



Consolidated Financial Statements

Year ended December 31, 2025

(Expressed in thousands of dollars)

Consolidated Financial Statements
Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GrandBridge Corporation

Opinion

We have audited the consolidated financial statements of GrandBridge Corporation (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

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

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

March 27, 2026

Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

As at December 31, 2025, with comparative information for 2024

	December 31, 2025	December 31, 2024
Assets		
Current Assets:		
Accounts receivable	\$ 37,220	\$ 36,582
Unbilled revenue	38,997	34,377
Inventories (note 5)	7,696	5,757
Other assets	1,865	1,704
Recoverable payments in lieu of corporate income taxes	488	-
Total current assets	86,266	78,420
Non-Current assets:		
Property, plant & equipment (note 6)	438,375	391,184
Intangible assets (note 7)	6,347	5,724
Derivative assets (note 28)	-	1,394
Goodwill (note 8)	78,548	78,548
Lease receivable (note 15)	6,394	-
Promissory note receivable (note 9)	200	200
Total non-current assets	529,864	477,050
Total Assets	616,130	555,470
Regulatory deferral account debit balances (note 11)	12,140	18,637
Regulatory asset associated with deferred tax liability	28,167	24,946
Deferred taxes associated with regulatory deferral accounts	(7,464)	(6,611)
	32,843	36,972
Total Assets and Regulatory Deferral Account Debit Balances	\$ 648,973	\$ 592,442

See accompanying notes to financial statements.

Consolidated Statements of Financial Position (continued)
(in thousands of Canadian dollars)
As at December 31, 2025, with comparative information for 2024

	December 31, 2025	December 31, 2024
Liabilities		
Current Liabilities:		
Bank indebtedness (note 4)	\$ 15,303	\$ 4,080
Accounts payable and accrued liabilities	57,858	55,599
Payable in lieu of corporate taxes	-	1,258
Current portion of long-term debt (note 13)	-	21,237
Customer deposits (note 14)	34,690	22,721
Lease liabilities – current (note 15)	6	1
Intercompany debt (note 19)	3,020	3,020
Current liabilities	110,877	107,916
Non-Current Liabilities		
Long-term debt (note 13)	153,252	119,344
Deferred revenue (note 16)	72,907	66,759
Deferred tax liabilities (note 12)	22,317	21,184
Customer deposits (note 14)	6,574	6,048
Employee future benefits (note 17)	3,882	3,556
Lease liabilities (note 15)	21	-
Total non-current liabilities	258,953	216,891
Total Liabilities	369,830	324,807
Shareholders' Equity		
Share capital (note 18)	181,492	181,492
Accumulated other comprehensive income	242	111
Retained earnings	88,802	83,158
Total Shareholders' Equity	270,536	264,761
Total Liabilities and Shareholders' Equity	640,366	589,568
Regulatory deferral account credit balances (note 11)	8,607	2,874
Total Liabilities, Equity and Regulatory Deferral Account Credit Balances	\$ 648,973	\$ 592,442

See accompanying notes to financial statements.

Consolidated Statements of Comprehensive Income
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenues:		
Energy sales (note 20)	\$ 382,846	\$ 345,036
Distribution revenue (note 20)	70,939	67,546
Fibre optics and retail service revenue (note 20)	4,852	4,699
Other income from operations (note 21)	5,846	5,707
Total revenues	464,483	422,988
Expenses:		
Energy purchases	370,111	349,466
Operating expenses	43,116	38,727
Depreciation and amortization (notes 6 and 7)	14,543	14,359
Total expenses	427,770	402,552
Income from operating activities	36,713	20,436
Other expenses:		
Loss on disposal of property, plant and equipment	479	427
Loss on derivative (note 13)	826	-
Gain on settlement of lease liability (note 15)	-	(16)
Finance income (note 22)	(268)	(341)
Finance charges (note 22)	6,976	6,592
	8,013	6,662
Income before payments in lieu of corporate taxes	28,700	13,774
Income tax expense (note 12)	3,876	5,098
Income for the year before net movements in regulatory deferral account balances	24,824	8,676
Net movements in regulatory deferral account balances, net of tax	(10,143)	7,023
Net income for the year after net movements in regulatory deferral account balances	14,681	15,699
Net loss from equity investment in associate (note 10)	-	(193)
Net loss on sale of investment (note 10)	-	(168)
Net income before other comprehensive loss	14,681	15,338
Other comprehensive loss, net of tax:		
Actuarial loss on employee future benefits (note 17)	(219)	(70)
Unrealized loss on derivatives	-	(400)
Income tax recovery on other comprehensive income	57	125
Other comprehensive loss, net of tax	(162)	(345)
Total comprehensive income from continuing operations	14,519	14,993
Discontinued operations		
Income from discontinued operation (note 23)	-	16
Total comprehensive income, for the year	\$ 14,519	\$ 15,009

See accompanying notes to financial statements.

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

		Share Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance, January 1, 2024	\$	181,492	\$ 456	\$ 76,554	\$ 258,502
Net income		-	-	15,354	15,354
Other comprehensive loss		-	(345)	-	(345)
Dividends (note 18)		-	-	(8,750)	(8,750)
Balance, December 31, 2024	\$	181,492	\$ 111	\$ 83,158	\$ 264,761
Balance, January 1, 2025	\$	181,492	\$ 111	\$ 83,158	\$ 264,761
Net income		-	-	14,681	14,681
Other comprehensive loss		-	(162)	-	(162)
Classification on sale of derivative		-	293	-	293
Dividends (note 18)		-	-	(9,037)	(9,037)
Balance, December 31, 2025	\$	181,492	\$ 242	\$ 88,802	\$ 270,536

See accompanying notes to financial statements.

Consolidated Statements of Cash Flows
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities		
Total comprehensive income	\$ 14,519	\$ 15,009
Items not affecting cash:		
Depreciation and amortization	15,260	14,777
Amortization on right-of-use assets	6	18
Net finance charges on debt, intercompany and other (note 22)	6,708	6,251
Amortization of deferred revenue (note 16)	(1,764)	(1,664)
Loss on disposal of property, plant and equipment	479	427
Net loss from equity investment in associate	-	193
Loss on sale of investment (note 10)	-	168
Gain on settlement of lease liability (note 15)	-	(16)
Change in non-current customer deposits	526	(231)
Unrealized loss on derivative instruments	-	400
Loss on derivative instruments	826	-
Income tax expense	3,819	4,973
Employee future benefits	326	(80)
	40,705	40,225
Income taxes paid	(4,432)	(2,693)
Net movements in regulatory balances	9,862	(7,289)
Net change in non-cash operating working capital (note 27)	6,717	3,845
	52,852	34,088
Financing activities		
Issuance (repayment) of long-term debt	13,763	8,950
Deferred financing costs	(1,127)	-
Dividends paid (note 18)	(9,037)	(8,750)
Net financing payments on debt, intercompany and other	(6,674)	(6,101)
Proceeds on termination of derivative asset	861	-
Payments of lease liabilities	(7)	(42)
	(2,221)	(5,943)
Investing activities		
Purchase of property, plant and equipment	(63,260)	(45,132)
Purchase of intangible assets	(1,834)	(17)
Investment in assets constructed for lease	(5,022)	-
Proceeds on disposal of property, plant and equipment	161	288
Capital contributions received	7,912	10,945
Investment in associate (note 10)	-	(167)
Net cash proceeds from sale of investment (note 10)	-	89
Receipts on lease receivables	189	-
	(61,854)	(33,994)
(Decrease) in cash and cash equivalents	(11,223)	(5,849)
(Bank indebtedness) cash and cash equivalents, beginning of year	(4,080)	1,769
Bank indebtedness, end of year	\$ (15,303)	\$ (4,080)

See accompanying notes to financial statements.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

1. Reporting entity:

GrandBridge Corporation (the "Corporation") was incorporated on May 2, 2022 under the Business Corporations Act (Ontario) by legal amalgamation of its predecessor corporations.

The Corporation is an investment holding company with a 100% ownership interest in GrandBridge Energy Inc. ("GrandBridge Energy"), GrandBridge Group Inc. ("GrandBridge Group") and GrandBridge Solutions Inc. ("GrandBridge Solutions"). The address of the Corporation's registered office is 39 Glebe St., Cambridge, Ontario, Canada.

The City of Cambridge ("Cambridge"), the City of Brantford ("Brantford") and the Township of North Dumfries ("North Dumfries") are the shareholders of the Corporation with a shareholding of 54.339%, 41.00% and 4.661% respectively.

GrandBridge Energy is a rate regulated, municipally owned electricity distribution company that delivers electricity and related utility services to approximately 116,000 customers within the Cities of Brantford and Cambridge, the Township of North Dumfries, and the County of Brant.

GrandBridge Group is an unregulated services company and has two primary businesses, the provision of access to a fibre optics network including related operations and maintenance (NetOptiks) and the rental of water heaters, water treatment systems and other equipment (Enersure).

GrandBridge Solutions is an unregulated services company whose activities include tree trimming maintenance, asset development and leasing. During 2024, the Corporation terminated its streetlight maintenance services (note 23). GrandBridge Solutions owned a 1/3 interest in Grand River Energy Solutions Corp. ("GRE"), an unregulated generation and renewable energy solutions company. Enova Energy Corporation owned the other 2/3 interest in GRE. On December 30, 2024, GrandBridge Solutions sold its 1/3 interest to Enova Energy Corporation (note 10).

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

2. Basis of presentation:**(a) Statement of compliance:**

The Corporation's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS").

(b) Approval of the financial Statements:

The financial statements were approved by the Board of Directors on March 26, 2026.

(c) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

- i. Financial instruments, where held, are measured at fair value and any change in value is recorded through profit or loss.
- ii. Contributed assets are initially measured at fair value.

The methods used to measure fair values are discussed further in note 28.

(d) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

2. Basis of presentation (continued):**(e) Use of estimates and judgments (continued)**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

- i. Note 3 (m) Revenue recognition: determination of the performance obligation for contributions from customers and the related amortization period.
- ii. Note 3 (n) Leases: measurement of leases, including term and discount rate.
- iii. Notes 6 and 7 Property, plant and equipment and intangible: estimation of useful lives of its property, plant and equipment and intangible assets.
- iv. Note 17 Employee future benefits: estimation provided by third party actuarial firm.

(f) Rate regulation:

The Corporation is regulated by the OEB, under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting:*Distribution revenue*

For the distribution revenue included in electricity sales, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenses, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and intervenors and rates are approved based upon this review, including any revisions resulting from that review.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

2. Basis of presentation (continued):**(f) Rate regulation (continued):****Rate setting (continued):**

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Index for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

In the Mergers, Amalgamations, Acquisitions and Divestitures ("MAADs") application for GrandBridge Energy, the OEB approved a ten-year deferred rebasing period. The service territories of the predecessor entities will continue to have separate Tariffs of Rates and Charges until the end of the ten-year deferred rebasing period when rates are expected to be harmonized through the filing of a COS rate application. Harmonized rates are expected to be effective for 2032 distribution rates.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

In August 2024, the Corporation filed a 2025 IRM application requesting new rates effective January 1, 2025. The OEB issued a Decision to approve the Corporation's 2025 rates on December 12, 2024. The approved rates were effective January 1, 2025.

In August 2025, the Corporation filed a 2026 IRM application requesting new rates effective January 1, 2026. The OEB issued a Decision to approve the Corporation's 2026 rates on December 11, 2025. The approved rates were effective January 1, 2026.

Electricity rates

The OEB sets electricity prices for low-volume consumers once each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The details of the changes in accounting policies are disclosed in note 29.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries: (i) GrandBridge Energy; (ii) GrandBridge Group; and (iii) GrandBridge Solutions.

Subsidiaries are entities controlled by the Corporation. The financial statements of the subsidiaries are included in these consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates are investments over which the Corporation has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Equity accounting involves recording the investment in associates initially at cost, and adjusting the carrying value of the investment from the date of acquisition based on the Corporation's share of the profit or loss of the associates included in the consolidated income statement.

All significant inter-company accounts and transactions have been eliminated.

(b) Financial instruments:

Financial assets are classified into one of three primary categories depending on the Corporation's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL").

At the time of initial recognition, financial assets included in the categories of amortized cost or FVOCI are measured at fair value plus transaction costs, and financial assets included in the category of FVTPL are measured at fair value with transaction costs expensed in profit or loss.

Subsequent measurement of the financial asset depends on the classification determined at initial recognition. Financial assets are not reclassified subsequent to their initial recognition, unless the Corporation changes its business model for managing financial assets.

Financial liabilities are initially measured at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as an adjustment to interest expense over the period of the borrowings.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies (continued):**(b) Financial instruments (continued):**

During the year, the Corporation terminated a derivative instrument related to a long-term debt facility with a Canadian chartered bank. Hedge accounting was used in the presentation of these financial statements for the fully hedged instrument, which had been classified as a financial asset at fair value in 2024, with changes in fair value recorded in other comprehensive income.

(c) Inventory:

Inventory, which consists of parts and supplies acquired for internal construction or consumption for the maintenance of capital assets, is valued at the lower of cost and net realizable value. Cost is determined on a weighted moving average basis.

(d) Property, Plant & Equipment:

Property, plant and equipment ("PP&E") are measured at historical cost or deemed cost, less accumulated depreciation and any accumulated impairment losses, if applicable.

If significant parts of an item of PP&E have different useful lives, then they are accounted for as separate major components of PP&E.

The cost of PP&E represents the original cost, consisting of direct materials and labour, contracted services, engineering costs, directly attributable overheads, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Costs incurred to remove an existing asset from service that are not directly attributable to site preparation for the construction of new assets are expensed.

The carrying amount of a replaced item of PP&E is derecognized and the related loss is included as a loss on disposal of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E.

Right-of-use assets are recognized for contracts that are, or contain, leases.

Work in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

Depreciation is recognized in net income on a straight-line basis over the estimated useful life of each part or component of an item of PP&E. Land is not depreciated.

Right-of-use assets are depreciated over the shorter of the lease term and their useful lives.

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

3. Material accounting policies (continued):

(d) Property, Plant & Equipment (continued):

The estimated useful lives for PP&E are as follows:

	Estimated Service Life
Buildings	5 – 80 years
Transformer Station Equipment	15 – 60 years
Distribution Transformers	20 – 80 years
Distribution System	15 – 99 years
Meters	10 – 45 years
System Supervisory Equipment	15 years
Right-of-Use Assets	20 - 40 years
Fibre Optics Network	25 years
Fibre Optics Electronics	3 – 5 years
Heating Ventilation and Air Conditioning	15 years
Heat Pump Rental Units	15 years
Water Heater Equipment Rental Units	10 years
Water Treatment System Rentals	10 years
Other Capital Assets	3 – 20 years

(e) Intangible Assets:

Intangible assets are measured at historical cost or deemed cost, less accumulated amortization and any accumulated impairment losses, if applicable.

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Work in progress comprises software assets under development, not yet available for use.

Amortization is recognized in net income on a straight-line basis over the estimated useful life of intangible assets, from the date that they are available for use.

The estimated useful lives of intangible assets are as follows:

	Estimated Service Life
Computer software	5 – 10 years

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies (continued):**(f) Goodwill:**

Goodwill arising on the acquisition of subsidiaries is measured at cost and is not amortized. Goodwill is tested annually for impairment.

(g) Impairment:*i. Financial assets measured at amortized cost:*

Loss allowances for accounts receivable and unbilled revenue are measured at an amount equal to the lifetime expected credit losses that result from all possible default events over the expected life. Expected credit losses are recognized in profit or loss.

ii. Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. For assets other than goodwill, impairment recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies (continued):**(i) Regulatory deferral accounts:**

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. These amounts have been accumulated and deferred in anticipation of their future recovery in electricity distribution rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in profit and loss. The debit balance is reduced by the amount of customer billings as electricity is delivered to the customer and the customer is billed at rates approved by the OEB for the recovery of the capitalized costs.

Regulatory deferral account credit balances are recognized if it is probable that future billings in an amount at least equal to the credit balance will be reduced as a result of rate-making activities. The offsetting amount is recognized in profit and loss. The credit balance is reduced by the amounts returned to customers as electricity is delivered to the customer at rates approved by the OEB for the return of the regulatory account credit balance.

The probability of recovery or repayment of the regulatory account balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover or repay the balance. Any resulting impairment loss is recognized in profit and loss in the period incurred.

Regulatory deferral accounts attract interest at OEB prescribed rates, which were 3.64% from January 1, 2025 to March 31, 2025, 3.16% from April 1, 2025 to June 30, 2025, and 2.91% from July 1, 2025 to December 31, 2025.

(j) Customer deposits:

Customers may be required to post security to obtain electricity or other services. These amounts are recorded in the accounts as deposits, which are reported separately from the Corporation's own cash and cash equivalents. Interest is paid in accordance with the OEB regulations with interest rates based on a variable rate of prime less 2.0%, updated quarterly.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies (continued):**(k) Employee benefits:***(i) Pension plan*

The Corporation provides a pension plan for its full-time, permanent and certain contract employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The plan is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the plan. To the extent that the plan finds itself in an underfunded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan, however, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan as a defined benefit plan. Consequently, the plan has been accounted for as a defined contribution plan and the Corporation recognizes the expense related to this plan as an employee benefit expense in net income when contributions are due.

(ii) Post-employment benefits other than pension

The Corporation pays certain medical, dental, and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligations and current service cost are actuarially determined by applying the projected benefits method pro-rated on service and based on assumptions that reflect management's best estimates. The amount of the obligation is determined from actuarial valuations performed every three years. An actuarial valuation was completed for the year ended December 31, 2025.

Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and reported in retained earnings.

(iii) Short-term employee benefits

The Corporation provides a short-term non-vesting sick-leave benefit to its employees. Actuarial gains and losses on accumulated sick leave credits are recognized in the consolidated statements of comprehensive income in the period in which they arise.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies (continued):**(l) Deferred revenue and assets transferred from customers**

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as deferred revenue. Deferred revenue represents the Corporation's obligation to continue to provide customers access to the supply of electricity and is amortized to income on a straight-line basis over the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(m) Revenue recognition:**(i) *Energy sales and distribution revenue***

Revenues from energy sales and electricity distribution are recorded on the basis of cyclical billings and include an estimated amount for electricity delivered and not yet billed. The performance obligation is satisfied over time when the electricity is simultaneously received and consumed by the customer. The billing cycles and payment terms are on a monthly basis.

Energy sales arise from charges to customers for electricity consumed, based on regulated rates. Energy sales include amounts billed or billable to customers for commodity charges, retail transmission charges, and wholesale market service charges at current rates. Energy sales are presented on a gross basis as the Corporation has determined that it is acting as a principal for these electricity charges.

Distribution revenue is recorded based on OEB approved distribution tariff rates established to recover the costs incurred by the Corporation in delivering electricity to customers.

(ii) *Capital contributions*

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order to receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions do not meet the criteria of IFRS 15 Revenue from Contracts with Customers. Cash contributions received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies (continued):**(m) Revenue recognition (continued):***(iii) Fibre optics and retail service revenues*

Equipment rentals are recorded as revenue in the period of the rental. Installation revenue related to fibre optics is recognized as revenue on a straight-line basis over the life of the customer contract as the services are provided. The performance obligation for the provision of services is recognized over time using an output method based on the completion of fibre optic installations to measure the satisfaction of the performance obligation. Irrevocable right to use (IRU) fibre optics are first assessed to determine if they are an arrangement that contains a lease as described in this note under Leases. If it is determined that they do not contain a lease then the performance obligation is recognized over time using an output method based upon the service provided to measure the satisfaction of the performance obligation which is determined to be over the term of the contract on a straight-line basis.

(iv) Other revenue

Other revenue, which includes revenue from services ancillary to the distribution of electricity, revenue from water billing services, and other billable services is recognized as the services are rendered.

(n) Leases:As a lessee:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of a right-of-use asset is determined on the same basis as those for property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, plus any extensions to be exercised, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

3. Material accounting policies (continued):**(n) Leases (continued):**

At inception of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each of the lease components based on their relative stand-alone prices. For the property leases, the Corporation has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessor:

When the Corporation acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease.

The Corporation recognizes lease payments received under operating leases as other income from operations over the lease term.

Revenue on the finance lease is recognized as it accrues in net income based on the implicit interest rate over the term of the lease.

(o) Finance income and finance charges:

Finance income is recognized as it accrues in net income and comprises interest earned on cash and cash equivalents.

Finance charges comprise: (i) interest on borrowings; (ii) interest on deposits; and (iii) standby fees. Finance charges are computed using the effective interest rate method and are recognized as an expense unless they are capitalized as part of the cost of qualifying assets and except for instruments deemed to have a fully effective hedge.

(p) Payments in lieu of corporate taxes:

Payments in lieu of corporate taxes expense, also referred to as income tax expense, comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFEC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes.

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

3. Material accounting policies (continued):

(p) Payments in lieu of corporate taxes (continued):

Current tax is the tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future periods that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

(q) Discontinued operations:

A discontinued operation is a component of the Corporations business, the operations and cash flows of which can be clearly distinguished from the rest of the Corporation and which:

- i) represents a separate major line of business or geographic area of operations;
- ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- iii) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

4. Cash and cash equivalents

Cash and cash equivalents consist of overnight deposits at a Canadian chartered bank.

5. Inventories

		2025	2024
Stores	\$	7,630	\$ 5,663
Other		66	94
	\$	7,696	\$ 5,757

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

6. Property, plant & equipment

(a) Cost or Deemed Cost

		Land and Buildings	Distribution System	Fibre Optics	Equipment Rentals	Other Assets	Right-of- Use Assets	Work -in-Progress	Total
Balance at January 1, 2025	\$	45,733	\$ 369,736	\$ 3,849	\$ 4,197	\$ 24,479	\$ 47	\$ 15,746	\$ 463,787
Net additions (transfers)		3,945	34,844	981	728	4,965	32	16,391	61,886
Disposals/retirements		-	(1,256)		(343)	(1,371)	-	-	(2,970)
Balance at December 31, 2025	\$	49,678	\$ 403,324	\$ 4,830	\$ 4,582	\$ 28,073	\$ 79	\$ 32,137	\$ 522,703
Balance at January 1, 2024	\$	45,454	\$ 336,996	\$ 3,728	\$ 3,478	\$ 21,608	\$ 397	\$ 8,855	\$ 420,516
Net additions (transfers)		279	33,694	353	719	3,546	(350)	6,891	45,132
Disposals/retirements		-	(954)	(232)		(675)	-	-	(1,861)
Balance at December 31, 2024	\$	45,733	\$ 369,736	\$ 3,849	\$ 4,197	\$ 24,479	\$ 47	\$ 15,746	\$ 463,787

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

6. Property, plant & equipment (continued)

(b) Accumulated Depreciation

		Land and Buildings	Distribution System	Fibre Optics	Equipment Rentals	Other Assets	Right-of- Use Assets	Work -in-Progress	Total
Balance at January 1, 2025	\$	4,389	\$ 52,628	\$ 710	\$ 1,002	\$ 13,828	\$ 46	\$ -	\$ 72,603
Depreciation charge		1,312	9,761	295	548	2,133	6	-	14,055
Disposals/retirements			(716)		(249)	(1,365)		-	(2,330)
Transfer				156	(156)			-	—
Balance at December 31, 2025	\$	5,701	\$ 61,673	\$ 1,161	\$ 1,145	\$ 14,596	\$ 52	\$ -	\$ 84,328
Balance at January 1, 2024	\$	3,172	\$ 43,401	\$ 557	\$ 484	\$ 12,266	\$ 48	\$ -	\$ 59,928
Depreciation charge		1,217	9,697	309	518	2,062	18	-	13,821
Disposals/retirements		-	(470)	(156)		(520)	-	-	(1,146)
Transfer		-	-	-	-	20	(20)	-	—
Balance at December 31, 2024	\$	4,389	\$ 52,628	\$ 710	\$ 1,002	\$ 13,828	\$ 46	\$ -	\$ 72,603

(c) Carrying Amounts

		Land and Buildings	Distribution System	Fibre Optics	Equipment Rentals	Other Assets	Right-of- Use Assets	Work -in-Progress	Total
Balance at December 31, 2025	\$	43,977	\$ 341,651	\$ 3,669	\$ 3,437	\$ 13,477	\$ 27	\$ 32,137	\$ 438,375
Balance at December 31, 2024	\$	41,344	\$ 317,108	\$ 3,139	\$ 3,195	\$ 10,651	\$ 1	\$ 15,746	\$ 391,184

On December 30, 2024, the Corporation acquired a solar generation asset, previously held under lease from GRE for a note payable of \$360, representing the carrying amount of the asset. The note payable was transferred to Enova Energy Corporation as part of the sale of GRE (note 10). As a result of the lease termination, a \$16 gain was recognized in Profit and Loss in 2024.

Notes to Consolidated Financial Statements
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
7. Intangible Assets
(a) Cost or Deemed Cost

		Intangibles	Work -in-Progress	Total
Balance at January 1, 2025	\$	7,778	\$ 236	\$ 8,014
Net additions (transfers)		1,590	244	1,834
Disposals/retirements		-	-	-
Balance at December 31, 2025	\$	9,368	\$ 480	\$ 9,848
Balance at January 1, 2024	\$	6,902	\$ 1,095	\$ 7,997
Net additions (transfers)		876	(859)	17
Disposals/retirements		-	-	-
Balance at December 31, 2024	\$	7,778	\$ 236	\$ 8,014

(b) Accumulated Amortization

		Intangibles	Work -in-Progress	Total
Balance at January 1, 2025	\$	2,290	\$ -	\$ 2,290
Amortization charge		1,211	-	1,211
Disposals/retirements		-	-	-
Balance at December 31, 2025	\$	3,501	\$ -	\$ 3,501
Balance at January 1, 2024	\$	1,316	\$ -	\$ 1,316
Amortization charge		974	-	974
Disposals/retirements		-	-	-
Balance at December 31, 2024	\$	2,290	\$ -	\$ 2,290

(c) Carrying Amounts

		Intangibles	Work -in-Progress	Total
Balance at December 31, 2025	\$	5,867	\$ 480	\$ 6,347
Balance at December 31, 2024	\$	5,488	\$ 236	\$ 5,724

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

8. Goodwill

Goodwill with a carrying amount of \$78,548 (2024 - \$78,548) has been allocated to the Corporation's cash generating units. Management has determined that the Corporation's rate-regulated operations are one cash-generating unit. The Corporation performed an impairment test as at December 31, 2025 based on an estimate of the Corporation's fair value less selling costs. Fair value was determined using a multiple of regulated rate base approach, which is a valuation technique used in the industry for purchase and sale transactions. The recoverable amount of goodwill determined in the analysis was greater than the carrying value and no impairment was recorded.

9. Promissory note receivable

On December 30, 2024, the Corporation received a non-interest bearing promissory note from Enova Energy Corporation, for a portion of the consideration on the sale of GRE (note 10). The promissory note has a maturity date of December 30, 2026.

	2025	2024
Enova Energy Corporation	\$ 200	200

10. Investment in associate

On December 30, 2024, the Corporation divested all of its shares in GRE through a sale to Enova Energy Corporation. During 2024, prior to the divestiture, the Corporation increased its investment in GRE through the subscription of an additional 166,667 common shares for consideration of \$167, maintaining its 1/3 ownership.

The following table summarizes the investment in associate as at December 30, 2024 and the fair value of assets acquired in consideration of the sale of shares to Enova Energy Corporation:

Investment in associate	
Balance at January 1, 2024	843
Subscription of common shares	167
Equity share of net comprehensive (loss)	(193)
Balance at December 30, 2024	817
Consideration on sale of shares	
Cash and cash equivalents	167
Assignment of promissory note payable - GRE (note 15)	360
Promissory note receivable - Enova Energy Corporation (note 9)	200
Total consideration from sale of investment	727
Legal and other professional fees incurred on sale	(78)
Total net consideration from sale of investment	649
Loss on sale of investment	\$ 168

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

11. Regulatory deferral account balances

Regulatory deferral account balances can arise as a result of the rate-making process (note 2(f)). The regulatory deferral account balances are recovered or settled through rates set by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory deferral account balances. The following is a reconciliation of the carrying amount for each class of regulatory deferral account balances:

	January 1, 2025	Balances arising in the period	Recovery/ reversal	December 31, 2025	Remaining recovery/ reversal period (years)
Regulatory deferral account debit balances					
Retail settlement variances	\$ 15,979	\$ 284	\$ (7,483)	\$ 8,780	< 2
Other regulatory assets	2,200	802	-	3,002	7
IFRS/CGAAP transitional amounts	73	-	-	73	7
Other	385	107	(207)	285	7
Deferred income tax	18,335	2,368	-	20,703	-
Total amount related to regulatory deferral account debit balances	\$ 36,972	\$ 3,561	\$ (7,690)	\$ 32,843	
Regulatory deferral account credit balances					
Retail settlement variances	\$ 1,230	\$ 7,239	\$ (2,698)	\$ 5,771	< 2
Regulatory variances disposition	82	5,436	(4,992)	526	< 2
PIls and taxes - CCA changes	1,371	743	-	2,114	7
Smart meters	191	5	-	196	7
Other	—	-	-	-	7
Total amount related to regulatory deferral account credit balances	\$ 2,874	\$ 13,423	\$ (7,690)	\$ 8,607	

Settlement of the retail settlement variance accounts is generally done on an annual basis through application to the OEB. The 2025 IRM application was approved by the OEB on December 12, 2024 for the net disposition of retail settlement variances of \$4,545 over a period of 12 months from January 1, 2025 to December 31, 2025.

The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Notes to Consolidated Financial Statements
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
12. Payments in lieu of corporate income taxes ("PILs"):

The provision for payments in lieu of corporate taxes recognized in income is as follows:

	2025	2024
Current PILS		
Current year	\$ 2,686	\$ 3,371
Deferred PILS		
Origination and reversal of temporary differences (excludes other comprehensive income)	1,190	1,727
Income tax expense	\$ 3,876	\$ 5,098

(i) Reconciliation of effective tax rate

PILs varies from amounts which would be computed applying the Corporation's combined statutory income tax rate as follows:

	2025	2024
Income before taxes, excludes other comprehensive income	\$ 16,189	\$ 19,001
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	4,290	5,035
Increase (decrease) in income taxes resulting from:		
Permanent differences	23	214
Prior periods	(55)	56
Other	(382)	(207)
	\$ 3,876	\$ 5,098

(ii) Deferred tax balances

Significant components of the Corporation's deferred tax balances are as follows:

	2025	2024
Deferred tax assets (liabilities):		
Property, plant and equipment & intangible assets	\$ (41,582)	\$ (39,980)
Deferred revenue - contributed capital	19,396	17,754
Derivative assets	—	(370)
Employee future benefits	1,028	942
Tax losses	192	137
Other	(1,351)	333
	\$ (22,317)	\$ (21,184)

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

13. Long-term debt

Long-term debt is comprised of:

	2025	2024
Series A, Senior Unsecured debentures 3.929%, interest payable semi-annually, and maturing January 27, 2045	\$ 50,000	\$ 50,000
Series B, Senior Unsecured debentures 2.968%, interest payable semi-annually, and maturing August 10, 2060	55,000	55,000
Non-revolving term facility with interest at CORRA, repayable in quarterly installments of \$250,000, repaid during the year	—	20,750
Revolving credit facility with interest at prime, due May 3, 2027	50,000	15,000
Non-revolving term facility up to \$1,500 with interest at prime, payable in monthly installments, repaid during the year	—	487
Less: Unamortized cost of debt issuance	(1,748)	(656)
	153,252	140,581
Less: Current portion of long-term debt	—	21,237
	\$ 153,252	\$ 119,344

Interest expense on long term debt:

	2025	2024
Series A Senior Unsecured Debentures	\$ 1,962	\$ 1,965
Series B Senior Unsecured Debentures	1,623	1,632
Non-revolving term facility	226	677
Revolving credit facility	1,344	550
	\$ 5,155	\$ 4,824

On October 20, 2025, the Corporation completed a corporate debt restructuring. As part of the restructuring an obligor exchange transaction was executed whereby the Corporation assumed the Series A and Series B debentures of GrandBridge Energy from external lenders, in exchange for newly issued debentures of GrandBridge Corporation with substantially similar terms. The Corporation also entered into a new Credit Facility Agreement ("Credit Facility") with a Canadian chartered bank which provides access to revolving borrowings up to \$130,000 to finance general corporate requirements, provide intercompany lending, and working capital requirements. The Corporation incurred additional debt issuance costs in connection with the corporate debt restructuring.

During the year, the non-revolving term facility with interest at CORRA was repaid and the associated interest rate swap transaction was terminated. As a result, the Corporation had a loss on derivative of \$826.

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

14. Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to deferred revenue or are partially returned to the contributor.

Customer deposits comprise:

	2025	2024
Current:		
Customer deposits	\$ 2,116	\$ 1,821
Construction deposits	32,574	20,900
	<u>\$ 34,690</u>	<u>\$ 22,721</u>
Non-Current:		
Customer deposits	\$ 6,574	\$ 6,048

15. Leases:

i. Lease Receivable

During the year, the Corporation executed a finance lease with Corporation of the County of Brant for office space located at the Corporation's 150 Savannah Oak's property. The term of this lease was for 20 years and includes provisions for termination and extension clause of an additional 20 years.

Revenue on the finance lease is recognized in net income as it accrues based on the implicit interest rates over the term of the lease.

Maturity analysis – contractual undiscounted cash flows	2025	2024
Less than one year	\$ 492	\$ -
One to two years	492	-
Two to three years	492	-
Three to four years	492	-
Four to five years	492	-
More than five years	17,037	-
Total undiscounted lease receivable	<u>19,497</u>	<u>-</u>
Unearned finance income	\$ (13,103)	\$ -
Finance lease receivable	<u>\$ 6,394</u>	<u>\$ -</u>

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

15. Leases (continued):

II. Lease Liabilities

During the year, the Corporation extended its finance lease with the City of Brantford for operational space located at the 211 Clarence St. property in Brantford, Ontario for an additional 5 years.

On December 30, 2024, the Corporation acquired a solar generation asset, previously held under lease from GRE for a note payable of \$360, representing the carrying amount of the assets. The note payable was transferred to Enova Energy Corporation as part of the sale of GRE (note 10). As a result of the lease termination, a \$16 gain was recognized in Profit and Loss for the year.

Certain leases held by the Corporation provide the Corporation with extension options and termination options that may impact the overall term of the Lease. The Corporation has determined the lease terms based on all available information as at the reporting date.

Maturity analysis – contractual undiscounted cash flows	2025	2024
Less than one year	\$ 7	\$ 1
One to two years	7	-
Two to three years	7	-
Three to four years	7	-
Four to five years	1	-
More than five years	-	-
Total undiscounted lease liabilities	29	1
Interest included on the liabilities included in the statement of financial position	(2)	-
Lease liabilities – current	6	1
Lease liabilities – non-current	\$ 21	\$ -

16. Deferred revenue:

	2025	2024
Balance at beginning of year	\$ 66,759	\$ 57,478
Amortization of deferred revenue	(1,764)	(1,664)
Capital contributions received	7,912	10,945
Balance at end of year	\$ 72,907	\$ 66,759

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(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
17. Employee future benefits:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability and the expense for the year were based on results and assumptions determined by actuarial valuation as at December 31, 2025.

Information about the present value of the defined benefit unfunded obligation and the accrued benefit liability are as follows:

	2025	2024
Defined benefit obligation, beginning of year	\$ (3,556)	\$ (3,636)
Current service cost	(212)	(67)
Past service loss	(188)	(4)
Interest cost	(148)	(134)
Benefits paid during the year	441	355
Actuarial (loss) recognized in other comprehensive income	(219)	(70)
Accrued benefit liability, end of year	\$ (3,882)	\$ (3,556)

Components of net benefit expense recognized are as follows:

	2025	2024
Current service cost	\$ (212)	\$ (67)
Past service cost	(188)	(4)
Interest cost	(148)	(134)
Net expense recognized	\$ (548)	\$ (205)

Notes to Consolidated Financial Statements
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
17. Employee future benefits (continued):

Actuarial (loss) gains recognized in other comprehensive income:

		2025	2024
Cumulative balance beginning of year	\$	404	\$ 455
Recognized during the year (net of tax)		(162)	(51)
Cumulative balance, December 31	\$	242	\$ 404
Actuarial (loss) gain recognized during the year	\$	(219)	\$ (70)
Deferred tax recovery (expense) on actuarial gain/loss		57	19
Net actuarial (loss) gain recognized, net of tax	\$	(162)	\$ (51)

The significant actuarial assumptions used in the valuation are as follows:

- i. Discount (interest) rate - the discount rate used to determine the present value of future liabilities and the expense for the year ended December 31, 2025, was 4.6% (2024 - 4.4%);
- ii. Salary levels - future general salary and wage levels were assumed to increase at 3.0% (2024 - 3.0%); and
- iii. Health care cost trends – the health care cost trend for prescription drugs is estimated to increase at a declining rate of 5.3% in 2025 to 4.5% over five years. Other medical and dental expenses are estimated to increase at a declining rate of 5.6% in 2025 to 4.7% over five years.

The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	Defined Benefit Obligation	Periodic Benefit Cost
1% increase in health care trend rate	\$ 3,253	\$ 173
1% decrease in health care trend rate	2,928	(152)

Notes to Consolidated Financial Statements
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
18. Share capital:

	2025	2024
Authorized		
Unlimited common shares		
Issued		
100,000,000 common shares	\$ 181,492	\$ 181,492
1 Class D Special Share	\$ -	\$ -

The Class D Special Share is a non-voting, convertible, redeemable share, held by the City of Brantford.

Dividends

The holders of the common shares are entitled to receive dividends as declared from time to time. Dividends were declared and paid to the shareholders as follows:

	2025	2024
City of Cambridge	\$ 4,911	\$ 4,755
City of Brantford	3,705	3,587
Township of North Dumfries	421	408
	\$ 9,037	\$ 8,750

Notes to Consolidated Financial Statements
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
19. Related party transactions:

(a) Intercompany debt comprises:

	2025	2024
Township of North Dumfries		
4.993% unsecured promissory note, interest payable quarterly, principal due on two months demand notice	\$ 3,020	\$ 3,020

During the year, interest of \$151 (2024 - \$151) was paid to the Township of North Dumfries.

(b) Intercompany transactions:

i. Tree trimming and streetlight maintenance

The Corporation provided streetlight and tree trimming maintenance to the following related parties. Streetlight maintenance was discontinued in 2024.

	2025	2024
City of Cambridge	\$ 120	\$ 253
Township of North Dumfries	-	2
	\$ 120	\$ 255

ii. Key management personnel

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members.

Key management compensation comprises:

	2025	2024
Salaries, incentives, and other short-term benefits	\$ 2,262	\$ 2,468
Directors' fees	355	365
Post-employment benefits	18	8
	\$ 2,635	\$ 2,841

Notes to Consolidated Financial Statements
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
20. Revenue from contracts with customers:

The Corporation generates revenue primarily from the sale and distribution of electricity to its customers. Other sources of revenue include services ancillary to the electricity distribution, pole and duct rentals, water and sewer billing services, other regulatory service charges, and capital contributions.

		2025		2024
Revenue from contracts with customers				
Energy sales	\$	382,846	\$	345,036
Distribution revenue		70,939		67,546
Fibre optics revenue		3,444		3,359
Retail service revenue		1,408		1,340
	\$	458,637	\$	417,281
Other revenue		5,846		5,707
Total revenues	\$	464,483	\$	422,988

Energy sales and distribution revenue by customer class comprise:

2025	Energy sales	Distribution revenue	Total revenue from contracts with customers
Residential service	\$ 110,435	\$ 41,448	\$ 151,883
General service	235,656	26,884	262,540
Large users	20,957	1,015	21,972
Embedded distributors	13,885	531	14,416
Other	1,913	1,061	2,974
Total	\$ 382,846	\$ 70,939	\$ 453,785

2024	Energy sales	Distribution revenue	Total revenue from contracts with customers
Residential service	\$ 112,145	\$ 39,671	\$ 151,816
General service	203,968	25,764	229,732
Large users	15,141	783	15,924
Embedded distributors	11,955	470	12,425
Other	1,827	858	2,685
Total	\$ 345,036	\$ 67,546	\$ 412,582

Notes to Consolidated Financial Statements
(in thousands of Canadian dollars)
Year ended December 31, 2025, with comparative information for 2024
21. Other income from operations:

Other income comprises:

		2025		2024
Notification (document) charges	\$	1,697	\$	1,627
Amortization of deferred revenue		1,675		1,538
Pole and other rental income		839		806
Water and sewer billing services		612		594
Regulatory service charges		402		400
Metering network charges		151		140
Maintenance services		120		109
Property rental		102		52
Management fees		-		85
Miscellaneous		248		356
Total other income	\$	5,846	\$	5,707

22. Finance income and charges:

		2025		2024
Interest income on cash and cash equivalents	\$	(113)	\$	(341)
Lease interest income		(155)		-
Finance income		(268)		(341)
Interest expense on long-term debt		5,155		4,824
Interest expense on intercompany debt		151		151
Amortization of deferred financing costs		35		26
Interest expense on right-of-use leases		1		31
Interest expense and other finance charges		1,634		1,560
Finance charges		6,976		6,592
Net finance costs recognized in profit or loss	\$	6,708	\$	6,251

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

23. Discontinued operations:

During 2024, the Corporation formally discontinued all of its streetlight maintenance services.

The following tables summarize the results and cash flows from the discontinued operations:

i) Results of discontinued operations

	2025	2024
Revenue from discontinued operations	\$ -	\$ 172
Operating expenses from discontinued operations	-	(156)
Income from discontinued operations	\$ -	\$ 16

ii) Cash flows from discontinued operations

	2025	2024
Net cash from operating activities	\$ -	\$ 16
Increase in cash and cash equivalents from discontinued operations	\$ -	\$ 16

24. Commitments:

Credit Facility

During the year, the Corporation entered into a new Credit Facility with a Canadian chartered bank which provides the Corporation access to revolving borrowings up to \$130,000 to finance general corporate requirements, provide intercompany lending, and working capital requirements. Borrowings may be in the form of CORRA loans, prime rate loans, letters of credit, letters of guarantee and/or account overdrafts. Interest rates payable on the Credit Facility are based on a margin relative to the prime or CORRA rate. A standby fee is paid on any unutilized portion of the Credit Facility. The Credit Facility has a maturity date of October 20, 2027.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

24. Commitments (continued):**Obligations under Capital Cost Recovery Agreement**

The Corporation is party to a connection and a cost recovery agreement ("CCRA") with Hydro One Network Inc. ("HONI") whereby HONI agreed to build 115kV Switching Facilities at the Brant Transformer Station ("Brant TS") to provide additional capacity to meet the existing and future load growth expected on the transmission circuits. The Switching Facilities were placed into service on April 26, 2019.

Under the terms of the CCRA, the Corporation has agreed to an allocation of the costs of the project based on the expected future load growth. Annually, at the anniversary of the In-Service Date, if the expected future load growth does not meet an agreed upon load level, the Corporation may be subject to an allocation of a true-up adjustment based on the difference between the total capital cost of construction and the projected network revenue to be earned by HONI. The difference would represent a debt obligation of the Corporation based on the extent that the actual and forecast HONI revenue through the CCRA term is less than the amount of HONI revenue projected at the time the project was constructed. The Corporation's commitment is estimated at approximately \$5,688.

During 2024, the Corporation entered into a new CCRA with HONI whereby HONI agreed to procure and install four new breakers required to the Preston Transformer Station ("Preston TS") in order for the Corporation to access incremental capacity that will be available, following HONI's planned sustainment project. This will provide additional capacity necessary to meet the existing and future load growth expected. As part of the CCRA, the Corporation paid \$2,400 in 2024, \$2,400 in 2025 and will pay \$3,200 in 2026, towards the breakers.

In general terms, investments in regulated electricity distribution assets are recoverable from customers in future rate applications based on the rate-making policies of the OEB.

General Liability Insurance

The Corporation has obtained general liability and enhanced directors and officers insurance coverage from the Municipal Electric Association Reciprocal Insurance Exchange ("The MEARIE Group"). The MEARIE Group is an insurance reciprocal whereby all members through the unincorporated group share risks with each other. Members of the MEARIE Group are assessed a premium deposit at policy execution. Should the group experience losses that are in excess of the accumulated premium deposits of its members combined with reserves and supplementary insurance, members would be assessed a supplementary or retro assessment on a pro-rata basis for the periods in which the Corporation was a member.

General

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

Notes to Consolidated Financial Statements

(in thousands of Canadian dollars)

Year ended December 31, 2025, with comparative information for 2024

25. Pension plan:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined benefit pension plan with equal contributions by the employer and its employees. The Corporation made employer contributions of \$2,614 (2024 - \$2,131) to OMERS during the period. The Corporation estimates that a contribution of \$2,726 to OMERS will be made during the next fiscal year.

As at December 31, 2025, OMERS had over 600,000 members. The most recently available OMERS annual report is for the year ended December 31, 2025, which reported that the plan was 99% funded, with an unfunded liability of \$1.5 billion. The unfunded liability is likely to result in future payments by participating employers and members.

26. Employee benefits:

		2025	2024
Salaries, wages, and benefits	\$	26,685	\$ 22,059
Contributions to OMERS		2,614	2,131
CPP and EI remittances		1,328	1,123
Expenses related to defined benefit plans		548	205
	\$	31,175	\$ 25,518

27. Cash flow information:

Net change in non-cash operating working capital comprises:

		2025	2024
Accounts receivable	\$	(638)	\$ (6,101)
Unbilled revenue		(4,620)	(2,124)
Inventories		(1,939)	195
Other assets		(161)	(233)
Accounts payable and accrued liabilities		2,106	6,740
Current customer deposits		11,969	5,368
	\$	6,717	\$ 3,845

28. Financial instruments and risk management:

Fair value disclosure

Cash and cash equivalents are measured at fair value. The carrying values of receivables, and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

The fair value of the long-term debt, Series A Senior Unsecured Debentures at December 31, 2025 is \$43,122 (2024 - \$44,642) and Series B Senior Unsecured Debentures at December 31, 2025 is \$36,083 (2024 - \$37,785). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2025 was 5.062% (2024 - 4.764%).

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Cities of Cambridge and Brantford, Township of North Dumfries and within the County of Brant.

The carrying amount of accounts receivable is reduced through the use of a loss allowance and the amount of the related credit loss is recognized in net income. Subsequent recoveries of receivables previously provisioned are credited to net income. The balance of the loss allowance at December 31, 2025 is \$3,049 (2024 - \$2,933). A credit loss of \$745 (2024 - \$657) was recognized during the year.

At December 31, 2025, approximately \$2,728 (2024 - \$2,952) is considered 60 days past due. One customer accounts for a balance of \$385 of the accounts receivable over 60 days, of which has been included in the loss allowance. The Corporation has over 116,000 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2025, the Corporation holds customer security deposits in the amount of \$8,690 (2024 - \$7,869); Management believes that it has adequately provided for any exposure to normal customer and retailer credit risk.

Notes to Consolidated Financial Statements**(in thousands of Canadian dollars)****Year ended December 31, 2025, with comparative information for 2024**

28. Financial instruments and risk management (continued):**Fair value risks (continued)****(b) Market risk:**

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2025 would have increased interest expense on the long-term debt, including the current portion, by \$1,590, assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

(c) Interest rate risk:

Interest is paid on customer deposits at a market rate reset quarterly as directed by the Ontario Energy Board.

(d) Prudential risk:

The Corporation is required, through the Independent Electricity System Operator ("IESO"), to provide security to mitigate the Corporation's risk of default based on its expected activity in the electricity market. The IESO could draw on this guarantee if the Corporation fails to make a payment required by a default notice issued by the IESO. The maximum potential payment is the face value of the bank letter of credit. As at December 31, 2025, the Corporation provided prudential support in the form of a bank letter of credit of \$4,400 (2024 - \$4,400).

(e) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$130,000 revolving credit facility. The Corporation monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they come due. Borrowings under the credit facilities may be in the form of prime or CORRA rate loans or Letters of Credit and/or Letters of Guarantee in Canadian currency. As at December 31, 2025, \$73,263 (2024 - \$26,068) had been drawn under the revolving credit facility.

Notes to Consolidated Financial Statements
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Year ended December 31, 2025, with comparative information for 2024

28. Financial instruments and risk management (continued):

Fair value risks (continued)

(f) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholders' equity, intercompany debt, and long-term debt. As at December 31, 2025 shareholders' equity amounts to \$270,536 (2024 - \$264,761) and long-term debt amounts, including the current portion, and intercompany debt amounts to \$156,272 (2024 - \$143,601). The Corporation's capital structure as at December 31, 2025 is 36.6% (2024 - 35.2%) debt and 63.4% (2024 - 64.8%) equity. There have been no changes in the Corporation's approach to capital management during the year.

The Corporation's long-term debt agreements include both financial and non-financial covenants. As at December 31, 2025, the Corporation was in compliance with all covenants.

29. Changes in accounting policies:

The International Accounting Standards Board (IASB) has issued the following Standards, Interpretations and Amendments to Standards that were adopted by the Corporation effective January 1, 2025:

a) Lack of Exchangeability (Amendments to IAS 21)

The amendments did not have a material impact on the financial statements.

30. Emerging accounting changes:

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Corporation and it is still to be determined if any will have a material impact on the Corporation's financial statements.

- a) Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- b) Presentation and disclosure in financial statements (IFRS 18)
- c) Subsidiaries without public accountability disclosures (IFRS 19)
- d) Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)