

Management’s Discussion and Analysis and Consolidated Financial Statements

December 31, 2025 and 2024



**Management's Discussion and Analysis of the
Greater Toronto Airports Authority**

December 31, 2025 and 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2025

Dated March 5, 2026

FORWARD-LOOKING INFORMATION

This Management's Discussion and Analysis ("MD&A") contains certain forward-looking information. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. Please refer to the section titled "Caution Regarding Forward-Looking Information" contained at the end of this MD&A for a discussion of such risks and uncertainties and the material factors and assumptions related to the forward-looking information.

This report discusses the financial and operating results of the Greater Toronto Airports Authority (the "GTAA" or "Company") for the year ended December 31, 2025 and should be read in conjunction with the annual audited Consolidated Financial Statements of the GTAA for the same period. In addition, the reader is directed to the Annual Information Form for the year ended December 31, 2025. These documents provide additional information on certain matters that may or may not be discussed in this report. Additional information relating to the GTAA, including the Annual Information Form and the annual audited Consolidated Financial Statements referred to above, is available on SEDAR at www.sedarplus.ca. The GTAA's annual audited Consolidated Financial Statements and MD&A are also available on its website at www.torontopearson.com.

CORPORATE PROFILE

The GTAA is a corporation without share capital under the *Canada Not-for-profit Corporations Act* and a designated airport authority under the *Airport Transfer (Miscellaneous Matters) Act*. The GTAA manages and operates Toronto – Lester B. Pearson International Airport (the "Airport" or "Toronto Pearson") under a ground lease with the Government of Canada, dated December 2, 1996 (the "Ground Lease"). The Ground Lease expires on December 1, 2076. The Ground Lease is available on SEDAR+ at www.sedarplus.ca and on the GTAA's website at www.torontopearson.com. The GTAA's wholly-owned subsidiary, Malton Gateway Inc. ("MGI"), a holding company, was incorporated in April 2017 and holds the shares of Airway Centre Inc. ("ACI"), which was also incorporated in April 2017 to acquire and manage commercial properties. The properties acquired by ACI do not form part of the premises leased to the GTAA by the Government of Canada under the Ground Lease.

COMPANY OVERVIEW

The Greater Toronto Airports Authority (GTAA) is responsible for the development, management, and operation of Toronto - Lester B. Pearson International Airport (Toronto Pearson), delivering outstanding customer experiences, while driving operational excellence and fostering employee growth. As a global hub, Toronto Pearson serves as Canada's largest gateway for people and air cargo—linking passengers and goods to destinations around the world.

Corporate Strategy

The GTAA's mission is to "make Toronto Pearson a global leader in airport performance, customer care and sustainability. We are powered by our people and innovate in all that we do, striving for the most uplifting, safe, and efficient next-generation airport. We champion prosperity in our communities and the aviation ecosystem".

The GTAA launched its 10-year Strategic Plan (“the Plan”) in 2023 with a vision of “Putting the joy back into travel by making Toronto Pearson the chosen place to fly and work.” This vision is being executed through a series of multi-year programs and initiatives, including the Long-term Investment in Facilities and Terminals (“Pearson LIFT”). Pearson LIFT prioritizes capital investments to restore, grow and improve capacity and resiliency. Pearson LIFT is being delivered through three separate programs, a flexible, long-term approach that will facilitate and serve anticipated passenger growth at expected service levels over the next decade.

In pursuit of its strategy, the GTAA has developed four strategic pillars to support its vision:

- **Customer experience:** Make air travel seamless by connecting passengers, airlines and key ecosystem partners through innovative tools, such as streamlined processing, digital trip planning and predictable wait times, to become a global leader in passenger care and travel experience;
- **Operational efficiency:** Forge strong and flexible terminal, ground and air operations by continuously improving processes while transitioning to a more sustainable business operation. This includes more influence on partner activities across the airport;
- **Innovation:** Create an ecosystem of innovation partners to cultivate and accelerate initiatives that will make Toronto Pearson – and the broader aviation sector – faster, better and stronger;
- **Culture and employee experience:** Commit to the continuous improvement of our employment environment, including our facilities, processes and culture. We want to reflect the diversity of Toronto Pearson’s surrounding communities and preserve an inclusive and accessible workplace for all.

Pearson Long-term Investment in Facilities and Terminals

Pearson LIFT is part of GTAA’s infrastructure development plan spanning more than a decade, aimed at transforming Toronto Pearson to be one of the most advanced, sustainable and passenger-friendly airports.

The Pearson LIFT program is focused on revitalizing existing airport facilities, replacing aging assets, and building new spaces, supported by a digital environment, all to elevate the passenger experience and increase capacity to meet anticipated future travel demands.

Pearson LIFT consists of three major programs: Accelerator, T1/T3 Revitalization and Gateway. These are designed to address near and long-term passenger growth while preparing Toronto Pearson as Canada’s largest airport for the future of air travel.

Accelerator is underway and will deliver vital upgrades to airport assets, aiming to improve on-time performance, advance sustainability, and accommodate near-term passenger growth.

T1/T3 Revitalization includes investments to modernize passenger processing, amenities, and retail spaces, increase digitalization of the passenger journey, renew critical assets, and create vibrant employee areas. Additionally, GTAA will invest in optimizing ground side access for a smoother arrival and departure experience.

Gateway is GTAA’s expansion program that will deliver new terminal space designed to accommodate anticipated long-term passenger growth, provide outstanding passenger care and experience and offer seamless passenger flow enhanced through technology.

In addition to the three signature programs, Pearson LIFT includes advancements in technology and a phased replacement and expansion of the baggage handling system, including near-term restoration to improve system resiliency. By embedding innovation and digitalization across all aspects of Pearson LIFT, the GTAA is planning for new infrastructure and processes that are positioning Toronto Pearson as one of the most digitally advanced airports in the industry.

Both Accelerator and Gateway will follow a progressive design-build approach, while T1/T3 Revitalization will be delivered through a construction management approach with an associated design contract.

A joint venture known as Pearson Accelerator Construction Team (“PACT”) was announced in August 2025 after an open selection process to deliver the planning, design and construction of the Accelerator program. The competitive procurement processes for the T1/T3 Revitalization and the Gateway programs are underway.

Pearson LIFT is expected to deliver significant benefits for the airport, its partners, passengers and community, including:

- Protecting and enhancing Canada’s direct air connectivity to global economies, strengthening supply chains and enabling tourism growth;
- Facilitating world-class airport experience for passengers, partners and employees;
- Growing the local economy through business and investment opportunities;
- Reducing environmental impacts by embedding sustainability initiatives into design, construction and operations.

FINANCIAL AND OPERATIONAL OVERVIEW

	2025	2024	Change ¹		2023
			%		
Total Revenues (\$ millions)	2,084.8	1,975.4	109.4	5.5	1,887.1
EBITDA ^{2, 3}	990.2	938.2	52.0	5.5	960.3
EBITDA Margin ^{2, 3}	47.5%	47.5%			50.9%
Net Income	366.1	329.2	36.9	11.2	265.0
Cash Flows from Operating Activities (\$ millions)	994.0	945.9	48.1	5.1	961.5
Free Cash Flow ²	402.7	381.4	21.3	5.6	468.7
Passenger Activity (millions)					
Domestic	17.2	16.4	0.8	4.6	16.5
International	30.1	30.4	(0.3)	(0.8)	28.3
Total	47.3	46.8	0.5	1.1	44.8
Flight Activity					
Aircraft movements (thousands)	392.5	389.6	2.9	0.7	379.6
MTOW ⁴ (million tonnes)	37.1	36.2	0.9	2.6	34.4
Seats (millions)	57.0	55.9	1.1	2.0	53.1
Load factor	82.9%	83.7%			84.4%
As at December 31					
	2025	2024	Change ¹		2023
			%		
Total Debt (\$ millions)	6,734.0	7,045.7	(311.7)	(4.4)	6,983.3
Net Debt ²	5,048.9	5,451.2	(402.3)	(7.4)	5,829.8
Net Liquidity ⁵	2,691.7	2,247.3	444.4	19.8	1,963.0
Select Credit & Performance Metrics					
Total Debt / Enplaned Passenger ⁶ (\$)	285.0	301.0	(16)	(5.3)	312.0
Net Debt ² / Enplaned Passenger ⁶ (\$)	213.0	233.0	(20)	(8.6)	260.0
Air Carrier Cost / Enplaned Passenger ⁶ (CPE) ² (\$)	29.9	28.5	1.4	4.9	30.3

1 Percentage calculation is based on detailed actual numbers (not rounded as presented).

2 This is a non-GAAP financial measure and is defined in the section "Non-GAAP Financial Measures".

3 Refer to "Results of Operations – Net Operating Results" section for details and for a reconciliation of net income to EBITDA.

4 MTOW is aircraft maximum take-off weight of each aircraft as specified by the aircraft's manufacturers.

5 Net liquidity, a non-GAAP financial measure, is defined as the total of the borrowing capacity available for general corporate purposes under its Operating Credit Facility, capacity available under its Letter of Credit Facility and unrestricted cash, cash equivalents, and short-term investments.

6 Enplaned passengers are defined as equal to half of total passengers and is based on trailing 12-months activity.

- Passenger volume for the year was 47.3 million, an increase of 1.1% , compared to 2024;
- Revenues for the year were \$2,084.8 million, an increase of 5.5%, compared to 2024;
- EBITDA¹ for the year was \$990.2 million, an increase of 5.5%, compared to 2024;
- Net income for the year was \$366.1 million, an increase of 11.2%, compared to 2024;
- Cash flows from operating activities during the year were \$994.0 million, an increase of 5.1%, compared to 2024; and
- Free cash flow² during the year was \$402.7 million, an increase of 5.6%, compared to 2024.

The financial results are primarily attributed to a marginal increase in passenger volumes and flight activity, compared to last year, combined with higher aeronautical rates and Airport Improvement Fees (“AIF”). The increase in Free Cash Flow for the year was primarily driven by increased cash flow from operations, offset by higher capital expenditures.

OPERATING ACTIVITY

The GTAA’s main activity drivers that directly impact the financial results, are passenger volumes and flight activity, including aircraft movements, size and seats.

Passenger Activity

Total passenger traffic at the Airport is categorized into two sectors: domestic (passengers traveling within Canada) and international (passengers traveling to and from destinations outside Canada).

During 2025, 47.3 million passengers travelled through Toronto Pearson, representing an increase of 0.5 million or 1.1%, when compared to 2024. The largest growth was in the domestic sector with an increase in passenger traffic of 0.8 million or 4.6%, the international sector recorded a decrease of 0.3 million or 0.8%. Passenger traffic in 2025 was primarily impacted by the global economic and political landscape and timing of aircraft delivery due to supply chain issues in the industry. To a lesser degree, extreme weather events, a single aircraft incident in February and an air carrier labour disruption in August contributed to final passenger volume. 2024 was also a leap year resulting in an extra day's operations in February.

The following table summarizes passenger activity by sector for the years ended December 31, 2025, 2024 and 2023:

Passenger Activity ¹	2025	2024	Change ²		2023
<i>(in millions)</i>			%		
Domestic	17.2	16.4	0.8	4.6	16.5
International	30.1	30.4	(0.3)	(0.8)	28.3
Total	47.3	46.8	0.5	1.1	44.8
<i>(in millions)</i>					
Origin and destination	36.9	36.4	0.5	1.4	34.5
Connecting	10.4	10.4	—	—	10.3
Total	47.3	46.8	0.5	1.1	44.8
<i>(in %)</i>					
Origin and destination ²	78.0%	77.7%			76.9%
Connecting ²	22.0%	22.3%			23.1%
Total	100.0%	100.0%			100.0%

¹ These disclosures are based on airline reporting.

² Percentage calculations are based on detailed actual numbers (not rounded as presented).

¹ EBITDA is a non-GAAP measure and is defined in the section “Non-GAAP Financial Measures”.

² Free Cash Flow is a non-GAAP measure and is defined in the section “Non-GAAP Financial Measures”.

Passengers are further segmented into two principal types of passengers: origin and destination passengers and connecting passengers. An origin and destination passenger is a passenger initiating or terminating a trip at a specific airport, whereas a connecting passenger changes aircraft en route to a final destination.

Below is an overview of the change in the passenger mix in 2025, compared to 2024:

- Number of origin and destination (“O&D”) passengers was 36.9 million, an increase of 1.4%. The number of connecting passengers were 10.4 million, which is flat to 2024;
- The proportion of O&D passengers increased 0.3 percentage points to 78.0%, while the proportion of connecting passengers decreased 0.3 percentage points to 22.0%.

Flight Activity

Flight activity is measured by aircraft movements, defined as a landing or takeoff of an aircraft. Each aircraft has a maximum take-off weight (“MTOW”), as specified by the aircraft's manufacturer, and total number of seats. MTOW and seats are used to calculate the majority of air carrier charges for each aircraft landing. The load factor, being the ratio of passengers to seats, is a measure of aircraft capacity utilization and is computed as a percentage of seats filled by passengers.

The following table summarizes aircraft movements, MTOW, seats, seats per passenger aircraft movement and load factor for the years ended December 31, 2025, 2024 and 2023.

Flight Activity ¹	2025	2024	Change ²		2023
			%		
<i>(in thousands)</i>					
Total aircraft movements	392.5	389.6	2.9	0.7	379.6
Passenger aircraft movements	348.3	345.9	2.4	0.7	337.3
Non-passenger aircraft movements	44.2	43.7	0.5	1.1	42.3
<i>(in millions)</i>					
MTOW (tonnes)	37.1	36.2	0.9	2.6	34.4
Seats	57.0	55.9	1.1	2.0	53.1
Seats per passenger aircraft movement	163.6	161.6	2.0	1.3	157.5
Load factor (%)	82.9%	83.7%			84.4%

¹ Flight activity measures reflect both arriving and departing flights.

² Percentages are based on detailed actual numbers (not rounded as presented).

During 2025, changes in flight activity when compared to 2024 consist of the following:

- Passenger aircraft movements increased 0.7%, driven by an increase in passenger volumes. While passenger volumes increased in 2025, it was impacted by the global economic and political landscape, extreme weather events, and a single aircraft incident that occurred in the first quarter;
- Non-passenger aircraft movements increased by 1.1%, driven by Cargo. While non-passenger aircraft movements increased in 2025, similar to passenger aircraft movements, they were impacted by the global economic and political landscape, extreme weather events, and the single aircraft incident;
- MTOW increased 2.6% to 37.1 million tonnes reflecting a change in fleet mix by airlines towards more use of larger aircraft;
- Total seats increased 2.0% to 57.0 million; use of larger aircraft and slower passenger growth relative to capacity led to a lower load factor of 82.9% compared to 83.7%; and
- The number of seats per passenger aircraft movement increased by 1.3% to 163.6 seats driven by changes in carriers and fleet mix.

53 passenger airlines operated at Toronto Pearson in 2025 which is flat to 2024. In 2025, two new air carriers, Virgin Atlantic and Air China, commenced operations to and from Toronto Pearson, while two carriers ceased operations, Sunwing which merged with WestJet, and Neos.

During 2025, Toronto Pearson reached 201 direct destinations (including one-stop flights under the same flight number), representing an increase of two destinations compared to 2024. The reduction in transborder destinations was more than offset by additional domestic and international routes, in particular Latin America and Europe.

RESULTS OF OPERATIONS

The following section discusses the GTAA's financial results, and approach to setting fees and charges. Under the GTAA's financial model, funds generated at the Airport are used for Airport operations, ancillary aviation-related activities, construction, acquisitions, repairs and maintenance, and debt service costs including interest and repayment of debt principal.

Aeronautical Fees and Charges and Airport Improvement Fees

The GTAA has established aeronautical rate setting principles that balance fiscal prudence and the ability to invest in future capacity with commercial and stakeholder considerations. While maintaining the right to modify and set aeronautical fees and charges, the GTAA consults with stakeholders on the rate framework in establishing aeronautical fees and charges. The GTAA also undertakes ongoing consultation with the airline community to discuss certain proposed and ongoing capital projects that will be funded through the AIF allowing the Airport to take wider stakeholders' interests into account. The GTAA has AIF agreements with participating air carriers that operate through Toronto Pearson whereby the air carrier undertakes to collect the AIF from each of their enplaned passengers on the GTAA's behalf in exchange for an administration fee. The net AIF received enables the GTAA to fund capital projects, both existing and for the future.

The following changes to aeronautical fees and AIF were effective January 1, 2025:

- Aeronautical fees increased by 5%;
- The AIF for departing passengers increased by \$2 to \$37 per passenger; and
- The AIF for connecting passengers increased by \$1 to \$8 per passenger.

The following changes to aeronautical fees and AIF will be effective January 1, 2026:

- Aeronautical fees will increase by 5.1%;
- The AIF for departing passengers will increase by \$3 to \$40 per passenger; and
- The AIF for connecting passengers will increase by \$2 to \$10 per passenger.

Management plans to apply these fees and charges to fund, among other things:

- projects that enable additional capacity;
- renewal and replacement of existing airport assets;
- projects that advance digitalization of the Airport;
- projects that support the Airport's growth, competitiveness and environmental sustainability; and
- operating costs associated in part with increased passenger volume, growth and inflation.

The GTAA has Airline Partnership Agreements ("APA") with several airlines aimed at driving improved performance and passenger experience at Toronto Pearson. These airlines are eligible to earn aeronautical fee rebates by achieving certain passenger volume thresholds and meeting operational performance targets that improve customer service by focusing on four major areas of airline performance including:

- on-time departure;
- towing aircraft off gates;
- meeting baggage delivery timelines for arriving passengers; and
- customer check-in utilization and efficiency in the terminals.

These incentives are designed to help the GTAA achieve greater operational efficiency while consistently meeting customer expectations, resulting in further financial resilience for the GTAA through incentivizing passenger growth and increasing the efficient utilization of existing assets. The initial term of these agreements expires on December 31, 2026,

and the GTAA has an option to extend for up to two additional years. For the year ended December 31, 2025, the GTAA estimates the APA rebate to be \$47.7 million, compared to \$40.8 million in 2024.

Revenues

Revenues are derived from aeronautical fees and charges which include landing fees, general terminal charges and apron fees, AIF, and commercial revenues which include car parking, ground transportation, concessions, rentals, counter fees, check-in fees, deicing facility fees and other sources. Rentals include leasing activities for both the GTAA and ACI.

Landing fees are based on the MTOW of arriving aircraft; general terminal charges are based on the number of seats of an arriving aircraft; and apron fees are based on the aircraft time spent at gate and utilization of gating equipment (i.e. gates, bridges, preconditioned air, etc.). The AIF is charged on a per-enplaned passenger basis, with a different rate for O&D passengers to connecting passengers. A significant portion of commercial revenues is also correlated with passenger activity.

The following table summarizes the GTAA's consolidated revenues for the year ended December 31, 2025, 2024 and 2023:

Revenues	2025	2024	Change ¹		2023
<i>(\$ millions)</i>			%		
Landing fees ²	444.8	416.5	28.3	6.8	426.3
General terminal charges	263.3	248.8	14.5	5.8	252.1
Aeronautical Revenues	708.1	665.3	42.8	6.4	678.4
Concessions and rentals	347.8	330.3	17.5	5.3	307.3
Car parking and ground transportation	252.1	247.5	4.6	1.9	231.6
Other	61.8	59.5	2.3	3.8	54.8
Commercial Revenues	661.7	637.3	24.4	3.8	593.7
Airport Improvement Fees	715.0	672.8	42.2	6.3	615.0
Total Revenues	2,084.8	1,975.4	109.4	5.5	1,887.1

Key Metric

Air Carrier Cost / Enplaned Passenger ³ (CPE) ⁴ (\$)	29.9	28.5	1.4	4.9	30.3
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¹ Percentages are based on detailed actual numbers (not rounded as presented).

² Includes apron fees.

³ Enplaned passengers are defined as equal to half of total passengers and is based on 12-months activity.

⁴ Air Carrier cost per enplaned passenger ("CPE") is a non-GAAP financial measure and is defined in the section "Non-GAAP Financial Measures".

Revenue for the year was \$2,084.8 million, an increase of 5.5%, compared to the same periods in 2024. The increase in the year is primarily driven by increases in rate and fee, aviation activity and passenger traffic.

Aeronautical revenues for the year were \$708.1 million, an increase of 6.4%, when compared to 2024, primarily due to the higher aeronautical rates that were implemented at the beginning of the year as described above combined with higher aviation activity.

Commercial revenues for the year were \$661.7 million, an increase of 3.8%, compared to 2024. This was driven by higher utilization of flight kitchens and check-in kiosks, increases in duty-free sales, lounge and parking and ground transportation revenues, partially offset by decreases in foreign exchange and sponsorship revenues and specialty retail sales.

AIF revenues for the year were \$715.0 million, an increase of 6.3%, when compared to 2024. The increase was primarily related to a rate increase in 2025, as detailed above, combined with an increase in passenger mix towards O&D passengers.

Expenses

Expenses include the costs to operate and maintain the Airport. The following table summarizes GTAA's consolidated expenses for the year ended December 31, 2025, 2024 and 2023:

Expenses (\$ millions)	2025	2024	Change ¹		2023
			\$	%	
Ground rent	236.1	223.5	12.6	5.6	212.5
PILT ²	41.1	32.6	8.5	25.9	11.6
Total ground rent and PILT ²	277.2	256.1	21.1	8.2	224.1
Goods and services	520.5	519.5	1.0	0.2	469.5
Salaries, wages and benefits	296.9	261.6	35.3	13.5	233.2
Operating Expenses (before amortization and impairment)	1,094.6	1,037.2	57.4	5.5	926.8
Write-down of property and equipment	14.6	6.7	7.9	117.1	35.4
Impairment (Reversal) of investment property	6.9	(5.5)	12.4	225.7	26.3
Amortization of property and equipment, investment property and intangible assets	337.1	345.8	(8.7)	(2.5)	347.1
Total Operating Expenses	1,453.2	1,384.2	69.0	5.0	1,335.6
Interest expense on debt instruments and other financing costs, net of interest income	265.5	262.0	3.5	1.4	286.5
Total Expenses	1,718.7	1,646.2	72.5	4.4	1,622.1

¹ Percentages are based on detailed actual numbers (not rounded as presented).

² Payments-in-lieu of real property taxes to municipalities.

Total expenses for the year were \$1,718.7 million, an increase of 4.4%, compared to 2024. The increase in total expenses was primarily driven by increases in salaries, wages and benefits, Ground Rent and PILT, which moves in line with revenues and asset write-downs and impairments compared to 2024.

Ground rent payments to the Government of Canada are calculated as a percentage of Airport Revenues, at progressively increasing rates with a top rate of 12% of Airport Revenues in excess of \$250 million annually. Ground rent expense for the year was \$236.1 million, an increase of 5.6%, compared to 2024, the increase is directly related to the increase in Airport Revenues and are calculated as defined in the Ground Lease.

The GTAA is exempt from the payment of real property taxes under the *Assessment Act* (Ontario) and instead makes payments-in-lieu of real property taxes ("PILT") to each of the cities of Mississauga and Toronto, as prescribed by regulation under the *Assessment Act*. The annual PILT is based on actual passenger volumes from two years prior to the current year. Under an amendment in February 2022 to the applicable regulation, the previous maximum annual increase of 5.0% was temporarily suspended beginning in 2022, until Toronto Pearson's passenger volumes return to 2019 levels. PILT expenditure for the year was \$41.1 million, an increase of 25.9%, compared to 2024. The increase was directly related to 2023 passenger levels exceeding 2022 levels. ACI pays municipal real property taxes in the ordinary course of business.

Expenditures for goods and services ("G&S") for the year was \$520.5 million, an increase of 0.2% compared to 2024. G&S were approximately flat compared to prior year, however there were some offsetting movements in cost categories. Higher snow removal costs related to increased frequency and intensity of snowstorms in 2025 and policing and security costs for the year contributed to increase in G&S. Professional and consulting services costs to support operational readiness for Pearson LIFT and other initiatives also increased, offset by lower IT support costs, a reversal of the HST provision and lower repairs and maintenance costs.

Salaries, wages and benefits for the year were \$296.9 million, an increase of 13.5%, compared to 2024. The increase reflects the retooling of teams across the organization to support skills upgrade and enhance operational readiness for

the Pearson LIFT programs and other initiatives, primarily through additional employee hires in airport operations and airport development technical services.

In general, the overall increase in operating costs reflects investments in resources and expenditures to support infrastructure and capacity planning and customer experience in support of anticipated future growth in passenger levels.

Write-down of airport property and equipment for the year was \$14.6 million, and is primarily related to a portion of costs for projects that were partially progressed and no longer result in future economic benefit.

Impairment of investment property for the year was \$6.9 million, compared to a reversal of \$5.5 million in 2024. There were no significant shifts in market conditions in 2025, the impairment is largely related to changes in specific contractual leasing arrangements.

Amortization of property and equipment, investment property and intangible assets for the year was \$337.1 million, a decrease of 2.5%, compared to 2024. The decrease was due to the impact of certain assets becoming fully amortized, partially offset by the amortization of new assets placed into service during the year.

Interest expense and other financing costs, net of interest income for the year was \$265.5 million, an increase of 1.4%, compared to 2024. The increase was primarily driven by a reduction in interest income earned, as cash invested in short-term investments was used to pay down commercial paper debt in March 2025. The reduction in interest income was partially offset by the impact of reduced interest rates on interest expense during 2025.

Net Operating Results

The following table summarizes the GTAA's consolidated net operating results for the year ended December 31, 2025, 2024 and 2023:

Net Operating Results	2025	2024	Change ¹		2023
			\$	%	
<i>(\$ millions)</i>					
Net Income	366.1	329.2	36.9	11.2	265.0
Add: Interest and financing costs, net	265.5	262.0	3.5	1.4	286.5
Earnings before interest and financing costs, net	631.6	591.2	40.4	6.8	551.5
Add: (Reversal) Impairment of investment property	6.9	(5.5)	12.4	225.7	26.3
Add: Write-down of property and equipment	14.6	6.7	7.9	117.1	35.4
Add: Amortization ²	337.1	345.8	(8.7)	(2.5)	347.1
EBITDA ³	990.2	938.2	52.0	5.5	960.3
EBITDA Margin ³	47.5 %	47.5 %			50.9 %

¹ Percentages are based on detailed actual numbers (not rounded as presented).

² Amortization of property and equipment, investment property and intangible assets.

³ EBITDA and EBITDA Margin are non-GAAP financial measures. Refer to section "Non-GAAP Financial Measures".

Earnings before interest and financing costs, and amortization ("EBITDA") for the year was \$990.2 million, an increase of 5.5%, compared to 2024. The increase in EBITDA is related to higher revenues associated with the increase in aeronautical fees and AIF partially offset by an increase in operating costs (before amortization), as discussed above. EBITDA margin during the year was 47.5%, similar to last year. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

The GTAA generated net income during the year of \$366.1 million, an increase of 11.2%, compared to 2024 driven by the factors described in the Revenue and Expense sections above.

Summary of Quarterly Results

The following table summarizes select unaudited consolidated quarterly financial information for the eight quarters ended March 31, 2024, through December 31, 2025:

	Quarter Ended							
	2025				2024			
(\$ millions) ¹	Dec	Sep	Jun	Mar	Dec	Sep	Jun	Mar
Revenues	515	562	521	487	490	531	485	469
Operating expenses (before amortization and impairment) ²	294	271	260	271	283	256	248	250
Write-down of property and equipment	14	—	—	—	7	—	—	—
(Reversal) Impairment of investment property	7	—	—	—	—	—	(6)	—
Amortization ³	84	86	85	83	88	88	91	80
Earnings before interest and financing costs, net	116	205	176	133	112	187	152	139
Interest and financing costs, net	67	67	67	65	66	65	65	66
Net Income	49	138	109	68	46	122	87	73

¹ Rounding may result in the figures differing from the results reported in the condensed consolidated interim financial statements and annual audited consolidated financial statements.

² Operating expenses is a non-GAAP financial measure and is defined in the section "Non-GAAP Financial Measures".

³ Amortization of property and equipment, investment property and intangible assets.

The GTAA's quarterly results are influenced by passenger activity and aircraft movements, which vary with travel demand associated with holiday periods and other seasonal factors. In addition, factors such as weather and economic conditions may affect operating activity, revenues and expenses. Changes in operating facilities at the Airport may affect operating costs, which may result in quarterly results not being directly comparable.

CAPITAL PLAN, PROGRAMS AND PROJECTS

Current Capital Programs and Projects

During 2025, the GTAA funded capital investments through operating cash flows. The GTAA may access the debt capital markets as required to fund future capital expenditures.

In 2025, the GTAA invested \$340.6 million in capital programs compared to \$324.3 million in the same period in 2024. Of the total spend in 2025, \$176.1 million is related to the Pearson LIFT programs, the remaining \$164.5 million is related to ongoing construction and IT projects. The table below provides a breakdown of capital expenditure for 2025.

Program / Project Categories	2025 FY Spend (\$ millions)	Details
Non-Pearson LIFT		
Active Ongoing Construction Projects	101.2	The key projects include T1 Washrooms, Central Deicing Facility, GTAA Offices, Airside Fleet Restoration, Fire and Emergency Services Training Institute Control System Replacement project.
Active Ongoing IT Projects	57.2	Ongoing and multi-year technology initiatives, including the End of Life Vulnerability Management Program, Intercom System Refresh, new Self-Serve Bag Drops, the Land Mobile Radio System replacement, and continued implementation of the Next Generation Data Warehouse, and baggage system restoration.
Other	6.1	
Total Non-Pearson LIFT Capital	\$ 164.5	
Pearson LIFT		
T1 / T3 Revitalization	26.4	Project management, engineering, design, support costs for Pearson LIFT program and initial site reviews for Accelerator.
Gateway	17.6	
Accelerator	108.0	
Technology	6.7	
High Priority Improvement Program ("HPIP")	17.4	Design costs, project management and engineering support costs related to the Baggage Handling System and other restoration works.
Total Pearson LIFT Capital	176.1	
Total Capital Spend	340.6	

Airport Critical Infrastructure Program (ACIP)

In 2022, Transport Canada announced up to \$142.0 million in capital funding to the GTAA under the ACIP, representing 50 per cent of eligible expenditures of certain programs and projects, to support continued air services and important transportation infrastructure projects at Toronto Pearson. The ACIP is intended to help airports mitigate the financial impact of the COVID-19 pandemic, as part of the Government of Canada's strategy to ensure that Canada's air transportation system provides Canadians with choice, connectivity and affordable air travel. The funding is being used to offset costs associated with GTAA's projects on the restoration of its runways, the development and installation of new check-in service kiosks, boarding and border clearance kiosk systems and to further studies and production of a development concept to connect Toronto Pearson with the proposed extension of the Eglinton Crosstown Light Rail Transit.

The GTAA has received \$108.1 million in funding from Transport Canada since the inception of the ACIP to December 31, 2025. The remaining funds relate to long-lead time initiatives and are expected once eligible project work is complete and claims and holdbacks are processed.

ASSETS AND LIABILITIES

The following table summarizes the total consolidated assets, liabilities, and retained earnings (deficit) and accumulated other comprehensive loss as at December 31, 2025, 2024 and 2023:

<i>(\$ millions)</i>	2025	2024	Change	2023
Total assets	7,301.4	7,210.5	90.9	6,770.1
Total liabilities	7,207.5	7,485.8	(278.3)	7,376.0
Retained Earnings (Deficit) and accumulated other comprehensive loss	93.9	(275.3)	369.2	(605.9)

The GTAA's total assets increased by \$90.9 million as at December 31, 2025, compared to December 31, 2024 primarily due to an increase in cash and cash equivalents and accounts receivable offset by a decrease in short term investments, that were sold to pay down the commercial paper debt, and a decrease in restricted funds, Intangible and other assets and Investment Property.

GTAA's total liabilities decreased by \$278.3 million primarily due to a decrease in commercial paper debt and scheduled payments on amortizing bonds partially offset by an increase in accounts payable and accrued liabilities and security deposits and deferred revenue. Refer to the "Liquidity and Capital Resources" section for further details.

The retained earnings and accumulated other comprehensive loss of \$93.9 million as at December 31, 2025, has increased \$369.2 million compared to December 31, 2024, driven by net income earned in 2025. As described above, the results were primarily due to higher revenues associated with the increase in aeronautical and AIF rates combined with marginal growth in passengers and aviation activity, partially offset by an increase in operating costs reflecting investments to support infrastructure and capacity planning and customer experience in support of anticipated future growth in passenger levels.

LIQUIDITY AND CAPITAL RESOURCES

The following table provides the calculation of consolidated free cash flow, net debt and key credit metrics for the GTAA for the years indicated below:

(\$ millions)	2025	2024	Change	2023
Cash Flows from Operating Activities	994.0	945.9	48.1	961.5
Capital expenditures ¹ - property and equipment	(314.4)	(299.4)	(15.0)	(287.7)
Capital expenditures ¹ - investment property	(7.0)	(9.1)	2.1	(5.8)
Capital expenditures ¹ - other assets	—	—	—	(3.4)
Funds received under the ACIP	4.5	10.5	(6.0)	93.2
Interest Income	54.3	73.2	(18.9)	43.8
Interest paid and other financing costs ²	(328.7)	(339.7)	11.0	(332.9)
Free Cash Flow³	402.7	381.4	21.3	468.7
Decrease (Increase) in restricted funds	63.6	(56.7)	120.3	(12.5)
Decrease (Increase) in short-term investments	285.0	110.0	175.0	(395.0)
(Repayments) Borrowings, net	(312.2)	59.7	(371.9)	178.6
Net Cash Inflow	439.1	494.4	(55.3)	239.8

	As at December 31			
	2025	2024	Change	2023
Gross Debt	6,734.0	7,045.7	(311.7)	6,983.3
Cash, cash equivalents and short-term investments	(1,267.1)	(1,113.0)	(154.1)	(728.6)
Restricted funds	(418.0)	(481.5)	63.5	(424.9)
Net Debt³	5,048.9	5,451.2	(402.3)	5,829.8
Select Credit Metrics				
Gross Debt / Enplaned Passenger ⁴ (\$)	285	301	(5.3) %	312
Net Debt ³ / Enplaned Passenger ⁴ (\$)	213	233	(8.6) %	260
Gross Debt / EBITDA ^{3,5} (x)	6.8	7.5	(9.3) %	7.3
Days Cash on Hand ³ (#)	423	393	30	287
MTI Operating covenant ⁶ (minimum requirement of 100%)	150.0 %	148.0 %	2.0 %	153.0 %
MTI Debt service covenant ⁶ (minimum requirement of 125%)	177.0 %	170.0 %	7.0 %	176.0 %

1 Capital expenditures - property and equipment relate to acquisition and construction of property and equipment and intangible assets; Capital expenditures - investment property represents impairment of investment property. Both are per the Consolidated Statements of Cash Flows in the Consolidated Financial Statements as at December 31, 2025 and represent cash outflows in relation to capital expenditures in the period.

2 Interest paid and financing costs excludes non-cash items and reflects the cash payment activities of the Corporation, as per the Consolidated Statements of Cash Flows in the Consolidated Financial Statements as at December 31, 2025.

3 This is a non-GAAP measure and is defined in the section "Non-GAAP Financial Measures".

4 Enplaned passengers are defined as equal to half of total passengers and is based on a trailing 12-months activity.

5 Gross Debt / EBITDA is calculated as Gross Debt as at reporting date divided by trailing twelve-month EBITDA.

6 The GTAA's Master Trust Indenture ("MTI") contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant).

For the year ended December 31, 2025, compared to the same period of 2024:

- Cash Flow from Operations was \$994.0 million, an increase of 5.1% compared to the same period in 2024. Cash flows related to increase in EBITDA offset by a marginal change in the timing of working capital
- Free Cash Flow was \$402.7 million, a increase of 5.6% compared to the same period in 2024 driven by higher cash flow from operations, partially offset by higher cash outflows related to capital expenditure, lower receipt of funds under the ACIP and higher net interest expense. Free Cash Flow is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information; and

- Net Cash Inflow was \$439.1 million, a decrease of 11.2% compared to the same period in 2024, due to the repayment of commercial paper debt funded from short term investments and scheduled payments on amortizing bonds partially offset by increase in free cash flows as described above.

Gross Debt, as at December 31, 2025, was \$6,734.0 million, a decrease of 4.4% compared to December 31, 2024 due to the repayment of commercial paper debt and schedule payments of amortizing bond. Net Debt, as at December 31, 2025 was \$5,048.9 million, a decrease of 7.4% compared to December 31, 2024 due to an increase in cash and cash equivalents of \$154.1 million. Net Debt is a non-GAAP financial measure. Refer to section “Non-GAAP Financial Measures” of this MD&A for additional information.

Based on full year passenger activity, the GTAA’s Gross Debt per Enplaned Passenger as at December 31, 2025 was \$285, an improvement from \$301 as at December 31, 2024, and Net Debt per Enplaned Passenger as at December 31, 2025 was \$213, an improvement from \$233 as at December 31, 2024. The improvements were primarily due to settling commercial paper debt and higher enplaned passengers. In addition, a higher ending balance of unrestricted cash and cash equivalents improved Net Debt. Gross and Net debt per enplaned passenger are non-GAAP financial measure. Refer to section “Non-GAAP Financial Measures” for additional information.

An overall Capital Markets Platform has been established by the GTAA with the Master Trust indenture (“MTI”) setting out the security interests and other common terms and conditions of all debt, including bank facilities, revenue bonds and medium-term-notes (“MTNs”). The Platform has been used to fund certain capital programs, and the GTAA expects to continue to access the debt capital markets to fund capital programs and to refinance maturing debt as and when needed.

The GTAA’s long-term debt obligations as issued under its MTI have been assigned credit ratings by Standard & Poor’s Rating Service (“S&P”) and Moody’s Investors Service, Inc. (“Moody’s”). The GTAA’s commercial paper debt have been assigned a credit rating by DBRS Morningstar (“DBRS”). The table below sets out each rating agency's issuer rating and each rating agency's corresponding credit rating of the GTAA's outstanding MTNs and commercial paper debt as at December 31, 2025:

	S&P	Moody’s	DBRS
Issuer Rating	A+	Aa3	A (high)
MTN Rating	A+	Aa3	-
Commercial Paper Rating	-	-	R-1 (low)
Outlook	Stable	Stable	Stable
Latest Affirmation Date	January 26, 2026	December 23, 2025	August 13, 2025

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of debt securities. Credit ratings are not a recommendation to buy, sell or hold securities of GTAA and do not comment as to market price or suitability for a particular investor. There can be no assurance that a rating will remain in effect for any given period of time or that the rating will not be revised or withdrawn at any time by the rating agency. The GTAA’s Annual Information Form for the year ended December 31, 2025, contains more detailed information about the GTAA’s credit ratings.

The objective of the GTAA’s investment and cash management strategy is to ensure adequate liquidity so that the cash requirements for operations, capital programs, and other demands, such as the ability to withstand air traffic and other significant disruptions, are met, and to maintain access to debt capital markets as may be required. The GTAA monitors its cash flow requirements and conducts consistent analysis of trends and expected fluctuations in the Company’s liquidity and capital resources. Given the availability of its credit facilities, its restricted fund balances, the potential ability to access the capital markets, prior government support, positive cash flow from operations, its management of capital expenditures, and its unrestricted cash on hand, the GTAA does not anticipate any funding shortfalls in the near future and expects to continue to meet its payment obligations as they come due.

As at December 31, 2025, the GTAA had an aggregate of \$2,691.7 million in total available liquidity as detailed below. The unrestricted cash and cash equivalents were invested in short-term, investment grade liquid investment instruments in line with the GTAA's risk appetite, investment policy, and the MTI.

Liquidity and Credit Facilities (\$ millions)				December 31, 2025			December 31, 2024		
				Source	Currency	Expiry	Size	Drawn / CP Backstop	Available
Cash and cash equivalents ¹				CAD				1,267.1	828.0
Short-term investments ¹ (STI)				CAD				—	285.0
								1,267.1	1,113.0
Credit facilities:									
1) Operating Credit Facility ²				CAD	May 31, 2028	1,400.0	—	1,400.0	1,400.0
Commercial paper backstop							—	—	(287.2)
Available for general use								1,400.0	1,112.8
2) Letter of Credit Facility				CAD	May 31, 2026	175.0	150.4	24.6	21.5
						1,575.0	150.4	1,424.6	1,134.3
Total net liquidity (includes cash & STI)								2,691.7	2,247.3
3) Hedge Facility ³				CAD	Per contract	150.0	—	150.0	150.0
Total (all credit facilities, cash & STI)						1,725.0	150.4	2,841.7	2,397.3

¹ Unrestricted funds.

² The Operating Credit Facility is a committed bank facility which is revolving in nature.

³ The Hedge Facility is a non-cash facility and allows the Corporation to enter into derivative transactions.

The GTAA maintains the credit facilities set out in the above table. These facilities rank *pari passu* with outstanding debt under the MTI by way of a pledged bond issued to the banking syndicate. The \$1,400.0 million Operating Credit Facility is used for general corporate purposes to fund capital projects or operating expenses as required, provide a credit backstop to the commercial paper program and provide flexibility on the timing for accessing the capital markets. As at December 31, 2025, no commercial paper was outstanding, no amounts were drawn from the Operating Credit Facility, \$150.4 million of the \$175.0 million Letter of Credit Facility was utilized, and there were no outstanding contracts under the \$150.0 million hedge facility.

As at December 31, 2025, the GTAA had a total working capital surplus of \$1,066.9 million, computed by subtracting current liabilities from current assets. This reflects the GTAA's approach in retaining a cash reserve to support financial resilience. Unrestricted cash, cash equivalents and short-term investments balances built from positive cash flow from operations are partially offset by accounts payable and the current portion of long-term debt. Working capital is a financial metric that measures the short-term liquidity for those assets that can readily be converted into cash to satisfy both short-term liabilities and near-term operating costs and capital expenditures. Given the GTAA's total available liquidity of \$2,691.7 million, Management believes that the available credit under the Operating Credit Facility, its cash flows from operations, unrestricted cash on hand and the GTAA's ability to access the capital markets provide sufficient liquidity for the GTAA to meet its financial obligations and other current liabilities as they come due for the foreseeable future.

The following table analyzes the GTAA's short- and long-term contractual obligations in nominal dollars as at December 31, 2025, by relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. It does not include pension and post-retirement benefit obligations as maturities are variable based on the timing of individuals leaving the plan. The table has been prepared based on the aggregate contractual undiscounted (gross) cash flows based on the earliest date on which the GTAA can be required to pay. The debt obligations include both undiscounted principal and interest cash flows.

Contractual Obligations <i>(\$ millions)</i>	Gross Payments Due by Period				
	Total	Less than 1 year	1 year to 3 years	4 years to 5 years	Thereafter
Accounts payable and accrued liabilities	297.7	297.7	—	—	—
Purchase obligations ¹	943.7	346.9	424.6	157.6	14.6
Long-term debt principal	6,701.2	28.3	883.7	1,060.7	4,728.5
Interest payable on long-term debt	3,000.6	317.7	605.3	525.7	1,551.9
	10,943.2	990.6	1,913.6	1,744.0	6,295.0

¹ Purchase obligations include operating commitments for goods and services contracts as at December 31, 2025 into which the GTAA has entered, that are required to operate the GTAA in the ordinary course of business over the next few years. It also includes capital commitments of approximately \$270.8 million.

Accounts payable, accrued liabilities, purchase obligations, long-term debt obligations and related interest payable are expected to be funded through operating cash flows.

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding as at December 31, 2025 of approximately \$270.8 million, compared to \$163.2 million at December 31, 2024. In the short-term, the GTAA expects to fund these commitments primarily through operating cash flows.

A measure of the GTAA's ability to service its indebtedness is its ability to comply with certain covenants in the MTI. The MTI contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant) such that: (i) Revenues in each Fiscal Year are sufficient to make all required debt service payments and deposits in funds and reserve funds, and all other payments required to be made by the GTAA in the ordinary course of its consolidated business; and (ii) Net Revenues, together with any Transfer from the General Fund in each Fiscal Year, equal to at least 125 per cent of the Annual Debt Service for each Fiscal Year; capitalized terms are defined in the MTI.

Both financial tests exclude amortization of property and equipment, investment property and intangible assets, asset write-downs and impairments. The debt service covenant does, however, include a notional amortization, over a 30-year period of outstanding debt. Inclusion of the notional debt amortization further evaluates whether net revenues are sufficient to retire debt over 30 years, which is considered appropriate for an infrastructure provider with significant, long-term use assets. The GTAA sets its rates and charges, fees and rentals, in part, so that these two covenants under the MTI are met. As of December 31, 2025, the GTAA is in compliance with the MTI covenants.

NON-GAAP FINANCIAL MEASURES

Throughout this MD&A, there are references to the following performance measures which in Management's view are valuable in assessing the economic performance of the GTAA. While these financial measures are not defined by the International Accounting Standards Board, and they are referred to as non-GAAP measures which may not have any standardized meaning, they are common benchmarks in the industry and are used by the GTAA in assessing its operating results, including operating profitability, cash flow and investment program.

EBITDA and EBITDA Margin

EBITDA is earnings from operations before interest and financing costs, reversal or impairment of investment property, write-down of property and equipment, and amortization. EBITDA margin is EBITDA divided by revenues. EBITDA is a commonly used measure of a company's operating performance. This is used to evaluate the GTAA's performance without having to factor in financing and accounting decisions.

Free Cash Flow

Free Cash Flow ("FCF") is cash flows from operating activities per the consolidated statements of cash flows, and ACIP grants received less capital expenditures (property and equipment, investment property, and other) and interest and financing costs paid, net of interest income (excluding non-cash items). FCF is used to assess funds available for debt reduction or future investments within Toronto Pearson.

Net Debt

Net Debt is defined as gross debt less unrestricted cash, cash equivalents and short-term investments and restricted funds.

Gross Debt and Net Debt per Enplaned Passenger

Gross Debt and Net Debt per Enplaned Passenger is defined as gross debt or net debt over total enplaned passengers ("EPAX"). For credit metric purposes, EPAX is defined as equal to half of total passengers and is based on a trailing 12-months' activity. EPAX is widely used in the aviation industry and represents a passenger boarding a plane at a particular airport. Net debt per EPAX is commonly used by airports and other users to assess an appropriate debt burden for an airport.

Net Liquidity

Net liquidity is defined as the total borrowing capacity available for general corporate purposes under its Operating Credit Facility, capacity available under its Letter of Credit Facility and unrestricted cash, cash equivalents and short-term investments. Net liquidity is a measure that demonstrates GTAA's ability to meet its short-term obligations.

Days Cash on Hand

Days cash on hand is defined as unrestricted cash, cash equivalents and short-term investments divided by the average daily operating expenses (excluding non-cash items). The GTAA targets to maintain a balance of days cash on hand to withstand the financial impact of potential reduced cash flows from disruption to travel.

Air Carrier Cost / Enplaned Passenger

Air Carrier Cost / Enplaned Passenger ("CPE") is air carrier cost per enplaned passenger. Air Carrier Cost is based on the trailing 12-months aeronautical revenue and activity. CPE is a common industry measurement of airport efficiency to gain an understanding of an airport's financial position as it relates to air carriers.

Operating Expenses Before Amortization and Impairment

Operating expenses before amortization and impairment provides useful information to readers and helps in the calculation of EBITDA.

MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are the same accounting policies and methods of computation as those disclosed in the December 31, 2025 consolidated financial statements.

These consolidated financial statements were approved by the Audit Committee on March 5, 2026, pursuant to the authority delegated to it by the Board of Directors.

Accounting Standard Issued but not yet Applied

IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures were issued in 2024. The amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. These amendments are effective for annual periods beginning on or after January 1, 2026. The amendments do not have a material impact on the consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements:

IFRS 18, Presentation and Disclosure in Financial Statements, was issued in 2024. It includes requirements related to the presentation and disclosure of information in the financial statements. The key changes introduced in IFRS 18 relate to the structure of the statement of operations and comprehensive income, required disclosures in the financial statements and enhanced principles on aggregation and disaggregation. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The GTAA continues to assess the impact on the consolidated financial statements.

RELATED PARTY TRANSACTIONS

As a corporation without share capital, the GTAA has Members rather than shareholders. The Members of the GTAA are also its directors. The GTAA is governed by a 15-member Board of Directors. Seven Directors are elected by the Members from candidates who are identified and assessed through a search process. Five Directors are elected by the Members from candidates nominated by the following municipalities: the regional municipalities of York, Halton, Peel and Durham, and the City of Toronto. Two Directors are elected by the Members from nominees of the Government of Canada and one Director is elected by the Members from a nominee of the Province of Ontario.

The Government of Canada and its respective government-related entities are related parties for accounting purposes only due to their ability to nominate Members, and due to the material nature of the Ground Lease. In accordance with International Financial Reporting Standards (“IFRS”), this meets the definition of significant influence, but not control. The GTAA has applied the exemption for government-related entities to disclose only significant transactions.

The GTAA’s related parties also include Key Management personnel. Key Management includes the President and Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”), the Chief Operating Officer (“COO”) and other executives who have the authorities and responsibilities for planning, directing and controlling the activities of the GTAA. As at December 31, 2025, the GTAA had normal course transactions with Key Management personnel in the ordinary course of their employment with the GTAA. The GTAA’s Board of Directors collectively oversee the management and operation of the Airport. The Board of Directors are, only for the purposes hereof, also considered Key Management, although all are independent of Management under applicable securities policies. In this respect, the GTAA only had normal course transactions with the Board of Directors with respect to compensation paid in connection with their role as an independent director.

INTERNAL CONTROLS AND PROCEDURES

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures within the Corporation have been designed to provide reasonable assurance that all relevant information is identified to the GTAA's CEO, CFO and Disclosure Committee to ensure appropriate and timely decisions are made regarding public disclosure.

Internal controls over financial reporting have been designed by Management, under the supervision of, and with the participation of, the GTAA's CEO and CFO, to provide reasonable assurance regarding the reliability of the GTAA's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

The GTAA has filed certifications as required by National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, signed by the GTAA's CEO and CFO, that report on the appropriateness of the financial disclosure, the design and effectiveness of the GTAA's disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

The GTAA's Audit Committee reviewed this MD&A and the consolidated financial statements and approved these documents prior to their release, pursuant to the authority delegated to it by the Board of Directors.

Management's Report on Disclosure Controls and Procedures

Management, under the supervision of and with the participation of the Corporation's CEO and CFO, evaluated the effectiveness of the Corporation's disclosure controls and procedures (as defined under National Instrument 52-109) and concluded, as at December 31, 2025, that such disclosure controls and procedures were effective.

Management's Report on Internal Controls over Financial Reporting

Management, under the supervision of and with the participation of the Corporation's CEO and CFO, evaluated the effectiveness of the Corporation's internal controls over financial reporting (as defined under National Instrument 52-109). In making this evaluation, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework (2013). Based on that evaluation, Management and the CEO and CFO have concluded that, as at December 31, 2025, the Corporation's internal controls over financial reporting were effective. This evaluation took into consideration the GTAA's Disclosure Controls and Corporate Communications Policy and the functioning of its Disclosure Committee.

No changes were made in internal controls over financial reporting during the year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting. Management will continue to monitor the effectiveness of its internal controls over financial reporting and disclosure controls and procedures and may make modifications from time to time as considered necessary or desirable.

RISK FACTORS

The GTAA, its operations, and its financial results are subject to certain risks. The GTAA's Board of Directors is accountable for the oversight of the key enterprise risks of the GTAA's business and is responsible for determining that Management has effective policies and procedures to identify, assess and manage or mitigate such risks.

The GTAA has established an Enterprise Risk Management program that provides a disciplined approach for identifying, assessing, treating and managing risks, and the integration of risk considerations into strategy and opportunity. This enterprise-wide approach enables business and external risks to be managed and aligned with the GTAA's strategic priorities and goals. Specific risks are monitored by each Board of Directors' committees and the Board of Directors monitors significant strategic risks quarterly.

Please see the GTAA's most recent Annual Information Form available on www.sedarplus.ca for a discussion of risk factors that could materially affect the GTAA's business, operating results, and financial condition. The risk factors described in the Annual Information Form are not the only risks and uncertainties that the GTAA faces. Additional risks and uncertainties not presently known to the GTAA or that the GTAA considers immaterial may also materially and adversely affect its business operations.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document contains certain forward-looking statements or forward-looking information within the meaning of applicable securities laws, including capital programs and strategic plans. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. The forward-looking information reflects GTAA Management's current beliefs and is based on information currently available to GTAA Management. There is significant risk that predictions, forecasts, conclusions and projections which constitute forward-looking information will not prove to be accurate, that the GTAA's assumptions may not be correct and that actual results may vary from the forward-looking information. For more information, see the risks detailed from time to time in this MD&A and in the GTAA's other publicly filed disclosure documents including, in particular, those identified in the most recent Annual Information Form available at www.sedarplus.com.

Words such as "believe", "expect", "plan", "predict", "project", "intend", "estimate", "preliminary", "anticipate", and similar expressions, as well as future or conditional verbs such as "will", "may", "should", "would", and "could" often identify forward-looking information. Specific forward-looking information in this document includes, among others, statements regarding the following: expected domestic and international passenger traffic and cargo; investment in the

Airport including capital projects and physical infrastructure; future Airport demand or activity; the GTAA's borrowing requirements and its ability to access the capital markets; the GTAA's ability to comply with its financial covenants; debt levels and service costs; revenues, cash flows, working capital and liquidity; budgets and expenditures relating to capital programs and the funding of such programs; the timing of construction and commencement of operations of facilities currently planned or under construction at the Airport; the use of certain restricted reserve funds; and the funding of outstanding capital commitments.

The forward-looking information is based on a variety of material factors and assumptions including, but not limited to: population continues to grow in the long-term; employment and personal income provide the basis for increased aviation demand in the Greater Toronto Area; the Canadian, United States, and global economies grow at expected levels; air carrier capacity meets and encourages demand for air travel in the Greater Toronto Area; the impact of costs associated with new processes, technology solutions and facility enhancements are recoverable in the ordinary course; the Greater Toronto Area continues to attract domestic and international travelers; no other significant events such as a pandemic, natural disaster, or other calamity occur and have an impact on the ordinary course of business or the macroeconomic environment; the GTAA will be able to access the capital markets at competitive terms and rates; and no significant cost overruns relating to capital projects occur. These assumptions are based on information currently available to the GTAA, including information obtained by the GTAA from third-party experts and analysts.

The forward-looking information contained in this document represents expectations as of the date of this document and is subject to change. Except as required by applicable law, the GTAA disclaims any intention or obligation to update or revise any forward-looking information whether as a result of new information or future events or for any other reason.

**Consolidated Financial Statements
of the Greater Toronto Airports Authority**

December 31, 2025 and 2024





Independent auditor's report

To the Board of Directors of Greater Toronto Airports Authority

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Greater Toronto Airports Authority and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of operations and comprehensive income for the years then ended;
- the consolidated statements of changes in retained earnings (deficit) and accumulated other comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

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 consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information obtained prior to the date of this auditor's report comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We 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.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 5, 2026

Management's Responsibility for Financial Reporting

The financial statements of the Greater Toronto Airports Authority have been prepared by management and approved by the Board of Directors and the Members of the Greater Toronto Airports Authority. Management is responsible for the preparation and presentation of the information contained in these financial statements and other sections of this Annual Report. The Greater Toronto Airports Authority maintains appropriate systems of internal control, policies and procedures which provide management with reasonable assurance that assets are safeguarded and that financial records are reliable and form a proper basis for the preparation of financial statements.

The Greater Toronto Airports Authority's independent auditor, PricewaterhouseCoopers LLP, have been appointed by the Members of the Corporation to express their professional opinion on the fairness of these financial statements.

The Board of Directors ensures that management fulfills their responsibilities for financial reporting and internal controls through an Audit Committee, which is composed of eight directors. This Committee reviews the financial statements and reports to the Board of Directors. The auditor has full and direct access to the Audit Committee.



Deborah Flint

President and Chief Executive Officer



Debbie Simpson

Chief Financial Officer

Greater Toronto Airports Authority

Consolidated Statements of Financial Position

As at December 31 (in thousands of Canadian dollars)	2025	2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,267,081	827,968
Short-term investments (Note 16)	—	285,000
Restricted funds (Note 6)	69,710	126,511
Accounts receivable (Note 7)	191,051	154,463
Airport Critical Infrastructure Program receivable (Note 21)	771	812
Inventory	27,233	26,017
Prepays	9,205	9,565
	1,565,051	1,430,336
Non-current assets		
Restricted funds (Note 6)	348,256	355,031
Intangibles and other assets (Note 8)	87,807	102,388
Property and equipment (Note 9)	4,842,229	4,850,716
Investment property (Note 10)	396,951	409,774
Post-employment benefit asset (Note 13)	61,084	62,297
	7,301,378	7,210,542
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 18)	297,653	282,063
Deferred ground rent payable (Note 12)	8,556	8,556
Airport Critical Infrastructure Program payment (Note 21)	—	643
Security deposits and deferred revenue	104,020	82,474
Long-term debt and commercial paper (Note 11)	87,923	374,088
	498,152	747,824
Non-current liabilities		
Post-employment benefit liabilities (Note 13)	14,786	12,115
Long-term debt (Note 11)	6,646,078	6,671,661
Deferred ground rent payable (Note 12)	48,443	54,184
	7,207,459	7,485,784
Retained Earnings (Deficit) and Accumulated Other Comprehensive Loss	93,919	(275,242)
	7,301,378	7,210,542

Commitments and contingent liabilities (Note 15)

The accompanying notes are an integral part of these consolidated financial statements.

Signed on Behalf of the Board



Director

Signed on Behalf of the Board



Director

Greater Toronto Airports Authority

Consolidated Statements of Operations and Comprehensive Income

Years Ended December 31 (in thousands of Canadian dollars)	2025	2024
	\$	\$
Revenues (Note 17)		
Landing fees	444,812	416,531
General terminal charges	263,282	248,777
Airport improvement fees	715,018	672,779
Car parking and ground transportation	252,110	247,495
Concessions	161,196	156,607
Rentals	186,579	173,735
Other	61,760	59,499
	2,084,757	1,975,423
Operating Expenses		
Ground rent (Notes 1 and 12)	236,079	223,462
Goods and services (Note 19)	520,469	519,538
Salary, wages and benefits	296,916	261,567
Payments-in-lieu of real property taxes	41,106	32,658
Write-down of property and equipment (Note 9)	14,618	6,734
Impairment (Reversal) of investment property (Note 10)	6,937	(5,517)
Amortization of property and equipment (Note 9)	305,193	308,593
Amortization of intangibles (Note 8)	18,988	25,476
Amortization of investment property (Note 10)	12,876	11,758
	1,453,182	1,384,269
Earnings before interest and financing costs, net	631,575	591,154
Interest income	54,292	73,190
Interest expense on debt instruments and other financing costs	(319,796)	(335,157)
Interest and financing costs, net (Note 11)	(265,504)	(261,967)
Net Income	366,071	329,187
Items that will be reclassified subsequently to Net Income:		
Amortization of terminated hedges and interest rate swap	1,086	1,086
Items that will not be reclassified subsequently to Net Income:		
Pension and non-pension remeasurements, net (Note 13)	2,004	352
Other Comprehensive Income	3,090	1,438
Total Comprehensive Income	369,161	330,625

The accompanying notes are an integral part of these consolidated financial statements.

Greater Toronto Airports Authority

Consolidated Statements of Changes in Retained Earnings (Deficit) and Accumulated Other Comprehensive Loss

Year Ended December 31, 2025 (in thousands of Canadian dollars)	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$
Balance, January 1, 2025	(261,203)	(14,039)	(275,242)
Net Income	366,071	—	366,071
Amortization of terminated hedges and interest rate swap	—	1,086	1,086
Pension and non-pension remeasurements, net	2,004	—	2,004
Total Comprehensive Income for the year	368,075	1,086	369,161
Balance, December 31, 2025	106,872	(12,953)	93,919

Year Ended December 31, 2024 (in thousands of Canadian dollars)	Deficit	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$
Balance, January 1, 2024	(590,742)	(15,125)	(605,867)
Net Income	329,187	—	329,187
Amortization of terminated hedges and interest rate swap	—	1,086	1,086
Pension and non-pension remeasurements, net	352	—	352
Total Comprehensive Income for the year	329,539	1,086	330,625
Balance, December 31, 2024	(261,203)	(14,039)	(275,242)

The accompanying notes are an integral part of these consolidated financial statements.

Greater Toronto Airports Authority

Consolidated Statements of Cash Flows

Years Ended December 31 (in thousands of Canadian dollars)	2025	2024
Cash Flows from (used in) Operating Activities	\$	\$
Net Income	366,071	329,187
Adjustments for:		
Amortization of property and equipment	305,193	308,593
Amortization of intangibles and other assets	19,706	29,784
Amortization of investment property	12,876	11,758
Impairment (Reversal) of investment property (Note 10)	6,937	(5,517)
Write-down of property and equipment - net of disposals	14,482	6,308
Post-employment benefit plans	5,888	2,567
Interest and financing costs, net	265,504	261,967
Amortization of deferred credit	—	(1,697)
Deferred ground rent payable	(5,741)	(5,478)
Changes in working capital and other:		
Accounts receivable	(36,588)	(43,804)
Prepays	360	(876)
Inventory	(1,216)	(7,600)
Accounts payable and accrued liabilities	18,966	38,022
Security deposits and deferred revenue	21,546	22,685
	993,984	945,899
Cash Flows from (used in) Investing Activities		
Acquisition of short-term investments	—	(285,000)
Sale of short-term investments	285,000	395,000
Acquisition and construction of property and equipment and intangible assets	(314,422)	(299,422)
Acquisition and construction of investment property	(6,990)	(9,134)
Proceeds on disposal of property and equipment	567	558
Funds received under the Airport Critical Infrastructure Program	4,534	10,478
Interest received (Note 11)	54,292	73,190
Decrease (Increase) in restricted funds	63,576	(56,637)
	86,557	(170,967)
Cash Flows from (used in) Financing Activities		
Repayment of long-term debt	(26,567)	(24,957)
Commercial paper, net	(286,196)	84,148
Interest paid and other financing costs	(328,665)	(339,709)
	(641,428)	(280,518)
Net Cash Inflow	439,113	494,414
Cash and cash equivalents, beginning of year	827,968	333,554
Cash and cash equivalents, end of year	1,267,081	827,968

As at December 31, 2025, cash and cash equivalents consisted of cash of \$257.6 million (December 31, 2024 – \$96.7 million) and cash equivalents of \$1,009.5 million (December 31, 2024 – \$731.9 million) less outstanding cheques of \$nil (December 31, 2024 - \$0.6 million).

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

December 31, 2025 and 2024

(Unless otherwise stated, all amounts are in thousands of Canadian dollars)

1. GENERAL INFORMATION

The Greater Toronto Airports Authority (“GTAA”) is a Canadian Airport Authority and a corporation without share capital under the *Canada Not-for-profit Corporations Act*.

The GTAA is responsible to develop, manage and operate airports within the south-central Ontario region, including the Greater Toronto Area, on a commercial basis, to set fees for their use and to develop and improve the facilities. In accordance with this mandate, the GTAA currently manages and operates Toronto – Lester B. Pearson International Airport (the “Airport”) under a ground lease with the federal government, which was executed in December 1996 (the “Ground Lease”).

The GTAA’s registered office is located at 3111 Convair Drive, Mississauga, Ontario, Canada.

Airport Subject to Ground Lease

The Ground Lease is the principal document governing the relationship between the GTAA and Transport Canada at the Airport. It determines the rent to be paid and generally allocates risks and responsibilities between the GTAA and the federal government for all matters related to the operation of the Airport. Under the Ground Lease, all revenue and expenditure contracts in effect on December 1, 1996 were assigned to the GTAA. The GTAA did not assume any liability with respect to claims against the federal government incurred prior to December 2, 1996.

By virtue of its status as the tenant under the Ground Lease, the GTAA has the authority to set and collect airline and terminal rates and charges; negotiate and issue leases, licences and permits; and construct and develop the infrastructure of the Airport. The Ground Lease permits the GTAA to pledge its leasehold interest in the Airport as security.

The Ground Lease sets out that if the GTAA were to purchase or enter into an agreement to purchase any land adjacent to or in the vicinity of the Airport for the purposes of managing, operating or maintaining the Airport, the GTAA shall transfer title of such land to the Landlord and that such land shall become part of the Ground Lease.

Properties owned by the GTAA’s wholly-owned subsidiaries do not form part of the Ground Lease.

Ground rent is calculated as a percentage of Airport Revenue, as defined by the Ground Lease and related documents, using escalating percentages with the following ranges: 0% for Airport Revenue below \$5.0 million, 1% for Airport Revenue between \$5.0 million and \$10.0 million, 5% for Airport Revenue between \$10.0 million and \$25.0 million, 8% for Airport Revenue between \$25.0 million and \$100.0 million, 10% for Airport Revenue between \$100.0 million and \$250.0 million, and 12% for Airport Revenue in excess of \$250.0 million. The calculation of Airport Revenue is subject to the right of audit by Transport Canada. See Note 12, Leases, for additional information on the Ground Lease.

The Ground Lease expires on December 1, 2076.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). These consolidated financial statements were approved by the Board of Directors on March 5, 2026.

In applying the GTAA’s accounting policies, as described in Note 3, Material Accounting Policies, Management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily

apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5, Critical Accounting Judgements and Key Source of Estimation Uncertainty.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of Measurement

These consolidated financial statements have been prepared on a going-concern basis under the historical cost convention, except for the revaluation of certain financial instruments which are measured at fair value.

Principles of Consolidation

These consolidated financial statements include the accounts of the GTAA consolidated with those of its wholly-owned and controlled subsidiaries, Malton Gateway Inc. and Airway Centre Inc. Malton Gateway Inc. was incorporated in 2017 and holds the shares of Airway Centre Inc. Airway Centre Inc. was also incorporated in 2017 to acquire and manage commercial properties that are unrelated to the direct management, operation and maintenance of the Airport.

All inter-company transactions, balances, revenues and expenses have been eliminated on consolidation.

Segment Reporting

The GTAA consists of two operating segments: the first is for managing, operating and maintaining the Airport, and the second is to manage commercial properties. If the quantitative thresholds, as set out in IFRS 8, Operating Segments, are met, additional segmented disclosures are required. For the year, the quantitative thresholds were not met.

Foreign Currency Translation

These consolidated financial statements are presented in Canadian dollars, which is the GTAA's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the GTAA's functional currency are recognized in the consolidated statements of operations and comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held with banks and other short-term, liquid investments with remaining terms to maturity of three months or less.

Short-term Investments

Short-term investments includes interest bearing investments with remaining terms to maturity of greater than three months but less than one year. Interest income earned on these investments is recognized in the consolidated statements of operations and comprehensive income.

Inventory

Inventory consists of parts and supplies held for use at the Airport and natural gas. Inventory is stated at the lower of cost and net realizable value. Cost of natural gas is determined using the first-in first-out method. Cost of parts and supplies is determined using the weighted-average cost method. Net realizable value is determined as being the estimated replacement cost.

Financial Instruments

Financial assets and liabilities are recognized when the GTAA becomes a party to the contractual provisions of the instrument on the trade date.

At initial recognition, the GTAA classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

- (i) Amortized cost: A financial asset shall be measured at amortized cost if both of the following conditions are met:
 - (a) the financial asset is held to collect contractual cash flows; and
 - (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) Fair value through other comprehensive income: A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:
 - (a) the financial asset is held to collect contractual cash flows and selling financial assets; and
 - (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.
- (iii) Fair value through profit or loss ("FVPL"): A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.
- (iv) Financial liabilities: Financial liabilities at amortized cost include accounts payable and accrued liabilities, security deposits and long-term debt. These items are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, these items are measured at amortized cost using the effective interest method. Long-term debt, however, is recognized initially at fair value, net of any transaction costs incurred and discounts or premiums and subsequently recorded at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payments are due within 12 months. Otherwise, they are presented as non-current liabilities in the consolidated statements of financial position.

At initial recognition, the GTAA measures a financial asset at its fair value. Transaction costs of the financial assets carried at FVPL are expensed in profit and loss. In the case of a financial asset not at FVPL, the GTAA measures the financial asset as fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Subsequent measurement of financial instruments depends on the GTAA's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred with the result that the GTAA has transferred substantially all risks and rewards of ownership.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit and loss.

As at December 31, 2025, the GTAA had no derivative instruments outstanding that have been designated as a hedge. However, certain gains and losses relating to settled hedging instruments are being amortized to the consolidated statements of operations and comprehensive income over the term to maturity of the previously hedged item.

Impairment of Financial Assets

The GTAA recognizes an allowance for expected credit losses for all financial assets not held at FVPL. For amounts receivable, the GTAA applies the simplified approach permitted by IFRS 9, Financial Instruments ("IFRS 9"), which requires expected lifetime losses to be recognized upon initial recognition of the receivables. To measure the expected

credit losses, the GTAA has established a provision matrix that is based on its historical credit loss experience based on days past due, adjusted for forward-looking factors specific to the customer and the economic environment. The GTAA considers a financial asset for impairment when internal or external information indicates that it is unlikely to receive the outstanding contractual amount in full.

Impairment of Long-lived Assets

Property and equipment, intangibles, other assets, and investment property are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value, less costs to sell, and value-in-use (being the present value of the expected future cash flows of the relevant asset or cash-generating unit). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The GTAA evaluates impairment by examining long-lived assets for impairment indicators and examines any prior period impairment losses for potential reversals when events or circumstances warrant such consideration. If any such indicators exist, an impairment loss recognized in prior periods for an asset shall be reversed. The carrying amount of an asset is not increased above the carrying value that would have been determined had the original impairment not occurred. A reversal of an impairment loss is recognized immediately in the consolidated statements of operations and comprehensive income.

Leases

GTAA as a Lessee

The GTAA assesses whether a contract is or contains a lease at the inception of a contract. The GTAA recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, excluding the Ground Lease with Transport Canada. The lease liability is initially measured at the present value of the lease payments (including in-substance fixed payments) that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the GTAA uses its incremental borrowing rate which is the rate that the GTAA would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset.

Variable rents that do not depend on an index or rate, such as the Ground Lease payments, are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as ground rent in the consolidated statements of operations and comprehensive income (see Note 12, Leases).

Lease payments relating to short-term leases or leases of low-value assets are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

GTAA as a Lessor

Lease income from operating leases where the GTAA is the lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statements of financial position based on their nature.

In arrangements where the GTAA sub-leases an asset to a third party, the GTAA classifies the sub-lease as a finance lease if it transfers a significant portion of the risks and rewards of ownership of the right-of-use asset to the lessee. For finance sub-leases, the GTAA derecognizes the right-of-use asset relating to the head lease and recognizes a receivable at an amount equal to the net investment in the sub-lease. The GTAA does not have any finance leases as a lessor.

From time to time, the GTAA may agree with tenants to modify the terms of lease agreements, including changes to the consideration under the lease. When the changes result in a reduction in amounts receivable relating to past lease periods, the GTAA applies IFRS 9 in determining whether to partially or fully derecognize those receivables. Other changes to the terms and conditions of the lease are treated as lease modifications in accordance with IFRS 16, Leases, and the modified lease is accounted for as a new lease from the effective date of the modification, with any prepaid or accrued lease payments relating to the original lease included as part of the lease payments for the new lease.

Intangibles and Other Assets

As required under the terms of the Ground Lease, in certain instances, the title of land acquired is transferred to the federal government, while the GTAA retains use of the land. The purchase price for acquired land is recorded as land acquisition costs in the consolidated statements of financial position and amortized on a straight-line basis over the remaining term of the Ground Lease in ground rent expense in the consolidated statements of operations and comprehensive income.

Computer software costs are capitalized and amortized on a straight-line basis in amortization of intangible assets in the consolidated statements of operations and comprehensive income over the period of their expected useful lives, which range from two to 10 years.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, borrowing costs, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

These assets will revert to Transport Canada upon the expiration or termination of the Ground Lease. No amounts are amortized longer than the lease term.

Property and equipment are amortized at the following annual rates:

Buildings and structures ("Terminal and Airside assets")	Straight-line over five to 60 years
Bridges and approach systems ("Terminal and Airside assets")	Straight-line over eight to 40 years
Baggage handling systems	Straight-line over five to 25 years
Improvements to leased land	Straight-line over the term of the Ground Lease
Runways and taxiways	Straight-line over 10 to 40 years
Airport operating assets	Straight-line over three to 40 years

The GTAA allocates the amount initially recognized with respect to an item of property and equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of goods and services expense in the consolidated statements of operations and comprehensive income.

Assets under construction are transferred to property and equipment when the asset is available for use, and amortization commences at that time.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized in interest and

financing costs in the consolidated statements of operations and comprehensive income in the period in which they are incurred.

Investment Property

Investment property is property held for capital appreciation and/or to earn rental income. Property is stated at historical cost less accumulated amortization and any recognized accumulated impairment loss, with the exception of land, which is recorded at cost less any accumulated impairment loss.

Amortization on investment property assets is calculated using the straight-line method to allocate an asset's cost over its estimated useful life. Amortization rates for each significant component range from three to 50 years.

The fair value of all investment property is estimated annually. In the year of acquisition, it is assumed that the cost approximates fair value.

Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statements of operations and comprehensive income in the period of derecognition. Transfers are made to or from the investment property category only when there is a change in use.

Payments-in-lieu of Real Property Taxes

The GTAA is exempt from the payment of real property taxes under the *Assessment Act* (Ontario) and instead makes payments-in-lieu of real property taxes ("PILT") to each of the cities of Mississauga and Toronto, as prescribed by provincial regulation. The annual PILT is based on actual passenger volumes in the two years prior and is subject to a maximum annual increase under the *Assessment Act*. Effective fiscal 2022, an amendment to the regulation was executed where the maximum annual increase under the regulation was temporarily suspended until passenger volumes returned to pre-pandemic levels.

Tenants of the GTAA and properties held by Airway Centre Inc. are not subject to PILT, and Airway Centre Inc. and its tenants pay municipal real property taxes in the ordinary course.

Revenue Recognition

The GTAA recognizes revenue when it transfers control over a product or service to a customer and revenue is measured at the transaction price agreed under the contract. The GTAA does not currently have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

Landing fees and general terminal charges, net of adjustments and rebates, and car parking revenues are recognized as Airport facilities are utilized. Airport Improvement Fees ("AIF") are earned and recognized upon the enplanement of the passenger. AIF revenue is based on airlines' self-assessment of their passenger counts. An annual reconciliation is performed by the GTAA with air carriers. Concessions revenue and car rental revenue are earned on a monthly basis and recognized based on a percentage of sales or specified minimum rent guarantees. For contracts that have specified minimum guarantees, revenue is recorded on a straight-line basis. Ground transportation revenue is recognized based on a combination of the duration of the term of the licences and permits, and utilization fees. Rentals revenue is recognized straight-line over the duration of the respective agreements. Other revenue is mainly composed of deicing revenue which is recognized upon arrival of aircrafts.

Post-employment Benefit Obligations

The GTAA maintains defined benefit pension plans, defined contribution pension plans, other long-term employee benefit plans and post-employment benefit plans for its employees. The cost of defined contribution pension plans is charged to expense as they are earned by employees. The cost of defined benefit plans and other post-employment benefit plans is determined using the projected unit credit method. The related pension asset/liability recognized in the

consolidated statements of financial position is the present value of the defined benefit obligation as at the consolidated statements of financial position date less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related pension liability. Actuarial valuations for defined benefit plans and other post-employment benefit plans are carried out at each consolidated statement of financial position date.

Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income without reclassifying to the consolidated statements of operations and comprehensive income in subsequent periods.

Past service costs are recognized in the consolidated statements of operations and comprehensive income when incurred.

For funded plans, surpluses are recognized only to the extent that the surplus is considered recoverable. Recoverability is based primarily on the extent to which the GTAA can unilaterally reduce future contributions to the plan.

Provisions

Provisions are recognized when the GTAA has a present obligation (legal or constructive) as a result of a past event, when it is more likely than not that the GTAA will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Provisions are included in accounts payable and accrued liabilities.

Deferred Financing Costs

Deferred financing costs (except for line of credit fees that are recognized in the period in which they occur) and debt issuance premiums or discounts are included in debt balances and recognized as an adjustment to interest expense over the life of the debt. The GTAA uses the effective interest method to recognize bond interest expense.

Government Grants

In accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, a government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Government grants related to the construction of property and equipment are recognized as a deduction of property and equipment, and amortization expense is calculated on the net amount over the useful life of the related asset. Government grants that compensate for specific expenses incurred are deferred when received and recognized in the consolidated statements of operations and comprehensive income on a systematic basis.

4. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

Accounting Standard Issued but not yet Applied

IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures

Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures were issued in 2024. The amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. These amendments are effective for annual periods beginning on or after January 1, 2026. The amendments do not have a material impact on the consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements:

IFRS 18, Presentation and Disclosure in Financial Statements, was issued in 2024. It includes requirements related to the presentation and disclosure of information in the financial statements. The key changes introduced in IFRS 18 relate to the structure of the statement of operations and comprehensive income, required disclosures in the financial statements and enhanced principles on aggregation and disaggregation. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The GTAA continues to assess the impact on the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCE OF ESTIMATION UNCERTAINTY

In applying the GTAA's accounting policies, which are described in Note 3, Material Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying Accounting Policies

The following are the critical judgements that management has made in the process of applying the GTAA's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Property and Equipment, Intangibles, Other Assets and Investment Property

Critical judgements are utilized in determining amortization rates, useful lives and fair values, where applicable.

When assessing the recoverable amount for impairment of property and equipment, intangibles, other assets and investment property, certain key assumptions, including capitalization rates, terminal capitalization rates and discount rates may be used.

Expected Credit Loss Provision

Management uses judgement to estimate expected credit losses based on its historical credit loss experience, forward-looking factors specific to the customer and the economic environment. The provision could materially change and may result in significant changes to trade and other receivable balances as management continues to assess credit risk.

IFRIC 12, Service Concession Arrangements

Management has concluded that it does not fall within the scope of IFRIC 12, Service Concession Arrangements, given the current structure of the GTAA's arrangements with Transport Canada, whereby the GTAA is not controlled by a single government.

Leases

In some cases, the GTAA sub-leases land held under the Ground Lease to third parties. Management uses its judgement in determining whether the sub-lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership.

Key Source of Estimation Uncertainty

The following are key assumptions concerning the future, and key source of estimation uncertainty at the end of the reporting period, which have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year.

Post-employment Benefit Obligations

The GTAA accounts for pension and other post-retirement benefits through the use of actuarial valuations. These valuations rely on statistical and other factors in order to anticipate future events. These factors include key actuarial assumptions, including discount rates, expected salary increases and mortality rates. Actual results may differ from results that are estimated based on assumptions. Additional information is disclosed in Note 13, Post-employment Benefit Obligations.

Airport Improvement Fees

AIF is recognized when departing passengers board the aircraft, using information from air carriers obtained after the boarding is completed. Therefore, management records AIF revenue using available information obtained from air carriers as well as its knowledge of airport operations, the market, and historical experience.

6. RESTRICTED FUNDS

Restricted funds consist of certain funds, the use of which is directed by the Master Trust Indenture (“MTI”) dated December 2, 1997, as supplemented or amended from time to time, or Notes offering documents. These funds consist of the Debt Service Fund and Debt Service Reserve Funds (the “Trust Funds”) which are invested in cash or eligible short-term financial assets with up to one year to maturity. There are also Operations, Capital and Financing Funds, which are funded via letters of credit.

As at December 31	2025	2024
	\$	\$
Debt Service Fund		
Principal	11,807	11,101
Interest	57,903	115,410
	69,710	126,511
Debt Service Reserve Funds		
Series 1997–3 due December 3, 2027	36,940	37,032
Series 1999–1 due July 30, 2029	40,180	40,269
Series 2000–1 due June 12, 2030	39,040	39,381
Series 2001–1 due June 4, 2031	35,858	36,526
Series 2002–3 due October 15, 2032	38,247	38,255
Series 2004–1 due February 2, 2034	38,921	39,085
Series 2010–1 due June 7, 2040	22,954	23,324
Series 2011–1 due February 25, 2041	32,255	32,420
Series 2011–2 due December 2, 2041	18,445	18,707
Series 2018–1 due June 1, 2037	8,350	8,505
Series 2019–1 due April 3, 2029	6,975	7,076
Series 2019–2 due October 17, 2039	12,438	12,474
Series 2020–1 due May 3, 2028	3,865	3,873
Series 2021–1 due October 5, 2051	6,336	6,352
Security for Bank Indebtedness		
Series 1997–C Pledged Bond	7,451	11,752
	348,256	355,031
	417,966	481,542
Less: Current portion	(69,710)	(126,511)
	348,256	355,031

As at December 31, restricted funds consisted of the following:

	2025	2024
	\$	\$
Cash	28,735	85,052
Guaranteed Investment Certificates	389,231	396,490
	417,966	481,542

Trust Funds

The GTAA is required to establish and maintain with the Trustee the Trust Funds in accordance with the terms of the Notes (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities). The Trust Funds are held for the benefit of the noteholders for use and application by the Trustee in accordance with the terms of the Notes.

(a) Debt Service Fund (Principal and Interest)

Amounts in the Debt Service Fund are allocated to either a Principal Account or an Interest Account. Amounts in the Debt Service Fund are disbursed by the Trustee to pay principal and interest as they become due.

The GTAA is required, on a monthly basis, to deposit into the Principal Account an amount equal to one-twelfth of the total principal amount included in annual debt service, during the term, for any Notes due in such year. During 2025, the principal requirements of the Debt Service Fund were funded through cash flows from operations. The fund balance as of December 31, 2025 was \$11.8 million (December 31, 2024 – \$11.1 million). During 2025, principal of \$26.6 million (December 31, 2024 – \$25.0 million) was paid from the Principal Account of the Debt Service Fund, and \$27.3 million was allocated to the fund by the GTAA for the principal of the Series 1999–1 and Notes (December 31, 2024 – \$25.6 million).

The GTAA is required, on a monthly basis, to deposit into the Interest Account an amount equal to one-sixth of the semi-annual aggregate interest requirement due on all outstanding Notes. The fund balance as of December 31, 2025 was \$57.9 million (December 31, 2024 – \$115.4 million).

(b) Debt Service Reserve Funds

To the extent provided in any supplemental indenture, the GTAA is required to set aside funds in the Debt Service Reserve Fund for each series of Notes. The required amount is established at the time of issue of each series of bond or Notes and is funded from the proceeds of each issue. Amounts held in the Debt Service Reserve Funds are held in trust for the benefit of the bondholders or noteholders for use and application in accordance with the terms of the MTI. Included among these Trust Funds is an amount related to the \$1,900 million bond (Series 1997–C) pledged as security for the credit facilities (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities).

At the maturity of each series of Notes, funds not applied by the Trustee will be returned to the GTAA.

(c) Operations, Capital and Financing Funds

The GTAA has established an Operating and Maintenance Reserve Fund and a Renewal and Replacement Reserve Fund pursuant to the MTI. The Operating and Maintenance Reserve Fund is calculated as one-sixth of the projected operating and maintenance expenses estimated for the following fiscal year. As at December 31, 2025, this fund was secured by a letter of credit of \$141.0 million (December 31, 2024 – \$130.0 million). This amount is to be used only for operating and maintenance expenses or other purposes as required for the safe, ongoing operation and maintenance of the Airport as set out in the MTI. The Renewal and Replacement Reserve Fund is also secured by a letter of credit of \$3.0 million (December 31, 2024 – \$3.0 million). This amount is to be used for unanticipated repairs to, or the replacement of, property and equipment as set out in the MTI.

7. ACCOUNTS RECEIVABLE

As at December 31	2025	2024
	\$	\$
Trade accounts receivable	174,079	151,708
Other receivables	18,392	4,209
Less: Expected credit loss allowance	(1,420)	(1,454)
	191,051	154,463

8. INTANGIBLES AND OTHER ASSETS

December 31, 2025			
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land acquisition costs	54,197	(17,527)	36,670
Computer software	173,517	(122,380)	51,137
	227,714	(139,907)	87,807

December 31, 2024			
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land acquisition costs	54,197	(16,808)	37,389
Computer software	168,392	(103,393)	64,999
Clean Energy Supply Contract	44,655	(44,655)	—
	267,244	(164,856)	102,388

The aggregate amortization expense with respect to land acquisition costs for 2025 was \$0.7 million (2024 – \$1.2 million) and is included in ground rent expense in the consolidated statements of operations and comprehensive income.

A reconciliation of the carrying amount of intangible asset costs is as follows:

	Land Acquisition Costs	Computer Software	Total
	\$	\$	\$
Balance, January 1, 2025	37,389	64,999	102,388
Additions	—	5,125	5,125
Amortization expense	(719)	(18,987)	(19,706)
Balance, December 31, 2025	36,670	51,137	87,807
Balance, January 1, 2024	38,590	82,103	120,693
Additions	—	8,372	8,372
Amortization expense	(1,201)	(25,476)	(26,677)
Balance, December 31, 2024	37,389	64,999	102,388

9. PROPERTY AND EQUIPMENT

Property and equipment are comprised of:

December 31, 2025							
	Terminal and Airside Assets	Baggage Handling Systems	Improvements to Leased Land	Runways and Taxiways	Airport Operating Assets	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	7,338,320	466,412	9,480	615,811	803,887	345,919	9,579,829
Additions, net of government grants	3,141	—	—	—	—	308,614	311,755
Disposals	(1,647)	(128)	—	(96)	(13,080)	—	(14,951)
Write-down	—	—	—	—	—	(14,618)	(14,618)
Transfers	96,114	65,249	—	1,846	81,017	(244,226)	—
Balance, end of year	7,435,928	531,533	9,480	617,561	871,824	395,689	9,862,015
Accumulated amortization							
Balance, beginning of year	3,624,149	305,314	4,432	296,508	498,710	—	4,729,113
Amortization expense	198,032	23,026	(990)	25,036	60,089	—	305,193
Disposals	(1,352)	(128)	—	(96)	(12,944)	—	(14,520)
Balance, end of year	3,820,829	328,212	3,442	321,448	545,855	—	5,019,786
Net book value, end of year	3,615,099	203,321	6,038	296,113	325,969	395,689	4,842,229
December 31, 2024							
	Terminal and Airside Assets	Baggage Handling Systems	Improvements to Leased Land	Runways and Taxiways	Airport Operating Assets	Assets Under Construction	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, beginning of year	7,221,465	463,732	9,480	562,919	735,634	334,276	9,327,506
Additions, net of government grants	402	—	—	—	—	291,475	291,877
Disposals	(120)	—	—	—	(32,700)	—	(32,820)
Write-down	—	—	—	—	—	(6,734)	(6,734)
Transfers	116,573	2,680	—	52,892	100,953	(273,098)	—
Balance, end of year	7,338,320	466,412	9,480	615,811	803,887	345,919	9,579,829
Accumulated amortization							
Balance, beginning of year	3,429,257	283,203	4,274	262,615	473,859	—	4,453,208
Amortization expense	194,892	22,111	158	33,893	57,539	—	308,593
Disposals	—	—	—	—	(32,688)	—	(32,688)
Balance, end of year	3,624,149	305,314	4,432	296,508	498,710	—	4,729,113
Net book value, end of year	3,714,171	161,098	5,048	319,303	305,177	345,919	4,850,716

As at December 31, 2025, \$395.7 million (December 31, 2024 – \$345.9 million) of property and equipment was under construction and not yet subject to amortization. Included in this amount is \$17.9 million (December 31, 2024 – \$12.2 million) of capitalized interest. During year, borrowing costs for active projects were capitalized at the rate of 4.7%, which represents the weighted-average cost of the GTAA's general borrowings (2024 – 4.8%).

10. INVESTMENT PROPERTY

As at December 31	2025	2024
	\$	\$
Cost		
Balance, beginning of year	541,743	532,609
Additions	6,990	9,134
Balance, end of year	548,733	541,743
Accumulated amortization and impairment		
Balance, beginning of year	131,969	125,728
Amortization expense	12,876	11,758
Impairment (Reversal)	6,937	(5,517)
Balance, end of year	151,782	131,969
Net book value, end of year	396,951	409,774

Investment property consists of a flight simulator facility and commercial properties (land and buildings) owned by the GTAA and its controlled subsidiaries. These properties are held for the purpose of leasing to third parties. These commercial properties are subject to municipal real property taxes.

The total fair value of all commercial properties was \$487.8 million as at December 31, 2025 (December 31, 2024 – \$500.4 million). The GTAA estimates the recoverable amount, determined as the higher of the cash-generating units fair value less costs of disposal, and its value-in-use, at the property level. These valuations were made by an independent external appraiser, using recognized valuation techniques, comprising of the discounted cash flow and direct capitalization methods. The fair values of these properties are within Level 3 of the fair value hierarchy.

Based on these models, the carrying values of certain commercial properties were adjusted to their estimated fair values and an impairment loss of \$6.9 million (December 31, 2024 – reversal of impairment of \$5.5 million) was recorded in the consolidated statements of operations and comprehensive income.

Significant assumptions used in the valuations for commercial properties as at December 31, based on available market information and type of property include the following:

	2025	2024
Capitalization rate	4.25 % - 7.25 %	4.75 % - 6.75 %
Terminal capitalization rate	5.00 % - 7.25 %	5.00 % - 7.25 %
Discount rate	5.75 % - 7.75 %	5.75 % - 7.75 %

For the year ended December 31, 2025, the commercial properties generated \$39.9 million (December 31, 2024 – \$37.6 million) in rental revenue and incurred \$29.8 million (December 31, 2024 – \$28.6 million) in direct operating expenses.

11. LONG-TERM DEBT, COMMERCIAL PAPER AND CREDIT FACILITIES

Long-term debt and commercial paper ("CP"), adjusted for unamortized discounts and premiums and accrued interest, consisted of:

Series	Coupon Rate	Maturity Date	Principal Amount	December 31	December 31
				2025	2024
			\$	\$	\$
1997-3	6.45%	December 3, 2027	321,500	322,339	321,994
1999-1	6.45%	July 30, 2029	124,543	127,719	154,873
2000-1	7.05%	June 12, 2030	526,550	527,886	527,794
2001-1	7.10%	June 4, 2031	492,150	492,837	492,576
2002-3	6.98%	October 15, 2032	468,960	475,601	475,603
2004-1	6.47%	February 2, 2034	567,428	579,222	578,955
2010-1	5.63%	June 7, 2040	400,000	399,400	399,324
2011-1	5.30%	February 25, 2041	600,000	608,195	608,099
2011-2	4.53%	December 2, 2041	400,000	399,184	399,102
2018-1	3.26%	June 1, 2037	500,000	498,844	498,678
2019-1	2.73%	April 3, 2029	500,000	502,271	501,974
2019-2	2.75%	October 17, 2039	900,000	899,831	899,540
2020-1	1.54%	May 3, 2028	500,000	500,273	499,874
2021-1	3.15%	October 5, 2051	400,000	400,399	400,208
				6,734,001	6,758,594
Commercial paper outstanding				—	287,155
				6,734,001	7,045,749
Less: Current portion (including accrued interest)				(87,923)	(374,088)
				6,646,078	6,671,661

As at December 31, 2025, accrued interest included in the current portion of the long-term debt was \$59.6 million (December 31, 2024 – \$60.4 million).

Interest and financing costs and interest income consisted of the following:

	2025	2024
	\$	\$
Interest income	54,292	73,190
Interest expense on debt instruments	(323,605)	(336,584)
Capitalized interest	10,970	8,919
Amortization of terminated hedges and interest rate swap	(1,086)	(1,086)
Other financing fees	(3,259)	(3,328)
Deferred ground rent interest accretion	(2,816)	(3,078)
	(319,796)	(335,157)
Interest and financing costs, net	(265,504)	(261,967)

With the exception of Series 1999-1 Notes, principal on each series of Notes is payable on the maturity date. Series 1999-1 are amortizing Notes repayable in scheduled annual installments of principal, payable on July 30 of each year. These payments commenced July 30, 2004 and will continue until maturity in 2029.

Set out below is a comparison of the amounts that would be reported if long-term debt amounts were reported at fair values. Fair values were based on quoted market rates for GTAA bonds as at the date of the consolidated statements of financial position. The fair values are within Level 2 of the fair value hierarchy.

	December 31, 2025		December 31, 2024	
	Book Value	Fair Value	Book Value	Fair Value
	\$	\$	\$	\$
Long-term debt	6,734,001	6,794,942	6,758,594	6,885,361

All notes are redeemable in whole or in part at the option of the GTAA at any time. Early redemption may be subject to certain penalties in accordance with the terms of the notes.

Each series of notes issued after 2017 has a specific par call date which occurs before the respective maturity date of each series. Any redemptions after the par call date would be made at the notes respective par value. Any redemptions made prior to the par call date would be subject to the redemption price. The redemption price is defined as the greater of: (i) the face value amount plus accrued and unpaid interest; and (ii) the price based on yields over Government of Canada bonds with similar terms to the par call date (calculated from the redemption date).

There were no material non-cash changes affecting liabilities from financing activities.

To align with the presentation adopted in the current year, the comparative figures in the cash flow statement have been revised to reclassify \$73.2 million of interest received from financing activities to investing activities.

Credit Facilities

The \$1,400.0 million Operating Credit Facility is used for general corporate purposes to fund capital projects or operating expenses as required, provide a credit backstop to the commercial paper program and provide flexibility on the timing for accessing the capital markets.

As at December 31, 2025, no commercial paper was outstanding (December 31, 2024 – \$287.2 million), no amounts were drawn from the Operating Credit Facility (December 31, 2024 – \$nil), \$150.4 million of the \$175.0 million Letter of Credit Facility was utilized (December 31, 2024 – \$138.5 million), and there were no outstanding contracts under the \$150.0 million hedge facility. During the year, the Letter of Credit Facility was increased from \$160.0 million to \$175.0 million.

As at December 31, 2025, the GTAA had an aggregate of \$2,691.7 million in total available liquidity comprised of \$1,400.0 million borrowing capacity available under its Operating Credit Facility, \$24.6 million available under its Letter of Credit Facility, and \$1,267.1 million of unrestricted cash and cash equivalents. The unrestricted cash and cash equivalents were invested in short-term, investment grade liquid investment instruments in line with the GTAA's risk appetite, investment policy, and the Master Trust Indenture.

Indebtedness under the credit facility bears interest at underlying benchmark plus applicable spread based on credit rating pricing grid.

12. LEASES

Ground Lease

The GTAA's commitment with respect to the annual Ground Lease is calculated based on escalating percentages applied to ranges of the GTAA's revenues (see "Airport Subject to Ground Lease" in Note 1, General Information). Ground rent expense in 2025 was \$235.4 million (2024 – \$222.3 million) excluding amortization of land acquisition costs (see Note 8, Intangibles and Other Assets).

In 2021, the GTAA and the Government of Canada executed an amendment to the Ground Lease that deferred the payment of ground rent for the 2021 lease year, with repayment over a 10-year period beginning January 2024. As at December 31, 2025, \$57.0 million (December 31, 2024 – \$62.7 million) is recorded as deferred ground rent payable on the consolidated statements of financial position, which represents the present value of future payments to take into account the time value of money. Of this balance, \$8.6 million has been reclassified as current. The related interest expense for the year has been recorded on the consolidated statements of operations and comprehensive income.

Other Leases as a Lessor

The GTAA leases, under operating leases, land and certain assets that are included in property and equipment and investment property to various third parties. Many leases include renewal options, in which case they are subject to market price revision. The lessees do not have the option in the lease to acquire the leased assets at the end of the lease.

Income recorded on the consolidated statements of operations and comprehensive income from sub-leasing land in the year was \$33.9 million (2024 – \$31.2 million).

Variable payments form part of certain lease agreements. Total variable payments recognized in the consolidated statements of operations and comprehensive income for 2025 were \$91.8 million (2024 – \$95.9 million).

Future minimum lease receipts (excluding variable payments) from non-cancellable leases are as follows:

	2026	2027	2028	2029	2030	Thereafter
	\$	\$	\$	\$	\$	\$
December 31, 2025	189,488	114,592	95,635	84,403	76,189	405,853

13. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Defined Benefit Pension Plans

The GTAA maintains two pension plans with defined benefit provisions. One of these plans is a registered pension plan for former Transport Canada employees who were eligible to elect to transfer their pension credits to the GTAA plan. The other defined benefit pension plan is a registered pension plan for certain retired senior executives of the GTAA. Both plans do not accept new members.

The GTAA measures its accrued benefit obligations and the fair value of plan assets for both of its defined benefit pension plans for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2023, and the next required valuation is as of January 1, 2026.

a) Characteristics of the Plans

Benefit obligations are estimated using the projected unit credit method. Under this method, each participant's benefits under the plans are attributed to years of service, taking into consideration future salary increases (as applicable) and the plan's benefit allocation formula. The GTAA's net obligation is calculated separately for each plan and is determined as the benefit obligation less the fair value of plan assets.

When the above calculations result in a benefit to the GTAA, the recognized asset is limited to the net total of the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to the plans.

The plans are final average earnings pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. In the registered plan and for one supplemental plan member, pensions paid are indexed with inflation.

The weighted-average duration of the defined benefit plans is 10.3 years.

b) Risks Associated with the Plans

The nature of pension benefits exposes the GTAA to a number of risks, the most significant of which are as follows:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform the discount rate, this will create a deficit under the plan. The pension plans currently invest approximately 23.0% in equities, which may outperform corporate bonds in the long term, but may contribute to volatility in valuation and risk in the short-term. The remaining balance in the pension plans is held in fixed income investments and annuities which reduce or eliminate asset value volatility.

(ii) Changes in Bond Yields

A decrease in corporate bond yields will increase plan obligations, although this may be partially or completely offset by an increase in the value of the pension plan's assets invested in fixed income or the annuity contract.

(iii) Inflation Risk

The majority of the defined benefit plans' obligations are linked to inflation, with higher inflation leading to higher liabilities. The majority of the plan's assets may have some or complete correlation with inflation and, as such, an increase in inflation may reduce any surplus and/or increase any deficit.

(iv) Life Expectancy

The majority of the plans' obligations are to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the plans' liabilities, with the exception of life insurance liabilities. For the members covered by the annuity purchase contract, increases in life expectancy will have no effect on the registered pension plan's net asset or liability, as this risk is now borne by the insurer.

c) Amounts Recognized in the Financial Statements

The amounts recognized in the consolidated statements of financial position as at December 31 are determined as follows:

	2025	2024
	\$	\$
Present value of funded obligation	(163,838)	(171,352)
Fair value of plan assets	224,922	233,649
Funded status – surplus	61,084	62,297
Net defined benefit asset	61,084	62,297

The combined movement in the two defined benefit pension plans as at December 31 is as follows:

	2025	2024
	\$	\$
Accrued benefit obligation		
Balance, beginning of year	171,352	173,008
Current service cost	421	534
Interest cost	7,612	7,706
Benefits paid	(10,539)	(10,107)
Employee contributions	113	133
Remeasurements:		
(Gain) Loss from changes in financial assumptions	(4,848)	71
Experience (gain) loss	(273)	7
Balance, end of year	163,838	171,352
Plan assets		
Fair value, beginning of year	233,649	237,010
Interest income	10,390	10,574
(Loss) Return on plan assets, excluding amounts included in interest income	(3,433)	430
Transfer to defined contribution component	(4,733)	(3,866)
Employee contributions	113	133
Benefits paid	(10,539)	(10,107)
Administrative expenses paid from plan assets	(525)	(525)
Fair value, end of year	224,922	233,649
Funded status – surplus	61,084	62,297

As at December 31, 2025, each of the GTAA's defined benefit pension plans was in a surplus position. One plan was in a surplus position of \$60.2 million (December 31, 2024 – \$61.4 million), with an accrued obligation of \$154.6 million (December 31, 2024 – \$161.3 million) and a fair value of plan assets of \$214.8 million (December 31, 2024 – \$222.7 million). The other plan was in a surplus position of \$0.9 million (December 31, 2024 – \$0.9 million), with an accrued obligation of \$9.2 million (December 31, 2024 – \$10.0 million) and a fair value of plan assets of \$10.1 million (December 31, 2024 – \$10.9 million).

The GTAA's net defined benefit pension plan expense for the year ended December 31 is as follows:

	2025	2024
	\$	\$
Current service cost	421	534
Interest cost	7,612	7,706
Interest income	(10,390)	(10,574)
Administrative expenses	525	525
Defined benefit pension plan recovery recognized in net income	(1,832)	(1,809)
Amounts recognized in other comprehensive income:		
(Gain) Loss from changes in financial assumptions	(4,848)	71
Experience (gain) loss	(273)	7
Loss (Return) on plan assets	3,433	(430)
Total remeasurements recognized in accumulated other comprehensive loss	(1,688)	(352)

A reconciliation of the net defined benefit asset as at December 31 is as follows:

	2025	2024
	\$	\$
Net defined benefit asset, beginning of year	62,297	64,002
Defined benefit cost included in net income	1,832	1,809
Total remeasurements included in other comprehensive income	1,688	352
Transfer to defined contribution component	(4,733)	(3,866)
Net defined benefit asset, end of year	61,084	62,297

The accrued benefit obligation by participant status as at December 31 is as follows:

	2025	2024
	\$	\$
Active members	26,504	27,635
Vested deferreds	4,261	4,444
Retirees	133,073	139,273
Accrued benefit obligation	163,838	171,352

The GTAA's plan assets consist of the following as at December 31:

Asset Category	Fair Value of Plan Assets	
	2025	2024
Equity securities	23 %	20 %
Fixed income	33 %	36 %
Annuity buy-in	44 %	44 %

The fair values of equity and fixed income plan assets are primarily based on quoted market prices in active markets.

d) Significant Actuarial Assumptions

The significant actuarial assumptions used in measuring the GTAA's accrued defined benefit pension plan obligations are as follows (weighted-average assumptions as at December 31):

	2025	2024
Discount rate	4.90 %	4.59 %
Long-term rate of compensation increase	2.50 %	2.50 %
Long-term rate of price inflation	2.00 %	2.00 %
Long-term rate of pension increases	2.00 %	2.00 %

Mortality rates have been established in accordance with the Canadian Pensioners' Mortality Table Private Sector published by the Canadian Institute of Actuaries, multiplied by 103% and 102% for males and females, respectively.

e) Future Cash Flows

The sensitivity of the post-employment benefit obligation to changes in the weighted-average significant actuarial assumptions as at December 31, 2025 would be as follows:

	Change in Assumption	Increase in Assumption	Decrease in Assumption
		\$	\$
Discount rate	1.00 %	(14,863)	17,612
Rate of price inflation	1.00 %	16,414	(14,241)
Mortality	1 year	5,211	(5,270)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated. When calculating the sensitivity of the obligation to significant actuarial assumptions, the same method (present value of the obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Based on the most recent actuarial funding valuation as at January 1, 2023, the registered defined benefit plan had a funding valuation solvency surplus of \$44.0 million and the supplementary defined benefit plan had a solvency surplus of \$2.6 million.

Expected contributions, benefit payments and administrative expenses for both defined benefit pension plans for the year ended December 31, 2026 are \$5.0 million, \$11.1 million and \$0.5 million, respectively.

Defined Contribution Pension Plan Expense

The GTAA maintains four pension plans with defined contribution provisions providing pension benefits to employees who commenced working for the GTAA after December 1996 as well as those former Transport Canada employees who elected to transfer their pension credits to the GTAA plan. Under the terms of their collective agreement, certain employees are members of the College of Applied Arts and Technology Pension Plan (“CAAT Pension Plan”).

The GTAA’s contributions to the registered defined contribution pension plans and the CAAT Pension Plan are a maximum of 8.0% and 7.0% (2024 – 6.5% and 7.0%), respectively, of the employee’s gross earnings. The expense for the defined contribution pension plans in 2025 was \$13.4 million (2024 – \$11.4 million).

For designated employees of one unfunded supplemental plan, the GTAA’s notional contribution equals 16% of the employee’s gross earnings less amounts already contributed to the plan by the employee and the GTAA. Recorded in post-employment benefit liabilities on the consolidated statements of financial position is the estimated obligation for this plan at December 31, 2025 of \$4.0 million (December 31, 2024 – \$4.0 million).

Severance Entitlement Plan

The GTAA has a severance entitlement plan for certain employees under the terms of their collective bargaining agreement. The plan provides a payment upon retirement, resignation, termination or death to eligible employees or their beneficiaries based on years of service and vesting restrictions. The GTAA records the cost of this obligation based on an independent actuarial valuation updated annually.

Since the GTAA’s accrued severance entitlement plan is unfunded, the net obligation is equal to the sum of the benefit obligations for all the members under this plan. As at December 31, 2025, the balance of the accrued benefit obligation was \$2.9 million (December 31, 2024 – \$2.8 million), the post-employment benefit loss recognized in net income for the year ended December 31, 2025 was \$0.1 million (2024 – \$0.1 million), benefits paid were \$nil (2024 – \$nil) and the non-pension remeasurements recognized in other comprehensive income was \$0.04 million (2024 – \$nil).

Other Employee Future Benefits

Certain employees are provided with paid-up life insurance at the time of retirement. At December 31, 2025, the estimated obligation for this payment is \$3.3 million (December 31, 2024 – \$3.2 million), the post-employment benefit expense recognized in net income for the year ended December 31, 2025, was \$0.3 million (2024 – \$0.2 million), and the non-pension measurement recognized in other comprehensive income was \$0.316 million (2024 – \$nil). This amount is included in post-employment benefit liabilities in the consolidated statements of financial position.

Employees on long-term disability have the continuation of certain medical and dental benefits. At December 31, 2025, the estimated obligation for this payment is \$2.2 million (December 31, 2024 – \$2.1 million), the benefit expense

recognized in net income for the year ended December 31, 2025, was \$0.08 million (2024 – \$0.1 million), and the non-pension measurement recognized in other comprehensive income was \$0.01 million (2024 – \$nil). This amount is included in post-employment benefit liabilities in the consolidated statements of financial position.

In the year, certain employees are now entitled to the continuation of certain medical and health spending benefits post-retirement. As at December 31, 2025, the balance of the accrued benefit obligation was \$2.4 million (December 31, 2024 – \$nil), the post-employment benefit loss recognized in net income for the year ended December 31, 2025, was \$2.3 million (2024 – \$nil), benefits paid were \$nil (2024 – \$nil) and the non-pension remeasurements recognized in other comprehensive income was \$0.05 million (2024 – \$nil).

14. RELATED PARTY TRANSACTIONS

Related Parties

As a corporation without share capital, the GTAA has Members rather than shareholders. The Members of the GTAA are also its directors. The GTAA is governed by a 15-member Board of Directors. Seven Directors are elected by the Members from candidates who are identified and assessed through a search process. Five Directors are elected by the Members from candidates nominated by the following municipalities: the regional municipalities of York, Halton, Peel and Durham, and the City of Toronto. Two Directors are elected by the Members from nominees of the Government of Canada and one Director is elected by the Members from a nominee of the Province of Ontario. In this respect, the Directors are considered related parties, although all are independent of management.

The Government of Canada and its respective government-related entities, are considered related parties for accounting purposes only due to their ability to nominate Members, and due to the material nature of the Ground Lease (see Note 1, General Information, Airport Subject to Ground Lease). In accordance with IFRS, this meets the definition of significant influence, but not control.

The GTAA has applied the exemption for government-related entities to disclose only significant transactions. See Note 12, Leases, for amounts due under the Ground Lease, and Note 21, Airport Critical Infrastructure Program, for amounts due from Transport Canada.

Compensation of Key Management and Directors

The GTAA's related parties also include Key Management personnel. Key Management includes the CEO, the CFO, the COO and other executives who have the authorities and responsibilities for planning, directing and controlling the activities of the GTAA. The GTAA's Board of Directors collectively oversee the management and operation of the Airport. The Board of Directors are, only for the purposes hereof, also considered Key Management, although all are independent of management under applicable securities policies.

Compensation to Key Management personnel and to all Members of the Board of Directors for the year ended December 31, 2025, as included in the consolidated statements of operations and comprehensive income, was \$12.1 million (2024 – \$10.5 million). Compensation includes salaries, fees, short-term benefits, post-employment benefits and other employee benefits.

15. COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2025 of approximately \$270.8 million (December 31, 2024 – \$163.2 million).

Letters of Credit

A number of letters of credit for \$150.4 million in total were outstanding as at December 31, 2025 (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities).

Cogeneration Plant

The GTAA has entered into certain contracts in order to secure the supply and delivery of natural gas necessary for anticipated future operations of the Cogeneration Plant. Under these contracts, the GTAA will be required to make payments relating to both the delivery of natural gas based on standard rate agreements and the cost of natural gas as determined by market rates. The GTAA has also entered into a delivery contract that establishes a maximum volume of natural gas inventory that the GTAA is permitted to maintain, as of November 30 of each year. The GTAA has the option to dispose of natural gas in excess of this maximum volume either through consumption or through the sale of natural gas to third parties.

Contingent Liabilities

The GTAA is subject to legal proceedings and claims from time to time that arise in the normal course of business. Where appropriate, the GTAA has recorded provisions while it actively pursues its position. Where it is the opinion of management that the ultimate outcome of these matters will not result in a probable outflow of cash, no provisions have been recorded.

16. FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Fair value measurements recognized in the consolidated statements of financial position must be categorized in accordance with the following levels:

- a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 – Observable inputs other than quoted prices included in Level 1 such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; or
- c) Level 3 – Significant unobservable inputs that are supported by little or no market activity.

Financial instruments that are not measured at fair value in the consolidated statements of financial position are represented by cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities, security deposits, long-term debt, advanced payments, and other liabilities. The fair values of these items, excluding long-term debt, approximate their carrying values due to their short-term nature. The fair value of long-term debt is disclosed in Note 11, Long-Term Debt, Commercial Paper and Credit Facilities.

Restricted funds are categorized as Level 2 as the GTAA uses observable inputs such as yield curves applicable to identical assets to fair value this group. Deferred ground rent payable is categorized as Level 3 as there are no observable inputs.

There were no transfers of financial instruments between the levels during the year.

Risk Management

In the normal course of business, the GTAA is exposed to a number of financial risks that can affect its operating performance. The GTAA's overall financial risk management program seeks to minimize potential adverse effects on the GTAA's financial performance.

The GTAA's treasury function is responsible for the procurement of the GTAA's capital resources and for the management of financial risk. All treasury operations are conducted within policies and guidelines approved by the Board of Directors and are within the requirements set out in the MTI. Compliance with these policies is monitored by the regular reporting of treasury activities to the Audit Committee of the Board. The GTAA's operating activities are exposed to financial risks that may arise from changes in market risk, credit risk and liquidity risk.

Market Risk

a) Interest Rate Risk

The GTAA's exposure to interest rate risk relates to its Notes and short-term borrowing as described in Note 11, Long-Term Debt, Commercial Paper and Credit Facilities. As at December 31, 2025, all of the GTAA's Notes are fixed-rate carried liabilities and, therefore, changes in interest rates do not have an impact on interest payments but may have an impact on the fair value of this debt. Borrowings under the CP program, if any, and credit facilities will fluctuate in accordance with changes in interest rates; however, this is not considered significant.

The GTAA also has exposure to interest rate risk through its short-term investments of cash equivalents and short-term investments of restricted funds (see Note 6, Restricted Funds), which may cause fluctuations in interest income. As at December 31, 2025, \$389.2 million of the GTAA's short-term investment holdings of restricted funds carried various terms to maturity from one to 365 days. Therefore, changes in the interest rate would not have a significant impact on the fair value of short-term investments and restricted funds due to the short-term nature of the investments. Short-term investments were invested in guaranteed investment certificates, and certain restricted funds were invested in savings accounts that are highly liquid, and therefore the principal balances were protected regardless of changes in interest rates.

b) Foreign Currency Rate Risk

The GTAA undertakes certain transactions denominated in foreign currencies, primarily the U.S. dollar. However, the GTAA's exposure to any foreign currency risk is not significant.

Credit Risk

Credit risk is the risk that a loss may occur from the non-performance by counterparties to perform according to the terms of the contract, causing the other party to suffer a loss. The GTAA is subject to credit risk through its financial assets, which include cash and cash equivalents, short-term investments, restricted funds and accounts receivables. The GTAA manages this risk by performing ongoing credit valuations of balances, maintaining valuation allowances for potential credit loss and investing in instruments according to the guidelines of the MTI.

a) Cash and Cash Equivalents, Short-term Investments and Restricted Funds

The GTAA invests its cash and cash equivalents, short-term investments, and restricted funds in highly rated investment instruments with low risk profiles according to the guidelines specified in the MTI. The MTI requires that the GTAA invest its restricted funds with financial institutions with investment grade rates of AA or higher. The GTAA also has the ability to invest in highly rated government investment instruments.

The credit quality of cash and cash equivalents, short-term investments, and restricted funds that are neither past due nor impaired can be assessed by reference to external credit ratings (if available):

As at December 31	2025	2024
	\$	\$
Cash and cash equivalents		
AA	1,267,081	827,968
Short-term investments		
AA	—	285,000
Restricted funds		
AA	417,966	481,542

b) Accounts Receivable

Credit risk with respect to accounts receivable is managed by the GTAA's credit evaluation process, reasonably short collection terms and the creditworthiness of its customers. The GTAA regularly monitors its credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in actual losses.

Before accepting a new air carrier, the GTAA uses an external credit scoring system to assess the potential customer's credit quality, as well as an internal credit rating system. All customers are subject to credit checks and require prepayment or a deposit in the form of cash, a letter of credit or a letter of guarantee. Operational and credit-related reviews for aeronautical customers are reviewed seasonally for adequacy. Should the requirements for security deposits change, new payment terms or deposit requirements will be established. A security deposit is required for most non-aeronautical customers. Credit checks for these non-aeronautical customers are performed at the time of the agreement negotiations, renewals and amendments.

An expected credit loss allowance is maintained, consistent with the credit risk, historical trends, general economic conditions and other information and is taken into account in the consolidated financial statements.

The credit quality of billed accounts receivable was assessed by reference to external credit ratings (if available). As at December 31, 2025, \$2.1 million in accounts receivables had a high credit rating (December 31, 2024 – \$nil), \$8.9 million had a moderate-high credit rating (December 31, 2024 – \$6.5 million), \$20.5 million had a moderate credit rating (December 31, 2024 – \$15.8 million) and \$4.0 million had a moderate-low credit rating (December 31, 2024 – \$6.5 million). An external credit rating was not available for the remaining billed accounts receivable.

In the year, there was a concentration of service with one air carrier that represented approximately 33.8% (2024 – 34.8%) of total revenue. As at December 31, 2025, there was a concentration of the accounts receivable balance, excluding prepayments and deposits on hand, with two air carriers representing 34.2% (December 31, 2024 – 37.7%).

Liquidity Risk

Liquidity risk is the risk that the GTAA will not be able to meet its financial liabilities and obligations as they become due.

The GTAA monitors its cash flow requirements and conducts consistent analysis of trends and expected fluctuations in its liquidity and capital resources. The GTAA has implemented financial risk resilience measures including achieving and maintaining a target amount of unrestricted cash on hand to mitigate risks due to a financially significant event.

The GTAA maintains credit facilities and a CP program and executes a Capital Markets Platform to meet cash needs as debt maturities occur (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities, and Note 20, Capital Risk Management). The GTAA mitigates risk related to liquidity in the CP program via the credit facilities available under its lines of credit. To maintain a flexible program, debt maturities are also spread over a range of dates, thereby ensuring that the GTAA is not exposed to excessive refinancing risk in any one year or any period within one year.

The table below analyzes the GTAA's financial liabilities by relevant maturity groupings based on the remaining period at the date of the consolidated statements of financial position to the contractual maturity date. It does not include pension and post-retirement benefit obligations, as maturities are variable based on timing of individuals leaving the plan. The table has been prepared based on the contractual undiscounted cash flows based on the earliest date on which the GTAA can be required to pay. It includes both principal and interest cash flows.

December 31, 2025

	Less Than 1 Month	1 Month to 12 Months	1 Year to 5 Years	Thereafter
	\$	\$	\$	\$
Accounts payable and accrued liabilities	168,665	128,988	—	—
Long-term debt and cumulative interest	4,017	341,984	3,780,399	5,575,273
	172,682	470,972	3,780,399	5,575,273

December 31, 2024

	Less Than 1 Month	1 Month to 12 Months	1 Year to 5 Years	Thereafter
	\$	\$	\$	\$
Accounts payable and accrued liabilities	143,842	138,221	—	—
Commercial paper	—	287,155	—	—
Long-term debt and cumulative interest	4,873	341,127	3,421,243	6,280,430
	148,715	766,503	3,421,243	6,280,430

Additional disclosure about the GTAA's credit facilities and long-term debt can be found in Note 11, Long-Term Debt, Commercial Paper and Credit Facilities.

Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statements of financial position where the GTAA currently has a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the GTAA enters into various arrangements that do not meet the criteria for offsetting in the consolidated statements of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of the contracts.

The following table presents the financial instruments which may be subject to enforceable master netting arrangements or other similar agreements but not offset, as at December 31, 2025 and 2024, and shows in the "Net Amount" column what the net impact would be on the GTAA's consolidated statements of financial position if all set-off rights were exercised in circumstances described above. As at December 31, 2025, no recognized financial instruments are offset in the consolidated statements of financial position.

December 31, 2025

	Gross Amount Presented in the Consolidated Statements of Financial Position	Related Accounts Not Set Off in the Consolidated Statements of Financial Position	Net Amount
	\$	\$	\$
Financial assets			
Accounts receivable	191,051	(79,833)	111,218
Restricted funds	417,966	(410,515)	7,451
	609,017	(490,348)	118,669
Financial liabilities			
Security deposits	(79,833)	79,833	—
Long-term debt (including current portion)	(6,734,001)	410,515	(6,323,486)
	(6,813,834)	490,348	(6,323,486)

December 31, 2024

	Gross Amount Presented in the Consolidated Statements of Financial Position	Related Accounts Not Set Off in the Consolidated Statements of Financial Position	Net Amount
	\$	\$	\$
Financial assets			
Accounts receivable	154,463	(60,539)	93,924
Airport Critical Infrastructure Program receivable	812	(643)	169
Restricted funds	481,542	(469,790)	11,752
	636,817	(530,972)	105,845
Financial liabilities			
Security deposits	(60,539)	60,539	—
Airport Critical Infrastructure Program payment	(643)	643	—
Long-term debt (including current portion)	(6,758,594)	469,790	(6,288,804)
	(6,819,776)	530,972	(6,288,804)

17. REVENUE

During the year, the GTAA recognized \$2,084.8 million in revenue which is comprised of \$1,808.3 million (2024 – \$1,711.1 million) from contracts with customers and \$276.5 million (2024 – \$264.3 million) of revenue was recognized under IFRS 16, Leases.

Deferred revenue was \$21.9 million as at January 1, 2025, and such amount was fully recognized in the consolidated statements of operations and comprehensive income in 2025. Cash in the amount of \$24.2 million was received during the year that related to performance obligations yet to be satisfied resulting in a deferred revenue balance of \$24.2 million as at December 31, 2025.

18. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at December 31	2025	2024
	\$	\$
Trade payables	171,863	149,168
Accrued expenses	108,684	105,375
Commodity sales tax payable	9,251	8,313
Provisions	900	13,825
Other liabilities	6,955	5,382
	297,653	282,063

19. GOODS AND SERVICES EXPENSE BY NATURE

Years Ended December 31	2025	2024
	\$	\$
Property and equipment maintenance and repairs	121,428	128,162
Outsourcing and professional services	200,878	201,026
Utilities	24,254	25,547
Policing and security	54,943	51,648
Snow removal	33,645	18,511
AIF administration fee	27,839	25,896
Small parts and material supplies	12,851	13,601
Insurance	13,257	12,584
Other	31,374	42,563
	520,469	519,538

20. CAPITAL RISK MANAGEMENT

The GTAA defines its capital as current and long-term portions of debt; borrowings under the CP program, if any; borrowings under the GTAA's credit facilities, if any (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities), cash and cash equivalents, short-term investments, and restricted funds (see Note 6, Restricted Funds).

The GTAA's objectives when managing capital are to:

- a) Maintain a capital structure and a credit rating that provide appropriate financing options to the GTAA when a financing or a refinancing need arises to ensure access to capital, on commercially reasonable terms, without exceeding its debt capacity or resulting in a downgrade to the credit ratings of the existing indebtedness;
- b) Maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments; and
- c) Satisfy covenants set out in the MTI, in applicable years.

The GTAA is a corporation without share capital and, accordingly, is funded through operating revenues, AIF revenue, restricted funds, the debt capital and CP markets and its bank credit facilities. The GTAA uses a rate-setting methodology that targets levels of cash flow sufficient not only to fund operating expenses, maintenance and restoration capital expenditures, and partial debt repayment but also, in most years, to fund certain other capital investments. Consistent with this mandate, any excess funds generated by the GTAA are reinvested in the Airport.

Capital Markets Platform

The GTAA's ongoing capital requirements, as noted above, are financed through the issuances of debt. The GTAA maintains a financing program referred to as the Capital Markets Platform, capable of accommodating a variety of corporate debt instruments. All indebtedness incurred under the Capital Markets Platform is secured *pari passu* under

the MTI, which establishes common security and a set of common covenants by the GTAA for the benefit of all its lenders. The security is comprised of: an assignment of the revenues of the GTAA; a specific charge on certain funds; restricted funds and accounts; an unregistered first leasehold mortgage of the GTAA's leasehold interest in the Airport; and a guarantee and related collateral security of subsidiaries, as designated from time to time.

The Debt Service Reserve Funds are funded from the net proceeds of each bond or MTN issuance (see Note 6, Restricted Funds). The MTI contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant) such that: (i) Revenues in each Fiscal Year are sufficient to make all required debt service payments and deposits in funds and reserve funds, and all other payments required to be made by the GTAA in the ordinary course of its consolidated business; and (ii) Net Revenues, together with any Transfer from the General Fund in each Fiscal Year, equal to at least 125 per cent of the Annual Debt Service for each Fiscal Year; capitalized terms are defined in the MTI.

Both financial tests exclude amortization of property and equipment, investment property and intangible assets, asset write-downs and impairments. The debt service covenant does, however, include a notional amortization, over a 30-year period of outstanding debt. Inclusion of the notional debt amortization further evaluates whether net revenues are sufficient to retire debt over 30 years, which is considered appropriate for an infrastructure provider with significant, long-term use assets. At December 31, 2025, the GTAA was in compliance with the above covenants and was not in default under the Trust Indenture as defined therein.

The GTAA sets its annual rates and charges, fees and rentals so that these two covenants under the MTI are met. See Note 11, Long-Term Debt, Commercial Paper and Credit Facilities.

21. AIRPORT CRITICAL INFRASTRUCTURE PROGRAM

In 2022, Transport Canada announced the allocation of up to \$142.0 million in funding under the Airport Critical Infrastructure Program to the GTAA. Since the inception of the program, the GTAA has received \$108.1 million in funding from Transport Canada.

In the year, the GTAA applied \$5.2 million (December 31, 2024 – \$8.7 million) against eligible amounts spent on approved infrastructure assets, with a receivable of \$0.8 million (December 31, 2024 – \$0.8 million) recorded on the consolidated statements of financial position as at December 31, 2025. The receivable represents amounts spent on assets under construction expected to be received from Transport Canada within 12 months. A deferred payment of \$0.6 million received during 2024 was applied during the year.