

Management’s Discussion and Analysis and Condensed Interim Consolidated Financial Statements

March 31, 2025



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

March 31, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED March 31, 2025

Dated May 6, 2025

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 three months ended March 31, 2025, and should be read in conjunction with the Condensed Interim Consolidated Financial Statements of the GTAA for the same period. In addition, the reader is directed to the Consolidated Financial Statements and MD&A for the years ended December 31, 2024, and 2023, and the Annual Information Form for the year ended December 31, 2024. 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, MD&A and the Annual Information Form 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 had an initial term of 60 years expiring in 2056, with one renewal term of 20 years at the option of the GTAA. At the end of 2024, the GTAA exercised the 20-year extension of its Ground Lease. As a result, the Ground Lease now 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 that are currently unrelated to the direct management, operation or maintenance of the Airport. 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.

OVERVIEW

The GTAA's purpose includes developing, managing and operating airports within the south-central Ontario region; the GTAA currently operates Toronto Pearson. Toronto Pearson is a global hub and vital connector of people, businesses and critical goods. Toronto Pearson connects passengers to and from other Canadian airports, transborder with airports in the United States, and other international destinations.

Operational and Financial Performance Summary

During the three months ended March 31, 2025, compared to the same period of 2024, the GTAA earned and generated:

- Passenger volume of 10.7 million, a decrease of 0.2 million or 2.0 per cent;
- Revenues of \$487.4 million, an increase of \$18.9 million or 4.0 per cent;
- EBITDA¹ of \$216.9 million, a decrease of \$2.3 million or 1.0 per cent;
- Net income of \$69.5 million, a decrease of \$4.1 million;
- Cash flows from operating activities of \$233.9 million, an increase of \$19.6 million; and
- Free cash flow² of \$130.8 million, an increase of \$13.7 million.

The financial results are attributed primarily to a decrease in passenger volumes and flight movements, offset by higher aeronautical and AIF rates. The increase in free cash flow was primarily driven by higher cash flow from operations offset by lower receipt of funds under the Airport Critical Infrastructure Program (ACIP).

Corporate Strategy

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 initiatives and an infrastructure investment plan designed to prioritize capital investments to grow, restore and build system resiliency. The Plan includes a series of time horizons that support a flexible and agile approach by the GTAA over the long term to facilitate and serve anticipated passenger growth at expected service levels over the next decade.

The GTAA's mission is to:

- Establish Toronto Pearson a global leader in airport performance, customer care and sustainability; and
- Innovate and strive for the most uplifting, safe and efficient experience for its passengers.

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 experience;
- Operational Efficiency - foster an airport-wide culture of responsibility and accountability through the "Pearson Standard" with program and policies for the GTAA and its partners, building continuous improvement in processes, while transitioning to more sustainable energy sources;
- Innovation - champion an innovation culture that encourages continuous modernization and rewards experimentation with our ecosystem of partners to cultivate and accelerate initiatives that will make Toronto Pearson, faster, better and stronger; and
- Employee Experience and Culture - build organizational readiness and preparedness to support transformation and the outcomes of these strategic pillars with highly capable, engaged and diverse talent.

¹ EBITDA, a non-GAAP financial measure, is defined as earnings from operations before interest and financing costs, reversal or impairment of investment property, write-down of property and equipment, and amortization. Refer to section "Non-GAAP Financial Measures".

² Free cash flow, a non-GAAP financial measure, is defined as cash flows from operating activities and ACIP grants received, less cash interest, financing costs and capital expenditures. Refer to section "Non-GAAP Financial Measures". See "Liquidity and Capital Resources" section for narrative details and the free cash flow calculation.

Pearson Long-term Investment in Facilities and Terminals

Pearson Long-term Investment in Facilities and Terminals (or “Pearson LIFT”)¹ is an ambitious infrastructure development plan spanning more than a decade, investing in Toronto Pearson’s facilities through several construction programs. Pearson LIFT aims to transform the Airport into one of the most advanced, sustainable and passenger-friendly airports in the world.

Pearson LIFT will focus on revitalizing existing Airport facilities, replace aging assets and building new spaces supported by a digital environment to elevate travel and passenger experience and increase capacity to meet future anticipated demands. In addition, the GTAA will collaborate with its partners to improve operational efficiency, stability and resiliency across the ecosystem while advancing sustainability at Toronto Pearson.

The Pearson LIFT Program comprises multiple construction and investment initiatives. There are three primary programs referred to as Accelerator, T1 / T3 Revitalization, and Gateway. The Accelerator Program is aimed at upgrading and replacing critical existing operational aged assets including airfield electrical systems and runways, aimed at building system resilience and unlocking capacity through efficiencies. The Accelerator Program will also construct a new interim terminal facility to address growing demand before the Gateway Program is completed.

The T1 / T3 Revitalization Program involves the renovation, renewal and optimization of the two existing aged terminal facilities to upgrade the buildings and extend the useful life of these terminals. The Program aims to enhance our passenger and employee experience, safety and security through innovative solutions and design.

The Gateway Program is a large-scale terminal expansion program that will deliver a new modern expanded terminal facility and piers connected to the existing T1 terminal providing exceptional passenger experience, offering seamless passenger flow enhanced through technology in a bright and spacious terminal with capacity for long-term forecasted demand.

The three main programs are underpinned by a Technology Program designed to integrate the digital innovations that define the airport of the future supporting seamless passenger and aircraft flow. In addition, Toronto Pearson is also executing on a High Priority Investment Program designed to tackle critical and time-sensitive issues that have the potential to disrupt airport operations. Through all of these Programs the GTAA will create expanded passenger and cargo spaces, improve critical systems and upgrade its airfields.

The GTAA will engage in competitive procurement processes for each of the main programs. Both the Accelerator and the Gateway Programs will follow a progressive design and build approach, while the T1 / T3 Revitalization Program will be delivered through a construction management approach with an associated design contract.

The Accelerator Program is the furthest along and procurement well underway, with contract award planned for the second quarter of 2025 and completing the design process. The GTAA is also progressing the procurement process for both the T1 / T3 Revitalization Program and the Gateway Program and expects contract award to be in 2026.

The Pearson LIFT Program anticipates significant benefits for the Airport, its partners, passengers, and the Pearson Economic Zone² including:

- protecting and enhancing Canada’s direct air connectivity to global economies;
- creating a world-class airport experience for passengers, partners and employees;
- growing the local economy and creating jobs through business and investment opportunities;
- reducing environmental impacts to advance Canada’s climate goals and energy transition; and
- improving access and connections to surrounding regions for passengers, cargo and employees

¹ Pearson Long-term Investment in Facilities and Terminals was formerly known as the Transformative Capital Plan.

² The Pearson Economic Zone is a 2000 square kilometre area around the Airport home to more than 2000 factories (see: "Pearson Economic Zone home to North American manufacturing super cluster" by Trillium Network for Advanced Manufacturing, April 2025).

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 one of two sectors: domestic (passengers traveling within Canada) and international (passengers traveling to and from destinations outside Canada).

During the first quarter of 2025, 10.7 million passengers travelled through the Airport, a decrease of 0.2 million passengers or 2.0 per cent compared to the same period in the prior year. The decline in passenger volume impacted both sectors, with the reduction in the International sector being primarily related to a decrease in transborder traffic. Passenger traffic was largely impacted by the global economic and political landscape combined with snow storms and the single aircraft incident in February. Additionally, 2024 was a leap year resulting in an extra day in February.

The following table summarizes passenger activity by sector for the three months ended March 31:

Passenger Activity ¹	Three months ended March 31			
	2025	2024	Change ²	%
<i>(in millions)</i>				
Domestic	3.4	3.5	(0.1)	(2.2)
International	7.3	7.4	(0.1)	(1.9)
Total	10.7	10.9	(0.2)	(2.0)
<i>(in millions)</i>				
Origin and destination	8.3	8.4	(0.1)	(0.7)
Connecting	2.4	2.5	(0.1)	(4.4)
Total	10.7	10.9	(0.2)	(2.0)
<i>(in %)</i>				
Origin and destination ²	77.4 %	76.7 %	—	—
Connecting ²	22.6 %	23.3 %	—	—
Total	100.0 %	100.0 %		

¹ These calculations are estimates based on airline reporting and may vary from actual numbers.

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

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 at that same airport en route to a final destination.

During the three months ended March 31, 2025, compared to the same period of 2024;

- the number of origin and destination passengers decreased 0.7 per cent to 8.3 million passengers, while the number of connecting passengers decreased 4.4 per cent to 2.4 million passengers compared to prior year.
- the proportion of origin and destination passengers increased 2.4 percentage points to 77.4 per cent, while the proportion of connecting passengers decreased 2.4 percentage points to 22.6 per cent.

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 manufacturers, and total number of seats. MTOW and seats are used to calculate the majority of posted 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 three years December 31:

Flight Activity ¹	Three months ended March 31			
	2025	2024	Change ² %	
<i>(in thousands)</i>				
Total aircraft movements	91.3	94.0	(2.7)	(2.9)
Passenger aircraft movements	81.9	84.0	(2.1)	(2.5)
Non-passenger aircraft movements	9.4	10.0	(0.6)	(6.0)
<i>(in millions)</i>				
MTOW (tonnes)	8.6	8.6	—	0.7
Seats	13.3	13.3	—	(0.5)
Seats per passenger aircraft movement	161.9	158.7	3.2	2.1
Load factor (%)	80.4	81.2	—	—

¹ Flight activity measures reflect both arriving and departing flights.

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

During the three months ended March 31, 2025, changes in flight activity, compared to the same periods of 2024, respectively, consist of the following:

- passenger aircraft movements decreased 2.5 per cent and non passenger aircraft movements decreased 6.0 per cent largely impacted by the global economic and political landscape combined with snow storms and the single aircraft incident in February;
- MTOW increased 0.7 per cent to 8.6 million tonnes reflecting the airlines use of larger aircraft offset by a lower number of movements;
- Total seats decreased 0.5 per cent to 13.3 million, the impact of lower passenger volumes resulted in a lower Load Factor of 80.4 per cent in the period compared to 81.2 per cent in same period in the prior year; and
- the number of seats per passenger aircraft movement increased by 2.1 per cent to 161.9 seats, related to the change in carrier and fleet mix.

During the period Toronto Pearson welcomed Virgin Atlantic who commenced passenger service between Toronto and London Heathrow and China Airlines who commenced freighter service between Toronto and Taipei via Anchorage.

In Q1 2025, 51 passenger airlines operated at Toronto Pearson compared to 44 in Q1 2024.

A total of 175 destinations were served out of Toronto Pearson (including one-stop flights operating on the same flight number) in Q1 2025 a decrease of 2 destinations. The reduction in short-haul US markets was partially offset by the addition of international destinations.

RESULTS OF OPERATIONS

The following section discusses the GTAA's financial results, together with its approach to setting its 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 the aeronautical fees and charges, the GTAA consults with stakeholders on the rate framework in establishing aeronautical fees and charges on an annual basis. The GTAA undertakes an annual consultation, which is an iterative process with the airline community to discuss certain proposed and ongoing capital projects that will impact and be funded primarily through the Airport Improvement Fees ("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 AIF from each of their enplaned passengers on the GTAA's behalf for an administration fee to the airline. The net AIF received enables the GTAA to fund capital projects, both existing and upcoming, and supports building plans for the future.

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

- Aeronautical fees increased by 5 per cent;
- 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.

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

- fund projects that enable additional capacity;
- fund renewal and replacement of existing airport assets;
- fund projects that digitize the Airport and improve the Airport's growth, competitiveness and environmental sustainability; and
- address higher operating costs associated in part with passenger volume, growth and inflation.

The GTAA has an 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 which improve customer service, by focusing on four major areas of airline performance including:

- on-time departure;
- towing aircraft off gates when going out of service;
- meeting baggage return timelines for arriving passengers; and
- customer check-in utilization 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 agreements expires on December 31, 2026, and the GTAA has an option to extend for up to two additional years. For the quarter ended March 31, 2025, the GTAA estimates the Q1 rebate to be \$9.2 million based on information available to date.

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 originating and departing 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 three months ended March 31:

Revenues <i>(\$ millions)</i>	Three months ended March 31			
	2025	2024	Change ¹	
				%
Landing fees ²	105.7	99.5	6.2	6.2
General terminal charges	62.8	59.4	3.4	5.7
Aeronautical Revenues	168.5	158.9	9.6	6.0
Concessions and rentals	81.5	76.6	4.9	6.5
Car parking and ground transportation	61.0	59.2	1.8	3.0
Other	15.5	14.6	0.9	5.8
Commercial Revenues	158.0	150.4	7.6	5.0
Airport Improvement Fees	160.9	159.2	1.7	1.1
Total Revenues	487.4	468.5	18.9	4.0
Key Metric				
Air Carrier Cost / Enplaned Passenger ³ ("CPE") ⁴ (\$)	31.6	29.2	2.4	8.2

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

² Includes apron fees.

³ For credit metric purposes, 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 based on a trailing 12-months aeronautical revenue and activity. Refer to section "Non-GAAP Financial Measures".

Revenue growth of \$18.9 million for the three months ended March 31, 2025, is primarily driven by rate and fee increases, offset by a decline in passenger volumes compared to the same period in 2024.

Aeronautical revenues increased 6.0 per cent to \$168.5 million during the three months ended March 31, 2025, primarily due to the higher aeronautical rates that were implemented at the beginning of the year, as described above. In addition, APA rebates were lower in the period compared to the same period of 2024.

Total concession and rental revenues increased 6.5 per cent to \$81.5 million during the three months ended March 31, 2025, compared to the same period of 2024. The GTAA's concession revenues, which include revenues from retail tenants, advertising and sponsorship partners at the Airport, increased 4.4 per cent to \$36.1 million during the three months ended March 31, 2025, compared to the same period of 2024. For the trailing 12-month period to March 31, 2025, retail store sales per enplaned passenger at Toronto Pearson reduce by \$0.01 to \$31.01 when compared to the same period to March 31, 2024. Tenants, under their agreements with the GTAA, pay either a fixed annual rent or a minimum annual guarantee and percentage rent to the GTAA. Rental revenues increased 8.2 per cent to \$45.4 million during the three months ended March 31, 2025, compared to the same period of 2024 driven by increase in rates and addition of two airlines. Excluding ACI revenues, rental revenues increased 9.2 per cent to \$36.4 million during the three months ended March 31, 2025, compared to the same period of 2024.

Car parking and ground transportation revenues increased 3.0 per cent to \$61.0 million during the three months ended March 31, 2025, compared to the same period of 2024. The increase was mainly driven by growth in Transportation Network Companies, and rate increases in the first quarter of 2025.

Other revenues, which comprise deicing, fire and emergency services training and other miscellaneous revenues, increased 5.8 per cent to \$15.5 million during the three months ended March 31, 2025, compared to the same period of

2024 primarily driven by an increase in fire and emergency services training revenue in the period. Deicing revenues are based on a cost-recovery approach in relation to MTOW which is flat to Q1 2024 as detailed above.

AIF revenues increased 1.1 per cent to \$160.9 million during the three months ended March 31, 2025, compared to the same period of 2024. The increase was due to a rate increase in 2025, detailed above, combined with an increase in the mix between origin and destination and connecting passengers.

Expenses

Expenses include the costs to operate and maintain the Airport, amortization (property and equipment, investment property and intangible assets), interest and financing costs, write-down of property and equipment, and the reversal or impairment of investment property.

The following table summarizes GTAA's consolidated expenses for the three months ended March 31:

Expenses <i>(\$ millions)</i>	Three months ended March 31			
	2025	2024	Change ¹	%
Ground rent	55.1	53.0	2.1	4.1
PILT ²	10.3	8.2	2.1	25.9
Total ground rent and PILT ²	65.4	61.2	4.2	7.0
Goods and services	130.8	121.9	8.9	7.3
Salaries, wages and benefits	74.3	66.2	8.1	12.2
Total Operating Expenses (before amortization)	270.5	249.3	21.2	8.5
Amortization of property and equipment, investment property and intangible assets	82.6	80.0	2.6	3.3
Total Operating Expenses	353.1	329.3	23.8	7.2
Interest expense on debt instruments and other financing costs, net of interest income	64.8	65.6	(0.8)	(1.3)
Total Expenses	417.9	394.9	23.0	5.8

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

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

Total expenses increased by \$23.0 million or 5.8 per cent for the three months ended March 31, 2025, primarily driven by increases in expenditures for goods and services and salaries, wages and benefits compared to the same period in 2024.

Ground rent payments to the Government of Canada are calculated as a percentage of Airport Revenues, as defined in the Ground Lease, at progressively increasing rates with a top rate of 12 per cent of Airport Revenues in excess of \$250 million annually. Ground rent expense increased 4.1 per cent to \$55.1 million during the three months ended March 31, 2025, compared to the same period of 2024, directly related due to the similar increase in Airport Revenues.

The GTAA is exempt from the payment of real property taxes under the *Assessment Act* (Ontario), and 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. Under an amendment in February 2022 to the applicable regulation, the previous maximum annual increase of 5.0 per cent was temporarily suspended beginning in 2022, until Toronto Pearson's passenger volumes return to 2019 levels. The PILT expenditure increased 25.9 per cent to \$10.3 million during the three months ended March 31, 2025, compared to the same period of 2024, is directly related to the 2023 passenger levels exceeding 2022 levels. Separately, ACI pays municipal real property taxes in the ordinary course of business as the investment properties acquired by ACI are not used directly for Airport operations.

During the first quarter of 2025, expenditures for goods and services increased 7.3 per cent or \$8.9 million to \$130.8 million, compared to the same period of 2024. The increased costs were primarily due to professional and consulting services costs to support operational readiness for Pearson LIFT and other initiatives, snow removal costs due to increased frequency of snowstorms in the first quarter of 2025 compared to the mild winter in the same period in 2024, partially offset by decreases in energy and utilities and other costs.

Salaries, wages and benefits increased 12.2 per cent or \$8.1 million to \$74.3 million during the three months ended March 31, 2025, compared to the same periods in 2024. The increase reflects the retooling of teams across the organization to support skill-set upgrades and operational readiness for the LIFT programs and other initiatives, primarily through additional employee hires in airport operations and airport development technical services as well as workforce readiness related costs.

The increase in operating costs reflect investments in expenditures in the current quarter to support infrastructure and capacity planning and customer experience in support of anticipated future growth in passenger level.

Amortization of property and equipment, investment property and intangible assets increased 3.3 per cent to \$82.6 million during the three months ended March 31, 2025, compared to the same period of 2024 due to incremental capitalization from 2024 across multiple projects.

Interest expense and other financing costs, net of interest income, decreased 1.3 per cent to \$64.8 million during the three months ended March 31, 2025, compared to the same period of 2024. The decrease was due to higher interest income associated with short term investments and lower interest rate expense on short term debt, compared to the same period of 2024.

Net Operating Results

The following table summarizes the GTAA's consolidated net operating results for the three months ended March 31:

Net Operating Results	Three months ended March 31			
	2025	2024	Change ¹	
(\$ millions)				%
Net Income	69.5	73.6	(4.1)	(5.6)
Add: Interest and financing costs, net	64.8	65.6	(0.8)	(1.3)
Earnings before interest and financing costs, net	134.3	139.2	(4.9)	(3.5)
Add: Amortization ²	82.6	80.0	2.6	3.3
EBITDA ³	216.9	219.2	(2.3)	(1.0)
EBITDA Margin ³	44.5 %	46.8 %	—	—

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".

During the three months ended March 31, 2025, earnings before interest and financing costs, and amortization ("EBITDA") decreased 1.0 per cent to \$216.9 million, compared to the same period of 2024. Higher revenues associated with the increase in aeronautical and AIF fees were offset by the increase in operating costs (before amortization), as discussed above, for Q1 2025. EBITDA margin decreased by 2.3 percentage points to 44.5 per cent during three months ended March 31, 2025, compared to the same period of 2024, due to similar factors. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

The GTAA generated net income of \$69.5 million during the three months ended March 31, 2025, a decrease of \$4.1 million, compared to the same period of 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 June 30, 2023, through March 31, 2025:

(\$ millions) ¹	Quarter Ended							
	2025		2024		2023			
	Mar	Dec	Sep	Jun	Mar	Dec	Sep	Jun
Revenues	487	490	531	485	469	492	505	464
Operating expenses ²	271	283	256	248	250	263	225	216
Write-down of property and equipment	—	7	—	—	—	35	—	—
(Reversal) Impairment of investment property	—	—	—	(6)	—	8	18	—
Amortization ³	83	88	88	91	80	82	92	94
Earnings before interest and financing costs, net	133	112	187	152	139	104	170	154
Interest and financing costs, net	65	66	65	65	66	69	70	73
Net Income	68	46	122	87	73	35	100	81

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 measure and is defined in the section on 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 the first quarter of 2025, the GTAA funded capital investments through operating cash flows. The GTAA may access the capital markets as required to fund future capital expenditures.

During the three months ended March 31, 2025, the GTAA invested \$61.3 million in capital programs compared to \$52.2 million in the same period in 2024. Of the total spend in Q1 2025, \$41.4 million is related to ongoing construction and IT programs and \$19.9 million related to the LIFT programs.

During the quarter, the GTAA substantially completed a number of ongoing projects including the Airside Pavement Restoration Baggage, Handling Infrastructure Program, Biosecurity-enabled Check-In and Boarding Processing, Border Modernization and Infield Concourse ("IFC") Modernization. The remaining activities for these projects will be closed out in 2025.

Work is ongoing on T1 Washroom Revitalization and Fleet Equipment upgrades. The table below provides an overview of the major spend categories in Q1 2025:

Program / Project Categories	FY 2025 YTD Spend (\$M)	Details
Non-LIFT		
Active Ongoing Construction Projects	29.7	Continued investments in existing facilities, including revitalization of T1 Public Washrooms, replacement of Deicing trucks, Airside Fleet Restoration for winter operations and the GTAA hybrid workspace upgrades.
Active Ongoing IT Projects	11.2	Ongoing IT projects included investments in meeting room technology and upgrades to the Supervisory Control and Data Acquisition (SCADA) system and the Sort Allocation Computer (SAC) system. These systems monitor and control processes and managing / sorting baggage flow. In addition, design and planning work for the Next Gen data warehouse and HR system modules continued.
Others	0.5	
Total Non-LIFT Capex	41.4	
LIFT		
T1/T3 Revitalization	11.3	LIFT related expenditure included project management, engineering support costs and initial site reviews for Accelerator.
Gateway	3.9	
Accelerator	3.5	
High Priority Improvement Program ("HPIP")	1.2	HPIP expenditure included design costs, project management and engineering support costs related to the Baggage Handling System and other restoration works.
Total LIFT Capex	19.9	
Total Capex Spend	61.3	

Airport Critical Infrastructure Program

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 \$103.6 million in funding from Transport Canada since the inception of the ACIP to March 31, 2025. The remaining funds 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 deficit and accumulated other comprehensive loss as at March 31, 2025, as compared to December 31, 2024:

<i>(\$ millions)</i>	March 31, 2025	December 31, 2024	Change
Total assets	7,044.0	7,210.5	(166.5)
Total liabilities	7,249.5	7,485.8	(236.3)
Deficit and accumulated other comprehensive loss	(205.5)	(275.3)	69.8

The GTAA's total assets decreased by \$166.5 million as at March 31, 2025, compared to December 31, 2024 primarily due to a decrease of \$180.0 million in short-term investments that were used to repay the outstanding commercial paper debt. Amortization for property and equipment continues to exceed the rate of capital investment resulting in a reduction of \$18.4 million in the net book values. This was partially offset by increases of \$32.3 million in cash and cash equivalents.

The GTAA's total liabilities decreased by \$236.3 million primarily due to a decrease of \$247.8 million in commercial paper borrowings partially offset by increase in accounts payable and accrued liabilities. Refer to the "Liquidity and Capital Resources" section for further details.

The deficit and accumulated other comprehensive loss of \$205.5 million as at March 31, 2025, has decreased \$69.8 million compared to December 31, 2024 due to the earnings (net income) in the first quarter of 2025. As described above the results were primarily due to higher revenues associated with the increase in aeronautical and AIF rates and offset by an increase in operating costs reflecting investments in the quarter to support infrastructure and capacity planning and customer experience in support of anticipated future growth in passenger level

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 three months ended March 31, 2025, and March 31, 2024:

(\$ millions)	Three months ended March 31		
	2025	2024	Change
Cash Flows from Operating Activities	233.9	214.3	19.6
Capital expenditures ¹ - property and equipment	(74.7)	(78.3)	3.6
Capital expenditures ¹ - investment property	(0.5)	(1.4)	0.9
Funds received under the ACIP	—	10.4	(10.4)
Interest Income	16.0	17.0	(1.0)
Interest paid and other financing costs ²	(43.9)	(44.9)	1.0
Free Cash Flow³	130.8	117.1	13.7
Decrease (Increase) in restricted funds	7.6	(49.6)	57.2
Decrease (Increase) in short-term investments	180.0	40.0	140.0
(Repayments) Borrowings, net	(286.2)	59.7	(345.9)
Net Cash Inflow/(Outflow)	32.2	167.2	(135.0)
	As at March 31		
	2025	2024	Change
Gross Debt	6,798.8	7,083.4	(284.6)
Cash, cash equivalents and short-term investments	(965.3)	(855.7)	(109.6)
Restricted funds	(473.9)	(474.5)	0.6
Net Debt⁴	5,359.6	5,753.2	(393.6)
Select Credit Metrics			
Gross Debt / Enplaned Passenger ⁵ (\$)	292	310	(5.8) %
Net Debt ⁴ / Enplaned Passenger ⁵ (\$)	230	252	(8.7) %
Gross Debt / EBITDA ^{6(x)}	7.3	7.3	—
Days Cash on Hand ⁷ (#)	305	313	(8)
MTI Operating covenant ⁸ (minimum requirement of 100%)	142.0 %	148.0 %	—
MTI Debt service covenant ⁸ (minimum requirement of 125%)	158.0 %	170.0 %	—

¹ Capital expenditures - property and equipment relate to acquisition and construction of property and equipment and intangible assets; Capital expenditures - investment property are acquisitions of investment property. Both are per the Consolidated Statements of Cash Flows in the Consolidated Financial Statements as at March 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 March 31, 2025.

³ Free cash flow, a non-GAAP financial measure, is defined as cash flow from operating activities per the Consolidated Statement of Cash Flows, and ACIP grants received less interest and financing costs paid net of interest income, and capital expenditures (projects, property acquisitions, and other). Refer to section "Non-GAAP Financial Measures".

⁴ Net Debt, a non-GAAP financial measure, is gross debt less cash, cash equivalents, short-term investments and restricted funds. Refer to section "Non-GAAP Financial Measures".

⁵ For credit metric purposes, enplaned passengers are defined as equal to half of total passengers and is based on a trailing 12 months activity.

⁶ EBITDA, a non-GAAP financial measure, is operating earnings before interest and financing costs, reversal or impairment of investment property, write-down of property and equipment, and amortization, for the trailing 12-months. Refer to section "Non-GAAP Financial Measures".

⁷ Days cash on hand, a non-GAAP financial measure, is defined as cash, cash equivalents and short-term investments divided by the total daily operating expenses (excluding non-cash items).

⁸ 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 three months ended March 31, 2025, compared to the same period of 2024:

- cash flows from operations increased \$19.6 million to \$233.9 million primarily due to changes in timing of working capital offset by a reduction in net income;
- free cash flow increased \$13.7 million to \$130.8 million driven by higher cash flow from operations partially offset by lower receipt of funds under the ACIP. Free cash flow is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” section for additional information; and
- net cash inflow decreased \$135.0 million to \$32.2 million primarily due to the settlement of the commercial paper borrowings.

Gross Debt decreased by \$284.6 million to \$6,798.8 million as at March 31, 2025 compared to March 31, 2024, strong liquidity enabled repayment of commercial paper debt at the end of the period. Net Debt decreased by \$393.6 million to \$5,359.6 million as at March 31, 2025 compared to March 31, 2024 supported by an increase in cash, cash equivalents and short-term investments of \$109.6 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 the trailing 12-months passenger activity, the GTAA’s gross debt per enplaned passenger, one of the capital markets key financial credit quality metrics, improved from \$310 as at March 31, 2024, to \$292 as at March 31, 2025, and net debt per enplaned passenger improved from \$252 as at March 31, 2024, to \$230 as at March 31, 2025. The improvements were primarily due to settling commercial paper borrowings, a higher ending balance of unrestricted cash, cash equivalents and short-term investment balances and higher enplaned passengers. 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 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 (“CP”) obligations 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 as at March 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
Last Affirmation Date	January 16, 2025	April 29, 2025	August 15, 2024

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, 2024, 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 disruptions, are met, and to access 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 effective 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 March 31, 2025, the GTAA had an aggregate of \$2,374.9 million in total available liquidity as detailed below. The unrestricted cash, cash equivalents and short-term investments were invested in short-term, highly liquid investment instruments in line with the GTAA's risk appetite, investment policy and the MTI.

Liquidity and Credit Facilities (\$ millions)					March 31, 2025		December 31, 2024
Source	Currency	Expiry	Size	Drawn / CP Backstop	Available	Available	
Cash and cash equivalents ¹	CAD				860.3	828.0	
Short-term investments ¹ (STI)	CAD				105.0	285.0	
					965.3	1,113.0	
Credit facilities:							
1) Operating Credit Facility ^{2,3}	CAD	May 31, 2027	1,400.0	—	1,400.0	1,400.0	
Commercial paper backstop ³				—	—	(287.2)	
Available for general use					1,400.0	1,112.8	
2) Letter of Credit Facility	CAD	May 31, 2025	160.0	150.4	9.6	21.5	
			1,560.0	150.4	1,409.6	1,134.3	
Total net liquidity (includes cash & STI)					2,374.9	2,247.3	
3) Hedge Facility ⁴	CAD	Per contract	150.0	—	150.0	150.0	
Total (all credit facilities, cash & STI)			1,710.0	150.4	2,524.9	2,397.3	

¹ Unrestricted funds.

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

³ As at March 31, 2025, there was \$Nil outstanding CP to backstop.

⁴ The Hedge Facility is a non-cash facility and allows the Corporation to enter into derivative transactions. Any amounts reported represent 'mark-to-market' losses on outstanding contracts.

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 CP program and provide flexibility on the timing for accessing the capital markets. As at March 31, 2025, no CP was outstanding, no amounts were drawn from the Operating Credit Facility, \$150.4 million of the \$160.0 million Letter of Credit Facility was utilized, and there were no outstanding contracts under the \$150.0 million hedge facility.

As at March 31, 2025, the GTAA had a total working capital surplus of \$778.4 million, computed by subtracting current liabilities from current assets. This was primarily due to the company's financial resilience metric in retaining a cash reserve. 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 \$2,374.9 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 March 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 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	290.7	290.7	—	—	—
Purchase obligations ¹	858.1	316.1	289.6	105.1	147.3
Long-term debt principal	6,727.8	26.6	379.9	1,066.2	5,255.1
Interest payable on long-term debt	3,280.9	318.6	631.7	563.9	1,766.7
	11,157.5	952.0	1,301.2	1,735.2	7,169.1

¹ Purchase obligations include operating commitments for goods and services contracts as at March 31, 2025 the GTAA entered into that are required to operate the Corporation in the ordinary course of business over the next few years. It also includes capital commitments of approximately \$129.8 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 March 31, 2025 of approximately \$129.8 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; (as such capitalized terms are defined in the MTI). Both financial tests exclude amortization of property and equipment, investment property and intangible assets from expenses, asset write-downs and impairments. The debt service covenant does, however, include a notional principal 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.

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 activity 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

Operating expenses exclude write-down of property and equipment, reversal or impairment of investment property, and amortization.

MATERIAL ACCOUNTING POLICIES

The material accounting policies of the GTAA and changes thereto are the same accounting policies and methods of computation as those disclosed in the December 31, 2024 consolidated financial statements as set out in Note 2 of the Condensed Interim Consolidated Financial Statements as at March 31, 2025, and 2024. These consolidated financial statements include the accounts of the GTAA consolidated with those of its wholly-owned and controlled subsidiaries, MGI and ACI. All inter-company transactions, balances, revenues and expenses have been eliminated on consolidation.

Accounting Standard Issued but not yet Applied

IFRS 18, Presentation and Disclosure in Financial Statements:

This is a new IFRS Accounting Standard issued in 2024. It includes requirements related to the presentation and disclosure of information in financial statements. The key changes introduced in IFRS 18 relate to the structure of the statement of profit and loss, 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 is assessing 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 CFO, the COO and other executives who have the authorities and responsibilities for planning, directing and controlling the activities of the GTAA. As at March 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 its CEO, its CFO and its 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 Corporation’s CEO and CFO, to provide reasonable assurance regarding the reliability of the Corporation’s financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

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

The Corporation’s Audit Committee reviewed this MD&A and the consolidated financial statements, and approved these documents prior to their release.

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 March 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 March 31, 2025, the Corporation's internal controls over financial reporting were effective. This evaluation took into consideration the Corporation's Corporate Disclosure Policy and the functioning of its Disclosure Committee.

No changes were made in internal controls over financial reporting during the three months ended March 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 of the four board committees and the board monitors significant strategic risks quarterly.

Please see the Corporation'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 Corporation 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 with respect to 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.

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

March 31, 2025



Greater Toronto Airports Authority

Condensed Consolidated Statements of Financial Position

(unaudited) (in thousands of Canadian dollars)	March 31 2025	December 31 2024
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	860,302	827,968
Short-term investments	105,000	285,000
Restricted funds	117,457	126,511
Accounts receivable	158,528	154,463
Airport Critical Infrastructure Program receivable	4,487	812
Inventory	26,751	26,017
Prepays	17,683	9,565
	1,290,208	1,430,336
Non-current assets		
Restricted funds	356,446	355,031
Intangibles and other assets	96,341	102,388
Property and equipment (Note 3)	4,832,281	4,850,716
Investment property	407,045	409,774
Post-employment benefit asset	61,707	62,297
	7,044,028	7,210,542
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	290,717	282,063
Deferred ground rent payable	8,556	8,556
Airport Critical Infrastructure Program payment	643	643
Security deposits and deferred revenue	85,645	82,474
Long-term debt and commercial paper (Note 4)	126,246	374,088
	511,807	747,824
Non-current liabilities		
Post-employment benefit liabilities	12,360	12,115
Long-term debt (Note 4)	6,672,581	6,671,661
Deferred ground rent payable	52,749	54,184
	7,249,497	7,485,784
Deficit and Accumulated Other Comprehensive Loss	(205,469)	(275,242)
	7,044,028	7,210,542

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

Greater Toronto Airports Authority

Condensed Consolidated Statements of Operations and Comprehensive Income

(unaudited) (in thousands of Canadian dollars)	Three Months Ended March 31	
	2025	2024
	\$	\$
Revenues		
Landing fees	105,726	99,544
General terminal charges	62,739	59,372
Airport improvement fees	160,893	159,147
Car parking and ground transportation	60,984	59,211
Concessions	36,136	34,622
Rentals	45,421	41,975
Other	15,471	14,618
	487,370	468,489
Operating Expenses		
Ground rent	55,135	52,984
Goods and services	130,808	121,880
Salary, wages and benefits	74,283	66,231
Payments-in-lieu of real property taxes	10,277	8,165
Amortization of property and equipment	73,435	70,989
Amortization of intangibles	5,928	6,180
Amortization of investment property	3,237	2,830
	353,103	329,259
Earnings before interest and financing costs, net	134,267	139,230
Interest income	16,014	16,957
Interest expense on debt instruments and other financing costs	(80,780)	(82,546)
Interest and financing costs, net (Note 4)	(64,766)	(65,589)
Net Income	69,501	73,641
Items that will be reclassified subsequently to Net Income:		
Amortization of terminated hedges and interest rate swap	272	272
Other Comprehensive Income	272	272
Total Comprehensive Income	69,773	73,913

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

Greater Toronto Airports Authority

Condensed Consolidated Statements of Changes in Deficit and Accumulated Other Comprehensive Loss

For three months ended March 31, 2025 (unaudited) (in thousands of Canadian dollars)	Deficit	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$
Balance, January 1, 2025	(261,203)	(14,039)	(275,242)
Net Income	69,501	—	69,501
Amortization of terminated hedges and interest rate swap	—	272	272
Total Comprehensive Income for the period	69,501	272	69,773
Balance, March 31, 2025	(191,702)	(13,767)	(205,469)

For three months ended March 31, 2024 (unaudited) (in thousands of Canadian dollars)	Deficit	Accumulated Other Comprehensive Loss	Total
	\$	\$	\$
Balance, January 1, 2024	(590,742)	(15,125)	(605,867)
Net Income	73,641	—	73,641
Amortization of terminated hedges and interest rate swap	—	272	272
Total Comprehensive Income for the period	73,641	272	73,913
Balance, March 31, 2024	(517,101)	(14,853)	(531,954)

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

Greater Toronto Airports Authority

Condensed Consolidated Statements of Cash Flows

For three months ended March 31
(unaudited) (in thousands of Canadian dollars)

	2025	2024
Cash Flows from (used in) Operating Activities	\$	\$
Net Income	69,501	73,641
Adjustments for:		
Amortization of property and equipment	73,435	70,989
Amortization of intangibles and other assets	6,107	8,829
Amortization of investment property	3,237	2,830
Post-employment benefit plans	835	591
Interest and financing costs, net	64,766	65,589
Amortization of deferred credit	—	(1,273)
Deferred ground rent payable	(1,435)	(1,369)
Changes in working capital and other:		
Accounts receivable	(4,065)	(19,091)
Prepays	(8,118)	(6,484)
Inventory	(734)	(1,072)
Accounts payable and accrued liabilities	27,217	30,245
Security deposits and deferred revenue	3,171	(9,091)
	233,917	214,334
Cash Flows from (used in) Investing Activities		
Acquisition of short-term investments	—	40,000
Sale of short-term investments	180,000	—
Acquisition and construction of property and equipment and intangible assets	(74,657)	(78,336)
Acquisition and construction of investment property	(508)	(1,367)
Funds received under the Airport Critical Infrastructure Program	—	10,390
Decrease (Increase) in restricted funds	7,639	(49,570)
	112,474	(78,883)
Cash Flows from (used in) Financing Activities		
Commercial paper, net	(286,196)	59,711
Interest paid and other financing costs	(43,875)	(44,936)
Interest received	16,014	16,957
	(314,057)	31,732
Net Cash Inflow	32,334	167,183
Cash and cash equivalents, beginning of year	827,968	333,554
Cash and cash equivalents, end of period	860,302	500,737

As at March 31, 2025, cash and cash equivalents consisted of cash of \$78.3 million (December 31, 2024 – \$96.7 million) and cash equivalents of \$782.0 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 condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024 (unaudited)
(Unless otherwise stated, all amounts are in thousands of Canadian dollars)

1. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. As these condensed interim consolidated financial statements do not include all information required for annual financial statements, these condensed interim consolidated financial statements should be read in conjunction with the 2024 annual financial statements.

In applying the Greater Toronto Airports Authority’s (“GTAA”) accounting policies, as described in Note 2, 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.

2. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these condensed interim consolidated financial statements are the same accounting policies and methods of computation as those disclosed in the December 31, 2024 consolidated financial statements.

These condensed interim consolidated financial statements were approved for issue on May 6, 2025 by the Audit Committee of the Board of Directors.

Accounting Standard Issued but not yet Applied

IFRS 18, Presentation and Disclosure in Financial Statements:

This is a new IFRS Accounting Standard issued in 2024. It includes requirements related to the presentation and disclosure of information in financial statements. The key changes introduced in IFRS 18 relate to the structure of the statement of profit and loss, 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 is assessing the impact on the consolidated financial statements.

3. PROPERTY AND EQUIPMENT

Property and equipment are comprised of:

March 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	309	—	—	—	—	54,816	55,125
Disposals	(125)	—	—	—	(613)	—	(738)
Transfers	25,372	48,423	—	638	17,781	(92,214)	—
Balance, end of period	7,363,876	514,835	9,480	616,449	821,055	308,521	9,634,216
Accumulated amortization							
Balance, beginning of year	3,624,149	305,314	4,432	296,508	498,710	—	4,729,113
Amortization expense	49,209	5,291	(1,079)	6,170	13,844	—	73,435
Disposals	—	—	—	—	(613)	—	(613)
Balance, end of period	3,673,358	310,605	3,353	302,678	511,941	—	4,801,935
Net book value, end of period	3,690,518	204,230	6,127	313,771	309,114	308,521	4,832,281

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 period	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)
Transfers	—	—	—	—	—	—	—
Balance, end of year	3,624,149	305,314	4,432	296,508	498,710	—	4,729,113
Net book value, end of period	3,714,171	161,098	5,048	319,303	305,177	345,919	4,850,716

As at March 31, 2025, \$308.5 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 \$14.5 million (December 31, 2024 – \$12.2 million) of capitalized interest. During the three months ended March 31, 2025, borrowing costs for active projects were capitalized at the rate of 4.7 per cent, which represents the weighted-average cost of the GTAA's general borrowings (January 1 to March 31, 2024 – 4.8 per cent).

4. 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	March 31	December 31
				2025	2024
Revenue Bonds			\$	\$	\$
1997-3	6.45%	December 3, 2027	321,500	327,174	321,994
1999-1	6.45%	July 30, 2029	151,110	152,430	154,873
Medium-Term Notes					
2000-1	7.05%	June 12, 2030	526,550	536,923	527,794
2001-1	7.10%	June 4, 2031	492,150	501,223	492,576
2002-3	6.98%	October 15, 2032	468,960	483,720	475,603
2004-1	6.47%	February 2, 2034	567,428	569,697	578,955
2010-1	5.63%	June 7, 2040	400,000	404,877	399,324
2011-1	5.30%	February 25, 2041	600,000	600,077	608,099
2011-2	4.53%	December 2, 2041	400,000	403,580	399,102
2018-1	3.26%	June 1, 2037	500,000	502,732	498,678
2019-1	2.73%	April 3, 2029	500,000	505,423	501,974
2019-2	2.75%	October 17, 2039	900,000	905,727	899,540
2020-1	1.54%	May 3, 2028	500,000	501,872	499,874
2021-1	3.15%	October 5, 2051	400,000	403,372	400,208
				6,798,827	6,758,594
Commercial paper outstanding				—	287,155
				6,798,827	7,045,749
Less: Current portion (including accrued interest)				(126,246)	(374,088)
				6,672,581	6,671,661

As at March 31, 2025, accrued interest included in the current portion of the long-term debt was \$99.7 million (December 31, 2024 – \$60.4 million).

Interest and financing costs, net, consisted of the following:

	2025	2024
	\$	\$
Interest income	16,014	16,957
Interest expense on debt instruments	(81,560)	(83,623)
Capitalized interest	2,641	3,024
Amortization of terminated hedges and interest rate swap	(272)	(272)
Other financing fees	(885)	(905)
Deferred ground rent interest accretion	(704)	(770)
	(80,780)	(82,546)
Interest and financing costs, net	(64,766)	(65,589)

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 are based on quoted market rates for GTAA bonds as at the date of the condensed interim consolidated statements of financial position. The fair values are within Level 2 of the fair value hierarchy.

	March 31, 2025		December 31, 2024	
	Book Value	Fair Value	Book Value	Fair Value
	\$	\$	\$	\$
Long-term debt	6,798,827	6,959,384	6,758,594	6,885,361

All notes are redeemable in whole or in part at the option of the GTAA at any time at a redemption price that is the greater of (i) the face value amount plus accrued and unpaid interest and (ii) the discounted present value of future debt payments based on yields over Government of Canada bonds with similar terms to maturity.

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 CP program and provide flexibility on the timing for accessing the capital markets.

As at March 31, 2025, no CP 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 \$160.0 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.

As at March 31, 2025, the GTAA had an aggregate of \$2,374.9 million in total available liquidity as detailed below. \$1,400.0 million borrowing capacity available under its Operating Credit Facility, \$9.6 million available under its Letter of Credit Facility, \$860.3 million of unrestricted cash and cash equivalents, and \$105.0 million of short-term investments. The unrestricted cash, cash equivalents and short-term investments were invested in short-term, highly 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.

5. COMMITMENTS

Capital Commitments

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding as at March 31, 2025, of approximately \$129.8 million (December 31, 2024 - \$163.2 million).

6. FINANCIAL INSTRUMENTS

Fair Value Hierarchy

Fair value measurements recognized in the condensed interim 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 condensed interim 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 4, 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 period.