social, and governance linked features and other similar contingent features, financial assets with nonrecourse features, and contractually linked instruments. The amendments also introduce additional disclosures for financial instruments with contingent features and equity instruments designated at fair value through OCI. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The amendments are to be applied retrospectively. The Company is currently assessing the impact of the above amendments on the Company's financial statements.

Subsidiaries Without Public Accountability (IFRS 19):

In May 2025, the IASB issued IFRS 19 *Subsidiaries without Public Accountability* (IFRS 19), which simplifies financial reporting for eligible subsidiaries by allowing them to apply IFRS Accounting Standards with reduced disclosure requirements. IFRS 19 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Company is evaluating the applicability of this standard to its circumstances and, if applicable, the potential effect on the disclosures in its financial statements.

3. Cash (bank indebtedness):

The Company has a $22,000,000 (2024 - $22,000,000) operating facility from a major chartered bank. The facility is a 364-day committed revolving operating loan, bearing interest at Canadian bank prime, to be repaid in full upon maturity unless extended by the bank at the bank's sole discretion. A commitment fee of 0.125% per annum, payable quarterly applies to any unused portion of the facility. As at December 31, 2025, the Company had $nil (2024 - $nil) drawn on this facility.

The Company has provided prudential support in the amount of $3,861,670 to the Independent Electricity System Operator ("IESO"). The prudential support is secured by a letter of credit with a major chartered bank for $3,861,670, contains restrictive clauses with respect to debt repayments, is due on demand in the event of cancellation or draw and bears interest at 0.5% per annum.

The Company is required to provide various forms of security associated with its credit facility and other borrowings. This includes a general security agreement representing a first charge on all assets of the Company, as well as an assignment of business/liability insurance from the Company.

The Company is required to meet certain financial covenants related to the credit facility and long-term debt described in Note 10. At December 31, 2025, the Company was in compliance with all covenants.

4. Property, plant and equipment:

	Land & Buildings	Distribution Equipment	Transportation Equipment	Office Equipment	Construction in Progress	Total
Cost						
Balance as at December 31, 2023	$ 5,716,168	$ 129,280,683	$ 3,952,366	$ 5,435,085	$ 27,870,239	$ 172,254,541
Additions	-	-	-	-	27,902,336	27,902,336
Transfers into service	-	25,794,844	846,691	553,081	(27,194,616)	-
Disposals, retirements, and other	-	(377,343)	(157,632)	(595,452)	(27,600)	(1,158,027)
Balance as at December 31, 2024	$ 5,716,168	$ 154,698,184	$ 4,641,425	$ 5,392,714	$ 28,550,359	$ 198,998,850
Additions	-	-	-	-	15,134,242	15,134,242
Transfers into service	-	13,275,212	529,159	497,780	(14,302,151)	-
Disposals, retirements, and other	-	(332,965)	(197,428)	(266,338)	(146,408)	(943,139)
Balance as at December 31, 2025	$ 5,716,168	$ 167,640,431	$ 4,973,156	$ 5,624,156	$ 29,236,042	$ 213,189,953
Accumulated depreciation						
Balance as at December 31, 2023	$ 30,720	$ 39,185,218	$ 2,651,452	$ 2,786,447	$ -	$ 44,653,837
Depreciation	2,817	4,754,737	416,674	685,147	-	5,859,375
Disposals, retirements, and other	-	(181,178)	(155,530)	(587,088)	-	(923,796)
Balance as at December 31, 2024	$ 33,537	$ 43,758,777	$ 2,912,596	$ 2,884,506	$ -	$ 49,589,416
Depreciation	2,809	5,154,483	458,270	680,647	-	6,296,209
Disposals, retirements, and other	-	(216,613)	(195,280)	(266,338)	-	(678,231)
Balance as at December 31, 2025	$ 36,346	$ 48,696,647	$ 3,175,586	$ 3,298,815	$ -	$ 55,207,394
Carrying amount						
Balance as at December 31, 2024	$ 5,682,631	$ 110,939,407	$ 1,728,829	$ 2,508,208	$ 28,550,359	$ 149,409,434
Balance as at December 31, 2025	5,679,822	118,943,784	1,797,570	2,325,341	29,236,042	157,982,559

4. Property, plant and equipment (continued):

Included in land and building is land with a value of $5,576,475 (2024 - $5,576,475).

During the year, the Company had disposals of $943,139 (2024 - $1,158,027), with $678,231 (2024 - $923,796) of accumulated amortization, for proceeds of $64,340 (2024 - $160,327), resulting in a loss of $200,568 (2024 - $73,904).

For the year ended December 31, 2025, $458,270 (2024 - $416,674) of amortization of transportation equipment was allocated between operating costs and gross additions to distribution equipment.

For the year ended December 31, 2025, borrowing costs in the amount of $290,736 (2024 - $298,153) were capitalized to property, plant, and equipment, with an average interest rate of 3.72% (2024 - 4.21%).

5. Intangible assets:

	Software	Land Rights	Capital Contributions Paid	Customer List	Work in Progress	Total
Cost						
Balance as at December 31, 2023	$ 2,249,550	$ 420,157	$ 14,799,900	$ 7,015,367	$ 521,411	$ 25,006,385
Additions	-	-	-	-	1,221,876	1,221,876
Transfers into Service	1,060,329	-	-	-	(1,060,329)	-
Disposals, retirements and other	(272,808)	-	-	-	-	(272,808)
Balance as at December 31, 2024	3,037,071	420,157	14,799,900	7,015,367	682,958	25,955,453
Additions	-	-	-	-	113,028	113,028
Transfers into Service	124,925	-	277,100	-	(402,025)	-
Disposals, retirements and other	(90,043)	-	-	-	-	(90,043)
Balance as at December 31, 2025	$ 3,071,953	$ 420,157	$ 15,077,000	$ 7,015,367	$ 393,961	$ 25,978,438
Accumulated amortization						
Balance as at December 31, 2023	$ 1,205,721	$ 145,662	$ 1,923,343	$ -	$ -	$ 3,274,726
Additions	384,185	13,886	331,102	-	-	729,173
Disposals, retirements and other	(248,003)	-	-	-	-	(248,003)
Balance as at December 31, 2024	1,341,903	159,548	2,254,445	-	-	3,755,896
Additions	495,351	13,848	333,699	-	-	842,898
Disposals, retirements and other	(90,043)	-	-	-	-	(90,043)
Balance as at December 31, 2025	$ 1,747,211	$ 173,396	$ 2,588,144	$ -	$ -	$ 4,508,751
Carrying amount						
Balance as at December 31, 2024	$ 1,695,168	$ 260,609	$ 12,545,455	$ 7,015,367	$ 682,958	$ 22,199,557
Balance as at December 31, 2025	1,324,742	246,761	12,488,856	7,015,367	393,961	21,469,687

5. Intangible assets (continued):

During the year, the Company had disposals of $90,043 (2024 - $272,808), with $90,043 (2024 - $248,003) of accumulated amortization, for proceeds of $nil (2024 - $nil), resulting in a loss of $nil (2024 - $24,805).

For the year ended December 31, 2025, $22,633 (2024 - $45,285) of amortization was recognized in other income.

For the year ended December 31, 2025, borrowing costs in the amount of $8,288 (2024 - $13,576) were capitalized to intangible assets, with an average interest rate of 3.72% (2024 - 4.21%).

Based on the results of the annual licensed customer list impairment test, the Company determined that the recoverable amount of the cash generating unit is more than its carrying value. No impairment has been recorded in the period ended December 31, 2025.

6. Goodwill:

	Cost	Additions	Impairment	2025 Net Book Value
Goodwill	$ 6,864,284	$ -	$ -	$ 6,864,284

	Cost	Additions	Impairment	2024 Net Book Value
Goodwill	$ 6,864,284	$ -	$ -	$ 6,864,284

Goodwill with a carrying amount of $6,864,284 (2024 - $6,864,284) was allocated to the Company's entire business as a cash generating unit as a result of a business acquisition and amalgamation.

Based on the results of the annual goodwill impairment test, the Company determined that the recoverable amount of the cash generating unit is more than its carrying value. No impairment has been recorded in the period ended December 31, 2025.

7. Income taxes:

	2025	2024
Current tax expense	$ 1,099,294	$ 278,624
Deferred tax expense:		
Change in recognized deductible temporary differences	3,326,400	389,568
Total income taxes included in statement of income, before net movements in regulatory balances	$ 4,425,694	$ 668,192
Income taxes included in net movement in regulatory balances	(3,197,503)	(803,333)
Income taxes included in other comprehensive income:		
Post-employment benefits	2,521	(14,954)
Income tax expense recognized in statement of income and statement of comprehensive income	$ 1,230,712	$ (150,095)

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 26.5% (2024 - 26.5%) to the income before income taxes. The reasons for the differences and related tax effects are as follows:

	2025	2024
Income before taxes	$ 2,510,333	$ 2,633,946
Expected tax provision on income at statutory rates	$ 665,238	$ 697,996
Increase (decrease) in income taxes resulting from:		
Permanent differences	55,017	6,821
Temporary differences expected to be recovered from (returned to) customers	(540,388)	(803,333)
Adjustments from prior years	1,050,845	-
Other	-	(51,579)
Income tax expense (recovery)	$ 1,230,712	$ (150,095)

7. Income taxes (continued):

	2025	2024
Deferred tax assets:		
Post-employment benefits	$ 337,767	$ 344,299
Corporate minimum tax	-	115,961
Other	4,255	1,075
	$ 342,022	$ 461,335

	2025	2024
Deferred tax liabilities:		
Property, plant and equipment	$ 5,437,641	$ 2,248,790
Interest rate swaps	150,025	134,568
Other	5,300	-
	$ 5,592,966	$ 2,383,358

8. Regulatory account balances:

All amounts recognized as regulatory account balances are subject to approval by the OEB before they are recoverable from (or returned to) customers. Remaining recovery periods are those expected and the actual recovery or settlement periods may differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the Company has recognized the following regulatory account balances expected to be recovered or repaid in future periods:

Regulatory account debit balances	January 1, 2025	Balances arising in the period	Recovery/ reversal	Reclassifications	December 31, 2025
RSVA (i)	$ 5,567,962	$ (1,437,106)	$ (2,896,327)	$ 1,155,608	$ 2,390,137
Other regulatory assets (ii)	1,764,958	871,611	(895,873)	-	1,740,696
Deferred income tax (iii)	2,248,790	3,194,152	-	-	5,442,942
Recovery account (iv)	2,122,233	2,732,692	(4,495,397)	-	359,528
	$ 11,703,943	$ 5,361,349	$ (8,287,597)	$ 1,155,608	$ 9,933,303

Regulatory account debit balances	January 1, 2024	Balances arising in the period	Recovery/ reversal	Reclassifications	December 31, 2024
RSVA (i)	$ 7,742,068	$ 1,145,082	$ (5,417,555)	$ 2,098,367	$ 5,567,962
Other regulatory assets (ii)	1,015,373	695,310	-	54,275	1,764,958
Deferred income tax (iii)	1,492,380	756,410	-	-	2,248,790
Recovery account (iv)	1,427,076	5,442,200	(4,734,045)	(12,998)	2,122,233
	$ 11,676,897	$ 8,039,002	$ (10,151,600)	$ 2,139,644	$ 11,703,943

Regulatory account credit balances	January 1, 2025	Balances arising in the period	Recovery/ reversal	Reclassifications	December 31, 2025
RSVA (i)	$ 2,229,073	$ (747,182)	$ (1,059,678)	$ 1,155,608	$ 1,577,821
Other regulatory liabilities (ii)	2,349,581	208,738	(17,417)	-	2,540,902
Deferred income tax (iii)	345,374	(3,352)	-	-	342,022
Recovery account (iv)	14,684	(283)	26	-	14,427
	$ 4,938,712	$ (542,079)	$ (1,077,069)	$ 1,155,608	$ 4,475,172

Regulatory account credit balances	January 1, 2024	Balances arising in the period	Recovery/ reversal	Reclassifications	December 31, 2024
RSVA (i)	$ 219,769	$ 44,044	$ (133,107)	$ 2,098,367	$ 2,229,073
Other regulatory liabilities (ii)	1,664,999	630,307	-	54,275	2,349,581
Deferred income tax (iii)	392,297	(46,923)	-	-	345,374
Recovery account (iv)	30,116	(186)	(2,248)	(12,998)	14,684
	$ 2,307,181	$ 627,242	$ (135,355)	$ 2,139,644	$ 4,938,712

8. Regulatory account balances (continued):

(i) Retail Settlement Variance Account ("RSVA") balances are comprised of flow-through transactions incurred by the Company on behalf of its customers. The amounts include:

- variances between various wholesale market settlement charges and transmission charges paid by the Company, as compared to the amount billed to consumers based on the OEB-approved rates;
- variances between the amounts charged by Hydro One for low voltage services and the amount billed to consumers, and;
- variances between amounts charged to customers for the sale of electricity, and the total commodity costs paid to the IESO and Hydro One.

RSVA balances are typically proposed for disposition to be recovered from (or refunded to) customers through an annual application to the OEB. Carrying charges are recorded monthly on the opening balances.

(ii) Other regulatory balances include:

- variances between the cost of implementing cloud computing solutions, as compared to the cost assumed in the Company's underlying distribution rates;
- variances between the cost assessments charged by the OEB to recover its expenses, as compared to the cost assumed in the Company's underlying distribution rates;
- variances associated with statutory changes in corporate income tax rules, as compared to those assumed in the Company's underlying distribution rates;
- variances associated with changes in the rates the Company charges telecommunication carries for use of its assets, as compared to those assumed in its underlying distribution rates;
- variances associated with the cost of deployment of smart meters, as compared to the values assumed in the Company's underlying distribution rates.

Other regulatory balances are typically proposed for disposition to be recovered from (or refunded to) customers through a cost-based rate application to the OEB, which for the Company is expected to be for rates effective in 2028. Carrying charges are recorded monthly on the opening balances.

(iii) The Company records deferred tax assets or liabilities with a corresponding regulatory tax liability or asset when those differences are ultimately expected to be included in the Company's future rate applications. The Company will not seek disposition of these balances as they will be reversed through timing differences in the recognition of deferred tax assets or liabilities.

8. Regulatory account balances (continued):

(iv) Recovery Accounts are used to record the values of deferral and variance account balances, previously held in other regulatory accounts, that have been approved by the OEB. Any residual balances remaining in Recovery Accounts are typically proposed for disposition to be recovered from (or refunded to) customers through a subsequent application to the OEB. Carrying charges are recorded monthly on the opening balances.

9. Accounts payable and accrued liabilities:

	2025	2024
Accounts payable - purchased power	$ 7,475,525	$ 8,611,896
Other trade accounts payable and accrued liabilities	15,292,186	15,633,249
Water and sewer billings payable (note 17)	10,533,889	9,693,432
Credits on customer accounts	745,373	827,459
HST payable	296,392	322,168
	$ 34,343,365	$ 35,088,204

10. Long-term debt:

	2025	2024
(a) Term instalment loan 1	$ 8,748,722	$ 8,976,361
(b) Term instalment loan 2	6,277,571	6,512,785
(c) Term instalment loan 3	2,624,571	2,905,329
(d) Term instalment loan 4	5,771,150	5,771,150
(e) Term instalment loan 5	6,619,900	6,619,900
(f) Term instalment loan 6	22,000,000	22,000,000
(g) Term instalment loan 7	4,900,000	4,900,000
(h) Term instalment loan 8	12,100,000	12,100,000
	69,041,914	69,785,525
Less current portion of long-term debt	13,165,056	743,611
	$ 55,876,858	$ 69,041,914

(a) Unsecured, non-revolving term instalment loan with an effective 30-year interest rate of 4.077%, utilizing a fixed rate swap converting variable interest rates underpinned by the Canadian Overnight Repo Rate Average (CORRA), plus a pricing spread of 1.095%, blended monthly principal and interest payments of $49,003, due October 2048.

(b) Unsecured, non-revolving term instalment loan with an effective 10-year interest rate of 4.059%, utilizing a fixed rate swap converting variable interest rates underpinned by CORRA, plus a pricing spread of 1.095%, blended monthly principal and interest payments of $41,064, due October 2028.

10. Long-term debt (continued):

(c) Unsecured, non-revolving term instalment loan with an effective 15-year interest rate of 3.922%, utilizing a fixed rate swap converting variable interest rates underpinned by CORRA, plus a pricing spread of 1.095%, blended monthly principal and interest payments of $32,374, due October 2033.

(d) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 1.772%, utilizing a fixed rate swap converting variable interest rates underpinned by CORRA, plus a pricing spread of 1.095%, interest only monthly payments of $8,522, due January 2026.

(e) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 2.191%, utilizing a fixed rate swap converting variable interest rates underpinned by CORRA, plus a pricing spread of 1.095%, interest only monthly payments of $12,087, due September 2026.

(f) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 3.149%, utilizing a fixed rate swap converting variable interest rates underpinned by CORRA, plus a pricing spread of 1.045%, interest only monthly payments of $57,732, due February 2032.

(g) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 5.384%, utilizing a fixed rate swap converting variable interest rates underpinned by CORRA, plus a pricing spread of 1.045%, interest only monthly payments of $21,985, due October 2028.

(h) Unsecured, non-revolving term instalment loan with an effective 5-year interest rate of 4.920%, utilizing a fixed rate swap converting variable interest rates underpinned by CORRA, plus a pricing spread of 1.045%, interest only monthly payments of $49,610, due April 2029.

Principal repayments for the next five years and thereafter are as follows:

2026	$ 13,165,056
2027	805,643
2028	11,250,515
2029	12,696,249
2030	620,489
Thereafter	30,503,962
	$ 69,041,914

11. Interest rate swaps:

To manage the risk of fluctuating interest rates, each of the Company's long-term debt instalment loans, as described in Note 10, have been structured with an interest rate swap derivative agreement with the issuing bank, effectively converting the obligations into a fixed interest rate loan. The derivative swap agreements entered into with the bank do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are recorded at their fair value at the end of the reporting period, with the unrealized gain or loss recorded in the Statement of Income.

11. Interest rate swaps (continued):

The unrealized gain for the year ended December 31, 2025 was $58,328 (2024 – loss of $1,580,496). As at December 31, 2025, the Company would have been entitled to receive $566,133 (2024 - $507,805) had it elected to unwind its position with respect to its interest rate swap derivatives.

12. Subordinated debt:

The subordinated debt is in the form of a promissory note, payable to the Township of Tay. No repayment of the subordinated debt is permissible until all payment obligations of the long-term debt are fulfilled, or the bank waives the subordination requirement. As at year end December 31, 2025, the amount payable was $1,742,821 (2024 - $1,742,821), and the interest rate is 5.48%. Interest paid on the debt during the year was $95,507 (2024 - $95,507).

13. Leases:

The Company has leases for two office buildings and a lease in place for electrical substations. Each lease is reflected on the Statement of Financial Position as a right-of-use asset and a lease liability.

Estimates on lease terms and lease extensions on lease contracts were measured based on circumstances at date of initial application. Lease payments are fixed, with leases of office buildings generally limited to a lease term of 5 to 10 years and leases of substations having a lease term of 5 years.

13. Leases (continued):

Right-of-use assets

Additional information on right-of-use assets by class is as follows:

	Office Building	Electrical Substations	Total
Cost			
At December 31, 2023	$ 3,324,243	$ 290,569	$ 3,614,812
Additions	888,803	-	888,803
At December 31, 2024	4,213,046	290,569	4,503,615
Additions	-	-	-
Disposal	(73,789)	(48,428)	(122,217)
At December 31, 2025	$ 4,139,257	$ 242,141	$ 4,381,398
Accumulated depreciation			
At December 31, 2023	$ 1,766,465	$ 18,160	$ 1,784,625
Depreciation	884,012	54,481	938,493
At December 31, 2024	2,650,477	72,641	2,723,118
Depreciation	503,096	54,482	557,578
Disposal	(53,434)	(21,187)	(74,621)
At December 31, 2025	$ 3,100,139	$ 105,936	$ 3,206,075
Carrying amounts			
At December 31, 2024	$ 1,562,569	$ 217,928	$ 1,780,497
At December 31, 2025	1,039,118	136,205	1,175,323

13. Leases (continued):

Lease liabilities

Lease liabilities are presented in the financial statements as follows:

December 31,2025	Opening liability	Disposals	Repayments	Carrying amount	Interest
Office buildings	$ 2,032,355	$ (23,017)	$ (604,727)	$ 1,404,611	$ 80,752
Electrical substations	223,077	(28,383)	(52,791)	141,903	3,908
	$ 2,255,432	$ (51,400)	$ (657,518)	$ 1,546,514	$ 84,660

December 31,2024	Opening liability	Additions	Repayments	Carrying amount	Interest
Office buildings	$ 1,774,500	$ 888,802	$ (630,947)	$ 2,032,355	$ 276,639
Electrical substations	273,999	-	(50,922)	223,077	9,054
	$ 2,048,499	$ 888,802	$ (681,869)	$ 2,255,432	$ 285,693

The current portion of lease liabilities as at December 31, 2025 is $692,655 (2024 - $657,518).

14. Contributed capital:

	2025	2024
Deferred contributions, net, beginning of year	$ 54,727,194	$ 46,823,523
Contributed capital received	2,893,201	9,015,214
Contributed capital recognized as revenue (note 19)	(1,182,948)	(1,100,400)
Contributions removed with asset disposal	-	(11,143)
Deferred contributions, net, end of year	$ 56,437,447	$ 54,727,194

15. Deposits held:

Deposits held represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash payments from developers in order to secure the performance of the developer's obligations in accordance with the Company's conditions of service.

		2025		2024
Current portion of customer deposits	$	128,949	$	186,680
Current portion of construction deposits		163,474		40,150
	$	292,423	$	226,830
Long-term portion of customer deposits	$	589,954	$	365,169
Long-term portion of construction deposits		166,695		98,420
	$	756,649	$	463,589

16. Employee future benefits:

(a) Pensions:

The Company makes contributions to OMERS, which is a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of retirement benefits to be received by the employees based on the length of service and rates of pay.

The most recently available OMERS annual report is for the year ended December 31, 2025, which reported that the plan was 99% funded. OMERS annually reviews the current and projected funded ratios, risk metrics and other relevant information to assess the health and long-term viability of the plan. OMERS will consider changes to benefit design, contribution rates and reserves if doing so would improve the health and long-term viability of the plan. The Company is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

The amount the Company contributed to OMERS for the year was $1,088,676 (2024 - $1,026,487). The Company expects to contribute approximately $1,189,000 to the OMERS plan in 2026.

(b) Post-employment benefits other than pensions:

The Company provides certain health, dental and life insurance benefits for retired employees pursuant to the Company's policy. The accrued benefit obligation and net periodic expense for

16. Employee future benefits (continued):

(b) Post-employment benefits other than pensions (continued):

the year were determined by an actuarial valuation. The last full valuation performed was as at December 31, 2025.

Information about the Company's defined benefit plan is as follows:

	2025	2024
Accrued benefit obligation, beginning of year	$ 1,299,243	$ 1,271,808
Current service cost	53,351	52,154
Interest expense	57,486	56,821
Benefits paid	(125,972)	(137,972)
Actuarial loss	(9,513)	56,432
	$ 1,274,595	$ 1,299,243

Current service costs and interest on the accrued benefit obligation are recognized in the Statement of Income. Actuarial gains or losses arising from changes in financial assumptions are accounted for in other comprehensive income. The total benefit costs for the year are $101,324 (2024 - $165,407).

The actuarial assumptions used in the valuation of the Company's staff are a discount rate of 4.85% (2024 - 4.65%), salary increase rate of 2.80% (2024 - 2.50%), cost trend including health benefits of 5.30% (2024 - 5.10%) and dental benefits 5.60% (2024 - 5.40%) and retirement age of 61 (2024 - 61).

A change in the actuarial assumptions would have the following impacts on the obligation:

	Reasonable Possible Change	Defined Benefit Obligation Change
Discount rate	1%	$ (128,800)
Discount rate	(1)%	157,200
Cost trends	1%	48,800
Cost trends	(1)%	(44,000)

17. Related party balances and transactions:

The Company entered into transactions with its majority shareholder, Newmarket Hydro Holdings Inc., with its minority shareholder, Tay Hydro Inc., with The Town of Newmarket, which is the sole shareholder of Newmarket Hydro Holdings Inc., and with the Township of Tay, which is the sole shareholder of Tay Hydro Inc.. The Company also entered into transactions with NT Holdings Inc. (formerly Envi Networks Inc.), which is related through common ownership.

(a) Balances:

The following amounts are due from related parties and included in accounts receivable:

	2025	2024
Accounts Receivable		
Town of Newmarket	$ 295,006	$ 251,975
NT Holdings Inc.	69,182	118,220
Township of Tay	10,750	5,399
Tay Hydro Holding inc.	41,707	12,082
	$ 416,645	$ 387,676

Included in accounts payable and accrued liabilities are water and sewer amounts collected, on behalf of and due to the Town of Newmarket.

Subordinated debt is comprised of a note payable to the Township of Tay.

The following amount is due to the Company's majority shareholder:

	2025	2024
Newmarket Hydro Holding Inc.	$ 83,077	$ 89,287

17. Related party balances and transactions (continued):

(b) Transactions:

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2025	2024
Revenue:		
Energy sales	$ 3,593,450	$ 2,990,758
Services	41,321	59,187
Water and sewer billing service	883,182	879,122
	$ 4,517,953	$ 3,929,067
Expenses		
Interest	$ 95,507	$ 95,507
Rent	762,390	823,210
Property tax and storm water	210,664	192,831
Internet services	34,320	34,320
Other Services	44,746	35,342
	$ 1,147,627	$ 1,181,210

(c) Key management personnel:

The key management personnel of the Company has been defined as members of its board of directors and executive team. Wages and benefits paid to these individuals total $2,112,394 (2024 - $1,965,601).

18. Share capital:

	2025	2024
Authorized:		
Unlimited number of common shares		
Issued		
10,000 common shares	$ 27,140,206	$ 27,140,206

19. Other income:

Other income consists of the following:

	2025	2024
Pole Rental	$ 298,357	$ 292,730
Customer Charges	181,931	187,656
Recognition of Capital Contribution (note 14)	1,182,947	1,111,543
Other	244,811	126,314
	$ 1,908,046	$ 1,718,243

20. Operating expenses:

Operating expenses consist of the following:

	2025	2024
Wages and benefits	$ 5,360,196	$ 4,665,145
Materials, equipment and other operating expenses	4,213,368	2,822,996
Administration and overhead	9,910,117	7,564,671
	$ 19,483,681	$ 15,052,812

21. Finance income and finance costs:

	2025	2024
Finance Income:		
Interest Income on account receivable	$ 260,189	$ 284,542
Interest Income on cash balance	78,697	124,148
	$ 338,886	$ 408,690

	2025	2024
Finance Cost:		
Interest expense on long-term debt	$ 2,324,795	$ 2,146,051
Interest expense on lease liabilities	84,600	285,693
Interest expense on customer deposits	20,847	60,674
Interest expense on line of credit	30,035	184,767
Other interest expense	186,191	12,256
	$ 2,646,468	$ 2,689,441

22. Changes in non-cash operating working capital:

	2025	2024
Account receivable	$ (582,727)	$ (2,453,143)
Unbilled revenue	(921,226)	(1,046,887)
Materials and supplies	(267,027)	(474,828)
Prepaid expenses	(152,075)	40,861
Accounts payable and accrued liabilies	(744,839)	14,791,618
Deposits held	358,653	(205,111)
Income taxes payable	845,006	(579,693)
Income taxes receivables	376,319	(376,319)
	$ (1,087,916)	$ 9,696,498

23. Capital disclosures:

The Company's primary objective when managing capital is to maintain a prudent financial structure in order to safeguard the Company's assets and to provide adequate returns for its shareholders and benefits to the stakeholders.

24. Financial instruments and risk management:

Financial instruments consist of recorded amounts of cash, accounts receivable and unbilled revenue which will result in future cash receipts, as well as bank indebtedness, accounts payable and accrued liabilities, deposits held, advances from its majority shareholder, and long- term debt which will result in future cash outflows.

The Company does not believe that it is exposed to significant foreign exchange risk or market risk.

The Company is exposed to the following risks in respect of certain financial instruments held:

(a) Fair value:

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, unbilled revenue, accounts payable and accrued liabilities, subordinated debt, and customer deposits, approximate their carrying values due to the relatively short-term nature of the instruments and/or interest rates that are similar to market rates of interest available to the Company.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A fair value hierarchy exists that prioritizes observable and unobservable inputs used to measure fair value.

24. Financial instruments and risk management (continued):

(a) Fair value (continued):

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions with respect to how market participants would price an asset or liability.

Financial instruments which are disclosed at fair value are to be classified using a three level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

Level 1: Inputs are unadjusted quoted prices of identical instruments in active markets;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the liabilities that are not based on observable market data (unobservable inputs).

The Company uses Level 2 inputs for all of its financial instrument fair value measurements.

Each of the Company's long-term debt instalment loans, as described in Note 10, have been structured with an interest rate swap derivative agreement with the issuing bank. As at December 31, 2025, the fair market value of the swaps has been recognized as an asset, in the amount of $566,133 (2024 - $507,805) on the Statement of Financial Position.

(b) Credit risk:

The Company is exposed to the risk of counterparties defaulting on their obligations. The Company monitors and limits its exposure to credit risk on a continuous basis. The credit risk related to cash and cash equivalents is mitigated by the Company in assessing and monitoring the credit exposures of counterparties. The Company's exposure to credit risk primarily relates to accounts receivable and unbilled revenue. The Company is exposed to credit risk with respect to customer non-payment of electricity bills. The Company 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 Company 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 Company continues to actively monitor its exposure to credit risk.

The Company manages counterparty credit risk through various techniques, including limiting total exposure levels with individual counterparties consistent with the Company's policies and monitoring the financial condition of counterparties.

The Company considers that the credit risk of accounts receivable and unbilled revenue is limited due to the following reasons:

24. Financial instruments and risk management (continued):

(b) Credit risk (continued):

(i) There is a broad base of customers, and no single customer accounts for more than 10% of the total revenue earned or more than 10% of the Company's total accounts receivable balance.

(ii) The Company may obtain a security deposit from customers to mitigate risk of payment default, in accordance with rules established by the OEB.

(iii) The percentage of accounts receivable and unbilled revenue that is outstanding more than 90 days is approximately 3.0% (2024 - 2.5%) of the total accounts receivable and unbilled revenue.

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

	2025	2024
Expected credit loss allowance:		
Balance, beginning of year	$ (403,950)	$ (1,260,563)
Additional expected credit loss allowance	(416,983)	383,037
Write-off, net of receoveries	432,419	473,576
Balance, end of year	$ (388,514)	$ (403,950)

Pursuant to their respective terms, accounts receivable are aged as follows as at December 31:

	2025	2024
Accounts receivable, gross:		
Outstanding for not more than 30 days	$ 17,553,915	$ 17,223,476
Outstanding for more than 30 days and not more than 90 days	1,303,269	1,260,190
Outstanding for more than 90 days	959,935	766,162
Total accounts receivable, gross	19,817,119	19,249,828
Unbilled revenue, gross	12,537,191	11,615,965
Expected credit loss allowance	(388,514)	(403,950)
Total accounts receivable and unbilled revenue	$ 31,965,796	$ 30,461,843

24. Financial instruments and risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has access to credit facilities and monitors cash balances daily. Short-term liquidity is provided through cash on hand, funds from operations and a revolving credit facility. Short-term liquidity is expected to be sufficient to fund normal operating requirements. The liquidity risks associated with financial commitments as at December 31, 2025 are as follows:

	Within 1 year	1 -5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 34,343,365	$ -	$ -	$ 34,343,365
Income tax payable	845,006	-	-	845,006
Deposits held	292,423	756,649	-	1,049,072
Long-term debt:	-	-	-	-
Loan 1	237,096	1,051,048	7,460,578	8,748,722
Loan 2	244,941	6,032,630	-	6,277,571
Loan 3	291,969	1,289,218	1,043,384	2,624,571
Loan 4	5,771,150	-	-	5,771,150
Loan 5	6,619,900	-	-	6,619,900
Loan 6	-	-	22,000,000	22,000,000
Loan 7	-	4,900,000	-	4,900,000
Loan 8	-	12,100,000	-	12,100,000
Interest payments on loans	2,369,515	6,652,145	3,919,071	12,940,731
Lease liabilities	757,086	882,844	-	1,639,930
Employee future benefits	-	-	1,274,595	1,274,595
Advances from parent company	-	-	83,077	83,077
Subordinated debt	-	-	1,742,821	1,742,821
	$ 51,772,451	$ 33,664,534	$ 37,523,526	$ 122,960,511

(d) Interest rate risk:

The Company is exposed to interest rate fluctuations with respect to its bank indebtedness, long-term debt, customer deposits held, employee future benefits, and regulatory account balances. In management's view, the Company effectively mitigates the largest potential source of interest rate risk exposure, which is with respect to its long-term debt.

The Company enters into interest rate swap derivative agreements with its bank to exchange interest rate cash flows. Under these agreements, the Company and the bank have the periodic exchange of payments without exchanging the notional principal amount on which the payments are based. This effectively provides the Company with fixed rate loans, which reduces the impact of fluctuating interest rates on long-term debt. The Company does not enter into any such financial instrument for speculative purposes.

25. Contingencies:

(a) In the normal course of business, the Company enters into agreements that meet the definition of a guarantee. The guarantees include indemnities under purchase and sale agreements, confidentiality agreements, outsourcing, service and information agreements. The nature of these indemnification agreements prevents the Company from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability related to the likelihood and predictability of future events. Historically, the Company has not made any significant payments under similar indemnification agreements and therefore no amount has been accrued in the Statement of Financial Position with respect to these agreements.

(b) Indemnity, if required, has been provided to all directors and officers of the Company for various items including, but not limited to, all costs to settle suits or actions due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' liability insurance to mitigate the cost of any potential suits or actions. The amount of any potential future liability which exceeds the amount of insurance coverage cannot reasonably be determined.

(c) The Company participates with other municipal utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electric Association Reciprocal Insurance Exchange. Under this agreement, the Company is contingently liable for additional assessments to the extent that premiums collected are not sufficient to cover actual losses, claims and costs experienced.

26. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. For the 2024 comparative year, various reclassifications were made to items presented on the Statement of Financial Position, which are summarized below.

	Original presentation	Reclassification	Revised presentation
Property, plant and equipment	$ 161,954,889	$ (12,545,455)	$ 149,409,434
Intangible assets	9,654,102	12,545,455	22,199,557
	$ 171,608,991	$ -	$ 171,608,991

These reclassifications have no impact on the Company’s financial position.

Appendix F

Pro Forma Financial Statements

Proforma Financial Statements

Pro-Forma Consolidated Balance Sheet ($MMs)

Fiscal Period 2028F

		2028
Current assets	$	966.9
Non-current assets		5,998.0
Regulatory balances		424.0
Total assets	**$**	**7,388.8**
Current liabilities	$	1,427.9
Non-current liabilities		3,595.4
Regulatory balances		7.4
Equity		2,358.1
Total liabilities and shareholders' equity	**$**	**7,388.8**

Pro-Forma Consolidated Income Statement ($MMs)

Fiscal Period 2028F

		2028
Revenue		
Distribution revenue	$	898.4
Electricity sales		3,722.1
Other revenue		232.7
	$	**4,853.2**
Expenses		
Cost of power	$	3,722.1
OM&A		545.1
Depreciation		232.3
		4,499.4
Income from operating activities		**353.8**
Other expense	$	3.8
Finance expense		143.4
Income taxes		40.5
Net income	**$**	**166.1**

The consolidated pro-forma balance sheet incorporates NT Power's forecast net assets and the structured note payable (non-current liability) and goodwill recognized in connection the

transaction. The consolidated pro-forma income statement reflects (i) AUC's rate application forecast, which is subject to final OEB decision, (ii) NT Power's estimated distribution revenue and OM&A, reflecting a 2% annual increase over prior year, and (iii) interest expense and the estimated gain / loss recognized on changes in fair value of the structured note. These pro forma financial statements are based on forecast information, assumptions and estimates available as of the date of filing and are therefore subject to change.

At the time of the application, Alectra Inc. and NT Power have not identified or assessed any accounting changes that may be required as a result of the merger. As such, no such accounting changes are reflected in the pro-forma financial statements.

Appendix G

Accounting Order

DRAFT ACCOUNTING ORDER – 1508 OTHER REGULATORY ASSETS, SUB-ACCOUNT ACCOUNTING POLICY CHANGES

NT Power will establish and use Account 1508 Other Regulatory Assets, Sub-Account Accounting Policy Changes to record the revenue requirement impact of NT Power's accounting policy changes. The Sub-Account will become effective on the closing date of the MAADs transaction.

The cumulative difference recorded in this account will be reviewed at NT Power's 2029 cost rebasing rate application for materiality. If the balance is below NT Power's materiality threshold, the account will be closed without disposition, and no further entries will be required.

If the account balance meets the materiality threshold, a journal entry will record the variance for each year from the close of MAADs transaction to 2028 (i.e. until NT Power's 2029 rebasing application), at which time the cumulative variance will be recovered from or refunded to NT Power's customers. Interest carrying charges will apply to the account balances based on the OEB's prescribed interest rates.

The impact of accounting policy changes will be recorded to Account 1508 Other Regulatory Assets, Sub-Account Accounting Policy Changes and the offsetting entry will be recorded to Account 4305 Regulatory Debits or Account 4310 Regulatory Credits depending on the direction of the impact.

The sample journal entries are provided below:

Dr/CR. 1508 Other Regulatory Assets, Sub-Account Accounting Policy Changes

DR/Cr. 4305 Regulatory Debits/4310 Regulatory Credits

To record the revenue requirement impact of NT Power's accounting policy changes.

Dr. 1508 Other Regulatory Assets, Sub-Account Accounting Policy Changes

Cr. 6035 Other Interest Expense

To record carrying charges on the monthly opening balance in Account 1508 Other Regulatory Assets, Sub-Account Accounting Policy Changes.

NT Power will apply to the OEB to clear the balance in Account 1508 Other Regulatory Assets, Sub-Account Accounting Policy Changes at its 2029 cost rebasing rate application, subject to materiality.

Appendix H

Section 81 Notice of Proposal

Ontario Energy Board

Preliminary Filing Requirements
For a Notice of Proposal under Sections 80 and 81
Of the *Ontario Energy Board Act, 1998*

INSTRUCTIONS:

This form applies to all applicants who are providing a Notice of Proposal to the Ontario Energy Board (the "Board") under sections 80 and 81 of the *Ontario Energy Board Act, 1998* (the "Act"), including parties who are also, as part of the same transaction or project, applying for other orders of the Board such as orders under sections 86 and 92 of the Act.

The Board has established this form under section 13 of the Act. Please note that the Board may require information that is additional or supplementary to the information filed in this form and that the filing of the form does not preclude the applicant from filing additional or supplementary information.

PART I: GENERAL MINIMUM FILING REQUIREMENTS

All applicants must complete and file the information requested in Part I.

1.1 Identification of the Parties

1.1.1 Applicant

<table>
<tr><td>Name of Applicant
Alectra Inc.</td><td colspan="2">File No: (Board Use Only)</td></tr>
<tr><td rowspan="3">Address of Head Office

2185 Derry Road West
Mississauga ON
L5N 7A6</td><td>Telephone Number
1- 833 - 253 - 2872</td><td rowspan="3"></td></tr>
<tr><td>Facsimile Number
N/A</td></tr>
<tr><td>E-mail Address
N/A</td></tr>
<tr><td rowspan="3">Name of Individual to Contact

Christine Long
SVP, Regulatory Affairs and Privacy Officer</td><td>Telephone Number
(905) 798-3498</td><td rowspan="3"></td></tr>
<tr><td>Facsimile Number
N/A</td></tr>
<tr><td>E-mail Address
christine.long@alectrautilities.com</td></tr>
</table>

1.1.2 Other Parties to the Transaction or Project

If more than one attach list

Name of Other Party **Corporation of the Town of Newmarket**	Board Use Only	
Address of Head Office **395 Mulock Drive** **P.O. Box 328 Station Main,** **Newmarket, ON, L3Y 4X7**	Telephone Number **N/A**	
	Facsimile Number **N/A**	
	E-mail Address **N/A**	
Name of Individual to Contact **Ian McDougall, Chief Administrative Officer**	Telephone Number **905-953-5300**	
	Facsimile Number **N/A**	
	E-mail Address **imacdougall@newmarket.ca**	

Name of Other Party **Corporation of the Township of Tay**	Board Use Only	
Address of Head Office **450 Park Street,** **P.O. Box 100** **Victoria Harbour, ON, L0K 2A0**	Telephone Number **TBD**	
	Facsimile Number **TBD**	
	E-mail Address **N/A**	
Name of Individual to Contact **Andrea Fay, Chief Administrative Officer/Deputy Clerk**	Telephone Number **705-534-7248**	
	Facsimile Number **N/A**	
	E-mail Address **afay@tay.ca**	

1.2 Relationship between Parties to the Transaction or Project

1.2.1 Attach a list of the officers, directors and shareholders of each of the parties to the proposed transaction or project.

Alectra Inc.

Officers

Brian Bentz, President & CEO
James Douglas, EVP, Customer Experience
Barb Gray, EVP, People & Transformation
Elias Lyberogiannis, EVP, Asset Strategy & Operations
John Matovich, EVP, Energy Solutions & Growth
Vinay Mehta, EVP, Legal Strategy and Corporate Secretary
Marc Villett, SVP
Christine Long, SVP
Mike Malinowski, VP
Lawrence Wilde, General Counsel

Directors

Jane Armstrong, Chair
Ricardo Costa
Mayor Steven Del Duca
Sean Donnelly
Jennifer Fang
Matt Harris
Mayor Andrea Horwath
Matt Liddle
Norm Loberg
Mayor Alex Nuttall
Mayor Frank Scarpitti
Nadira Singh
Peter Winkley

Shareholders

- 29.57% - Enersource Corporation, which is owned 90% by the Corporation of the City of Mississauga and 10% by BPC Energy Corporation, which is a wholly owned subsidiary ofthe Ontario Municipal Employees Retirement System ("OMERS");
- 20.50% - Vaughan Holdings Inc., a wholly-owned subsidiary of the Corporation of the City of Vaughan;
- 17.31% - Hamilton Utilities Corporation, a wholly-owned subsidiary of the Corporation of the City of Hamilton;
- 15.00% - Markham Enterprises Corporation, a wholly-owned subsidiary of the Corporation of the City of Markham;
- 8.37% - Barrie Hydro Holdings Inc., which is wholly-owned by the Corporation of the City of Barrie;
- 4.63% - St. Catharines Hydro Inc., a wholly-owned subsidiary of the Corporation of the City of St. Catharines; and
- 4.63% - Guelph Municipal Holdings Inc., a wholly-owned subsidiary of the Corporation of the City of Guelph.

Corporation of the Town of Newmarket

As a municipal corporation, the Corporation of the Town of Newmarket has no Directors or Shareholders and is instead governed by elected representatives of the Town Council, including a mayor. See Mayor and Council | Town of Newmarket.

Corporation of the Township of Tay

As a municipal corporation, the Corporation of the Township of Tay has no Directors or Shareholders and is instead governed by elected representatives of the Township Council, including a mayor. See Council Members - Tay Township.

1.2.2	Attach a corporate chart describing the relationship between each of the parties to the proposed transaction or project and each of their respective affiliates. **Please see section B.2.1 of the attached MAADs Application**	

1.3 Description of the Businesses of Each of the Parties

1.3.1	Attach a description of the business of each of the parties to the proposed transaction or project, including each of their affiliates licenced under the OEB Act to operate in Ontario for the generation, transmission, distribution, wholesaling or retailing of electricity or providing goods and services to companies licenced under the OEB Act in Ontario ("Electricity Sector Affiliates"). **Please see section B.2.1 of the attached MAADs Application**	
1.3.2	Attach a description of the geographic territory served by each of the parties to the proposed transaction or project, including each of their Electricity Sector Affiliates, if applicable, and the geographic location of all existing generation facilities. **Please see section B.2.1 of the attached MAADs Application**	
1.3.3	Attach a breakdown of the annual sales (in C$, and in MWh) as of the most recent fiscal year end of the existing generation output among the IESO Administered Markets ("IAM"), bilateral contracts, and local distribution companies. **Solar Sunbelt General Partnership:** **- Generation sales of C$971,230.** **- Generation energy of 1,362 MWh** **Alectra Microgrid Services Project (LNR) General Partnership:** **- Generation sales of C$4,573,260.** **- Generation energy of 1,809 MWh** **Alectra Campbell Road LP:** **- Generation sales of C$1,806,568.** **- Generation energy of 2,413 MWh** **Alectra Energy Services Inc. partnered with Convergent Canada Acquisition Co. ULC on the development of three commercial energy storage facilities in 2025: Arlen Energy Storage 1 LP, Vaughan 1E Energy Storage 1 LP, and Vaughan 3 Energy Storage 1 LP. The facilities did not produce generation output in fiscal 2025, as commercial operations began in 2026 for each of the three facilities.**	

1.3.4	Attach a list identifying all relevant Board licences and approvals held by the parties to the proposed transaction or project and each of their Electricity Sector Affiliates, and any applications currently before the Board, or forthcoming. Please include all Board file numbers. **Alectra Utilities Corporation** **ED-2016-0360** **Application currently before the Board: EB-2025-0252** **Solar Sunbelt General Partnership** **EG-2012-0259** **Alectra Microgrid Services Project (LNR) General Partnership** **EG-2021-0090 and ER-2021-0091** **Alectra Campbell Road LP** **EG-2024-0149 and ER-2024-0148** **Vaughan 3 Energy Storage 1 LP (licence issuance is imminent)** **ES-2025-0183** **Arlen Energy Storage 1 LP** **ES-2025-0184** **Vaughan 1E Energy Storage 1 LP** **ES-2025-0185** **NT Power** **ED-2007-0624**	

1.4 Current Competitive Characteristics of the Market

1.4.1	Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to the completion of the proposed transaction or project. • **Solar Sunbelt General Partnership (EG-2012-0259) owns and operates generation facilities totaling an installed capacity of 1.3 MW.** • **Alectra Microgrid Services Project (LNR) General Partnership (EG-2021-0090) owns and operates generation facilities totaling an installed capacity of 13.95 MW.** • **Alectra Campbell Road LP (EG-2024-0149) owns and operates generation facilities totaling an installed capacity of 15.5 MW.** • **Vaughan 3 Energy Storage 1 LP (ES-2025-0183, licence issuance is imminent) owns and operates an electricity storage facility with a capacity of 40 MW.** • **Arlen Energy Storage 1 LP (ES-2025-0184) owns and operates an electricity storage facility with a capacity of 20 MW.** • **Vaughan 1E Energy Storage 1 LP (ES-2025-0185) owns and operates an electricity storage facility with a capacity of 20 MW.** **The generation and storage capacity of the applicant and all electricity sector affiliates prior to completion of the proposed transaction is 110.8 MW.**	
1.4.2	Describe the generation market share based on actual MWh production as a percent of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, prior to completion of the proposed transaction or project. **According to the IESO, in 2025, the total annual Ontario energy demand was 145.6 TWh (or 145,600,000 MWh).** **Prior to the completion of the proposed project, based on 2025 MWh production as a percent of 2025 Total Annual Ontario Energy Demand, the generation market shares for the applicant and each electricity sector affiliate are provided below:** **- 0.0009% for Solar Sunbelt General Partnership;**	

	- 0.0012% for Alectra Microgrid Services Project (LNR) General Partnership; **- 0.0017% for Alectra Campbell Road LP;** **The electricity storage facilities listed below were not operational in 2025. Based on forecast annual production in a full year of commercial operation, as a percent of the 2025 Total Annual Ontario Energy Demand, the generation market share of each entity is as follows:** **- 0.02747% for Vaughan 3 Energy Storage 1 LP;** **- 0.01374% for Arlen Energy Storage 1 LP;** **- 0.01374% for Vaughan 1E Energy Storage 1 LP;** **Alectra Microgrid Services Project (LNR) and Alectra Campbell Road LP are behind-the-meter load displacement projects and do not supply provincial demand. The true generation market share for these entities is nil.**	

1.5 Description of the Proposed Transaction or Project and Impact on Competition - General

1.5.1	Attach a detailed description of the proposed transaction or project, including geographic locations of proposed new transmission or distribution systems, or new generation facilities. **Please see section B.3.1 of the attached MAADs Application.**	
1.5.2	Describe the generation capacity (in MW), within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project. **The combined generation capacity will remain unchanged after completion of the proposed transaction.**	
1.5.3	Describe the generation market share based on anticipated MWh production as a percentage of the Annual Primary Demand, within the Province of Ontario, of the parties to the proposed transaction or project, including each of their respective Electricity Sector Affiliates, after the completion of the proposed transaction or project. **The generation market share will remain unchanged after completion of the proposed transaction.**	
1.5.4	Attach a short description of the impact, if any, of the proposed transaction or project on competition. If there will be no impact on competition, please state the reasons. Cite specifically the impacts of the proposal on customer choice regarding generation, energy wholesalers, and energy retailers. **The proposed transaction will not impact competition in generation sector. The transaction involves Alectra Inc. acquiring the shares of a licensed distributor (NT Power) which will continue to be operated as a standalone utility for an interim period, and through a future transaction the amalgamation of NT Power with another distribution utility (Alectra Utilities), at which time they will be under common ownership of Alectra Inc. Since the transaction involves a monopoly distribution business, there are no impacts on competition or customer choice regarding generation, energy wholesalers or energy retailers.**	
1.5.5	Provide confirmation that the proposed transaction or project will have no impact on open access to the transmission or distribution system of the parties or their affiliates. If open access will be affected explain how and why. **The proposed transaction will have no impact on open access to the distribution systems of the parties or their affiliates. None of the parties or their affiliates own or operate transmission systems.**	

1.6 Other Information

1.6.1	Attach confirmation that the parties to the proposed transaction or project are in compliance with all licence and code requirements, and will continue to be in compliance after completion of the proposed transaction or project. **To the best of the Applicant's knowledge, the parties to the proposed transaction are in compliance with all licence and code requirements, and will continue to be in compliance after completion of the proposed transaction or project.**	

PART II: SECTION 80 OF THE ACT–TRANSMITTERS AND DISTRIBUTORS ACQUIRING AN INTEREST IN GENERATORS OR CONSTRUCTING A GENERATION FACILITY

All applicants filing a Notice of Proposal under section 80 of the Act must complete and file the information requested in Part II.

2.1 Effect on Competition

2.1.2	Describe whether the proposed generation output will be primarily offered into the IAM, sold via bilateral contracts, or for own use.	
2.1.3	Provide a description of the generation including fuel source, technology used, maximum capacity output, typical number of hours of operation in a year, and peaking versus base-load character.	
2.1.4	Provide details on whether the generation facility is expected to sign a “must run” contract with the IESO.	
2.1.5	Provide details of whether the generation facility is expected to serve a “load pocket”, or is likely to be “constrained on” due to transmission constraints.	

2.2 System Reliability

Section 2.2 must be completed by applicants who are claiming that the proposed transaction or project is required for system reliability under section 82(2)(b) of the Act.

2.2.1	Provide reasons why the proposal is required to maintain the reliability of the transmission or distribution system. Provide supporting studies.	
2.2.2	Discuss the effect of the proposal on the adequacy (ability of supply to meet demand) of supply in the relevant control area or distribution region, citing effects on capacity plus reserve levels in comparison to load forecasts.	
2.2.3	Discuss the effect of the proposal on the security (ability of supply to respond to system contingencies) of supply.	
2.2.4	Provide a copy of the IESO Preliminary System Impact Assessment Report, if completed, and the IESO Final System Impact Assessment Report, if completed. If the IESO is not conducting a System Impact Assessment Report, please explain.	

PART III: SECTION 81 OF THE ACT–GENERATORS ACQUIRING AN INTEREST IN OR CONSTRUCTING A TRANSMISSION OR DISTRIBUTION SYSTEM

All applicants filing a Notice of Proposal under section 81 of the Act must complete and file the information requested in Part III.

3.1 Effect on Competition

3.1.1	Provide a description of the transmission or distribution system being acquired or constructed. **Please see section B.2.1 of the attached MAADs application.**	
3.1.2	Provide details on whether the generation facilities owned by the acquiring company are or will be directly connected to the transmission or distribution system being acquired or constructed. **The generation facilities owned by Alectra affiliates will not be directly connected to the NT Power distribution system.**	
3.1.3	Provide details of whether the generation facility is expected to serve a “load pocket”, or is likely to be “constrained on” due to transmission constraints. **The generation facilities are not expected to serve a “load pocket”, and are not likely to be “constrained on” due to transmission constraints.**	
3.1.4	Provide details on whether the generation facilities are expected to sign a “must run” contract with the IESO. **The generation facilities are not, and are not expected to, sign “must run” contracts with the IESO.**	

How to Contact the Ontario Energy Board

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