Building Momentum

GTAA ANNUAL REPORT 2023

Toronto Pearson

About This Report

The Greater Toronto Airports Authority (GTAA) is the operator of Toronto – Lester B. Pearson International Airport, Canada's airport for the world. Located in one of the fastest-growing cities in North America and Canada's most populous region, the GTAA connects people and goods to the global economy.

Welcome to the GTAA's 2023 Annual Report. In this report, which covers the 2023 fiscal year, we share initiatives and accomplishments that are advancing our corporate strategy and building the airport of the future.

This report also fulfills the GTAA's obligations in section 9.01.07 of its lease with His Majesty the King in Right of Canada represented by the Minister of Transport, dated December 2, 1996 (the "Ground Lease").

We continue to develop and review the GTAA's performance data, including, but not limited to, assessing how data was captured, collected, reviewed and reported. This ensures our ability to present consistent and accurate data. The GTAA does not currently have a policy or mandate concerning external assurance of our non-financial reporting.

Comments or questions about this report can be directed to Publication@gtaa.com or submitted online at Contact Us. Previous annual reports are available in PDF format at www.torontopearson.com.

Message from Doug Allingham, GTAA Board Chair

The GTAA made momentous strides in 2023, turning the page on the pandemic, responding to the challenges and seizing the opportunities of rapid growth as passenger volumes at Toronto Pearson recovered to near 2019 levels.

"A year marked by continuous improvement in operational performance, increased customer satisfaction and positive financial results."

The turnaround was about more than volume. The organization maintained a culture of operating excellence and a sharp focus on customer satisfaction, working with our aviation partners to manage traffic and plan for the unexpected: a summer of wildfires and other climate-related issues, new workers across the ecosystem, higher peak demand amid shifting travel demographics.

On behalf of the Board, I'd like to express my sincere thanks to everyone at the GTAA and in the broader Toronto Pearson community – businesses, municipal, provincial and federal governments, public agencies, labour organizations, airline partners and our team of dedicated employees – who worked with great determination over the past year to find creative solutions to the complex issues we faced in 2022. Collectively, they contributed to the rebound of 2023, a year marked by continuous improvement in operational performance, increased customer satisfaction and positive financial results.

I would also like to thank our dynamic, collaborative and steady-handed CEO, Deborah Flint. Deborah's commitment to high performance and her drive to innovate to achieve ongoing improvements to performance across the airport ecosystem are exactly what Toronto Pearson needs to chart its course for transformation. The exceptional senior management team deserves significant credit for driving critical improvement in the airport's 2023 performance. For that matter, all staff went above and beyond in their support of operational excellence and improvement to the passenger experience.

I would be remiss if I did not mention our partners. Our tremendous achievements in 2023 would not have been possible without our airline, aviation and retail partners; Nav Canada; and the government agencies that rose to the challenge of better serving our passengers.

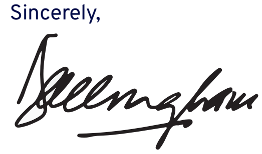
I'd also like to express my appreciation to the entire Board of Directors, who have dedicated so much of their time, expertise and commitment to Toronto Pearson. In 2023, we welcomed three new Board members. Ms. Kim Day, Ms. Tracy Li and Mr. Andrew Wallace each bring a breadth of senior leadership knowledge and expertise from the public and private sectors to their Board positions.

As a Board, we oversee and support management in the pursuit of the GTAA's business goals while representing the interests of the organization and all its stakeholders. We are accountable for the oversight of key enterprise risks, and responsible for determining that management has effective policies and procedures in place to identify, assess and manage these risks, as well as opportunities. Last year, we oversaw the integration of ESG factors into our enterprise risk management process.

In 2022, the Board endorsed the GTAA's 10-year strategic plan. With this plan, the GTAA has entered a new phase, evolving Toronto Pearson in response to a changing world. The plan sets out a bold vision for the GTAA that will put the joy back into travel by making Toronto Pearson the chosen place to fly and work. For passengers, this means superior customer service, more connectivity, enhanced modern and clean amenities and an airport that is growing and thriving. For staff and our partners, it means more resilience and better collaboration as we build the airport of the future.

The Board has encouraged management to move swiftly with the implementation of the strategic plan and to initiate our transformative capital plan, now known as Pearson LIFT (Long-term Investments in Facilities and Terminals). The program reflects an ambition unlike any in the GTAA's history; it aims to transform Toronto Pearson into one of the most advanced, sustainable and passenger-friendly airports in the world. It underscores our airport's importance for the economic vitality and viability of the region, the province and the entire country, and it sets the organization on a path to growth. I am confident that we have the right leadership and partnerships in place, the momentum to achieve the milestones of our strategic plan and Pearson LIFT, and what it takes to transform Toronto Pearson into a next-generation airport.

Sincerely,



Doug Allingham,
GTAA Board Chair

Message from Deborah Flint, GTAA President and CEO

The year 2023 was a very good one for Toronto Pearson International Airport, marking the beginning of a new era. Passenger traffic grew to a robust 44.8 million passengers. We fulfilled the majority of our customers' expectations and strengthened our financial resiliency. Those achievements are thanks to the strong partnerships we have with the 400 employers across Pearson and the diligent efforts of the tens of thousands of people who work here.

"Our employees are the driving force behind our successes. Every day and every night, they deliver a safe, predictable, reliable and enjoyable experience to our passengers."

Growth and Resiliency

Our 25.8% year-over-year growth in passengers reflects strong travel demand, as well as the successful repositioning of our operations, improved customer experience and productive investments.

We see the results of our investments and collaboration with airlines, ground handlers and other airport partners, because significant operational improvements were achieved compared to the challenges of 2022. On-time performance of air carriers, baggage system availability, baggage delivery times and wait times across all sectors improved. We and our partners pursue even further improvement.

This is important for Canada, with its vast geography and demand for air connectivity to the world. Toronto Pearson's international network has rebounded to 2019 levels in terms of countries served. In addition to more routes and frequencies, there was new entrant Porter Airlines, which is rapidly expanding its network of domestic and cross-border destinations.

Transforming for Our Customers

We are delivering customer experiences Canadians can be proud of, reflective of the digital strength and innovation in our country. Screening processes for domestic, international and U.S. travel were delivered faster and more efficiently through new digital tools.

We expanded YYZ Express, an online reservation system for security screening, along with the restart and rollout of Verified Traveller lanes for Nexus users. Working with the Canada Border Services Agency, we implemented new technology to support border clearance with new e-gates in Terminal 3, additional e-gates in Terminal 1 and upgrades to primary inspection kiosks.

Within operations, we are using new digital tools to reinvent how we plan and align with our partners to deliver the travel process. We implemented a new data-driven platform for more timely sharing of information known as Airport Collaborative Decision Making (A-CDM), enhancing collective situational awareness and enabling more efficient and proactive operations.

We Are Toronto Pearson

These investments and digital advancements made meaningful contributions to our achievements in 2023. But ultimately our business is about people. Our employees are the driving force behind our successes. Every day and every night, they deliver a safe, predictable, reliable and enjoyable experience to our passengers. With an ecosystem as large and diverse as ours, a common set of goals and expectations is essential. For this reason, the launch of the Pearson Standard was a major step last year. It is a shared path toward achieving a new standard of responsibility, performance and quality that benefits passengers, stakeholders, partners and the airport ecosystem. It is already helping to improve compliance with service standards across the airport. With our ethos of "I Am Toronto Pearson," which is a call to action for all 50,000 employees at Pearson, the commitment of airport workers shines through.

We celebrate our return to the number one position in the Airports Council International's Airport Service Quality Program in the large airport category, in recognition of our customer service experience. We were also ranked on Forbes's list of Canada's Best Employers, and through our employee survey, our employees have told us that they are proud to work for Canada's busiest airport. We are building momentum on the progress of our strategy, and we can move with confidence and purpose as we build toward a bright future.

A New Era of Investment

Toronto Pearson's future is charted in our new 10-year strategic plan and encapsulated in our vision: *Putting the joy back into travel by making Toronto Pearson the chosen place to fly and work.*

I am honoured by the calibre of our executive team. With the expert governance of our Board of Directors, we are beginning a new era of investment, with plans to upgrade and modernize our facilities and infrastructure through our Pearson LIFT capital plan. There is a pressing need to address capital work that was delayed before the pandemic and forge ahead with improving and expanding our buildings to meet growth and customer expectations. We commit to innovation and cost-effectiveness, ensuring that these improvements create value for many years, so that we will lead globally in airport performance, customer care and sustainability.

My heartfelt gratitude goes out to every one of our employees and partners across the airport ecosystem who have helped us reach this point by delivering such a robust performance over the past year.

Together, we made accelerated strides forward in 2023. But these were just the first steps on our journey to transform Toronto Pearson. We have the team, the vision and the plan, and we are honoured to create the airport of the future, together with you.

Sincerely,

Deborah Flint,
President and Chief Executive Officer

A Plan for the Future

Toronto Pearson is always evolving. Like the millions of passengers who pass through here annually, we're always looking beyond the horizon and thinking about what comes next.

In the case of the global aviation industry, the answer is clear: rapid growth and constant innovation.

44.8M

passengers welcomed in 2023

50,000

employees at Pearson

The post-pandemic resurgence of global air travel has exceeded – and in some cases trounced – expectations. Like other airport hubs, we have seen traffic quickly return to close to pre-pandemic levels. Demand for air travel looks set to continue to grow over the long term, and we are projecting that Toronto Pearson could see 65 million passengers annually by 2032 – an increase of almost 30% on our current peak, recorded in 2019.

At the same time, the shift toward greater use of digital technologies is gathering speed. Passengers and airlines increasingly want to move away from in-person interactions and toward self-service options that enable travellers to manage their journeys from their phones.

The GTAA and our airport partners have moved quickly to integrate new technologies into our operations. We are making greater use of real-time data and artificial intelligence to help us monitor key areas of our operations and react quickly to potential disruptions. We are sharing more information on live wait times with passengers and are constantly exploring new digital tools to improve the airport experience.

Innovations like these are helping us deliver reliable, resilient operations and a more pleasurable journey through the airport for passengers. But as demand for travel continues to rise, it is inevitable that we will reach the limit of what can be achieved through incremental improvements.

“The GTAA and our airport partners have moved quickly to integrate new technologies into our operations. We are making greater use of real-time data and artificial intelligence to help us monitor key areas of our operations and react quickly to potential disruptions.”

As Canada’s busiest airport, our facilities are used heavily and some of our key operational assets are showing their age. Our terminals were already beyond practical capacity in 2019, when 50.5 million passengers travelled through Pearson. While they are well maintained and still feel modern, there is no escaping the fact that they were designed in a pre-digital era when planes were smaller and people flew less.

To meet travel demand and maintain Toronto Pearson’s position as a leading global travel hub, we require a step change in our capacity. Our Pearson LIFT capital plan has been conceived to deliver that change. This initiative aims to substantially upgrade our facilities and infrastructure. Pearson LIFT will enable us to quickly address our near-term infrastructure needs and then build toward the future with purpose and vision.

Over the coming decade, we plan to make investments across the airport that will upgrade key infrastructure, such as our runways, and refresh and expand our terminal buildings. This will allow us to deliver facilities that are created with the needs of 21st century air travel in mind, seamlessly and responsibly integrating digital technologies and environmental sustainability into their design.

Managing the industry’s ongoing digital transformation while growing capacity and maintaining safety and operational excellence will not be easy. At the same time, competition is intensifying among global hubs, and the bar for excellence is continually being raised. But building on the lessons we have drawn from recent years, and with our new strategy in place, we are positioned to succeed.

The direction of travel for the industry is clear. To keep pace with other hubs and customer expectations, we need to invest now. Combined with organizational changes in our 10-year strategic plan, Pearson LIFT will enable us to deliver a “future ready” airport and reach our ultimate goal: to put the joy back into travel.

Our 2023–2032 Strategic Plan

As Canada's gateway to the world and a major driver of regional economic activity, the GTAA has a bold vision for the future: Put the joy back into travel by making Toronto Pearson the chosen place to fly and work. Our 10-year strategic plan was developed to help us achieve that vision. It guides us by providing a framework to prioritize capital investments, focus on key business issues and build system resilience. The strategic plan prepares us to deliver a first-class experience for our passengers, employees, airlines and other partners.

Environmental, Social & Governance (ESG)

We have incorporated an ESG frame around our strategic pillars and foundational elements. ESG is a business imperative that calls on organizations to contemplate these elements in all decision-making and financial considerations. Our ESG frame highlights Toronto Pearson's commitment to weaving the lens of ESG into all our decisions as we execute our strategic plan.

Strategic Pillars:

Customer Experience

Transform and elevate interactions with our customers at every step.

Operational Efficiency

Forge stronger and more flexible operations in our terminals, groundside and in the air.

Foundational Elements:

Safety, Security & Health

Data & Digital Infrastructure

Innovation

Drive innovation across airport operations and the broader aviation ecosystem.

Toronto Pearson Culture & Employee Experience

Foster a vibrant culture and resilient workforce.

Physical Infrastructure

Financial Resilience & Responsibility

Driving Operational Efficiencies

Operations are at the core of our business and are the foundation of the experience we provide to our passengers and partners. Our goal is to deliver safe and efficient operations while enabling growth to meet increasing travel demand. To accomplish this, we are focused on streamlining our airport operations to reduce delays, enhance passenger flow and optimize resources.

In 2023, collaborating with airlines, ground handlers, government agencies and other stakeholders was key to our success in driving better performance and an enhanced passenger experience. We took a more formalized approach to contingency planning for peak-period travel days. We invested in advanced technologies for security, air traffic management, baggage handling and airfield safety.

We are working with our partners to achieve a new standard of responsibility, performance and quality that benefits us all:

Through the introduction of the Pearson Standard, we're creating shared accountability and high standards for every operator at Toronto Pearson. The Pearson Standard sets out expectations in responsibility, performance and quality for operations at Toronto Pearson. We are now measuring our partners and our operations against these standards to enhance customer experience.

To help drive further improvements in service levels, in 2023, we entered into Airline Partnership Agreements with carriers that represent 90% of seats at Toronto Pearson. These agreements incentivize metrics that matter to passengers: efficient operational performance, including on-time departures, timely baggage delivery, towing compliance and check-in counter efficiency.

25%

improvement in processing times

We're accelerating our digital transformation:

In 2023, we ...

Partnered with digital solutions provider Assaia to deploy AI-powered analytics to our camera feeds at all airport gates to help us improve on-time performance and enable greater transparency for our passengers. Assaia is an AI system that tracks every aspect of aircraft turnaround and provides real-time data that can be used to address inefficiencies and to deliver more accurate departure-time estimates to increase gate availability.

Piloted a state-of-the-art autonomous airfield inspection solution in collaboration with leading technology providers. The device monitors runways, taxiways and fences for safety and security issues and reports them to airport staff.

Introduced new, advanced snowplows and implemented cutting-edge predictive technologies for weather and delay forecasting as part of our approach to winter preparedness.

Launched an innovative system that uses AI for more efficient baggage handling through proactive identification and resolution of common potential issues. Outbound baggage screens were also enhanced to offer improved visibility of the bag journey and real-time data to our ground handlers.

Replaced 177 kiosks with new technology resulting in a 25% improvement in processing times and a 20% improvement in biometric matching and passport read rates. We enabled an offline mode on these new kiosks, which allows them to be used during outages and reduces our reliance on manual paper declaration forms.

Installed 80 new digital screens in the customs halls and at security points displaying wait times.

In 2024, the GTAA will focus on enabling a technology- and data-driven culture. We will continue to advocate for data-sharing among government agencies to drive better situational awareness across the airport and drive even more operational efficiency.

Customer Satisfaction

We are prioritizing customer satisfaction by enhancing airport amenities, improving cleanliness and prioritizing communication. We are upgrading our infrastructure and modernizing our facilities to increase capacity, reduce congestion and enhance overall airport functionality.

82%

of passengers were satisfied with their airport experience in 2023.

We're focused on enhancing the passenger experience:

In 2023, we tangibly improved the passenger experience across our operations by bolstering staff and implementing digital innovations that expedite check-in and boarding and reduce wait times. We introduced new seating and refreshed carpeting in our terminals and launched a multi-year washroom revitalization program in Terminal 1. We also expanded the retail and food and beverage offering in both terminals.

We hosted more than 230 activations and events throughout the year, including comedians from Canada's Just for Laughs festival, magicians, carolers and a holiday visit from Santa. We partnered with the City of Toronto to support local and emerging artists and musicians in showcasing their talents within the terminals. Our collaboration with Destination Toronto created a new art display in Terminal 1 in recognition of National Indigenous Peoples Day.

Our customer experience strategy for 2024 focuses on enhancing passengers' travel experiences through improvements like new self-service kiosks and airline check-in workstations.

We've improved communication to set expectations and increase customer satisfaction:

Our digital maps and dashboards keep passengers informed with real-time information to help them navigate the airport. In 2023, we installed electronic displays in our security and customs halls to provide processing wait times and integrated live wait times into our digital maps.

Passengers' opinions are critical to our continuous improvement efforts, so we implemented a new insights platform that captures rapid feedback from passengers. This information allows us to act expediently to review complaints and initiate improvements as needed.

We're creating a more inclusive airport:

In 2023, we published the GTAA's inaugural accessibility plan, outlining our efforts to improve our built environment, wayfinding and services for the more than 1.2 million passengers with disabilities who pass through Toronto Pearson every year. We embarked on an ambitious journey to remove more barriers by pursuing the prestigious Gold Certification from the Rick Hansen Foundation, completing 1,400 improvements throughout the year.

In 2023, Toronto Pearson and 57 airline partners connected 44.8 million passengers to 162 international destinations and 33 domestic destinations.

We're making progress in our customer satisfaction ratings:

We track passenger satisfaction based on customer service, wait times, staff courtesy levels, airport ambience and cleanliness at each point of the passenger journey. A survey by Pollara Strategic Insights conducted in January 2024 on behalf of the GTAA showed that 82% of passengers travelling through Toronto Pearson over the past year were satisfied with their airport experience.

Airports Council International once again named Toronto Pearson "Best Large Airport in North America" in its 2023 Airport Service Quality program, reaffirming our commitment to world-class service and excellence. The program recognizes airports across the globe that deliver the best customer experience according to their passengers. We previously held this prestigious accolade from 2017 to 2021.

Pearson LIFT

Our capital plan, Pearson LIFT, is a fundamental component of our 10-year strategy. With this undertaking, we are embarking on a new era of investment in facilities and infrastructure to build the airport of the future. This construction plan is designed to accommodate growth while allowing Toronto Pearson to continue to serve as a critical global air hub for Canada's supply chain and our regional and national economies. We are working closely with our airport partners to share and refine these plans.

Our plan includes:

- **Modernized terminal buildings that enable greater operational flexibility**
- **New gates and increased capacity for passengers and baggage**
- **Upgrades to existing infrastructure and construction of world-class retail experiences**
- **Environmentally sustainable buildings that incorporate the latest technologies and innovations**

We're paving the way for a transformative future at the GTAA by focusing on revitalizing our facilities, expanding our capacity and delivering new technologies while maintaining a high-quality passenger experience.

We're building momentum

The rollout of Pearson LIFT is well under way, and we are progressing quickly.

Pearson LIFT will be realized in three programs, as part of our construction plan that will improve and modernize our terminals, facilities, airfield, infrastructure and groundside access. The first program, called Accelerator, will begin in 2024. This phase initiates upgrades and improvements to Toronto Pearson's operational assets, such as our airfield system. We have started planning for the construction of facilities to accommodate the expected growth in passenger traffic.

Before launching the Pearson LIFT procurement process, we hosted an industry forum for local and global leaders in the design and construction industry to announce our plans. Pearson LIFT will strengthen employment and career opportunities and will also provide small and diverse businesses the opportunity to share in the development and prosperity of the airport by participating in our vendor selection process.

In 2024, we will continue engaging our airport partners, including airlines, border and security agencies, government, cargo operators, commercial partners and other stakeholders as we continue our Pearson LIFT journey.

Corporate Governance

The GTAA is a Canadian Airport Authority and a corporation without share capital under the *Canada Not-for-profit Corporations Act.*

The National Airports Policy and the Public Accountability Principles established the governance framework for Airport Authorities including the GTAA and served as the framework for the Ground Lease with Transport Canada and the Corporation's By-Law. These documents also set out certain requirements, including with respect to the nomination of Members, holding public meetings, publishing certain documents and adopting certain corporate policies.

Members/Board of Directors

As a corporation without share capital, the GTAA has Members rather than shareholders or other equity holders. The process for nominating and electing Members is based on the GTAA's By-Law.

The GTAA's Members are also its Directors; a reference in this Annual Report is also a reference to those serving on the GTAA's Board of Directors.

The GTAA's Board of Directors comprises 15 Directors elected by the GTAA's Members. Directors serve terms of up to three years and are eligible to be re-elected by the Members to serve for a maximum of nine years.

The following pages set forth the names of the Directors, together with their place of residence, the date they became Directors, the expiry of their current term, their principal occupation, and their Board Committee memberships, as at December 31, 2023.

Board of Directors

DOUGLAS ALLINGHAM
Ontario, Canada

Corporate Director
Director since: 2018
Board Chair (effective May 7, 2019)
Current term expiry: 2024 (ex-officio member of all Committees)

Mr. Allingham is a civil engineer with 40 years of experience encompassing both the public and private sectors. He is the former Executive Vice-President of AECOM Canada Ltd. and has a background in transportation engineering including transit planning, urban design, traffic engineering environmental assessment, master planning, airport planning and transportation economics. He has served as president of the Canadian Institute of Transportation Engineers, Chair of the Board for the University of Ontario Institute of Technology, Trustee and Chair of the Board of Lakeridge Health and has served on the boards of Durham College and the Durham Abilities Centre. He graduated with a BaSc. in Engineering from the University of Waterloo in 1978. In 2012, he was awarded the Queen Elizabeth II Diamond Jubilee medal for service to the community.

NAFISAH CHOWDHURY
Ontario, Canada

Partner, Miller Thomson LLP
Director since: 2022
Current term expiry: 2025
Governance and Stakeholder Relations Committee
Human Resources and Compensation Committee

Ms. Chowdhury is a partner at Miller Thomson LLP, practicing in commercial and employment litigation. She obtained an Honours Bachelor of Environmental Studies degree from the University of Waterloo, a Juris Doctor degree from the University of Toronto, and was called to the Ontario Bar in 2008. In 2018, she received the Lexpert Rising Star award, which recognizes Canada's leading lawyers under 40. In her spare time, Ms. Chowdhury sits on the advisory boards of various community organizations. She also holds the Institute of Corporate Directors designation (ICD.D).

KIM DAY
California, United States

Aviation Consultant (sole proprietor)
Director since: 2023
Current term expiry: 2026
Governance and Stakeholder Relations Committee
Planning and Commercial Development Committee

Ms. Day spent the last 25 years of her career in the aviation industry, serving most recently for 13 years as the CEO of Denver International Airport (DEN), where she worked to prepare DEN for the future both fiscally and physically, securing long term commitments of the two largest carriers, overseeing the development of a commuter rail to downtown, an on-airport hotel, 44 additional gates, and the start of the renovation of the Jeppesen Terminal. Prior to her time as CEO of DEN, she served as executive director of Los Angeles World Airports (LAWA) and Deputy Executive Director for design and construction at LAWA. Before going to LAWA, she practiced architecture for over 20 years. Ms. Day has served on the board of directors for the American Association of Airport Executives, the FAA's NextGen Advisory Committee, the Denver Chamber of Commerce, and Visit Denver and is currently on the boards for the Regional Airports Improvement Corporation and the San Diego Humane Society. Ms. Day is a globally-recognized airport leader and most recently was inducted into the Colorado Tourism Hall of Fame. Ms. Day holds a Bachelor of Architecture from Cornell.

LISE FOURNEL

Quebec, Canada

Corporate Director
Director since: 2022
Current term expiry: 2025
Audit Committee
Human Resources and Compensation Committee (Chair)

Ms. Fournel is a technology expert with a global perspective in marketing and revenue management and e-commerce. Over her more than 35-year career with Air Canada, Ms. Fournel has held increasingly senior positions in Technology, Strategic Planning and Passenger Commercial. She was also President of Destina.ca. She formerly served on the boards of Ontario Teachers' Pension Plan and Desjardins Financial Security. Ms. Fournel has also served on a number of not-for-profit boards, including l'Université de Montréal, Tourisme Montréal, CIREM, Musée Pointe-à-Callière, and Canadian Muscular Dystrophy Association. Ms. Fournel earned a B.Sc. in Mathematics from l'Université de Montreal, completed graduate studies in Business Administration at Hautes Études Commerciales (HEC) in Montreal and holds the Institute of Corporate Directors designation (ICD.D). She also holds an M.Sc in Mathematics from Université de Montréal.

PETER GREGG

Nova Scotia, Canada

President and Chief Executive Officer, Nova Scotia Power (regulated electric utility)
Director since: 2018
Current term expiry: 2024
Governance and Stakeholder Relations Committee (Chair)
Planning and Commercial Development Committee

Mr. Gregg is the President and CEO of Nova Scotia Power Inc., a wholly-owned subsidiary of diversified energy and services company Emera Inc., providing 95% of the generation, transmission and distribution of electrical power to more than 525,000 residential, commercial and industrial customers across Nova Scotia. He was previously President and CEO of the Independent Electricity System Operator ("IESO"), the corporation responsible for operating the electricity market and directing the operation of the bulk electrical system in the province of Ontario, and President and CEO of Enersource Corporation (now Alectra Utilities) where he led the merger of Enersource with Powerstream and Horizon Utilities, and the purchase of Hydro One Brampton. Mr. Gregg has an MBA from the Ivey School of Business at the University of Western Ontario and holds the Institute of Corporate Directors designation (ICD.D).

DON KENNEDY

Ontario, Canada

Corporate Director
Director since: 2020
Current term expiry: 2026
Audit Committee
Planning and Commercial Development Committee (Chair)

Mr. Kennedy is a retired business executive having served as the Chief Financial Officer for a number of organizations in aviation, freight and logistics, including Canada 3000, where he grew the organization from the startup of a charter airline into a publicly traded travel group with over 5,000 employees. His professional associations include past Director of the Air Transport Association of Canada, past Director of various airlines fuel consortiums and past member of various aviation and travel industry associations. He also served on the Board of Directors of St. Joseph's Health Centre in Toronto. He has been a Chartered Professional Accountant and Chartered Accountant in Ontario for over 40 years, having started his audit career at PricewaterhouseCoopers LLP. He holds a Bachelor of Commerce (Honours) from Queen's University.

TRACY LI

Ontario, Canada

Chief People and Legal Officer of Enercare Inc.
Director since: 2023
Current term expiry: 2026
Audit Committee
Human Resources and Compensation Committee

Ms. Li is Chief People and Legal Officer of Enercare Inc., responsible for leading the human resources, legal and ESG functions at Enercare. She joined Enercare in 2011 and has played a key role in the transformation of the company and its business divisions, including advising through multiple acquisitions, financings, internal reorganizations, as well as strategic and growth initiatives. Prior to Enercare, Ms. Li practiced law at Shearman & Sterling LLP in Hong Kong and Borden Ladner Gervais LLP in Vancouver, where she advised international and Canadian clients on equity and debt financings, acquisitions, corporate governance, securities law and other legal matters. Ms. Li has also been serving as a member of the Board of Directors of Yee Hong Centre for Geriatric Care and a member of its Governance and Human Resources Committees since June 2022. Ms. Li has a Bachelor of Commerce (Finance) from the University of British Columbia and a Juris Doctor from the University of Toronto Faculty of Law.

MICHELE McKENZIE

Ontario, Canada

Consultant, JE Austin Associates (strategy and management consulting firm)
Director since: 2018
Current term expiry: 2024
Governance and Stakeholder Relations Committee
Planning and Commercial Development Committee

Ms. McKenzie is a corporate director and business advisor with strong tourism expertise. She is a consultant with JE Austin Associates serving as Chief of Party for the USAID South Caucasus Regional Tourism Program. She spent ten years in the role of President and CEO of the federal Crown corporation ‘Canadian Tourism Commission’ (‘Destination Canada’), and four years as Deputy Minister of Nova Scotia Tourism, Culture and Heritage. In 2020 she was recognized by the Tourism Industry Association of Canada with a Lifetime Achievement Award. She has extensive board governance experience and, in addition to GTAA, currently sits on the board of Invest in Canada, and is a member of the Departmental Audit Committees for Statistics Canada and Parks Canada. Ms. McKenzie holds a degree from Dalhousie University and has completed a Fellowship at Harvard University. She also holds the ICD.D designation from the Institute of Corporate Directors.

MARC NEEB

Ontario, Canada

Corporate Director
Director since: 2019
Current term expiry: 2025
Human Resources and Compensation Committee
Planning and Commercial Development Committee

Mr. Neeb is a retired HR executive, having most recently served as the Chief Human Resources Officer at Magna International Inc. At Magna, Mr. Neeb was responsible for global human resources strategy relating to health & safety, environment, total compensation, culture, Employee’s Charter, labour relations, performance management, talent attraction and retention and people development and training. His past professional experience also includes serving as the Chief Administrative Officer of the Town of Aurora, Commissioner of Community Services of the City of Brampton and various senior positions with the City of Mississauga. He holds degrees and diplomas from the University of Western Ontario, Seneca College and the University of Toronto. He has served on the boards of Southlake Regional Health Centre, Aurora Mayor’s Charity Golf Classic, Community Safety Village of York Region, and was the Governor of the Royal Lifesaving Society of Ontario.

ERIC PLESMAN

Ontario, Canada

Head of Global Real Estate, Healthcare of Ontario Pension Plan
Director since: 2019
Current term expiry: 2025
Audit Committee
Planning and Commercial Development Committee

Mr. Plesman is the Head of Global Real Estate at Healthcare of Ontario Pension Plan (HOOPP) and is responsible for their real estate investment activities. Prior to HOOPP, he held a number of senior positions at Oxford Properties and was most recently the Executive Vice President, North America, where he was responsible for North American Investments (equity and debt) and Development activity across all asset classes (office, industrial, retail, multi-family and hotel), as well as Oxford's North American Retail and Industrial businesses. Mr. Plesman's past experience also includes roles in Investment Banking and Real Estate Private Equity at Morgan Stanley (London, U.K., New York and Toronto) and as a consultant at Arthur Andersen (Amsterdam). He holds a BA from King's University College at Western University and an Honours Business Administration (HBA) from the Ivey Business School at Western University.

MARK F. SCHWAB

Florida, U.S.

President, Naples Council on World Affairs
Director since: 2017
Current term expiry: 2026
Audit Committee
Planning and Commercial Development Committee

Mr. Schwab is an experienced airline industry executive, having served as Chief Executive Officer of Star Alliance, the world's first and most comprehensive global airline alliance of 26 members. He has a deep background in the airline industry, having served in international and corporate leadership roles with major carriers such as United Airlines, US Airways, American Airlines and Pan Am. He is a graduate of the University of Virginia. He serves on the boards of not-for-profit organizations, Greater Naples Leadership.

JOHAN C. VAN 'T HOF

Ontario, Canada

CEO and President, Tonbridge Corp. (merchant bank)
Director since: 2017
Current term expiry: 2024
Audit Committee (Chair)
Planning and Commercial Development Committee

Mr. van 't Hof is CEO and President of Tonbridge Corp., a Toronto-based merchant bank and advisory firm, and has been a lecturer at the University of Toronto, the University of Waterloo, and the School of Accountancy for the Institute of Chartered Accountants of Ontario. Prior to his current role, he was CEO of Tonbridge Power Inc., a publicly-traded entity, and Chief Operating Officer and Director of Carter Group Inc., a North American automotive parts manufacturer. Prior to these roles, he was Partner and Managing Director at PricewaterhouseCoopers LLP (project finance and privatization) and was seconded to the Ontario Securities Commission by his firm. In such a role, he acted for 11 airport authorities in Canada in transferring operations from Transport Canada and for 25 governments in project finance and privatization transactions globally in energy corrections, airports and roads. He has testified to the U.S. Senate and the Canadian Parliament on infrastructure policy. Mr. van 't Hof is a Chartered Professional Accountant and Chartered Accountant in Ontario and holds an MBA from the University of Toronto. He has served as Chair of the Audit Committees of two international public companies and two private companies.

RAJEEV VISWANATHAN

Ontario, Canada

Chief Financial Officer & Partner Forum Asset Management (investment and development firm)
Director since: 2020
Current term expiry: 2026
Audit Committee
Governance and Stakeholder Relations Committee

Mr. Viswanathan is the CFO and Managing Partner at Forum Asset Management, an alternative asset manager, investor, and developer. At Forum, he is responsible for the overall financial management of the firm, including financial strategy, planning, controls, risk management, tax, information technology and reporting. He is also responsible for the ongoing investment and asset management oversight of the firm's investments and sits on Forum's investment committee. Prior to joining Forum, he was the CFO of Dream Global REIT, a Western European, $6 billion, dual-listed (TSX and Frankfurt) commercial office and industrial platform that was acquired in 2019 by Blackstone. Prior to his appointment at Dream Global, Mr. Viswanathan was CFO for Dream Office REIT (TSX-listed). Before Dream, he spent almost a decade at Brookfield holding various senior finance roles, including corporate treasury and helping to establish Brookfield's Private Funds group. During his tenure with Brookfield, he also worked at General Growth Properties, a US$40 billion shopping mall REIT, where he rebuilt and upgraded various finance capabilities following GGP's bankruptcy emergence. He is a CPA, CA and CFA charterholder, with a Master of Accounting and Bachelor of Mathematics from the University of Waterloo.

ANDREW WALLACE

Ontario, Canada

Managing Director and Group Head of Real Estate Investment Banking, National Bank Financial
Director since: 2023
Current term expiry: 2026
Governance and Stakeholder Relations Committee
Human Resources and Compensation Committee

Mr. Wallace is Managing Director and Group Head of Real Estate Investment Banking at National Bank Financial. Mr. Wallace is responsible for overseeing National Bank's public markets and institutional real estate business, focusing on capital markets, real estate lending, mergers & acquisitions, and other financial market products. He has been with National Bank Financial since 2006, taking progressively senior roles along the way. In 2009 Mr. Wallace took secondment to work in the Prime Minister's Office in Ottawa. For two years he served as Senior Economic and Financial Policy Advisory to the Prime Minister. Mr. Wallace holds a BAH from Queen's University and an MBA from the Rotman School of Business at the University of Toronto. He serves on the Board of the Real Property Association of Canada (REALPAC).

All of the Directors of the GTAA have been engaged for more than five years in their current principal occupations, except as set out below:

Kim Day was the CEO of Denver International Airport from 2008 to 2021, President and CEO of KDDPCA from 2022 to 2023 and a Senior Advisor (contract) at McKinsey & Company from 2022 to 2023.

Peter Gregg was President and CEO of the Independent Electricity System Operator (Ontario) from 2017 to November 6, 2020.

Michele McKenzie was a Consultant with Cemonics during 2023, and a Principal of McKenzie Business Strategies from 2014 to December 2022.

Marc Neeb was Chief Human Resources Officer of Magna International from 2014 to 2019, prior to which he was the Executive Vice President, Global Human Resources.

Rajeev Viswanathan was Chief Financial Officer of Dream Office REIT from 2015 to 2018 and Chief Financial Officer of Dream Global REIT from 2018 to 2019.

Director Independence

All of the Directors of the GTAA's Board are independent, as that term is defined in applicable securities legislation.

The Board holds regular meetings, which management attends, and at each Board meeting, management is excused from a portion of the meeting, and the Directors meet in camera. The Board also conducts an annual retreat to consider Board governance and strategic matters.

Board Mandate

The Board is responsible for the overall stewardship of the GTAA, including overseeing the Corporation's governance, strategic direction, and supervising management, which is responsible for the day-to-day conduct of the business and affairs of the Corporation. The Board's written mandate is contained in the Terms of Reference of the Board of Directors, which which is attached as Appendix "A" of the corporation's Annual Information Form.

Strategic Planning

The Board's mandate includes oversight of the strategic planning process. In connection with the strategic planning process, the Board periodically reviews and approves the Corporation's strategic plan taking into account, among other things, the opportunities and risks of the Corporation's business.

Risk Oversight

The Board's mandate also includes oversight of the risk assessment process, evaluation of the principal risks to the Corporation's business, and ensuring that the appropriate systems are in place to effectively identify, evaluate, monitor and manage those risks. Risks are assessed using impact and likelihood criteria, including the velocity by which the risk may impact the GTAA.

In connection with these risk oversight responsibilities, the GTAA has developed and implemented 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. This process seeks to appropriately mitigate rather than eliminate risk.

The Board's oversight of risk includes environmental, social and governance risk, including climate-related risks. The GTAA's 2023 Sustainability Report will be published in 2024 and will highlight the GTAA's sustainability approach and performance.

Board Assessment

The Board regularly assesses the effectiveness of the Board, its committees and each individual director. Such assessments are facilitated by the Governance and Stakeholder Relations Committee with the support of an external governance consultant. In 2023, the Governance and Stakeholder Relations Committee's governance consultant, Watson, Inc., assisted the Board in conducting an assessment, which took the form of a written questionnaire and individual director interviews. The Corporation's CEO also participated in the assessment.

Position Descriptions

Position descriptions for the Board Chair and the Chair of each Committee are contained in the Board of Directors Terms of Reference and relevant Committee Charters.

Orientation and Continuing Education

Each new Director participates in the GTAA's Director Orientation Program. The purpose of this program is to assist new Directors in understanding the nature and operation of the GTAA's business, the role of the Board and its Committees, and the contributions new Directors are expected to make.

The topics addressed in these presentations include the GTAA's governance structure, financial and capital structure, the fiduciary duties and roles and responsibilities of Directors, community and stakeholder relations, terminal and Airport operations, and human resources and labour relations.

The GTAA also has a formal Directors' Continuing Education Policy. Pursuant to the policy, Directors receive tours of the Airport facilities, and meetings with other airport operators, to discuss various operational and development matters. The policy also provides opportunities for Directors to tour other airports, attend industry conferences, and participate in educational opportunities to enhance their industry knowledge and skills as Directors of the GTAA.

The GTAA's Board participates in regular Directors' education sessions, which are held in conjunction with Committee and Board meetings. These education sessions are provided by subject matter experts, including speakers from air carriers, government and government agencies, and management on topics related to transportation, aviation, safety, security, stakeholder relations and other matters related to the operation of the Airport. In 2023, education sessions were focused on emerging trends and innovations in airport infrastructure design and development, air service development and customer experience.

Ethical Business Conduct

The GTAA has a Code of Business Conduct and Ethics (the "Code") that has been approved by the Board. The Code complies with applicable securities laws and represents a comprehensive approach to addressing, among other matters, conflicts of interest, and promoting fair, honest and ethical behaviour by all GTAA Directors, officers, employees and contractors. A copy of the Code may be accessed on SEDAR at www.sedarplus.ca.

The Board monitors compliance with the Code. Each year, the Board requires that every Director and officer sign an Annual Declaration, confirming that the signatory has read the Code and stating whether the signatory is in compliance with the Code. Where the signatory is not in compliance with the Code, the declaration states the reasons for such non-compliance. All Directors and officers have confirmed that they were in compliance with the Code in 2023. In addition, the Board has implemented Confidential Anonymous Reporting for Employees ("CARE"), which permits the anonymous reporting of potentially unethical behaviour of an employee, officer or Director.

Nomination of Members

The Governance and Stakeholder Relations Committee is responsible for the Director nominating process, which encompasses the following responsibilities: (a) identifying the knowledge, skills and experience requirements for candidates by using a skills matrix in support of a skills-based Board and communicating these requirements to the nominators, as applicable; (b) determining if nominees are qualified to be Members of the GTAA in accordance with the GTAA's By-Law and assessing their skills, experience and abilities; (c) making recommendations to the Board; and (d) periodically reviewing the nominating process.

Seven Directors are elected by the Members from candidates who are identified and assessed through a search process. The search process includes engaging the Named Community Nominators comprised of the Board of Trade of the City of Brampton, the Board of Trade of the City of Mississauga, The Toronto Region Board of Trade, The Law Society of Ontario, Professional Engineers Ontario and the Chartered Professional Accountants of Ontario.

Five Directors are elected by the Members from candidates nominated by 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 federal government, and one Director is elected by the Members from a nominee of the Province of Ontario.

The nominees may be the incumbent Member if that Member is eligible to serve for another term.

Diversity of Directors and Executive Officers

The GTAA is committed to ensuring that diversity is integrated into all aspects of its hiring policies and practices, including at the Board and executive levels. In 2021, the Board of Directors approved amendments to the Board's Diversity Policy to recognize inclusion as an important value, to expand on the definition of diverse groups, and to include aspirational goals for the representation of women and individuals from diverse groups. Diversity includes not only considerations of gender, but also of race, ethnicity, disability, Indigenous status, cultural background, age and other attributes. Information about the GTAA's Diversity and Inclusion Policy and the diversity of the Board and Executive Officers is set out in the following sections.

a. Directors

As at December 31, 2023, the GTAA's Board included five women or approximately 36 per cent of the total of 14 Directors.[1] In addition, four of its Directors, or approximately 29 per cent, are members of one or more diverse groups. Under the Board Diversity and Inclusion Policy, the Board aspires to attain by its annual meeting in 2030 and thereafter maintain a Board composition of which 50 per cent of the Board members are women and of which 30 per cent of the Board members are members of diverse groups.

The Board's Diversity and Inclusion Policy provides that: (a) the Board values the benefits that diversity, equity and inclusion can bring to the Board and recognizes that diversity, equity and inclusion promote different perspectives and ideas, mitigate against conformity of thinking and improve oversight, decision-making and governance; (b) a diverse and inclusive Board is one that makes good use of different skills, and industry, geographic and professional experience, and the composition thereof also takes into consideration matters such as gender, sexual identity and orientation, cultural background, disability, indigenous status, race, ethnicity, age and other attributes of the Directors; (c) when identifying potential Directors, the Board's objective is to identify the most qualified, expert, industry experienced and highest functioning candidates, but with due regard to the benefits of diversity in the Board's composition; and (d) as part of the performance evaluation of the effectiveness of the Board and Board committees, the Governance and Stakeholder Relations Committee balances the skills, experience, independence and knowledge required, as well as the desirability of Board diversity.

b. Executive Officers

As at December 31, 2023, the GTAA had nine[2] executive officers, four of whom are visible minorities. Three of the executive officers, or 33 per cent, are women.

The GTAA has an Employment Equity Plan for all of its employees, including its executive officers, that encourages the recruitment of women, persons with disabilities, Indigenous persons and members of visible minorities. The Employment Equity Plan includes measures to remove employment barriers and sets timetables and goals to achieve reasonable progress towards a representative workplace. The Employment Equity Plan is one element of the GTAA's overall Diversity and Inclusion strategy.

[1] As of the date of this report there is one vacancy on the GTAA Board.

[2] As of the date of this report, the GTAA has eight executive officers due to a retirement in early 2024.

Board Committees

The Board has four standing committees, as follows:

- Audit Committee;
- Governance and Stakeholder Relations Committee;
- Human Resources and Compensation Committee;
- Planning and Commercial Development Committee.

The Board has developed written Charters for each of these committees.

Audit Committee

The Audit Committee is mandated by the Board to undertake delegated work on the Board's behalf to gain reasonable assurance regarding the integrity of risk management, financial reporting, accounting, auditing and internal controls, as well as to fulfill relevant legal obligations of an Audit Committee of a reporting issuer. The Audit Committee Charter, attached as Appendix "B" of the corporation's Annual Information Form, defines the responsibilities of the Committee. The GTAA maintains a separate internal audit function led by the Director, Internal Audit, who reports directly and independently to the Audit Committee.

As at December 31, 2023, the members of the Audit Committee were: Johan van 't Hof (Chair), Douglas Allingham (ex-officio), Lise Fournel, Don Kennedy, Tracy Li, Eric Plesman, Mark Schwab and Rajeev Viswanathan.

Relevant Education and Experience of Audit Committee Members

Each of the members of the Audit Committee is "financially literate" and "independent", as those terms are defined in applicable securities laws. For a description of the relevant education and experience of Audit Committee members, see the bios of Audit Committee members in Section 7.1 of the corporation's Annual Information Form.

Governance and Stakeholder Relations Committee

The Governance and Stakeholder Relations Committee is charged with overseeing the effective governance of the GTAA and making recommendations to the Board and its Committees on measures to enhance effectiveness. The Committee also oversees the GTAA's stakeholder relations and communications strategy for building brand and social license.

The Committee is also responsible for overseeing the Board Member nomination process; maintaining a skills matrix to identify desired skills, experience and other attributes; recruiting, interviewing and assessing candidates to the Board, and recommending the issuance of Memberships to candidates; Board succession planning; the orientation program for new Directors; overseeing Director continuing education; assessing the effectiveness of the Board and Committees; and overseeing adherence to corporate governance requirements.

As at December 31, 2023, the members of the Governance and Stakeholder Relations Committee were: Peter Gregg (Chair), Douglas Allingham (ex-officio), Nafisah Chowdhury, Kim Day, Michele McKenzie, Rajeev Viswanathan and Andrew Wallace.

Human Resources and Compensation Committee

The Human Resources and Compensation (HR&C) Committee's mandate is to oversee matters related to the GTAA's human resources strategy, including executive compensation, succession planning, development, talent management, performance oversight, recruitment, compensation matters relating to the President and Chief Executive Officer and other Executives, and matters relating to enterprise-wide human resources risks, policies and relevant matters.

As at December 31, 2023, the HR&C Committee was composed of the following Directors: Lise Fournel (Chair), Douglas Allingham (ex-officio), Nafisah Chowdhury, Tracy Li, Marc Neeb and Andrew Wallace.

See "Role of the Human Resources and Compensation Committee" for additional disclosure regarding the Committee and its role and responsibilities.

Planning and Commercial Development Committee

The Planning and Commercial Development Committee's mandate includes overseeing the Corporation's 2017-2037 Master Plan and Land Use Plan, ensuring that the Corporation has an appropriate up-to-date and approved Long-Term Infrastructure Plan, environmental reporting, oversight of commercial development of the Airport, planning and development activities including real estate development, ensuring utilization of infrastructure and facilities to meet the needs of the GTAA's passengers and stakeholders including air carriers and cargo shippers, and ensuring that the Corporation has in place the systems necessary to undertake such matters.

The Committee is also responsible for reviewing and making recommendations with respect to capital projects in excess of the CEO's delegated authority, overseeing the effective implementation of material capital projects, providing feedback to Management on strategic capital projects, and overseeing the effectiveness of risk management of commercial development and planning-related risks.

As at December 31, 2023, the members of the Planning and Commercial Development Committee were: Don Kennedy (Chair), Douglas Allingham (ex-officio), Kim Day, Peter Gregg, Michele McKenzie, Marc Neeb, Eric Plesman, Mark Schwab and Johan van 't Hof.

Officers

On December 31, 2023 the officers of the GTAA were:

Name and Residence	Position Held
Craig B.M. Bradbrook[1] Ontario, Canada	Chief Operating Officer
Mark Carbonelli Ontario, Canada	Chief Human Resources Officer
J'Maine Chubb[2] Ontario, Canada	Chief Financial Officer
Deborah Flint Ontario, Canada	President and Chief Executive Officer
Bernardo Gogna[3] Ontario, Canada	Chief Infrastructure Officer
Katherine Hammond Ontario, Canada	Vice President, General Counsel, Corporate Safety & Security
Khalil Lamrabet[4] Ontario, Canada	Chief Commercial Officer
Karen Mazurkewich Ontario, Canada	Vice President, Stakeholder Relations and Communications
John Peellegoda[5] Ontario, Canada	Treasurer
Brian Tossan[6] Ontario, Canada	Chief Technology Officer

1 Craig Bradbrook retired from the GTAA effective January 19, 2024. The GTAA is undertaking a recruitment process for a new COO and in the interim, Khalil Lamrabet, Chief Commercial Officer, has assumed the role of Interim COO .

2 J'Maine Chubb joined the GTAA as CFO effective February 6, 2023.

3 Bernardo Gogna joined the GTAA as CIO effective February 23, 2023.

4 Khalil Lamrabet joined the GTAA as CCO effective February 27, 2023.

5 John Peellegoda, Treasurer, is an officer but not a member of the Executive Team of the GTAA.

6 Brian Tossan joined the GTAA as CTO effective August 21, 2023.

The following officers of the GTAA have held previous executive or employee positions at other companies during the last five years:

Mark Carbonelli was Chief People Officer of Dentalcorp Canada from 2016 to 2019 and Chief People Officer at TPH from 2019 to 2021.

J'Maine Chubb was Chief Financial Officer of Travel Wifi in 2022 and Chief Financial Officer of Houston Airport System from 2018 to 2022.

Deborah Flint was Chief Executive Officer of Los Angeles World Airports from 2015 to 2019. Ms. Flint currently serves on the Board of Directors of Honeywell International Inc.

Bernardo Gogna was Senior Vice President and Regional Director Aviation Middle East and Africa for AECOM from 2021 to 2023, and Chief Development Officer at Los Angeles World Airports from 2018 to 2021.

Khalil Lamrabet was Chief Executive Officer and Board Member of the Saudi Air Connectivity Program from 2021 to 2023, Senior Vice President Aviation Development of Abu Dhabi Airports from 2019 to 2021, and Director of Aviation Business Management at Dubai Airports from 2014 to 2018.

Karen Mazurkewich was Vice President, Strategic Communications from November 2019 to June 2022, and Lead Executive, Communications and Marketing from December 2014 to November 2019 at MaRS Discovery District; and Executive Editor from June 2020 to June 2022 at Innovation Economy Council.

Brian Tossan was Director, Global Innovation at General Motors from 2019 to 2023 and Director, Canadian Technical Centre at General Motors from 2014 to 2019.

Management's Discussion & Analysis

For the Year Ended December 31, 2023


VINIFERA
E7
E7
Lounges
Salons

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 has an initial term of 60 years expiring in 2056, with one renewal term of 20 years at the option of the GTAA, which is exercisable commencing December 2, 2046. 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 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.

Select Key Financial and Operational Information

	2023	2022	Change[1]		2021
($ millions)				%	
Total Revenues	**1,887.1**	1,491.9	395.2	26.5	826.8
EBITDA[2, 3]	**960.3**	758.8	201.5	26.6	318.4
EBITDA Margin[2, 3]	**50.9%**	50.8%		0.1 pp	38.5%
Net Income	**265.0**	72.3	192.7	266.8	(350.4)
Cash Flows from Operating Activities *($ millions)*	**961.5**	786.0	175.5	22.3	429.4
Free Cash Flow[4]	**468.7**	235.4	233.3	99.1	(46.3)
($ millions)				%	
Passenger Activity					
Domestic	**16.5**	14.3	2.2	15.3	6.8
International	**28.3**	21.3	7.0	32.9	5.9
Total	**44.8**	35.6	9.2	25.8	12.7
Flight Activity					
Aircraft movements *(thousands)*	**379.6**	336.8	42.8	12.7	173.0
MTOW[5] *(million tonnes)*	**34.4**	30.1	4.3	14.3	16.4
Seats *(millions)*	**53.1**	44.9	8.2	18.3	20.0
Load factor	**84.4%**	79.3%		5.1 pp	63.3%

	As at December 31				
	2023	2022	Change[1]		2021
($ millions)				%	
Total Debt	**6,983.3**	6,802.4	180.9	2.7	7,213.7
Net Debt[6]	**5,829.8**	6,296.2	(466.4)	(7.4)	6,532.9
Net Liquidity[7]	**1,963.0**	1,530.7	432.3	28.2	1,725.9
Key Credit & Performance Metrics					
Total Debt / Enplaned Passenger[8] *($)*	**312**	382	(70)	(18.3)	1,136
Net Debt[6] / Enplaned Passenger[8] *($)*	**260**	353	(93)	(26.3)	1,029
Gross Debt / EBITDA[2] (x)	**7.3**	9.0	(1.7)	(18.9)	22.7
Days Cash on Hand[9] (#)	**287**	47	240	510.6	185
Air Carrier Cost / Enplaned Passenger[8] (CPE) *($)*	**30.3**	32.1	(1.8)	(5.6)	58.9
MTI Operating covenant[10] (minimum requirement of 100%)	**153.0%**	140.0%		13.0 pp	97.6%
MTI Debt service covenant[10] (minimum requirement of 125%)	**176.0%**	136.0%		40.0 pp	58.0%

1 "Change" is based on detailed actual numbers (not rounded as presented); pp = percentage points.

2 EBITDA, a non-GAAP financial measure, is operating earnings before interest and financing costs, impairment of investment property, write-down of property and equipment and amortization. Refer to section "Non-GAAP Financial Measures".

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

4 Free cash flow, a non-GAAP financial measure, is defined as Cash Flows from Operating Activities and the Airport Critical Infrastructure Program ("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.

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

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

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

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

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

10 The GTAA's Master Trust Indenture ("MTI") contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant). An MTI exemption was granted for years 2021 and 2022.

Overview

The GTAA's purpose includes developing, managing and operating airports within the south-central Ontario region, with Toronto Pearson being the only such airport at this time. Toronto Pearson is a global hub that connects flights to and from other domestic and international destinations.

Operational and Financial Performance Summary

During 2023, Toronto Pearson:

- Processed 44.8 million passengers, an increase of 9.2 million or 25.8 per cent, when compared to 2022, due to:
  - strong travel demand;
  - the GTAA's and travel industry's ability to deliver more consistent levels of service following the easing of pandemic-induced labour and supply challenges; and
  - the prior year's removal of pandemic-related government travel restrictions.
- However, most passenger and flight activity remain lower than pre-pandemic activity levels:
  - passenger activity recovered to 88.9 per cent compared to 2019 passenger activity;
  - during the month of December 2023, passenger activity recovered to 93.7 per cent of December 2019 passenger activity; and
  - although flight activity continues to be lower than pre-pandemic levels, the load factor recovered to 100.1 per cent relative to the load factor in 2019.

During 2023, when compared to 2022, the GTAA earned and generated:

- Revenues of $1,887.1 million, an increase of $395.2 million or 26.5 per cent;
- EBITDA[1] of $960.3 million, an increase of $201.5 million or 26.6 per cent;
- Net income of $265.0 million, an increase of $192.7 million; and
- Free cash flow[2] of $468.7 million, an increase of $233.3 million.

The financial results are attributed primarily to an increase in passenger and flight activity, and higher aeronautical and AIF rates.

1 EBITDA, a non-GAAP financial measure, is defined as earnings from operations before interest and financing costs, 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 flow 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). Refer to section "Non-GAAP Financial Measures".

Corporate Strategy

The GTAA launched a new 10-year Strategic Plan in 2023. The GTAA's vision is "Putting the joy back into travel by making Toronto Pearson the chosen place to fly and work". This vision is supported by a framework developed to prioritize capital investments and enable a strategic focus on solving key business issues while building system resiliency. This plan includes a series of time horizons that give the GTAA the flexibility to pivot and be agile, while ensuring that it is also evolving over the long term to facilitate the growth it expects to serve over the next decade.

The GTAA's mission is to:

- Make Toronto Pearson a global leader in airport performance, customer care and sustainability; and
- Create the airport of the future by innovating in all that it does, striving for the most uplifting, safe and efficient experience for its passengers.

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

- Customer Experience – make air travel as seamless as possible 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;
- Operational Efficiency – grow to a new airport-wide culture of responsibility and accountability through the "Pearson Standard" program and policies, build smart and continuously improve processes, while transitioning to more sustainable energy sources;
- Innovation – champion an impactful innovation culture that encourages continuous modernization and rewards experimentation that will create an ecosystem of innovation partners to cultivate and accelerate initiatives that will make Toronto Pearson – and the broader aviation sector – faster, better and stronger; and
- Culture / Employee Experience – organizational readiness, preparedness for transformation and to support the strategic outcomes of the other pillars with ready now, engaged and diverse talent.

As part of its long-term strategy, the GTAA is working with its partners to plan now for smart growth, flexibility, and investment in the future to improve passenger flow and thus experience. The Pearson Long-term Investment in Facilities and Terminals program (or "Pearson LIFT")[1] focuses on revitalizing Airport facilities, building for recovery, expanding Airport and passenger capacity, and delivering new technologies to improve the travel experience. In particular, the GTAA is collaborating with its partners to improve operational efficiency, stability and resiliency across the entire ecosystem at Toronto Pearson. For further details on Pearson LIFT, refer to the 'Capital Plan, Programs and Projects' section of this MD&A.

2023 Highlights

Customer Experience

For the year ended 2023, Toronto Pearson was recognized by Airports Council International as the Best Airport in North America for airports that serve greater than 40 million passengers annually. Toronto Pearson has been awarded this recognition for six of the past seven years.

During 2023, the GTAA upgraded its check-in system technology through the installation of 99 new common-use self- serve kiosks fully compliant with Canadian Transportation Agency accessibility regulations, which are easier to use, quicker and reported a significant reduction in incidents. In addition, the GTAA installed 631 new common-use passenger processing agent workstations resulting in a reduction in incidents. Additional installations will be completed in 2024.

As part of the border modernization project, the GTAA replaced 177 old generation kiosks with new kiosks resulting in improved processing times, biometric matching, and passport read rates. Eighty new digital screens were installed in the customs halls which display content such as wait times and real-time availability of devices so passengers know where to go. Additional installations will be completed in 2024.

During the fourth quarter of 2023, the GTAA completed and opened the new Temporary Arrivals & Transfer Facility ("T- SPIL") at the Terminal 3 connection facility which delivers an enhanced experience for those passengers making international to domestic and international to international connections.

Refer to Capital Plans, Programs and Projects for further details on the above.

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

In December, 2023, the GTAA entered into Airline Partnership Agreements with several airlines for a new rebate program aimed at driving better performance and passenger experience at Toronto Pearson. These airlines, representing approximately 90 per cent of seats at Toronto Pearson, are eligible to earn rebates commencing in January 2024 on aeronautical fees based on: i) on-time departure; ii) towing aircraft off gates when going out of service; iii) meeting baggage return timelines for arriving passengers; and iv) customer check-in utilization efficiency. Such rebates are intended to incentivize the participating airlines at Toronto Pearson to prioritize their performance with elements that matter to customer experience. Refer to the Aeronautical Fees and Charges and AIF section within Results of Operations for further details.

Operational Efficiency and Innovation

Over the course of 2023 and through collaboration with airlines, ground handlers, and other Airport partners, the GTAA has made significant operational progress for the busy 2023 summer and 2023/2024 winter operations when compared to the challenges experienced in 2022, and has introduced various programs aimed at improving the passenger experience.

As a result, the 2023 summer and winter operations were strong across the board – more predictable, more reliable, more efficient. While the industry continues to face some volatility due to supply chain and labour shortages, operations were more resilient due to several factors, including the launch of the Pearson Standard in 2023, which is helping to improve compliance with service standards across the Airport. The Pearson Standard is a shared set of expectations, which provides a path towards achieving a new standard of responsibility, performance and quality that benefits the entire Airport ecosystem. More information on the Pearson Standard is available at **torontopearson.com**. The GTAA also advanced use of real-time data and raised departure on-time performance in 2023 by seven percentage points, as compared to 2022.

During March 2023, the GTAA partnered with Assaia to help enable Assaia Apron AI, an artificial intelligence solution using computer vision software and cameras, at 100 of Toronto Pearson's gates to track every aspect of aircraft turnaround performance once it arrives at the gate until it leaves the gate for departure. The data highlights and addresses inefficiencies, and provides accurate estimates of timeliness to increase gate availability, improve on-time performance and be more transparent with passengers.

On October 31, 2023, Toronto Pearson fully implemented the Airport Collaborative Decision Making (A-CDM) platform, a GTAA-led initiative in close collaboration with Airport partners. The A-CDM platform's primary objective is to share the right information at the right time with the right people. A-CDM allows for better common situational awareness through information sharing between key partners at the Airport. Improved situational awareness allows the airline, its service providers and the Airport to operate efficiently and proactively. More accurate and regular flight status updates help Airport partners anticipate arriving aircraft, prepare them for the next flight and achieve on-time departure, with optimum productivity of resources.

In the fourth quarter of 2023, GTAA completed the addition of five new passenger boarding bridges at the Infield Concourse which increased gate and passenger capacity at the Airport enabling greater operating efficiency and resiliency. The project also encompasses refurbishing the existing six gates and is anticipated to be completed in 2024. Refer to Capital Plans, Programs and Projects for further details.

On February 27, 2023, Toronto Pearson received accreditation from Airports Council International for the Public Health & Safety Readiness Accreditation program. This program has been designed to help airports assess the level of alignment of their public health and safety measures as well as the degree of readiness to manage future public health and safety disruptive events.

Employee Experience

In July 2023, the GTAA entered into a collective bargaining agreement with Unifor for four years, starting August 1, 2023 and ending July 31, 2027. This four year term reflects the positive relationship between the GTAA and Unifor and its members as well as both parties' commitment to the future of Toronto Pearson and the employee experience.

In January 2024, the GTAA returned to Forbes "Best Employers in Canada" list for 2024. The annual list ranks the best 300 Canadian employers identified by their independent survey. The Forbes ranking reflects the hard work, dedication and necessary investments Toronto Pearson undertook by:

- building back its workforce following the challenges of the pandemic by adding over 200 new employees during 2023 to drive better service for passengers and partners and an effective employee experience;
- improving technology, processes, and equipment used by employees;
- introducing new programs to create meaningful career development opportunities supported by mentoring and training;
- adding new recognition experiences; and
- continuing to promote employee wellness and diversity, equity & inclusion programs and services to support employees and their families.

Continuing a two-way dialogue between management and employees at the GTAA remains a top priority to ensure that the Airport's culture and employee experience is one that equips the GTAA's workforce with the tools, environment and motivation to undertake new challenges and help Toronto Pearson execute on its strategic vision.

Executive Announcements

On February 6, 2023, J'Maine Chubb commenced as the GTAA's new Chief Financial Officer.

Pat Neville, Vice President of Airport Development and Technical Services, retired effective February 23, 2023.

On February 23, 2023, Bernardo Gogna commenced as the GTAA's new Chief Infrastructure Officer.

On February 27, 2023, Khalil Lamrabet commenced as the GTAA's new Chief Commercial Officer.

Martin Boyer, Vice President and Chief Information Officer, retired effective April 12, 2023.

On August 21, 2023, Brian Tossan commenced as the GTAA's new Chief Technology Officer.

Craig Bradbrook, Chief Operating Officer ("COO"), retired in January 2024. The GTAA is undertaking a recruitment process for a new COO and in the interim, Khalil Lamrabet, Chief Commercial Officer, has assumed the role of Interim COO. Mr. Lamrabet has aviation experience at large international airports that have gone through transformation, including directing short- and long-term airport fiscal and physical planning.

Operating Activity

The GTAA's key activity drivers, which have a direct impact on its 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 2023, 44.8 million passengers traveled through the Airport, a significant increase of 9.2 million or 25.8 per cent, when compared to 2022. The largest growth was in the international sector with an increase of 7.0 million or 32.9 per cent, whereas the domestic sector recorded an increase in passenger traffic of 2.2 million or 15.3 per cent. Passenger activity increased given the strong travel demand, the GTAA's and travel industry partners' ability to deliver more consistent levels of service following the easing of pandemic-related labour and supply challenges, and the removal of government travel restrictions that existed during most of 2022.

The following table summarizes passenger activity by sector for the years ended December 31, 2023, 2022 and 2021:

Passenger Activity[1]	**2023**	2022	Change[2]		2021
(in millions)				%	
Domestic	**16.5**	14.3	2.2	15.3	6.8
International	**28.3**	21.3	7.0	32.9	5.9
Total	**44.8**	35.6	9.2	25.8	12.7
(in millions)					
Origin and destination	**34.5**	26.3	8.2	31.1	9.3
Connecting	**10.3**	9.3	1.0	11.0	3.4
Total	**44.8**	35.6	9.2	25.8	12.7
Origin and destination[2]	**76.9%**	72.9%		4.0 pp	73.2%
Connecting[2]	**23.1%**	27.1%		(4.0) pp	26.8%
Total	**100.0%**	100.0%			100.0%

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, which reflects the economic health of a region, whereas a connecting passenger changes aircraft at that same airport en route to a final destination, which indicates the strength of a hub.

During 2023, the number of origin and destination passengers increased 31.1 per cent to 34.5 million passengers, while the number of connecting passengers increased 11.0 per cent to 10.3 million passengers, when compared to 2022. During 2023, origin and destination passenger activity recovered to 97.4 per cent and connecting passengers recovered to 69.3 per cent, relative to their respective 2019 passenger activity. The lower recovery in connecting passengers is largely attributable to the shift in the air carrier mix.

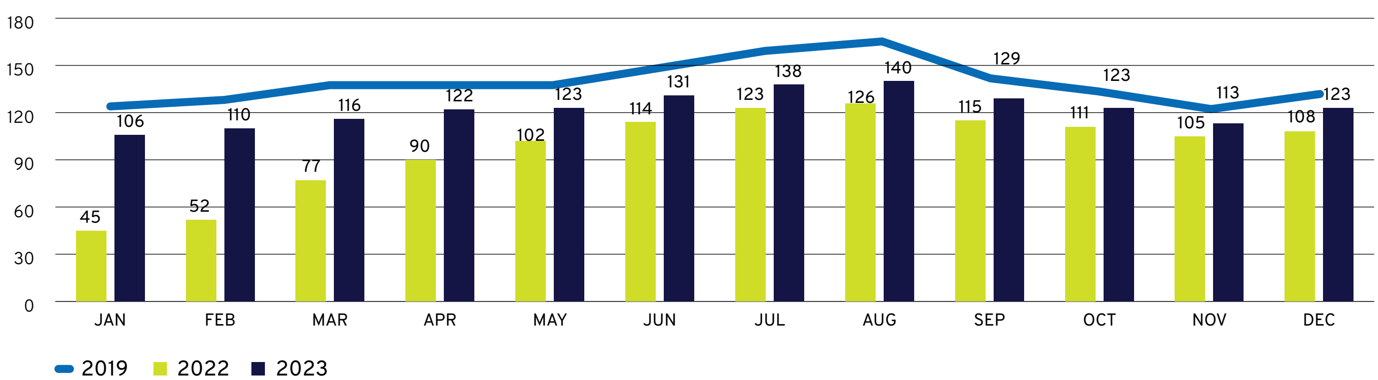
During 2023, the proportion of origin and destination passengers increased 4.0 percentage points to 76.9 per cent, while connecting passengers decreased 4.0 percentage points to 23.1 per cent, compared to 2022.

During 2023, the average number of airlines operating at Toronto Pearson remained flat at 57, when compared to 2022.

The following table outlines the average daily number of passengers per month that traveled through Toronto Pearson in 2023, compared to 2022 and 2019 (pre-COVID-19). In this respect, Toronto Pearson has processed on average 25.8 per cent more daily passengers in 2023 when compared to 2022.

Passengers Per Day

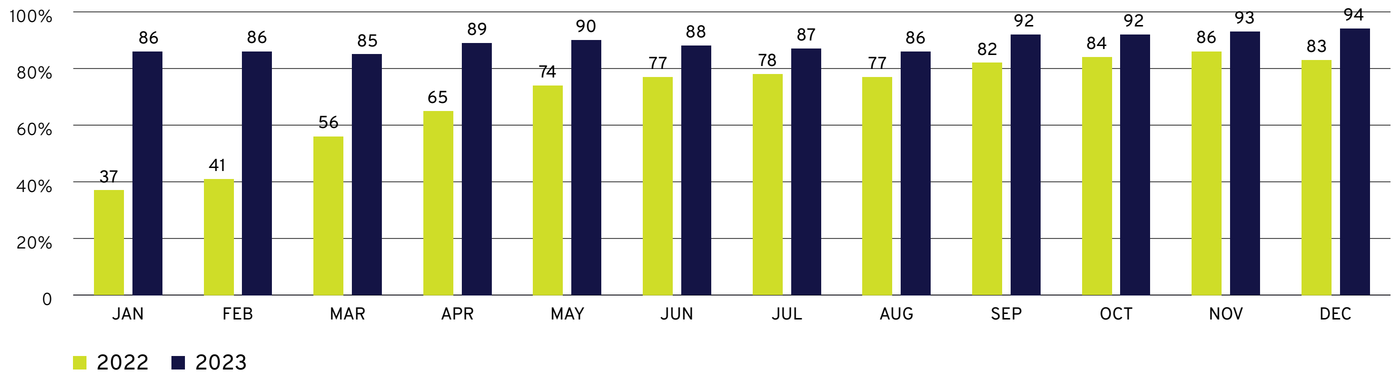
(thousands)



[1] These calculations are estimates and are based on airline reporting, and therefore may vary from actual numbers.
[2] "% Change" and "%" are based on detailed actual numbers (not rounded as presented); "pp" are percentage points.

The following table outlines the average percentage of passengers per month that traveled through Toronto Pearson in 2023 and 2022, when compared to 2019 (pre-COVID-19). During 2023, passenger activity recovered to 88.9 per cent compared to 2019 passenger activity. During the month of December 2023, passenger activity recovered to 93.7 per cent of December 2019 passenger activity.

Passengers Recovery
(as compared to 2019)



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, the ratio of passengers to seats, is a measure of aircraft capacity utilization and is computed as a percentage of seats filled by passengers.

The following table summarizes aircraft movements, MTOW, seats, seats per passenger aircraft movement and load factor for the years ended December 31, 2023, 2022 and 2021.

Flight Activity[1]	**2023**	2022	Change[2]		2021
(in thousands)				%	
Aircraft movements[3]	**379.6**	336.8	42.8	12.7	173.0
Passenger aircraft movements	**337.3**	292.5	44.8	15.3	136.5
Non-passenger aircraft movements	**42.3**	44.3	(2.0)	(4.5)	36.5
(in millions)					
MTOW *(tonnes)*	**34.4**	30.1	4.3	14.3	16.4
Seats	**53.1**	44.9	8.2	18.3	20.0
Seats per passenger aircraft movement	**157.5**	153.6	3.9	2.6	146.9
Load factor	**84.4%**	79.3%		5.1 pp	63.3%

1 Flight activity measures above reflect both arriving and departing flights.
2 "% Change" and "%" are based on detailed actual numbers (not rounded as presented); "pp" are percentage points.
3 Aircraft movements include both passenger and non-passenger aircraft movements.

During 2023, when compared to 2022:

- aircraft movements, which include both passenger and non-passenger aircraft movements, increased 12.7 per cent;
- passenger aircraft movements increased 15.3 per cent;
- non-passenger aircraft movements decreased 4.5 per cent, primarily as a result of reduced cargo activity; and
- MTOW increased 14.3 per cent to 34.4 million tonnes.

The increases were due to several factors, including:

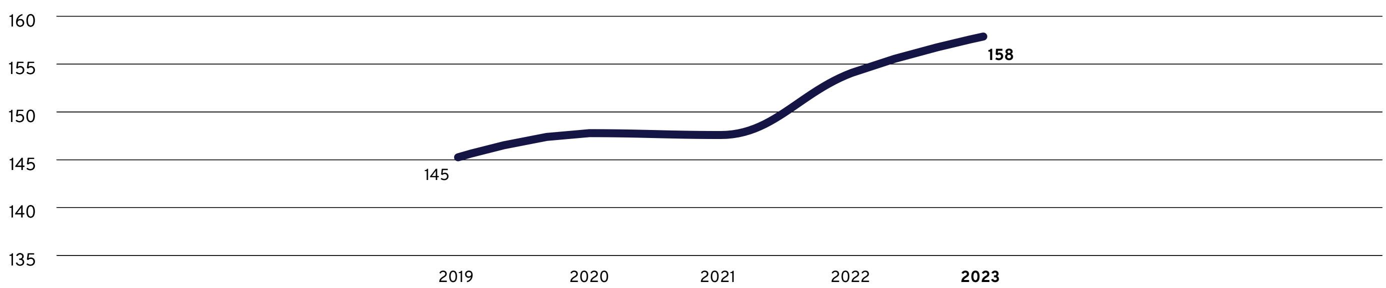
- strong travel demand;
- the GTAA's and travel industry partners' ability to deliver more consistent levels of services following the easing of pandemic-related labour and supply challenges; and
- government travel restrictions that were in place during most of 2022, whereas these travel restrictions were not in place at all during 2023.

During 2023, when compared to 2022;

- seats increased by 18.3 per cent to 53.1 million;
- the number of seats per passenger aircraft movement increased by 2.6 per cent to 157.5 seats, due to several factors including the recovery of international travel and the change in carrier and fleet mix; and
- load factors increased 5.1 percentage points, and have recovered to 100.1 per cent relative to the load factor in 2019.

As the chart below illustrates, the number of seats per passenger aircraft movement has been increasing over the last five years due to an industry wide trend called upgauging.

Seats per Passenger Aircraft Movement



Seats per passenger aircraft movement is an important strategic statistic, since upgauging by airlines with bigger planes allows more passengers in aggregate to travel through Toronto Pearson, while staying within the safety and other aircraft movement limitations of aggregate runway capacity.

Porter Airlines commenced operations at Toronto Pearson on February 1, 2023. During the second quarter of 2023, Neos, an Italian airline, commenced operations out of Toronto Pearson while OWG (Off We Go), a Canadian airline, ceased its scheduled operations. During the fourth quarter of 2023, Saudia Airlines, a Saudi Arabian airline, and Arajet, a Dominican Republican low-cost airline, commenced operations, while Swoop was absorbed into WestJet mainline operations.

Results of Operations

The following section discusses the GTAA's approach to setting its fees and charges, together with its financial results. 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 (interest and repayment of principal).

Aeronautical Fees and Charges and AIF

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 approach to aeronautical fees and charges as required at any time, in practice, the GTAA regularly consults with stakeholders on the rate framework and establishes aeronautical fees and charges on an annual basis. Annually, the GTAA undertakes a consultative, iterative process with the airline community to discuss the capital projects that will ultimately be funded primarily through the AIF while taking the Airport's stakeholders into account. Historically, the GTAA has notified the airlines in September of changes in aeronautical rates. The GTAA also has Airport Improvement Fee ("AIF") agreements with each air carrier that takes off from and lands at Toronto Pearson whereby air carriers undertake to collect AIF from each of their enplaned passengers on the GTAA's behalf. The AIF enables the GTAA to fund capital projects, both existing and upcoming, which strengthens the ecosystem at Toronto Pearson and builds for the future.

Effective January 1, 2023, the following changes to aeronautical fees and charges and AIF were implemented:

- Aeronautical rates for commercial aviation, business and general aviation aircraft increased by 4 per cent;
- The AIF for departing passengers increased by $5 to $35 per passenger; and
- The AIF for connecting passengers increased by $1 to $7 per passenger.

During the fall of 2023, the GTAA announced to airline stakeholders the following changes to aeronautical rates, and effective January 1, 2024, the following were implemented:

- Aeronautical rates increased on a blended basis by an average of 4 per cent; and
- The apron fee was modified to incent quicker turns which improves facility efficiency.

No change was made to the AIF in 2024.

The GTAA's aeronautical fees and charges and the AIF are comparable with a number of large Canadian airports.

Management plans to apply these fees and charges to:

- help the Company resume projects put on hold as a result of the COVID-19 pandemic;
- fund renewal and replacement of existing assets;
- fund projects that digitalize the Airport and improve the Airport's growth, competitiveness and environmental sustainability; and
- address higher operating costs associated with higher passenger volumes and inflation.

In December, 2023, the GTAA entered into Airline Partnership Agreements with several airlines for a new rebate program aimed at driving better performance and passenger experience at Toronto Pearson. These airlines, representing approximately 90 per cent of seats at Toronto Pearson, are eligible to earn rebates by achieving certain passenger volume thresholds and meeting targets related to operational performance, including on-time departures and timely baggage delivery. These agreements are expected to help the GTAA achieve financial sustainability in two ways: incentivizing passenger growth and reducing the expected rebates the GTAA pays to carriers compared to previous long- term agreements ending December 31, 2023. In addition, as part of the GTAA's strategy to improve the customer experience, the rebate incentive structure focuses on four major areas of airline performance. Each agreement lasts for three years, starting January 1, 2024, with a GTAA option to extend for up to two additional years.

Revenues

Revenues are derived from i) aeronautical fees and charges (which include landing fees, general terminal charges and apron fees), ii) AIF, and iii) 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 as opposed 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 years ended December 31, 2023, 2022 and 2021.

Revenues	**2023**	2022	Change[1]		2021
($ millions)				%	
Landing fees[2]	**426.3**	367.4	58.9	16.0	247.5
General terminal charges	**252.1**	205.1	47.0	22.9	126.6
Aeronautical Revenues	**678.4**	572.5	105.9	18.5	374.1
Concessions and rentals	**307.3**	269.4	37.9	14.1	193.1
Car parking and ground transportation	**231.6**	175.4	56.2	32.0	70.3
Other	**54.8**	61.6	(6.8)	(11.1)	42.0
Commercial Revenues	**593.7**	506.4	87.3	17.3	305.4
Airport Improvement Fees	**615.0**	413.0	202.0	48.9	147.3
Total Revenues	**1,887.1**	1,491.9	395.2	26.5	826.8

1 "% Change" and "%" are based on detailed actual numbers (not rounded as presented); "pp" are percentage points.

2 Includes apron fees.

Aeronautical revenues increased 18.5 per cent to $678.4 million during 2023, when compared to 2022, primarily due to the significant growth in flight activity and, to a lesser extent, the four per cent rate increase implemented on January 1, 2023.

Consolidated concession and rental revenues increased 14.1 per cent to $307.3 million during 2023, when compared to 2022. This increase was mainly due to the significant growth in operating activity and new concession openings. The GTAA's concession revenues, which includes revenues from retail tenants, advertising and sponsorship partners at the Airport, increased 21.9 per cent to $143.7 million during 2023, when compared to 2022. Rental revenues increased 8.0 per cent to $163.6 million during 2023, when compared to 2022. Excluding ACI revenues, rental revenues increased 10.6 per cent to $129.8 million during 2023, when compared to 2022.

During the 12-month period prior to December 31, 2023, retail store sales per enplaned passenger ("SPE") at Toronto Pearson were $30.72 versus $28.46 in 2022, a $2.26 or 7.9 per cent increase. The increase was primarily due to the growth in service and specialty retail, travel essentials and foreign currency exchange businesses. Retail store sales are the gross sales generated and earned by the GTAA's commercial tenants (including retail, food and beverage, lounges and services). These tenants, under their leasehold agreements with the GTAA, pay either a Minimum Annual Guarantee ("MAG") or a percentage of gross sales to the GTAA as rent, whichever is higher.

Car parking and ground transportation revenues increased 32.0 per cent to $231.6 million during 2023, when compared to 2022. The increase was mainly due to operating activity growth and revenue management in 2023. Surface lot parking (i.e., uncovered parking which requires snow clearing), including the remaining rooftops, and Car Care (i.e. car cleaning and detailing services) reopened during the second quarter of 2022. In addition, ground transportation revenues increased due to newly negotiated agreements in the second half of 2022 with on-Airport car rental companies and higher prices associated with a shortage of vehicles for rent.

Other revenues, which are comprised of deicing, fire and emergency services training and other miscellaneous revenues, decreased 11.1 per cent to $54.8 million during 2023, when compared to 2022. The changes in other revenues were primarily from the deicing operations. Deicing revenues decreased 14.0 per cent to $41.9 million during 2023, when compared to 2022 mainly due to a rate reduction and adjustment during September 2022 to reflect the cost-recovery model.

AIF revenues increased 48.9 per cent to $615.0 million during 2023, when compared to 2022. The increase was due to higher passenger volumes, an increase in mix of originating/departing passengers versus connecting during 2023, and the fee increase implemented on January 1, 2023.

Expenses

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

The following table summarizes GTAA's consolidated expenses for the years ended December 31, 2023, 2022 and 2021.

Expenses	**2023**	2022	Change[1]		2021
($ millions)				%	
Ground rent	**212.5**	163.7	48.8	29.8	64.8
PILT[2]	**11.6**	12.2	(0.6)	(4.7)	42.3
Total ground rent and PILT[2]	**224.1**	175.9	48.2	27.4	107.1
Goods and services	**469.5**	359.2	110.3	30.7	249.4
Salaries, wages and benefits	**233.2**	198.0	35.2	17.8	151.9
Total Operating Expenses (before write-down of property and equipment, impairment of investment property and amortization)	**926.8**	733.1	193.7	26.4	508.4
Write-down of property and equipment	**35.4**	0.2	35.2	14,458.3	10.7
Impairment of investment property	**26.3**	23.0	3.3	14.5	–
Amortization of property and equipment, investment property and intangible assets	**347.1**	340.3	6.8	2.0	321.9
Total Operating Expenses	**1,335.6**	1,096.6	239.0	21.8	841.0
Interest expense on debt instruments and other financing costs, net of interest income	**286.5**	323.0	(36.5)	(11.3)	336.2
Total Expenses	**1,622.1**	1,419.6	202.5	14.3	1,177.2

1 "% Change" and "%" are based on detailed actual numbers (not rounded as presented); "pp" are percentage points.

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

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 by 29.8 per cent to $212.5 million during 2023, when compared to 2022, primarily due to the significant increase in revenues.

The GTAA is exempt from the payment of real property taxes under the *Assessment Act* (Ontario), and instead makes payments-in-lieu of real property taxes ("PILT") to each of the cities of Mississauga and Toronto, as prescribed by regulation under the *Assessment Act*. The annual PILT is based on actual passenger volumes from two years prior. Under an amendment in February 2022 to the applicable regulation, the previous maximum annual increase of 5.0 per cent under the regulation is temporarily suspended beginning in 2022, until Toronto Pearson's passenger volumes return to 2019 levels. The PILT expenditure decreased 4.7 per cent to $11.6 million during 2023, when compared to 2022, as it was based on 2021 passenger levels. 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 2023, expenditures for goods and services increased 30.7 per cent or $110.3 million to $469.5 million, when compared to 2022. The increased costs were primarily due to $21.5 million in implementation costs related to software-as-a-service ("SaaS") based projects (Cloud Computing Arrangements – IAS 38, Intangible Assets), higher AIF administration costs from increased passenger volumes, higher baggage handling system costs, cleaning costs, professional and consulting services costs, general repairs and maintenance costs, information technology services, snow removal costs as a result of harsh winter weather conditions in the first quarter of 2023, and an adjustment to bad debt provision in prior year partially offset by lower energy costs.

Salaries, wages and benefits increased 17.8 per cent or $35.2 million to $233.2 million during 2023, when compared to 2022. The increase was primarily due to new employees hired since mid-2022 in Airport operations and maintenance teams to serve the increased passenger and flight activity at the Airport.

Write-down of property and equipment totalled $35.4 million in 2023 compared to $0.2 million in 2022. The write-down is related to design costs for pre-pandemic capital projects that have since been deemed less strategic to pursue to completion given the emergence of the Pearson Long-term Investment in Facilities and Terminals program and therefore have been written off.

Impairment of investment property totalled $26.3 million in 2023 in addition to the $23.0 million undertaken in 2022, bringing the total cumulative impairment on investment property as at December 31, 2023 to $49.3 million. The basis of the valuations of each of the individual properties was made by an independent external appraiser, using recognized valuation techniques, comprising primarily of the discounted cash flow and direct capitalization methods. Based on these models, net carrying values of certain office buildings were determined to be impaired. As a result, the carrying values of these properties were reduced to their estimated fair values and a 2023 impairment loss of $26.3 million (December 31, 2022 - $23.0 million) was recorded in the consolidated statements of operations and comprehensive income.

Amortization of property and equipment, investment property and intangible assets increased 2.0 per cent to $347.1 million during 2023, when compared to 2022. The increase was mainly due to the accelerated amortization of certain assets during 2023.

Interest expense and other financing costs, net of interest income, decreased 11.3 per cent to $286.5 million during 2023, when compared to 2022. The decreases were due to the increase in interest income associated with higher interest rates and unrestricted cash and short-term investment balances in 2023, when compared to 2022. In addition, the decrease during 2023 was also due to the incremental savings in interest costs from the early redemption of Series 2012–1 medium-term-notes ("MTNs") in June 2022, partially offset by the increase in commercial paper interest expense during 2023.

Net Operating Results

The following table summarizes the GTAA's consolidated net operating results for the years ended December 31, 2023, 2022 and 2021.

Net Operating Results	**2023**	2022	Change[1]		2021
($ millions)				%	
Net Income	**265.0**	72.3	192.7	266.8	(350.4)
Add: Interest and financing costs, net	**286.5**	323.0	(36.5)	(11.3)	336.2
Earnings before interest and financing costs, net	**551.5**	395.3	156.2	39.5	(14.2)
Add: Impairment of investment property	**26.3**	23.0	3.3	14.5	–
Add: Write-down of property and equipment	**35.4**	0.2	35.2	14,458.3	10.7
Add: Amortization[2]	**347.1**	340.3	6.8	2.0	321.9
EBITDA[3]	**960.3**	758.8	201.5	26.6	318.4
EBITDA Margin[3]	**50.9%**	50.8%		0.1 pp	38.5%

1 "% Change" and "%" are based on detailed actual numbers (not rounded as presented); "pp" are percentage points.

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

3 EBITDA and EBITDA Margin are non-GAAP financial measures.

During 2023, the GTAA generated net income of $265.0 million, an improvement in operating results of $192.7 million, when compared to 2022. The improvement in operating results was due to significantly higher revenues associated with the increase in operating activity, a decrease in interest expense, partially offset by a large increase in operating costs during 2023.

Earnings before interest and financing costs, and amortization ("EBITDA") increased 26.6 per cent to $960.3 million during 2023, when compared to 2022. The increase in EBITDA was primarily due to the significant increase in revenues associated with higher operating activity, partially offset by the increase in operating costs (before impairment of investment property, write-down of property and equipment, and amortization). EBITDA is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

The EBITDA margin slightly increased by 0.1 percentage points to 50.9 per cent during 2023, when compared to 2022, due to the significant increase in revenues associated with higher operating activity, mostly offset by the increase in operating costs (before impairment of investment property, write-down of property and equipment, and amortization).

EBITDA margin is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" of this MD&A for additional information.

Summary of Quarterly Results

Select unaudited consolidated quarterly financial information for the eight quarters ended March 31, 2022 through December 31, 2023, is set out in the following table.

	Quarter Ended							
	2023				2022			
($ millions)[4]	**Dec**	**Sep**	**Jun**	**Mar**	Dec	Sep	Jun	Mar
Revenues	**492**	**505**	**464**	**426**	403	422	384	283
Operating expenses[5]	**263**	**225**	**216**	**223**	211	194	167	162
Write-down of property and equipment	**35**	**–**	**–**		–	–	–	–
Impairment of investment property	**8**	**18**	**–**		23	–	–	–
Amortization[6]	**82**	**92**	**94**	**79**	101	74	82	83
Earnings before interest and financing costs, net	**104**	**170**	**154**	**124**	68	154	135	38
Interest and financing costs, net	**69**	**70**	**73**	**75**	77	80	83	83
Net Income (Loss)	**35**	**100**	**81**	**49**	(9)	74	52	(45)

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

5 Operating expenses exclude write-down of property and equipment, impairment of investment property, and amortization[3].

6 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. Due to these factors and given the material impact of the COVID-19 pandemic on the GTAA's business and results of operations, the historical quarterly results may not be indicative of future trends.

Capital Plan, Programs and Projects

Current Capital Programs and Projects

During 2023, the GTAA funded capital investments through operating cash flows, issuances of commercial paper and proceeds from the Airport Critical Infrastructure Fund ("ACIP"). The GTAA may access the capital markets as required to fund future capital expenditures.

The GTAA's most significant current capital programs and projects, progress-to-date and capital funds expended are as follows:

1) Airside Pavement Restoration Program

The 2020–2024 Airside Pavement Restoration Program is underway, rehabilitating an estimated 1.5 million square metres of airside surfaces. The program is based on current pavement condition surveys and predictive restoration modelling. During 2023, the rehabilitation of approximately 340,000 square meters of runway 06R24L was successfully completed along with rehabilitation of taxiways and apron slabs. As part of the program, the GTAA replaced some of its airside incandescent lighting with LED lighting resulting in a reduction in electrical consumption. The overall budget for this program is $257 million. From the inception of the Airside Pavement Restoration Program to December 31, 2023, the GTAA has expended $216.1 million. Refer to the ACIP section below for details on the partial reimbursements of this project.

2) Baggage-Handling Infrastructure Program

In 2018, the GTAA began the multi-year Baggage-Handling Infrastructure Program in both its terminals to add baggage- handling capacity, to improve system reliability and dependability, and to meet current as well as future anticipated baggage processing requirements, consisting of four phases. Phase 1 of the program commenced in the fourth quarter of 2018 and includes four design-build work packages that are intended to enhance the way the Airport's baggage processing systems operate, and to enhance the passenger experience. Three of the four work packages of Phase 1 are complete. The fourth work package, which was suspended during the COVID-19 pandemic, was reinstated in 2023 and is expected to be completed in 2024. The overall budget for Phase 1 of this program is $235 million. The other three phases are under consideration under the Pearson Long-term Investment in Facilities and Terminals program. From the inception of the Baggage-Handling Infrastructure Program to December 31, 2023, the GTAA has expended $218.3 million.

3) Biosecurity-enabled Check-In and Boarding Processing

The check-in and boarding systems at Toronto Pearson constitute an integral part of the passenger journey and involve multiple touchpoints. The previously installed systems have reached the end-of-support-life stage and need to be replaced. Additionally, the previously installed systems do not support new and critical touchless and/or low-touch processes for all passengers and thus restrict efficiency and flow. As a result, the GTAA has procured, received and is implementing the next-generation check-in solution at the Terminals as a replacement. The objective of this project is to achieve:

- increased passenger flow and decreased processing times creating more Airport capacity, reduced bottlenecks, and thus provide an improved passenger experience;
- greater flexibility to adapt to regulatory changes and airline implementations;
- increased operational stability and reduced check-in and boarding failures/incidents; and
- streamlined processes for check-in that eliminate touchpoints and reduce inputs for passengers that require additional assistance.

During 2023, installations included:

- 99 new common-use self-serve kiosks fully compliant with Canadian Transportation Agency accessibility regulations, which are quicker and easier to use, and reported an approximate 50 per cent reduction in incidents; and
- 631 new common-use passenger processing agent workstations resulting in a reduction in incidents by approximately 65 per cent.

The overall budget for this project is $35 million. From the inception of the Biosecurity-enabled Check-In and Boarding Processing project to December 31, 2023, the GTAA has expended $24.9 million. Refer to the ACIP section below for details on the partial reimbursements of this project.

4) Border Modernization – Reduced Touch Immigration, Customs, and Health Clearance

In the fall of 2019, the GTAA and Canada Border Services Agency ("CBSA") undertook a comprehensive passenger-centric project called "Reimagining Arrivals" to review different approaches and technology for the CBSA border clearance processes. At that time, both organizations agreed on the critical need for a path forward to transform the arriving and connecting CBSA border clearance process in the Airport environment. The process will continue to be modernized through technology while at the same time transitioning the service to the airport of the future by delivering "no- touch"/reduced-touch processing while enhancing and improving passenger flow. The objective of this project is to achieve:

- faster passenger processing times;
- less face-to-face officer interaction and handling of documents;
- greater throughput of passengers in limited physical spaces;
- improved identification of fraudulent documents; and
- the use of industry-leading Digital Travel Credentials on the e-gates and kiosks to process passengers as the technology comes online in Canada.

During 2023, installations included:

- the replacement of 177 old generation kiosks with new kiosks resulting in an improvement in processing times by approximately 25 per cent and in biometric matching and passport read rates by approximately 20 per cent;
- an offline mode enabling the new kiosks to be used during outages as compared to the old method of using the manual paper declaration forms; and
- 80 new digital screens were installed in the customs halls which display content such as wait times and real-time availability of devices so passengers know where to go.

The overall budget for this project is $29 million. From the inception of the Border Modernization project to December 31, 2023, the GTAA has expended $22.5 million. Refer to the ACIP section below for details on the partial reimbursements of this project.

5) Terminal 3 Temporary Arrivals & Transfer Facility

The T-SPIL project allows passengers to make international to domestic ("ITD") and international to international ("ITI") connections in a more streamlined way. The primary objective of the project was to create space for both CBSA and Canadian Air Transport Security Authority ("CATSA") to render services to connecting passengers. As of December 31, 2023, the T-SPIL project was substantially completed and operational. Prior to completion of this project, all Terminal 3 ITD and ITI passengers were required to exit the secure area and be re-screened by CATSA to connect. A satellite primary inspection line is now set up to provide ITD and ITI passengers with an improved operational flow and passenger experience during the connections process while diminishing the connection time between flights up to 30 minutes using a secure area of the Terminal. The overall budget for this project is $23 million. From the inception of the T-SPIL project in 2021 to December 31, 2023, the GTAA has expended $20.5 million.

6) Infield Concourse ("IFC") Modernization

The IFC modernization project aims to refurbish six existing gates and add five additional gates at the infield concourse located west of Terminal 3. The primary objective of the project was to accommodate passenger growth and maintain gate availability and resiliency during any operational disruptions caused by the various capital projects underway at Terminals 1 and 3. During 2023, five new passenger boarding bridges were installed and operational bringing total available bridges to eleven at the IFC. The project is anticipated to be completed in 2024. The overall budget for this project is $47 million. From the inception of the IFC modernization project to December 31, 2023, the GTAA has expended $29.4 million.

7) Snow Removal Equipment

As part of the Airport's fleet replenishment plan, the GTAA received 19 new pieces of snow removal equipment including seven loaders, five snow cutter blowers, four spray trucks, and three tractors and tow-behinds. The addition of these new vehicles added resiliency to the GTAA's fleet, ensuring sufficient operational vehicles to clear the runways and taxiway surfaces at Toronto Pearson. The overall budget for this project is $40 million. From the inception of the project to December 31, 2023, the GTAA has expended $14.5 million.

Airport Critical Infrastructure Program

In 2022, Transport Canada announced up to $142.0 million in funding 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; to develop and install new check-in service kiosks, boarding and border clearance systems; and to conduct further studies and produce a development concept to connect Toronto Pearson with the proposed extension of the Eglinton Crosstown Light Rail Transit ("LRT").

Since the inception of the ACIP, the GTAA has received $93.2 million in funding from Transport Canada. The GTAA has applied $48.1 million (December 31, 2022 – $47.0 million) against eligible amounts spent on the Airside Pavement Restoration Program, Border Modernization, and the Biosecurity-enabled Check-In and Boarding Processing projects with a receivable of $9.9 million (December 31, 2022 – $47.0 million) recorded on the consolidated statements of financial position as at December 31, 2023. The receivable represents amounts spent on assets under construction expected to be received from Transport Canada within 12 months. A deferred payment of $8.0 million (December 31, 2022 – $nil) was received and is expected to be applied against assets under construction in 2024.

Pearson Long-term Investment in Facilities and Terminals Program

The performance over 2022 through 2023 has demonstrated the return of strong growth in travel demand. For the GTAA to meet the demands of additional passengers in the future, the Company is working with its partners to plan for smart growth, flexibility, and to invest in the future, now. Pearson LIFT focuses on revitalizing Airport facilities, building for recovery, expanding Airport and passenger capacity, and delivering new technologies to improve the travel experience.

Pearson LIFT will form the basis of the GTAA's capital investments to:

- enhance the customer experience;
- create a sustainable future airport;
- build new revenue sources;
- drive operational performance and efficiency;
- build a digital future and smart capacity; and
- create an inclusive environment and a new value proposition for communities.

Assets and Liabilities

Total consolidated assets, liabilities and deficit and accumulated other comprehensive loss as at December 31, 2023, 2022 and 2021, are set out in the following table.

	2023	2022	Change	2021
($ millions)				
Total assets	**6,770.1**	6,306.0	464.1	6,615.8
Total liabilities	**7,376.0**	7,177.3	198.7	7,562.4
Deficit and accumulated other comprehensive loss	**(605.9)**	(871.3)	265.4	(946.6)

As at December 31, 2023, when compared to December 31, 2022, the GTAA's total assets increased by $464.1 million primarily due to increases of $239.8 million in cash, $395.0 million in short-term investments, $17.7 million in accounts receivable and $12.5 million in restricted funds, partially offset by decreases of $112.1 million in the net book value of property and equipment, $37.1 million in the Airport Critical Infrastructure Program receivable, $32.7 million in investment property and $23.5 million in intangibles and other assets. The GTAA's total liabilities increased by $198.7 million primarily due to increases of $203.4 million in commercial paper borrowings, and $26.7 million in accounts payable and accrued liabilities, partially offset by a decrease of $22.5 million in long-term debt. Refer to the "Liquidity and Capital Resources" section for further details.

The deficit and accumulated other comprehensive loss of $605.9 million as at December 31, 2023, as reported in the consolidated statements of financial position, has decreased $265.4 million when compared to December 31, 2022 due to the earnings during 2023, which is attributable to the increase in passenger and flight activity.

Restricted Funds	2023	2022	Change	2021
($ millions)				
Debt Service Fund	**69.8**	68.7	1.1	71.0
Debt Service Reserve Funds	**355.1**	343.7	11.4	351.6
Total MTI Restricted Funds	**424.9**	412.4	12.5	422.6

As shown in the table above, total restricted funds increased from $412.4 million in 2022 to $424.9 million in 2023 primarily due to the GTAA's increase in the debt service reserve fund for the Series 1997–C Pledged Bond. The restricted funds which are cash-funded have been invested in short-duration investment-grade instruments.

The various Debt Service Funds represent funds for regular payments of interest and principal and amounts set aside with the Trustee under the GTAA's MTI, as security for specific debt issues. The Operating and Maintenance Reserve Fund and the Renewal and Replacement Reserve Fund are secured with letters of credit.

Liquidity and Capital Resources

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

	2023	2022	Change	2021
($ millions)				
Cash Flows from Operating Activities	**961.5**	786.0	175.5	429.4
Capital expenditures[1] – property and equipment	**(287.7)**	(217.0)	(70.7)	(142.9)
Capital expenditures[1] – investment property	**(5.8)**	(5.7)	(0.1)	(1.7)
Capital expenditures[1] – other assets	**(3.4)**	–	(3.4)	–
Funds received under the Airport Critical Infrastructure Program	**93.2**	–	93.2	–
Interest Income	**43.8**	10.8	33.0	4.8
Interest paid and other financing costs[2]	**(332.9)**	(338.7)	5.8	(335.9)
Free Cash Flow[3]	**468.7**	235.4	233.3	(46.3)
(Increase) Decrease in restricted funds	**(12.5)**	10.2	(22.7)	(4.8)
Purchase of short-term investments	**(395.0)**	–	(395.0)	–
Borrowings (Repayments), net	**178.6**	(410.0)	588.6	206.1
Net Cash Inflow/(Outflow)	**239.8**	(164.4)	404.2	155.0

	As at December 31			
	2023	2022	Change	2021
Total Debt	**6,983.3**	6,802.4	180.9	7,213.7
Cash, cash equivalents and short term investments	**(728.6)**	(93.8)	(634.8)	(258.2)
Restricted funds	**(424.9)**	(412.4)	(12.5)	(422.6)
Net Debt[4]	**5,829.8**	6,296.2	(466.4)	6,532.9
Key Credit Metrics				
Total Debt / Enplaned Passenger[5] *($)*	**312**	382	(18.3)%	1,136
Net Debt[4] / Enplaned Passenger[5] *($)*	**260**	353	(26.3)%	1,029
Gross Debt / EBITDA[6] (x)	**7.3**	9.0	(1.7)	22.7
Days Cash on Hand[7] (#)	**287**	47	240	185
MTI Operating covenant[8] (minimum requirement of 100%)	**153.0%**	140.0%	13.0 pp	97.6%
MTI Debt service covenant[8] (minimum requirement of 125%)	**176.0%**	136.0%	40.0 pp	58.0%

1 Capital expenditures - property and equipment relate to acquisition and construction of property and equipment and intangible assets; Capital expenditures - investment property are acquisition of investment property. Both are per the Consolidated Statements of Cash Flows in the Consolidated Financial Statements as at December 31, 2023.

2 Interest paid and financing costs excludes non-cash items and reflects the cash payment activities of the Corporation, as per the Consolidated Statements of Cash Flows in the Consolidated Financial Statements as at December 31, 2023.

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, short-term investments and restricted funds. Refer to section "Non-GAAP Financial Measures".

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

6 EBITDA, a non-GAAP financial measure, is operating earnings before interest and financing costs, impairment of investment property, write-down of property and equipment, and amortization. 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). MTI exemption was granted for 2021 and 2022.

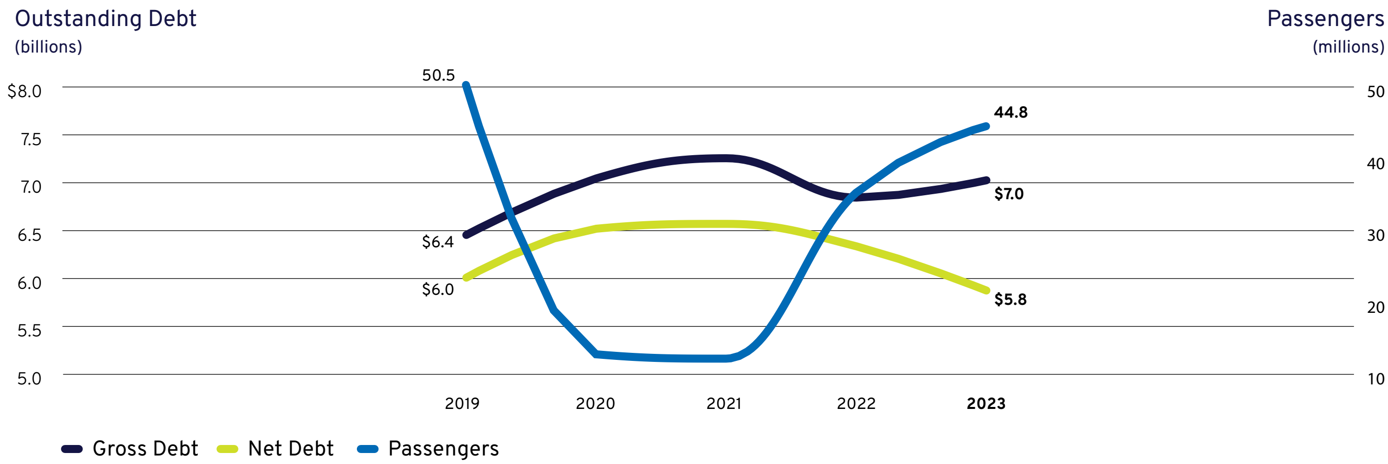
Cash flows from operations increased $175.5 million to $961.5 million during 2023, when compared to 2022, primarily due to the significant increase in revenues from higher operating activity and an increase in aeronautical and AIF rates, which were partially offset by an increase in operating costs.

Free cash flow increased $233.3 million to $468.7 million during 2023, when compared to 2022, primarily driven by the increase in cash flows from operations and interest income, and due to the funds received under ACIP, partially offset by the increase in capital expenditures. Free cash flow is a non-GAAP financial measure. Refer to “Non-GAAP Financial Measures” section for additional information.

Net cash inflow increased $404.2 million to $239.8 million during 2023, when compared to 2022, primarily due to the increases in free cash flow and the incremental borrowings during 2023, and due to the early redemption of $410.0 million Series 2012-1 bonds that occurred during 2022, partially offset by the purchase in short-term investments of $395.0 million in 2023.

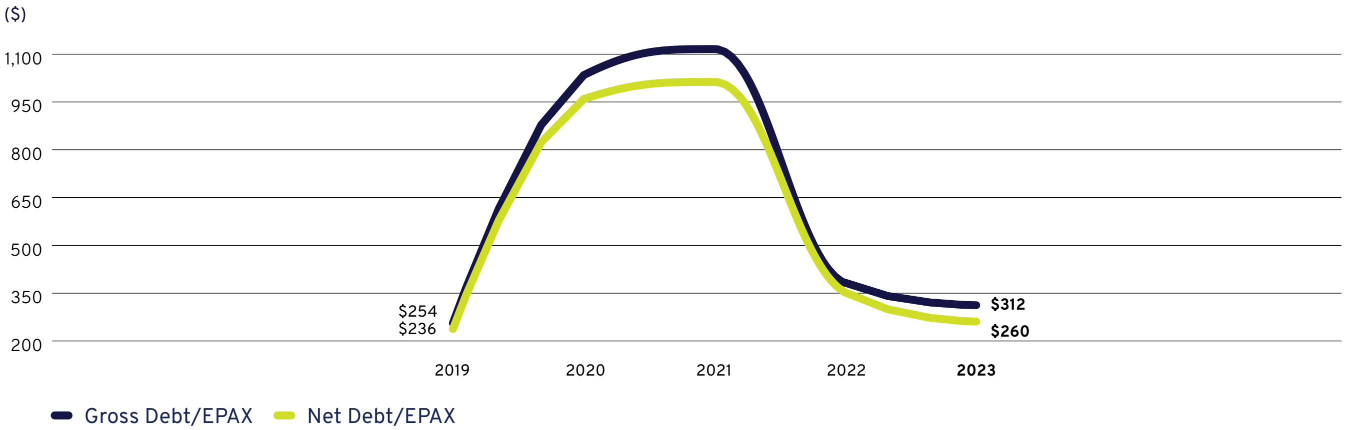
Gross Debt increased by $180.9 million to $6,983.3 million as at December 31, 2023 when compared to December 31, 2022 due to the incremental commercial paper borrowings, partially offset by the annual payment of the Series 1999–1 revenue bond. Net Debt decreased by $466.4 million to $5,829.8 million as at December 31, 2023 when compared to December 31, 2022 mainly due to an increase in cash and short-term investments of $634.8 million, partially offset by the increase in gross debt. Net Debt is a non-GAAP financial measure. Refer to section “Non-GAAP Financial Measures” of this MD&A for additional information.

The following chart tracks the GTAA’s increase of gross debt over the last five years from $6,411.7 million in 2019 to $6,983.3 million in 2023 and a decrease in net debt from $5,965.3 million in 2019 to $5,829.8 million in 2023, primarily due to the impacts of the COVID-19 pandemic, offset in 2023 by an operational recovery in travel post-COVID and an increase in unrestricted cash and short-term investments. To date, the net losses incurred by the GTAA during COVID of $733.8 million have not yet been fully recovered and are reflected in the continuing deficit of $605.9 million.



Based on the prior 12 months passenger activity, the GTAA's total debt per enplaned passenger, one of the airport industry's key ratings or financial metrics, declined from $382 as at December 31, 2022 to $312 as at December 31, 2023 due to significantly higher passenger volumes partially offset by an increase in gross debt; and net debt per enplaned passenger declined from $353 as at December 31, 2022 to $260 as at December 31, 2023 due to the same reasons and higher ending unrestricted cash and short-term investment balances. Net debt per enplaned passenger is a non-GAAP financial measure. Refer to section "Non-GAAP Financial Measures" for additional information.

Debt per Enplaned Passenger



An overall Capital Markets Platform has been established by the GTAA with the Master Trust indenture ("MTI") setting out the security and other common terms and conditions of all debt, including bank facilities, revenue bonds and 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") of "A+" with a stable outlook and "Aa3" with a stable outlook, respectively. The GTAA's CP obligations have been assigned a credit rating of "R-1 (low)" and an issuer rating of "A (high)" by DBRS Morningstar ("DBRS"). On April 11, 2023, Moody's confirmed GTAA's credit rating at Aa3 with stable outlook. On August 16, 2023, DBRS confirmed GTAA's issuer rating at A (high) and CP rating at R-1 (low) with stable trends. On January 16, 2024, S&P affirmed GTAA's credit rating at A+ with stable outlook.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of 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, 2023 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. Additionally, effective June 2023, the GTAA has implemented a number of new financial risk resilience measures including achieving and maintaining a target amount of unrestricted cash on hand equal to approximately 300 days of average daily operating expenses. Management believes that such a target increases the Company's ability to withstand disruptions to travel which would drive reduced cash flows. Given the availability of its credit facilities, its restricted fund balances, the potential ability to access the capital markets, government assistance to date, 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 and expects to continue to meet its payment obligations as they come due.

As at December 31, 2023, the GTAA had borrowing capacity available under its Operating Credit Facility of $1,197.5 million, available under its Letter of Credit Facility of $36.9 million, unrestricted cash of $333.6 million and short-term investments of $395.0 million, for an aggregate of $1,963.0 million in total available liquidity. The unrestricted cash and short-term investments were invested in short-term, highly liquid investment instruments in line with the GTAA's Investment Policy and the MTI.

Liquidity and Credit Facilities *($ millions)*					**December 31, 2023**	December 31, 2022
Source	**Currency**	**Expiry**	**Size**	**Drawn/ CP Backstop/ Issued**	**Available**	Available
Cash and cash equivalents[1]	CAD				**333.6**	93.8
Short-term investments[1] (STI)	CAD				**395.0**	–
					728.6	93.8
Credit facilities:						
1) Operating Credit Facility[2, 3]	CAD	May 31, 2026	1,400.0	–	**1,400.0**	1,400.0
Commercial paper backstop[3]				202.5	**(202.5)**	–
Available for general use					**1,197.5**	1,400.0
2) Letter of Credit Facility	CAD	May 31, 2024	150.0	113.1	**36.9**	36.9
			1,550.0	315.6	**1,234.4**	1,436.9
Total net liquidity (includes cash & STI)					**1,963.0**	1,530.7
3) Hedge Facility[4]	CAD	Per contract	150.0	–	**150.0**	150.0
Total (all credit facilities, cash & STI)			**1,700.0**	**315.6**	**2,113.0**	1,680.7

1 Unrestricted funds.
2 The Operating Credit Facility is a committed bank facility which is revolving in nature.
3 As at December 31, 2023, there was $202.5 million 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, backstop the CP program and provide flexibility on the timing for accessing the capital markets. As part of the GTAA's CP program, any CP outstanding at any given time is fully backstopped by the Operating Credit Facility. As at December 31, 2023, $202.5 million CP was outstanding, no amounts were drawn from the Operating Credit Facility, $113.1 million of the $150.0 million Letter of Credit Facility was utilized, and there were no outstanding contracts under the $150.0 million hedge facility.

As at December 31, 2023, the GTAA had a working capital surplus of $337.7 million, computed by subtracting current liabilities from current assets. This was primarily due to the large unrestricted cash and short-term investments balances, as a result of positive cash flow from operations, the new financial risk resilience measure and receipt of the ACIP funding, partially offset by the commercial paper issuances and interest payable on 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 $1,963.0 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.

The following table analyzes the GTAA's short- and long-term contractual obligations in nominal dollars as at December 31, 2023 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 timing of individuals leaving the plan. The table has been prepared based on the aggregate contractual undiscounted 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.

					Payments Due by Period
Contractual Obligations *($ millions)*	**Total**	**Less than 1 year**	**1 year to 3 years**	**4 years to 5 years**	**Thereafter**
Accounts payable and accrued liabilities	**243.4**	243.4	–	–	–
Purchase obligations[1]	**990.1**	356.8	347.7	84.3	201.3
Commercial paper	**202.5**	202.5	–	–	–
Long-term debt principal	**6,752.7**	25.0	54.8	883.7	5,789.2
Interest payable on long-term debt	**3,641.1**	321.0	637.2	605.3	2,077.6
	11,829.8	**1,148.7**	**1,039.7**	**1,573.3**	**8,068.1**

1 Purchase obligations include commitments for goods and services contracts as at December 31, 2023 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 $205.1 million.

Accounts payable, accrued liabilities and purchase obligations are expected to be funded through operating cash flows, while long-term debt obligations and related interest payable are expected to be funded primarily through a combination of borrowings from accessing the capital markets and cash flows generated from operations.

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding as at December 31, 2023 of approximately $205.1 million, compared to $186.2 million at December 31, 2022. 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, asset write-downs and impairments from expenses. The debt service covenant does, however, include a notional amortization, over a 30-year period of outstanding debt. Inclusion of the notional debt amortization further determines 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 annual rates and charges, fees and rentals so that these two covenants under the MTI are met. For the fiscal year ended 2023, the GTAA's operating covenant ratio measured at 153 per cent compared to the minimum requirement of 100 per cent, and the debt service covenant ratio measured at 176 per cent compared to the minimum requirement of 125 per cent.

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, 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 flow 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, short-term investments and restricted funds.

Net Debt per Enplaned Passenger

Net Debt per Enplaned Passenger is defined as 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 the prior 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 and short-term investments. Net liquidity is a measure that demonstrates GTAA's ability to pay off its short-term liabilities and debts and how long it can cover its total costs.

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's target is to achieve and maintain a balance of unrestricted cash on hand equal to at least 300 days of average daily operating expenses. Management believes that such a target increases the Company's ability to withstand disruptions to travel which would drive reduced cash flows.

Significant Accounting Policies and Estimates

The significant accounting policies of the GTAA and changes thereto are set out in Notes 2 and 3, respectively, of the Consolidated Financial Statements as at December 31, 2023 and 2022. 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.

The GTAA has adopted the following amendments effective January 1, 2023. These changes were made in accordance with the applicable transitional provisions.

Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors:

These standards were amended to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023. These amendments did not have a material impact on the consolidated financial statements.

Accounting Standards Issued but not yet Applied

Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current:

This amendment states that an entity shall classify a liability as current when it does not have the right at the end of the reporting period to defer settlement of liability for at least 12 months after the reporting period. The entity is required to disclose information about the timing of settlement to enable users of the financial statements to understand the impact of the liability on the entity's financial position. The amendment is effective for annual periods beginning on or after January 1, 2024. These amendments are not expected to have a material 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. Currently, there is one vacancy.

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. These transactions are reflected in the consolidated financial statements as at December 31, 2023 and 2022 under Note 7, Accounts Receivable, for amounts due from Canadian Air Transportation Security Authority and Transport Canada, Note 12, Leases, for amounts due under the Ground Lease and Note 21, Airport Critical Infrastructure Program, for amounts due from Transport Canada.

The GTAA's related parties also include Key Management personnel. Key Management includes the President and Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the COO and other executives who have the authorities and responsibilities for planning, directing and controlling the activities of the GTAA. As at December 31, 2023, 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 December 31, 2023, 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 (“COSO”) in Internal Control — Integrated Framework (2013). Based on that evaluation, Management and the CEO and CFO have concluded that, as at December 31, 2023, 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 year ended December 31, 2023 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 (“ERM”) 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 about the GTAA. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections which constitute forward-looking information, will not prove to be accurate, that the assumptions may not be correct and that actual results may vary from the forward- looking information.

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; expected return to pre-COVID-19 passenger and flight levels; 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 covenants; debt levels and service costs; revenues, cash flows, working capital and liquidity and no funding shortfalls; terminal, airside, infield and other capital developments at the Airport and the funding of the developments; 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, whether: 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 the demand for air travel in the Greater Toronto Area; the growth and sustainability of air carriers contributes to aviation demand 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 event 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.

Risk factors that could cause actual results to differ materially from the results expressed or implied by forward-looking information include, but are not limited to: public health emergencies; air carrier instability; passenger volumes; inability to meet business objectives; non-payment by customers; the GTAA’s ability to comply with covenants under its Master Trust Indenture and credit facilities; continuing volatility in current and future economic activity including shocks to the macroeconomic environment (e.g. changes in fuel prices, inflation, currencies, employment and spending); capital market conditions and credit rating risk; competition from other airports; wars (including the military conflict between Russia and Ukraine), riots or political action; labour disruptions; disruptions caused by extreme weather, natural disasters or other events which impact air industry networks; geopolitical unrest; acts of terrorism or cyber-security threats; disruptions to information technology infrastructure; the loss of key personnel; changes in laws or regulations including rate regulation; adverse amendments to the Ground Lease; the use of telecommunications and ground transportation as alternatives to air travel; loss of commercial revenues; carbon emission costs and restrictions; adverse regulatory developments or proceedings; environmental factors and climate change; changing attitudes towards air travel; the availability of aviation liability and other insurance; the timing of recovery and receipt of insurance proceeds; construction risk; legal proceedings and litigation; and other risks detailed from time to time in the GTAA’s publicly filed disclosure documents and, in particular, those identified in the Annual Information Form available at **www.sedarplus.ca**.

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.

Management's Responsibility for Financial Reporting

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

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

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

Deborah Flint
President and Chief Executive Officer

J'Maine Chubb
Chief Financial Officer

Independent Auditor's Report

To the Board of Directors of Greater Toronto Airports Authority

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Greater Toronto Airports Authority and its subsidiaries (together, the Company) as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of operations and comprehensive income for the years then ended;
- the consolidated statements of changes in deficit and accumulated other comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

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

Other information

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 28, 2024

Consolidated Statements of Financial Position

As at December 31 (in thousands of Canadian dollars)	2023	2022
	$	$
Assets		
Current assets		
Cash and cash equivalents	**333,554**	93,804
Short-term investments (Note 16)	**395,000**	–
Restricted funds (Note 6)	**69,789**	68,724
Accounts receivable (Note 7)	**110,659**	92,975
Airport Critical Infrastructure Program receivable (Note 21)	**9,908**	47,000
Inventory	**18,416**	15,196
Prepaids	**8,689**	5,642
	946,015	323,341
Non-current assets		
Restricted funds (Note 6)	**355,116**	343,653
Intangibles and other assets (Note 8)	**123,800**	147,304
Property and equipment (Note 9)	**4,874,298**	4,986,386
Investment property (Note 10)	**406,881**	439,598
Post-employment benefit asset (Note 13)	**64,002**	65,686
	6,770,112	6,305,968
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 18)	**243,439**	216,760
Deferred credit (Note 8)	**1,697**	–
Deferred ground rent payable (Note 12)	**8,556**	–
Airport Critical Infrastructure Program payment (Note 21)	**7,954**	–
Security deposits and deferred revenue	**59,789**	69,239
Long-term debt and commercial paper (Note 11)	**288,532**	85,128
	609,967	371,127
Non-current liabilities		
Deferred credit (Note 8)	**–**	6,790
Post-employment benefit liabilities (Note 13)	**11,605**	10,674
Long-term debt (Note 11)	**6,694,745**	6,717,232
Deferred ground rent payable (Note 12)	**59,662**	65,103
Other liabilities	**–**	6,390
	7,375,979	7,177,316
Deficit and Accumulated Other Comprehensive Loss	**(605,867)**	(871,348)
	6,770,112	6,305,968

Commitments and contingent liabilities (Note 15)

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

Signed on Behalf of the Board

Doug Allingham
Director

Signed on Behalf of the Board

Johan C. van ‘t Hof
Director

Consolidated Statements of Operations and Comprehensive Income

Years Ended December 31 (in thousands of Canadian dollars)	**2023**	2022
	$	$
Revenues (Note 17)		
Landing fees	**426,313**	367,403
General terminal charges	**252,053**	205,146
Airport improvement fees	**614,971**	412,973
Car parking and ground transportation	**231,591**	175,385
Concessions	**143,708**	117,851
Rentals	**163,621**	151,474
Other	**54,816**	61,633
	1,887,073	1,491,865
Operating Expenses		
Ground rent (Notes 1 and 12)	**212,477**	163,731
Goods and services (Note 19)	**469,430**	359,153
Salary, wages and benefits	**233,238**	197,962
Payments-in-lieu of real property taxes	**11,632**	12,208
Write-down of property and equipment (Note 9)	**35,351**	243
Impairment of investment property (Note 10)	**26,342**	23,000
Amortization of property and equipment (Note 9)	**313,846**	310,474
Amortization of intangibles (Note 8)	**21,116**	17,350
Amortization of investment property (Note 10)	**12,141**	12,541
	1,335,573	1,096,662
Earnings before interest and financing costs, net	**551,500**	395,203
Interest income	**43,838**	10,770
Interest expense on debt instruments and other financing costs	**(330,304)**	(333,720)
Interest and financing costs, net (Note 11)	**(286,466)**	(322,950)
Net Income	**265,034**	72,253
Items that will be reclassified subsequently to Net Income:		
Amortization of terminated hedges and interest rate swap	**1,086**	1,291
Items that will not be reclassified subsequently to Net Income:		
Pension and non-pension remeasurements, net (Note 13)	**(639)**	1,683
Other Comprehensive Income	**447**	2,974
Total Comprehensive Income	**265,481**	75,227

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

Consolidated Statements of Changes in Deficit and Accumulated Other Comprehensive Loss

Year Ended December 31, 2023 (in thousands of Canadian dollars)	**Deficit**	**Accumulated Other Comprehensive Loss**	**Total**
	$	**$**	**$**
Balance, January 1, 2023	**(855,137)**	**(16,211)**	**(871,348)**
Net Income	**265,034**	**–**	**265,034**
Amortization of terminated hedges and interest rate swap	**–**	**1,086**	**1,086**
Pension and non-pension remeasurements, net	**(639)**	**–**	**(639)**
Total Comprehensive Income for the year	**264,395**	**1,086**	**265,481**
Balance, December 31, 2023	**(590,742)**	**(15,125)**	**(605,867)**

Year Ended December 31, 2022 (in thousands of Canadian dollars)	Deficit	Accumulated Other Comprehensive Loss	Total
	$	$	$
Balance, January 1, 2022	(929,073)	(17,502)	(946,575)
Net Income	72,253	–	72,253
Amortization of terminated hedges and interest rate swap	–	1,291	1,291
Pension and non-pension remeasurements, net	1,683	–	1,683
Total Comprehensive Income for the year	73,936	1,291	75,227
Balance, December 31, 2022	(855,137)	(16,211)	(871,348)

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

Consolidated Statements of Cash Flows

Years Ended December 31 (in thousands of Canadian dollars)	**2023**	2022
Cash Flows from (used in) Operating Activities	**$**	$
Net Income	**265,034**	72,253
Adjustments for:		
Amortization of property and equipment	**313,846**	310,474
Amortization of intangibles and other assets	**31,501**	22,446
Amortization of investment property	**12,141**	12,541
Impairment of investment property	**26,342**	23,000
Write-down and net loss on disposal of property and equipment	**35,435**	243
Post-employment benefit plans	**1,976**	2,242
Interest and financing costs, net	**286,466**	322,950
Amortization of deferred credit	**(5,093)**	(2,202)
Deferred ground rent payable	**3,115**	1,596
Changes in working capital and other:		
Accounts receivable	**(17,684)**	6,227
Prepaids	**(3,047)**	262
Inventory	**(3,220)**	(862)
Accounts payable and accrued liabilities	**30,577**	18,030
Security deposits and deferred revenue	**(9,450)**	(3,009)
Other liabilities	**(6,390)**	–
	961,549	786,191
Cash Flows from (used in) Investing Activities		
Purchase of short-term investments	**(395,000)**	–
Acquisition and construction of property and equipment and intangible assets	**(287,747)**	(217,249)
Acquisition and construction of investment property	**(5,766)**	(5,664)
Acquisition of other assets	**(3,434)**	–
Funds received under the Airport Critical Infrastructure Program	**93,180**	–
(Increase) decrease in restricted funds	**(12,528)**	10,270
	(611,295)	(212,643)
Cash Flows from (used in) Financing Activities		
Repayment of medium-term notes and long-term debt	**(23,445)**	(410,024)
Commercial paper, net	**202,048**	–
Interest paid and other financing costs	**(332,945)**	(338,684)
Interest received	**43,838**	10,770
	(110,504)	(737,938)
Net Cash Inflow (Outflow)	**239,750**	(164,390)
Cash and cash equivalents, beginning of year	**93,804**	258,194
Cash and cash equivalents, end of year	**333,554**	93,804

As at December 31, 2023, cash and cash equivalents consisted of cash of $23.2 million (December 31, 2022 – $52.3 million) and cash equivalents of $310.4 million (December 31, 2022 – $41.5 million).

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

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022
(Unless otherwise stated, all amounts are in thousands of Canadian dollars)

1. General Information

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

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

The GTAA's registered office and principal place of business is located at 3111 Convair Drive, Mississauga, Ontario, Canada.

Airport Subject to Ground Lease

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

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

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

Properties owned by the GTAA's wholly-owned subsidiaries are not used for the purposes of managing, operating or maintaining the Airport and therefore do not form part of the Ground Lease.

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

The Ground Lease has an initial term of 60 years expiring in 2056, with one renewal term of 20 years at the option of the GTAA, which is exercisable commencing December 2, 2046.

2. Basis Of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). These consolidated financial statements were approved by the Board of Directors on March 28, 2024.

In applying the GTAA's accounting policies, as described in Note 3, Significant Accounting Policies, management is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5, Critical Accounting Judgements and Key Source of Estimation Uncertainty.

3. Significant Accounting Policies

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

Basis of Measurement

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

Principles of Consolidation

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

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

Segment Reporting

The GTAA consists of two operating segments: the first is for managing, operating and maintaining the Airport, and the second is to manage the commercial properties. If the quantitative thresholds, as set out in IFRS 8, Operating Segments, are met, additional segmented disclosures are required.

Foreign Currency Translation

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

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

Cash and Cash Equivalents

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

Short-term Investments

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

Inventory

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

Financial Instruments

Financial assets and liabilities are recognized when the GTAA becomes a party to the contractual provisions of the instrument on the trade date. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the GTAA has transferred substantially all risks and rewards of ownership.

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

(i) Amortized cost: A financial asset shall be measured at amortized cost if both of the following conditions are met:

- (a) the financial asset is held in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Fair value through other comprehensive income: A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held to collect contractual cash flows and selling financial assets; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount.

(iii) Fair value through profit or loss ("FVPL"): A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

(iv) Financial liabilities: Financial liabilities at amortized cost include accounts payable and accrued liabilities, security deposits and long-term debt. These items are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, these items are measured at amortized cost using the effective interest method. Long-term debt, however, is recognized initially at fair value, net of any transaction costs incurred and discounts/premiums, and subsequently recorded at amortized cost using the effective interest method.

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

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

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

As at December 31, 2023, the GTAA had no derivative instruments outstanding that have been designated as a hedge. However, certain gains and losses relating to settled hedging instruments are being amortized to the consolidated statements of operations and comprehensive income over the term to maturity of the previously hedged item (see Note 16, Financial Instruments).

Impairment of Financial Assets

The GTAA recognizes an allowance for expected credit losses for all financial assets not held at FVPL. For amounts receivable, the GTAA applies the simplified approach permitted by IFRS 9, Financial Instruments (“IFRS 9”), which requires expected lifetime losses to be recognized upon initial recognition of the receivables. To measure the expected credit losses, the GTAA has established a provision matrix that is based on its historical credit loss experience based on days past due, adjusted for forward-looking factors specific to the customer and the economic environment. The GTAA considers a financial asset for impairment when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full.

Impairment of Long-lived Assets

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

The GTAA evaluates impairment by examining long-lived assets for impairment indicators and examines any prior period impairment losses for potential reversals when events or circumstances warrant such consideration.

Leases

GTAA as a Lessee

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

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

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

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

GTAA as a Lessor

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

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

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

Intangibles and Other Assets

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

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

Property and Equipment

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

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

Property and equipment are amortized at the following annual rates:

Buildings and structures (“Terminal and Airside assets”)	Straight-line over two to 60 years
Bridges and approach systems (“Terminal and Airside assets”)	Straight-line over two to 40 years
Baggage handling systems	Straight-line over 5 to 25 years
Improvements to leased land	Straight-line over the remaining term of the Ground Lease
Runways and taxiways (“Terminal and Airside assets”)	Straight-line over 10 to 40 years
Airport operating assets	Straight-line over two to 40 years

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

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

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

Borrowing Costs

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

Investment Property

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

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

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

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

Payments-in-lieu of Real Property Taxes

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

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

Revenue Recognition

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

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

Post-employment Benefit Obligations

The GTAA maintains defined benefit pension plans, defined contribution pension plans, other long-term employee benefit plans and post-employment benefit plans for its employees. The cost of defined contribution pension plans is charged to expense as they are earned by employees. The cost of defined benefit plans and other post-employment benefit plans is determined using the projected unit credit method. The related pension asset/liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligation as at the consolidated statements of financial position date less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related pension liability. Actuarial valuations for defined benefit plans and other post-employment benefit plans are carried out at each consolidated statement of financial position date.

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

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

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

Provisions

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

Deferred Financing Costs

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

Government Grants

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

4. Changes in Accounting Policy and Disclosures

Changes in Accounting Policy and Disclosures

The GTAA has adopted the following amendments effective January 1, 2023. These changes were made in accordance with the applicable transitional provisions.

Amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors:

These standards were amended to introduce the definition of an accounting estimate and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023. These amendments did not have a material impact on the consolidated financial statements.

Accounting Standard Issued but not yet Applied

Amendment to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non- Current:

This amendment states that an entity shall classify a liability as current when it does not have the right at the end of the reporting period to defer settlement of liability for at least 12 months after the reporting period. The entity is required to disclose information about the timing of settlement to enable users of the financial statements to understand the impact of the liability on the entity's financial position. The amendment is effective for annual periods beginning on or after January 1, 2024. This amendment will not have a material impact on the consolidated financial statements.

5. Critical Accounting Judgements and Key Source of Estimation Uncertainty

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

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

Critical Judgements in Applying Accounting Policies

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

Property and Equipment, Intangibles, Other Assets and Investment Property

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

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

Expected Credit Loss Provision

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

IFRIC 12, Service Concession Arrangements

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

Leases

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

Key Source of Estimation Uncertainty

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

Post-employment Benefit Obligations

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

Airport Improvement Fees

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

6. Restricted Funds

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

As at December 31	**2023**	2022
	$	$
Debt Service Fund		
Principal	**10,476**	9,827
Interest	**59,313**	58,897
	69,789	68,724
Debt Service Reserve Funds		
Revenue Bonds		
Series 1997–3 due December 3, 2027	**37,254**	37,127
Series 1999–1 due July 30, 2029	**40,411**	40,349
Medium-Term Notes		
Series 2000–1 due June 12, 2030	**39,497**	39,156
Series 2001–1 due June 4, 2031	**36,477**	35,453
Series 2002–3 due October 15, 2032	**38,304**	38,297
Series 2004–1 due February 2, 2034	**39,289**	39,132
Series 2010–1 due June 7, 2040	**23,353**	22,895
Series 2011–1 due February 25, 2041	**32,538**	32,386
Series 2011–2 due December 2, 2041	**18,709**	18,450
Series 2018–1 due June 1, 2037	**8,494**	8,255
Series 2019–1 due April 3, 2029	**7,082**	6,942
Series 2019–2 due October 17, 2039	**12,524**	12,494
Series 2020–1 due May 3, 2028	**3,886**	3,881
Series 2021–1 due October 5, 2051	**6,381**	6,365
Security for Bank Indebtedness		
Series 1997–C Pledged Bond	**10,917**	2,471
	355,116	343,653
	424,905	412,377
Less: Current portion	**(69,789)**	(68,724)
	355,116	343,653

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

	2023	2022
	$	$
Cash	**28,205**	28,122
Guaranteed Investment Certificates	**396,700**	384,255
	424,905	412,377

Trust Funds

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

(a) Debt Service Fund (Principal and Interest)

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

On a monthly basis, the GTAA is required to deposit into the Principal Account an amount equal to one-twelfth of the total principal amount included in annual debt service, during the term, for any bonds or MTNs due in such year. During 2023, the principal requirements of the Debt Service Fund were funded through cash flows from operations. The fund balance as of December 31, 2023 was $10.5 million (December 31, 2022 – $9.8 million). During 2023, principal of $23.4 million (December 31, 2022 – $22.0 million) was paid from the Principal Account of the Debt Service Fund, and $24.1 million was deposited and/or allocated to the fund by the GTAA for the principal of the Series 1999–1 and MTNs (December 31, 2022 – $22.6 million).

Also, on a monthly basis, the GTAA is required to deposit into the Interest Account an amount equal to one-sixth of the semi-annual aggregate interest requirement due on all outstanding bonds and MTNs. The fund balance as of December 31, 2023 was $59.3 million (December 31, 2022 – $58.9 million).

(b) Debt Service Reserve Funds

To the extent provided in any supplemental indenture, the GTAA is required to set aside funds in the Debt Service Reserve Fund for each series of bond or MTNs. The required amount is established at the time of issue of each series of bond or MTNs and is funded from the proceeds of each issue. Amounts held in the Debt Service Reserve Fund are held in trust for the benefit of the bondholders or noteholders for use and application in accordance with the terms of the MTI.

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

Included among these Trust Funds is a Debt Service Reserve Fund related to the $1,900 million pledged bond (Series 1997–C) securing the credit facilities (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities).

(c) Operations, Capital and Financing Funds

The GTAA has established an Operating and Maintenance Reserve Fund and a Renewal and Replacement Reserve Fund pursuant to the MTI. The Operating and Maintenance Reserve Fund is calculated as one-sixth of the projected operating and maintenance expenses estimated for the following fiscal year. As at December 31, 2023, this fund was secured by a letter of credit of $106.0 million (December 31, 2022 – $83.0 million). This amount is to be used only for operating and maintenance expenses or other purposes as required for the safe, ongoing operation and maintenance of the Airport as set out in the MTI. The Renewal and Replacement Reserve Fund is also secured by a letter of credit of $3.0 million (December 31, 2022 – $3.0 million). This amount is to be used for unanticipated repairs to, or the replacement of, property and equipment as set out in the MTI.

7. Accounts Receivable

As at December 31	2023	2022
	$	$
Trade accounts receivable	**111,240**	91,724
Other receivables	**1,241**	3,211
Less: Expected credit loss allowance	**(1,822)**	(1,960)
	110,659	92,975

Included in trade accounts receivable and other receivables is $0.2 million due from Canadian Air Transportation Security Authority (December 31, 2022 – $1.7 million) which is a related party for accounting purposes. No provision has been made against these receivables. See Note 14, Related Party Transactions.

8. Intangibles and Other Assets

	December 31, 2023		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Land acquisition costs	**54,197**	**(15,607)**	**38,590**
Computer software	**160,020**	**(77,917)**	**82,103**
Clean Energy Supply Contract	**44,655**	**(41,548)**	**3,107**
	258,872	**(135,072)**	**123,800**

	December 31, 2022		
	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Land acquisition costs	50,763	(14,540)	36,223
Computer software	155,459	(56,801)	98,658
Clean Energy Supply Contract	44,655	(32,232)	12,423
	250,877	(103,573)	147,304

The aggregate amortization expense with respect to land acquisition costs for 2023 was $1.1 million (2022 – $1.1 million) and is included in ground rent expense in the consolidated statements of operations and comprehensive income.

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

	Land Acquisition Costs	Computer Software	Total
	$	$	$
Balance, January 1, 2023	**36,223**	**98,658**	**134,881**
Additions	**3,434**	**4,561**	**7,995**
Amortization expense	**(1,067)**	**(21,116)**	**(22,183)**
Balance, December 31, 2023	**38,590**	**82,103**	**120,693**
Balance, January 1, 2022	37,291	99,811	137,102
Additions	–	16,197	16,197
Amortization expense	(1,068)	(17,350)	(18,418)
Balance, December 31, 2022	36,223	98,658	134,881

On February 1, 2006, the GTAA entered into the Clean Energy Supply Contract (“CES Contract”) with Independent Electricity System Operator (“IESO”) (formerly, the Ontario Power Authority), pursuant to which the GTAA is obligated to have 90 MW of electrical energy available to the Ontario power grid. The contract allows for payments by either party, depending on whether net electricity market revenues that the GTAA is deemed to have earned are greater or less than a predetermined threshold, as defined in the CES Contract. The term of the CES Contract is for 20 years, subject to early termination rights available to the GTAA.

The carrying value of the CES Contract, which was valued at $44.7 million in 2006, is being amortized on a straight-line basis over the remaining term of the contract. The amortization expense with respect to the CES Contract value for 2023 was $9.3 million (2022 – $4.0 million) and is included in the goods and services expense in the consolidated statements of operations and comprehensive income.

The GTAA also recorded a deferred credit of $44.0 million at such time, which is being amortized on a straight-line basis, over the term of 20 years. The unamortized balance at December 31, 2023 was $1.7 million (December 31, 2022 – $6.8 million). During 2023, the reduction of the unamortized liability of $5.1 million (December 31, 2022 – $2.2 million) was recorded as a reduction to goods and services expense in the consolidated statements of operations and comprehensive income.

In 2023, the GTAA exercised its early termination rights of the CES Contract effective April 30, 2024. Accordingly, the amortization of the CES Contract and related deferred credit were accelerated over the remaining term. The GTAA entered into a medium-term capacity contract with the IESO for a five-year term which is to commence May 1, 2024, where it is obligated to have a certain amount of capacity available to the Ontario power grid.

9. Property and Equipment

Property and equipment are comprised of:

							December 31, 2023
	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	**7,133,810**	**460,259**	**9,480**	**664,945**	**765,994**	**264,667**	**9,299,155**
Additions, net of government grants	**77**	**–**	**–**	**–**	**–**	**237,117**	**237,194**
Disposals	**(3,953)**	**(57)**	**–**	**(106,088)**	**(63,394)**	**–**	**(173,492)**
Write-down	**–**	**–**	**–**	**–**	**–**	**(35,351)**	**(35,351)**
Transfers	**91,531**	**3,530**	**–**	**4,062**	**33,034**	**(132,157)**	**–**
Balance, end of year	**7,221,465**	**463,732**	**9,480**	**562,919**	**735,634**	**334,276**	**9,327,506**
Accumulated amortization							
Balance, beginning of year	**3,237,578**	**265,954**	**4,116**	**318,023**	**487,098**	**–**	**4,312,769**
Amortization expense	**198,140**	**17,306**	**158**	**48,088**	**50,154**	**–**	**313,846**
Disposals	**(3,869)**	**(57)**	**–**	**(106,088)**	**(63,393)**	**–**	**(173,407)**
Transfers	**(2,592)**	**–**	**–**	**2,592**	**–**	**–**	**–**
Balance, end of year	**3,429,257**	**283,203**	**4,274**	**262,615**	**473,859**	**–**	**4,453,208**
Net book value, end of year	**3,792,208**	**180,529**	**5,206**	**300,304**	**261,775**	**334,276**	**4,874,298**

							December 31, 2022
	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	7,105,045	456,126	9,480	597,754	735,915	247,899	9,152,219
Additions, net of government grants	191	–	–	–	–	169,937	170,128
Disposals	(21,927)	–	–	–	(1,265)	–	(23,192)
Transfers	50,501	4,133	–	67,191	31,344	(153,169)	–
Balance, end of year	7,133,810	460,259	9,480	664,945	765,994	264,667	9,299,155
Accumulated amortization							
Balance, beginning of year	3,060,447	249,992	3,958	275,377	435,669	–	4,025,443
Amortization expense	198,661	15,962	158	42,646	53,047	–	310,474
Disposals	(21,530)	–	–	–	(1,618)	–	(23,148)
Balance, end of year	3,237,578	265,954	4,116	318,023	487,098	–	4,312,769
Net book value, end of year	3,896,232	194,305	5,364	346,922	278,896	264,667	4,986,386

As at December 31, 2023, $334.3 million (December 31, 2022 – $264.7 million) of property and equipment was under construction and not yet subject to amortization. Included in this amount is $12.1 million (December 31, 2022 – $11.3 million) of capitalized interest. During the year, borrowing costs for active projects were capitalized at the rate of 4.8 per cent, which represents the weighted-average cost of the GTAA's general borrowings (2022 – 4.7 per cent).

During the year, $35.4 million in assets under construction were written down as the related assets will not be completed.

10. Investment Property

As at December 31	**2023**	2022
	$	$
Cost		
Balance, beginning of year	**526,843**	521,179
Additions	**5,766**	5,664
Balance, end of year	**532,609**	526,843
Accumulated amortization and impairment		
Balance, beginning of year	**87,245**	51,704
Amortization expense	**12,141**	12,541
Impairment	**26,342**	23,000
Balance, end of year	**125,728**	87,245
Net book value, end of year	**406,881**	439,598

Investment property consists of a flight simulator facility and commercial properties (land and buildings) owned by the GTAA and its controlled subsidiaries. These properties are leased to third parties.

There were no investment property acquisitions in the year (2022 – $nil). These commercial properties are subject to municipal real property taxes.

The total fair value of all commercial properties was $502.5 million as at December 31, 2023 (December 31, 2022 –$538.2 million). The recoverable amount was determined as the value-in-use at the cash-generating unit level which is at the property level. These valuations were made by an independent external appraiser, using recognized valuation techniques, comprising of the discounted cash flow and direct capitalization methods. The fair values of these properties are within Level 3 of the fair value hierarchy.

Significant assumptions used in the valuations for office building assets as at December 31, based on available market information included the following:

	2023	2022
Capitalization rate	**6.50% - 7.00%**	5.00% - 6.00%
Terminal capitalization rate	**6.75% - 7.25%**	5.25% - 6.50%
Discount rate	**7.00% - 7.75%**	6.00% - 7.00%

Based on these models, certain office buildings were determined to be impaired. As a result, the carrying values of these properties were reduced to their estimated fair values and an impairment loss of $26.3 million (December 31, 2022 -$23.0 million) was recorded in the consolidated statements of operations and comprehensive income.

For the year ended December 31, 2023, the commercial properties generated $34.6 million (December 31, 2022 – $34.1 million) in rental revenue and incurred $27.7 million (December 31, 2022 – $27.4 million) in direct operating expenses.

11. Long-Term Debt, Commercial Paper and Credit Facilities

As at December 31, 2023, long-term debt and commercial paper ("CP"), net of unamortized discounts and premiums and accrued interest, consisted of:

Series	Coupon Rate	Maturity Date	Principal Amount	2023	2022
Revenue Bonds			$	**$**	$
1997–3	6.45%	December 3, 2027	321,500	**321,614**	321,314
1999–1	6.45%	July 30, 2029	176,067	**180,324**	204,241
Medium-Term Notes					
2000–1	7.05%	June 12, 2030	526,550	**527,608**	527,535
2001–1	7.10%	June 4, 2031	492,150	**492,238**	492,018
2002–3	6.98%	October 15, 2032	468,960	**475,515**	475,523
2004–1	6.47%	February 2, 2034	567,428	**578,605**	578,377
2010–1	5.63%	June 7, 2040	400,000	**399,192**	399,127
2011–1	5.30%	February 25, 2041	600,000	**607,924**	607,842
2011–2	4.53%	December 2, 2041	400,000	**398,974**	398,902
2018–1	3.26%	June 1, 2037	500,000	**498,472**	498,317
2019–1	2.73%	April 3, 2029	500,000	**501,647**	501,368
2019–2	2.75%	October 17, 2039	900,000	**899,187**	898,913
2020–1	1.54%	May 3, 2028	500,000	**499,460**	499,074
2021–1	3.15%	October 5, 2051	400,000	**399,988**	399,809
				6,780,748	6,802,360
Commercial paper outstanding			202,529	**202,529**	–
				6,983,277	6,802,360
Less: Current portion (including accrued interest)				**(288,532)**	(85,128)
				6,694,745	6,717,232

As at December 31, 2023, accrued interest included in the current portion of the long-term debt was $61.0 million (December 31, 2022 – $61.7 million).

As at December 31, interest and financing costs, net, consisted of the following:

	2023	2022
	$	$
Interest income	**43,838**	10,770
Interest expense on debt instruments	**(328,929)**	(331,725)
Capitalized interest	**6,040**	4,973
Amortization of terminated hedges and interest rate swap	**(1,086)**	(1,291)
Other financing fees	**(3,213)**	(2,947)
Deferred ground rent interest accretion	**(3,116)**	(2,730)
	(330,304)	(333,720)
Interest and financing costs, net	**(286,466)**	(322,950)

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

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

	December 31, 2023		December 31, 2022	
	Book Value	**Fair Value**	Book Value	Fair Value
	$	**$**	$	$
Long-term debt	**6,780,748**	**6,907,874**	6,802,360	6,653,890

All notes are redeemable in whole or in part at the option of the GTAA at any time.

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

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

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, backstop the CP program and provide flexibility on the timing for accessing the capital markets. As part of the GTAA's CP program, any CP outstanding at any given time is fully backstopped by the Operating Credit Facility. As at December 31, 2023, $202.5 million of CP was outstanding (December 31, 2022 – $nil), no amounts were drawn from the Operating Credit Facility (December 31, 2022 – $nil), $113.1 million of the $150.0 million Letter of Credit Facility was utilized (December 31, 2022 – $113.1 million), and there were no outstanding contracts under the $150.0 million hedge facility. As at December 31, 2023, the GTAA had borrowing capacity available under its Operating Credit Facility of $1,197.5 million, available under its Letter of Credit Facility of $36.9 million, unrestricted cash of $333.6 million and short-term investments of $395.0 million, for an aggregate of $1,963.0 million in total available liquidity.

12. Leases

Ground Lease

The GTAA's commitment with respect to the annual Ground Lease is based on set percentage levels of the GTAA's revenues (see "Airport Subject to Ground Lease" in Note 1, General Information). Ground rent expense in 2023 was $211.4 million (2022 – $162.7 million) excluding amortization of land acquisition costs (see Note 8, Intangibles and Other Assets).

In 2021, the GTAA and the Government of Canada executed an amendment to the Ground Lease that deferred the payment of ground rent for the 2021 lease year, with repayment over a 10-year period beginning January 2024. As at December 31, 2023, $68.2 million (December 31, 2022 – $65.1 million) has been recorded as deferred ground rent payable on the consolidated statements of financial position, which represents the present value of future payments to take into account the time value of money. Of this balance, $8.6 million has been reclassified as current. The related interest expense for the year has been recorded on the consolidated statements of operations and comprehensive income.

Other Leases as a Lessor

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

Income recorded on the consolidated statements of operations and comprehensive income from sub-leasing land in the year was $28.7 million (2022 – $28.7 million).

Variable payments form part of certain lease agreements. Total variable payments recognized in the consolidated statements of operations and comprehensive income for 2023 was $104.0 million (2022 – $91.7 million).

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

	2024	2025	2026	2027	2028	Thereafter
	$	$	$	$	$	$
December 31, 2023	**173,471**	**120,549**	**87,374**	**55,612**	**35,742**	**246,112**

13. Post-Employment Benefit Obligations

Defined Benefit Pension Plans

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

The GTAA measures its accrued benefit obligations and the fair value of plan assets for both of its defined benefit pension plans for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the pension plans for funding purposes was as of January 1, 2023, and the next required valuation is as of January 1, 2024.

a) Characteristics of the Plans

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

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

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

The weighted-average duration of the defined benefit plans is 11.2 years.

b) Risks Associated with the Plans

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

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform the discount rate, this will create a deficit under the plan. The pension plans currently invest approximately 23 per cent in equities, which may outperform corporate bonds in the long term, but may contribute to volatility in valuation and risk in the short-term. The remaining balance in the pension plans is held in fixed income investments and annuities which reduce or eliminate asset value volatility.

(ii) Changes in Bond Yields

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

(iii) Inflation Risk

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

(iv) Life Expectancy

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

c) Amounts Recognized in the Financial Statements

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

	2023	2022
	$	$
Present value of funded obligation	**(173,008)**	(162,521)
Fair value of plan assets	**237,010**	228,207
Funded status – surplus	**64,002**	65,686
Net defined benefit asset	**64,002**	65,686

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

	2023	2022
	$	$
Accrued benefit obligation		
Balance, beginning of year	**162,521**	199,550
Current service cost	**948**	1,063
Interest cost	**8,336**	6,190
Benefits paid	**(10,034)**	(8,612)
Employee contributions	**155**	202
Remeasurements:		
Loss (gain) from changes in financial assumptions	**12,758**	(39,392)
Experience (gain) loss	**(1,676)**	3,520
Balance, end of year	**173,008**	162,521
Plan assets		
Fair value, beginning of year	**228,207**	265,284
Interest income	**11,752**	8,252
Return on plan assets, excluding amounts included in interest income	**10,443**	(34,189)
Transfer to defined contribution component	**(3,101)**	(2,318)
Employee contributions	**155**	202
Benefits paid	**(10,034)**	(8,612)
Administrative expenses paid from plan assets	**(412)**	(412)
Fair value, end of year	**237,010**	228,207
Funded status – surplus	**64,002**	65,686

As at December 31, 2023, each of the GTAA's defined benefit pension plans was in a surplus position. One plan was in a surplus position of $62.4 million (2022 – $63.7 million), with an accrued obligation of $162.7 million (2022 – $152.3 million) and a fair value of plan assets of $225.1 million (2022 – $216.0 million). The other plan was in a surplus position of $1.6 million (2022 – $2.0 million), with an accrued obligation of $10.3 million (2022 – $10.2 million) and a fair value of plan assets of $11.9 million (2022 – $12.2 million).

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

	2023	2022
	$	$
Current service cost	**948**	1,063
Interest cost	**8,336**	6,190
Interest income	**(11,752)**	(8,252)
Administrative expenses	**412**	412
Defined benefit pension plan recovery recognized in net income	**(2,056)**	(587)
Amounts recognized in other comprehensive income:		
Loss (gain) from changes in financial assumptions	**12,758**	(39,392)
Experience (gain) loss	**(1,676)**	3,520
Return on plan assets	**(10,443)**	34,189
Total remeasurements recognized in accumulated other comprehensive loss	**639**	(1,683)

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

	2023	2022
	$	$
Net defined benefit asset, beginning of year	**65,686**	65,734
Defined benefit cost included in net income	**2,056**	587
Total remeasurements included in other comprehensive income	**(639)**	1,683
Transfer to defined contribution component	**(3,101)**	(2,318)
Net defined benefit asset, end of year	**64,002**	65,686

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

	2023	2022
	$	$
Active members	**27,849**	42,868
Vested deferreds	**4,478**	5,065
Retirees	**140,681**	114,588
Accrued benefit obligation	**173,008**	162,521

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

	Fair Value of Plan Assets	
Asset Category	2023	2022
Equity securities	**23%**	27%
Fixed income	**33%**	30%
Annuity buy-in	**44%**	43%

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

d) Significant Actuarial Assumptions

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

	2023	2022
Discount rate	**4.60%**	5.29%
Long-term rate of compensation increase	**2.50%**	2.50%
Long-term rate of price inflation	**2.00%**	2.00%
Long-term rate of pension increases	**2.00%**	2.00%

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

e) Future Cash Flows

The sensitivity of the post-employment benefit obligation to changes in the weighted-average significant actuarial assumptions as at December 31, 2023 would be as follows:

	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$	$
Discount rate	**1.00%**	**(17,143)**	**20,128**
Rate of price inflation	**1.00%**	**19,944**	**(17,423)**
Mortality	**1 year**	**4,851**	**(5,259)**

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

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

As at January 1, 2023, the registered defined benefit plan had a funding valuation solvency surplus of $44.0 million and the supplementary defined benefit plan had a solvency surplus of $2.6 million.

Expected contributions, benefit payments and administrative expenses for both defined benefit pension plans for the year ended December 31, 2024 are $nil, $10.6 million and $0.5 million, respectively.

Defined Contribution Pension Plan Expense

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

The GTAA's contributions to the registered defined contribution pension plans and the CAAT Pension Plan are a maximum of 6.5 per cent and 6.75 per cent, respectively, of the employee's gross earnings. The expense for the defined contribution pension plans in 2023 was $9.7 million (2022 – $7.7 million).

For designated employees of one unfunded supplemental plan, the GTAA's notional contribution equals 16 per cent of the employee's gross earnings less amounts already contributed to the plan by the employee and the GTAA. Recorded in post-employment benefit liabilities on the consolidated statements of financial position is the estimated obligation for this plan at December 31, 2023 of $4.0 million (December 31, 2022 – $4.3 million).

Severance Entitlement Plan

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

Since the GTAA's accrued severance entitlement plan is unfunded, the net obligation is equal to the sum of the benefit obligations for all the members under this plan. As at December 31, 2023, the balance of the accrued benefit obligation was $2.7 million (2022 – $2.9 million), the post-employment benefit gain recognized in net income for the year ended December 31, 2023 was $0.2 million (2022 – loss of $0.3 million), benefits paid were $nil (2022 – $nil) and the non-pension remeasurements recognized in other comprehensive income was $nil (2022 – $nil).

Other Employee Future Benefits

Certain employees are provided with paid-up life insurance at the time of retirement. At December 31, 2023, the estimated obligation for this payment is $3.0 million (2022 – $3.5 million), the post-employment benefit expense recognized in net income for the year ended December 31, 2023 was $1.1 million (2022 – $0.3 million), and the non-pension measurement recognized in other comprehensive income was $nil (2022 – $nil). This amount is included in post-employment benefit liabilities in the consolidated statements of financial position.

In 2023, the GTAA plan was amended to allow employees on long-term disability to have continuation of certain medical and dental benefits. At December 31, 2023, the estimated obligation for this payment is $2.0 million, the benefit expense recognized in net income for the year ended December 31, 2023 was $2.0 million, and the non-pension measurement recognized in other comprehensive income was $nil. This amount is included in post-employment benefit liabilities in the consolidated statements of financial position.

14. Related Party Transactions

Related Parties

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

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

The GTAA has applied the exemption for government-related entities to disclose only significant transactions. See Note 7, Accounts Receivable, for amounts due from Canadian Air Transportation Security Authority, Note 12, Leases, for amounts due under the Ground Lease, and Note 21, Airport Critical Infrastructure Program, for amounts due from Transport Canada.

Compensation of Key Management and Directors

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

Compensation to Key Management personnel and to all Members of the Board of Directors for the year ended December 31, 2023, as included in the consolidated statements of operations and comprehensive income, was $10.1 million (2022 – $10.0 million). Compensation includes salaries, fees, short-term benefits, post-employment benefits and other employee benefits.

15. Commitments and Contingent Liabilities

Capital Commitments

In connection with the operation and development of the Airport, the GTAA had capital commitments outstanding at December 31, 2023 of approximately $205.1 million (December 31, 2022 – $186.2 million).

Letters of Credit

A number of letters of credit for $113.1 million in total were outstanding as at December 31, 2023 (see Note 11, Long-Term Debt, Commercial Paper and Credit Facilities).

Cogeneration Plant

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

Contingent Liabilities

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

16. Financial Instruments

Fair Value Hierarchy

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

a) Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

b) Level 2 – Observable inputs other than quoted prices included in Level 1 such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data; or

c) Level 3 – Significant unobservable inputs that are supported by little or no market activity.

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

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

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

Risk Management

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

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

Market Risk

a) Interest Rate Risk

The GTAA's exposure to interest rate risk relates to its MTNs and short-term borrowing as described in Note 11, Long-Term Debt, Commercial Paper and Credit Facilities. As at December 31, 2023, all of the GTAA's MTNs are fixed-rate carried liabilities and, therefore, changes in interest rates do not have an impact on interest payments but may have an impact on the fair value of this debt. Borrowings under the CP program, if any, and credit facilities will fluctuate in accordance with changes in interest rates; however, this is not considered significant.

The GTAA also has exposure to interest rate risk through its short-term investments of cash and cash equivalents and short-term investments of restricted funds (see Note 6, Restricted Funds), which may cause fluctuations in interest income. As at December 31, 2023, $395.0 million of short-term investments and $396.7 million of the GTAA's short-term investment holdings of restricted funds carried various terms to maturity from one to 365 days. Therefore, changes in the interest rate would not have a significant impact on the fair value of short-term investments and restricted funds due to the short-term nature of the investments. Short-term investments were invested in guaranteed investment certificates, and certain restricted funds were invested in savings accounts that are highly liquid, and therefore the principal balances were protected regardless of changes in interest rates.

b) Foreign Currency Rate Risk

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

Credit Risk

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

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

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

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

As at December 31	**2023**	2022
	$	$
Cash equivalents		
AA	**333,554**	93,804
Short-term investments		
AA	**395,000**	–
Restricted funds		
AA	**424,905**	412,377

b) Accounts Receivable

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

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

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

The credit quality of accounts receivable is assessed by reference to external credit ratings (if available). As at December 31, 2023, $9.3 million (2022 – $9.3 million) in accounts receivables had a moderate-high credit rating and $10.5 million (2022 – $9.2 million) had a low-medium credit rating. An external credit rating was not available for the remaining accounts receivable balance.

There is a concentration of service with two air carriers that represent approximately 45.9 per cent (2022 – 50.3 per cent) of total revenue, and 17.7 per cent (2022 – 16.5 per cent) of the accounts receivable balance, excluding prepayments and/or deposits on hand, at December 31, 2023.

Liquidity Risk

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

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

Quarterly cash flow projections are prepared by management and reviewed by the Audit Committee to ensure a sufficient continuity of funding.

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

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

	December 31, 2023			
	Less Than 1 Month	**1 Month to 12 Months**	**1 Year to 5 Years**	**Thereafter**
	$	**$**	**$**	**$**
Accounts payable and accrued liabilities	**102,756**	**140,683**	**–**	**–**
Commercial paper	**–**	**202,529**	**–**	**–**
Long-term debt and cumulative interest	**5,678**	**340,322**	**2,991,653**	**7,056,020**
	108,434	**683,534**	**2,991,653**	**7,056,020**

	December 31, 2022			
	Less Than 1 Month	1 Month to 12 Months	1 Year to 5 Years	Thereafter
	$	$	$	$
Accounts payable and accrued liabilities	85,727	131,033	–	–
Long-term debt and cumulative interest	6,434	339,566	2,526,915	7,866,758
	92,161	470,599	2,526,915	7,866,758

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

Offsetting of Financial Instruments

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

The following table presents the financial instruments which may be subject to enforceable master netting arrangements or other similar agreements but not offset, as at December 31, 2023 and 2022, and shows in the "Net Amount" column what the net impact would be on the GTAA's consolidated statements of financial position if all set-off rights were exercised in circumstances described above. As at December 31, 2023, no recognized financial instruments are offset in the consolidated statements of financial position.

			December 31, 2023
	Gross Amount Presented in the Consolidated Statements of Financial Position	**Related Accounts Not Set Off in the Consolidated Statements of Financial Position**	**Net Amount**
	$	**$**	**$**
Financial assets			
Accounts receivable	**110,659**	**(36,150)**	**74,509**
Airport Critical Infrastructure Program receivable	**9,908**	**(7,954)**	**1,954**
Restricted funds	**424,905**	**(413,988)**	**10,917**
	545,472	**(458,092)**	**87,380**
Financial liabilities			
Security deposits	**(36,150)**	**36,150**	**–**
Airport Critical Infrastructure Program payment	**(7,954)**	**7,954**	**–**
Long-term debt (including current portion)	**(6,780,748)**	**413,988**	**(6,366,760)**
	(6,824,852)	**458,092**	**(6,366,760)**

			December 31, 2022
	Gross Amount Presented in the Consolidated Statements of Financial Position	Related Accounts Not Set Off in the Consolidated Statements of Financial Position	Net Amount
	$	$	$
Financial assets			
Accounts receivable	92,975	(31,869)	61,106
Restricted funds	412,377	(409,906)	2,471
	505,352	(441,775)	63,577
Financial liabilities			
Security deposits	(31,869)	31,869	–
Long-term debt (including current portion)	(6,802,360)	409,906	(6,392,454)
	(6,834,229)	441,775	(6,392,454)

17. Revenue

During the year, the GTAA recognized $1,680.5 million (2022 – $1,273.6 million) from contracts with customers and $206.6 million (2022 – $218.3 million) of revenue was recognized under IFRS 16, Leases.

Deferred revenue was $37.4 million as at December 31, 2022, and such amount was fully recognized in the consolidated statements of operations and comprehensive income in 2023. Cash in the amount of $23.5 million was received during the year that related to performance obligations yet to be satisfied resulting in a deferred revenue balance of $23.5 million as at December 31, 2023.

18. Accounts Payable and Accrued Liabilities

As at December 31	**2023**	2022
	$	$
Trade payables	**122,411**	99,114
Accrued expenses	**96,742**	98,291
Commodity sales tax payable	**5,316**	3,200
Provisions	**13,825**	13,825
Other liabilities	**5,145**	2,330
	243,439	216,760

19. Goods and Services Expense by Nature

Years Ended December 31	**2023**	2022
	$	$
Property and equipment maintenance and repairs	**111,307**	83,187
Outsourcing and professional services	**174,311**	106,361
Utilities	**24,282**	26,865
Policing and security	**46,942**	55,957
Snow removal	**26,886**	23,858
AIF administration fee	**24,679**	16,439
Small parts and material supplies	**11,588**	9,041
Insurance	**10,634**	9,158
Reversal of expected credit loss allowance	**–**	(3,911)
Other	**38,801**	32,441
	469,430	359,396

20. Capital Risk Management

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

The GTAA's objectives when managing capital are to:

a) Maintain a capital structure and an appropriate credit rating that provide financing options to the GTAA when a financing or a refinancing need arises to ensure access to capital, on commercially reasonable terms, without exceeding its debt capacity or resulting in a downgrade to the credit ratings of the existing indebtedness;

b) Maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments; and

c) Satisfy covenants set out in the MTI, in applicable years.

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

Capital Markets Platform

The GTAA's ongoing capital requirements, as noted above, are financed through the issuances of debt. The GTAA maintains a financing program referred to as the Capital Markets Platform, capable of accommodating a variety of corporate debt instruments. All indebtedness incurred under the Capital Markets Platform is secured under the MTI, which establishes common security and a set of common covenants by the GTAA for the benefit of all its lenders. The security is comprised of: an assignment of the revenues of the GTAA; a specific charge on certain funds; restricted funds and accounts; an unregistered first leasehold mortgage of the GTAA's leasehold interest in the Airport; and a guarantee and related collateral security of subsidiaries, as designated from time to time.

The Debt Service Reserve Funds are funded from the net proceeds of each bond or MTN issuance (see Note 6, Restricted Funds). The MTI contains a Rate Covenant, consisting of two financial tests (an operating covenant and debt service covenant) such that: (i) Revenues in each Fiscal Year are sufficient to make all required debt service payments and deposits in funds and reserve funds, and all other payments required to be made by the GTAA in the ordinary course of its consolidated business; and (ii) Net Revenues, together with any Transfer from the General Fund in each Fiscal Year, equal to at least 125 per cent of the Annual Debt Service for each Fiscal Year; (as such capitalized terms are defined in the MTI). Both financial tests exclude amortization of property and equipment, investment property and intangible assets, asset write-downs and impairments from expenses. The debt service covenant does, however, include a notional amortization, over a 30-year period of outstanding debt. Inclusion of the notional debt amortization further determines whether net revenues are sufficient to retire debt over 30 years, which is considered appropriate for an infrastructure provider with significant, long-term use assets. At December 31, 2023, the GTAA was in compliance with the above covenants and was not in default under the Trust Indenture as defined therein.

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

21. Airport Critical Infrastructure Program

In 2022, Transport Canada announced up to $142.0 million in funding under the Airport Critical Infrastructure Program. Since the inception of the program, the GTAA has received $93.2 million in funding from Transport Canada.

In the year, the GTAA applied $48.1 million (December 31, 2022 – $47.0 million) against eligible amounts spent on approved infrastructure assets, with a receivable of $9.9 million (December 31, 2022 – $47.0 million) recorded on the consolidated statements of financial position as at December 31, 2023. The receivable represents amounts spent on assets under construction expected to be received from Transport Canada within 12 months. A deferred payment of $8.0 million (December 31, 2022 – $nil) was received and is expected to be applied against assets under construction in 2024.

Disclosure Requirements of the Ground Lease

Subsection 9.01.07, Paragraphs (a) to (g) of the Ground Lease requires the Greater Toronto Airports Authority ("GTAA" or "Corporation") to publish in its Annual Report the following:

a) Audited Financial Statements

The auditors' report and the annual audited consolidated financial statements are found on pages 56 to 87 and the summary of affairs (Management's Discussion and Analysis or "MD&A") is found on pages 28 to 55 of the Annual Report.

b) Report on the Business Plan and Objectives for 2023

The projected cash flows in any year constitute the business plan for that year. The business plan for 2023 is the 2023 summary of projected cash flows, which is found below in Paragraph (c) (the "2023 Business Plan"). A report on the GTAA's performance relating to the 2023 Business Plan is discussed in Paragraph (c) below and in the MD&A.

c) Variances and Corrective Measures with Respect to the Report on the 2023 Business Plan

		2023	
(in thousands, unaudited)	**Actual**	**Business Plan**	**Favourable/ (Unfavourable)**
	$	**$**	**$**
Revenues	**1,887,073**	**1,737,000**	**150,073**
Operating expenses	**(926,777)**	**(898,100)**	**(28,677)**
EBITDA[1]	**960,296**	**838,900**	**121,396**
Amortization	**(347,103)**	**(320,000)**	**(27,103)**
Impairment of investment property	**(26,342)**	**–**	**(26,342)**
Write-down of property and equipment	**(35,351)**	**–**	**(35,351)**
Interest expense and financing costs, net[2]	**(286,466)**	**(309,400)**	**22,934**
Consolidated net income (loss)	**265,034**	**209,500**	**55,534**
Add: Amortization	**347,103**	**320,000**	**27,103**
Add: Impairment of investment property	**26,342**	**–**	**26,342**
Add: Write-down of property and equipment	**35,351**	**–**	**35,351**
Add: Interest expense and financing costs, net[2]	**286,466**	**309,400**	**(22,934)**
Add: Other non-cash items	**3,744**	**–**	**3,744**
Add: Changes in working capital	**(2,824)**	**–**	**(2,824)**
Cash flow from operations	**961,216**	**838,900**	**122,316**
Less: Purchase of short-term investments	**(395,000)**	**–**	**(395,000)**
Less: Acquisition and construction of property, expenditures, and intangible assets	**(287,747)**	**(260,000)**	**(27,747)**
Less: Acquisition and construction of investment property	**(5,766)**	**–**	**(5,766)**
Less: Acquisition of other assets	**(3,434)**	**–**	**(3,434)**
Add: Funds received under the Airport Critical Infrastructure Program	**93,180**	**–**	**93,180**
Less: Change in restricted cash	**(12,528)**	**–**	**(12,528)**
Less: Interest paid and other financing costs, net[2]	**(289,107)**	**(309,400)**	**20,293**
Cash source (use) before capital sources	**60,814**	**269,500**	**(208,686)**

1 EBITDA, a non-GAAP financial measure, is operating earnings before interest and financing costs, impairment of investment property, write-down of property and equipment and amortization.

2 Includes interest income of $44 million.

For a more complete discussion of the 2023 financial results and capital projects, see the MD&A and the Annual Information Form for the year ended December 31, 2023, copies of which are available on SEDAR at www.sedarplus.ca. The GTAA's MD&A is also available on its website at www.torontopearson.com.

For the year ended December 31, 2023, Consolidated Net Income for the GTAA was $55.5 million favourable to the 2023 Business Plan, primarily as a result of increased revenue.

For the year ended 2023, revenues were $150.1 million favourable to the 2023 Business Plan, primarily due to: i) higher than expected aviation activity from passenger flights (ii) favourable passenger volumes driving increased Airport Improvement Fees ("AIF"); and (iii) greater than expected concession and parking revenue.

For the year ended 2023, operating expenses were unfavourable to Business Plan by $28.7 million driven by higher ground rent expense as a result of higher revenue, higher AIF fees from increased passenger volumes, higher operating costs to support the better than expected passenger traffic.

For the year ended 2023, amortization expense of $347.1 million was unfavourable to Business Plan by $27.1 million.

A non-cash impairment of investment property was realized in 2023 for $26.3 million related to property valuations carried out in 2023. These impairments were not contemplated at the time of creating the 2024 Business Plan. The impairments were directly attributed to the rise in interest rates, which had an adverse impact on valuation levels.

A non-cash write-down of property and equipment totalled $35.4 million in 2023. The non-cash write-down is related to design costs for pre-pandemic capital projects that have since been deemed less strategic to pursue to completion given the emergence of the Pearson Long-term Investment in Facilities and Terminals program (or "Pearson LIFT")[1] and have therefore been written off. These write-downs were not contemplated at the time of creating the 2024 Business Plan as the Pearson LIFT was further developed over the course of 2023.

For the year ended 2023, interest expense, net of interest income, was $22.9 million favourable to the 2023 Business Plan, primarily due to higher than planned interest income partially offset by higher than expected commercial paper interest expense.

In 2023, and in anticipation of continued recovery in passenger volumes and air traffic activity, the GTAA established a $477 million capital plan focused on Maintenance, Safety, and Regulatory types of projects. Over the course of 2023, actual capital spend totaled $320 million or $157 million unfavourable to Business Plan primarily due to Management reevaluating project needs in context of the new Pearson LIFT, supply chain impacts and savings in project costs as compared to the initial project Business Plan. Spend during the year primarily related to certain ongoing restoration projects such as the Airside Pavement Restoration Program, Infield Concourse Modernization, Check-In and Border Modernization, Terminal 3 Roof and the Terminal 3 Temporary Arrivals Transfer Facility. A further discussion of key projects can be found in the "Capital Plan, Programs and Projects" section of the MD&A.

Pursuant to the MTI, the deposit to the Notional Principal Fund and the letter of credit adjustment regarding the Operations and Maintenance Reserve Fund were as projected.

d) Summary of the Five-Year Business Plan

The five-year Business Plan (2024 to 2028) is driven by four key corporate goals:

- Driving operational resiliency;
- Restoring passenger experience and confidence;
- Paving the way for profitable growth; and
- Enhancing the productivity and wellness of our employees.

As we bridge through the pandemic period and into recovery, we will position ourselves for success in a new, more digital and sustainable world. The projected compounded annual growth rates from 2024 to 2028 for passengers, seats, and MTOW are 5 per cent, 5 per cent and 5 per cent, respectively.

Effective January 1, 2023, the following changes to aeronautical fees and charges and AIF were implemented:

- Aeronautical rates for commercial aviation, business and general aviation aircraft increased by 4 per cent;
- The AIF for departing passengers increased by $5 to $35 per passenger; and
- The AIF for connecting passengers increased by $1 to $7 per passenger.

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

During the fall of 2023, the GTAA announced to airline stakeholders the following changes to aeronautical rates, and effective January 1, 2024, the following were implemented:

- Aeronautical rates increased on a blended basis by an average of 4 per cent; and
- The apron fee has been modified to incent quicker turns which improves facility efficiency.

No change was made to the AIF in 2024.

The Corporation typically undertakes capital projects to meet one of the following key objectives: (i) to comply with regulatory requirements (e.g., safety, security or environmental); (ii) to expand the capacity or improve the productivity of existing assets; (iii) to restore or replace existing assets; (iv) to modify existing infrastructure to improve revenue or reduce costs; or (v) to add new capacity or businesses to the Airport beyond the existing infrastructure.

In the near term, the Corporation will preserve liquidity and emphasize a capital program that represents ongoing support for the continued return of passengers in 2024 and beyond. In November 2023, the Board approved $650 million in capital expenditures for 2024 focused on completing current active projects and continued planning for the execution of the Pearson LIFT. The Pearson LIFT focuses on revitalizing Airport facilities, building for recovery, expanding Airport and passenger capacity, and delivering new technologies to improve the travel experience. At this time, future capital spend related to the Pearson LIFT has not yet been approved by the Board as Management continues with planning efforts.

As a reporting issuer, the GTAA is restricted in its ability to publish forward looking information. The reader is cautioned that some assumptions used to derive forecast information may not materialize due to unanticipated events and circumstances, such as the COVID-19 pandemic. Therefore, the actual results achieved during the period may vary, and the variations may be material. For a more complete discussion of the risks and uncertainties and caution regarding forward-looking statements, see the MD&A and the Annual Information Form, copies of which are available on SEDAR at **www.sedarplus.ca**. The GTAA's MD&A is also available on its website at **www.torontopearson.com**.

e) Remuneration to Board and Salary of Senior Officers

For 2023, the Chair of the Board of Directors received remuneration in the amount of $210,000 while the other Directors earned remuneration ranging from $7,814 to $109,500. For 2023, salaries for the Corporation's senior officers ranged from $337,615 to $750,000. Senior officers are also eligible for short term and long term performance incentives.

A Director's annual remuneration varies depending on whether the Director serves as a Chair of a committee, and whether the Director has served for a full or part year. A senior officer's salary varies by the responsibilities and experience of the senior officer and whether the senior officer has served for a full or partial year.

Additional information regarding the remuneration paid to the Directors and the senior officers is available in the Annual Information Form, copies of which are available on SEDAR at **www.sedarplus.ca**.

f) Ethical Business Conduct

The Corporation has a "Code of Business Conduct and Ethics" (the "Code"), which has been approved by the Corporation's Board of Directors (the "Board"). The Code complies with the requirements of the Canadian Securities Administrators' National Policy 58-201 and represents a comprehensive approach to addressing, among other matters, conflicts of interest and promoting fair, honest and ethical behaviour by all of the Corporation's Directors, officers, employees and contractors. A copy of the Code may be accessed on SEDAR at **www.sedarplus.ca**.

The Board monitors compliance with the Code, and the Corporation requires that each Director and officer sign an Annual Declaration advising that the Director or officer has read the Code and either declares that the Director or officer is in compliance or not in compliance with the Code and declares the reasons for the non-compliance. In addition, the Board has implemented Confidential Anonymous Reporting for Employees ("C.A.R.E."), which permits the anonymous reporting of an employee, officer or Director's unethical behaviour. C.A.R.E. also extends to business partners contracted by the Corporation.

All Directors and officers indicated that they are in compliance with the Code.

g) Report on Contracts Over $127,000 Not Tendered

The Ground Lease stipulates that any contracts in excess of $127,000 (adjusted periodically by CPI from an original threshold of $75,000) that are not awarded through a public tendering process must be described in the Corporation's Annual Report. Such description must identify: the parties to the contracts; the amount, nature and circumstances of the contract; and the reasons for not awarding such contract on the basis of a public competitive tendering process. The table below summarizes the applicable contracts awarded in 2023. Definitions for the "reason for award without public tender" can be found at the end of the table.

Contract Value	Contractor[1]	Description	Reason for Award without Public Tender
$127K-$500K			
	4S Consulting Services Inc.	Occupational health & safety and WSIB administration and support	A
	ABE Factors	Accessibility programming and consulting	A
	Align HCM Inc.	HR Information System Support	A
	Aviation MJS	Specialized resource planning and aviation services	A
	Carma Corp	Sub-metering maintenance services	A
	Cathexis Consulting	Evaluation support for community investment projects	A
	OTEC	Employee workshops and Training	A
	Wasserman	Valuation of partnerships, sponsorships and advertising	A
	JD Power	J.D. Power Index Subscription	B
	TKH Airport Solutions	Provider of patented airfield light system technology	B
	WSP	Seconded engineering advisory services provided by industry expert consultant	B
	Alstef Canada Inc.	Removal and install of X Ray machine	C
	Solutions Consortech Inc	IT Desktop and Server Maintenance and Support	C
	Foursails Partnership	Operation, maintenance, engineering and restoration improvements	D
$500K-$1.5M			
	24 Seven Talent Source	Temporary creative professional service and resource provider	A
	Copenhagen Optimization	Digitalization support for YYZ Express Implementation	A
	Smiths Detection Montreal Inc.	Provider of airport X- Ray machinery and security technology	B

A. Where the GTAA determines that in connection with an existing contract for the supply of goods and services that is expiring, it is most efficient and practicable to extend or award a new contract to the existing contractor or services supplier where such contractor or services supplier has developed a specific skill set or knowledge base in respect of that contract not found on the market.

B. Where there is just one contractor, or services supplier, that can provide the required goods or services.

C. Where warranty, patent or copyright requirements or technical compatibility factors dictate a specific supplier.

D. In any other circumstances where the President and Chief Executive Officer determines it is necessary to do so having regard to the safe, efficient and practicable operation of Toronto Pearson.

E. Where a Competitive Procurement Process was undertaken and a contract entered into pursuant to which the GTAA receives revenue, then any contract for associated acquisition of goods and services is deemed not a Sole Source Contract.

[1] In order of descending value

Section 9.01.07, Paragraphs (a) to (g) of the Ground Lease

The Tenant shall, prior to each public meeting to be held pursuant to Subsection 9.01.05, publish an annual report in respect of the Lease Year (in this Subsection 9.01.07 called "that Lease Year") immediately preceding the Lease Year in which the public meeting is held which shall, as a minimum:

a) include the audited annual financial statements of the Tenant for that Lease Year, the Tenant's Auditor's report on such Tenant's audited annual financial statements, and a summary of the Tenant's affairs for that Lease Year;

b) contain a report on the Tenant's performance relating to the Tenant's business plan and objectives established for that Lease Year, and as applicable for the previous five Lease Years;

c) include an explanation by the Tenant of all variances and corrective actions taken with respect to the Tenant's performance described in Paragraph 9.01.07(b);

d) present a summary of the Tenant's business plan for the then current Lease Year and the Tenant's business plan containing a forecast for the next five Lease Years, including specific objectives (measurable where feasible), for such summary and forecast and relating to the approved objectives of the Tenant;

e) contain a report on the remuneration provided to each Board member and on the salary of each of the Senior Officers of the Tenant;

f) contain a report on compliance or non-compliance with the Tenant's Code of Conduct; and

g) report on all contracts in excess of an amount obtained by multiplying seventy-five thousand ($75,000) dollars by the CPI Adjustment Factor for that Lease Year which are entered into during that Lease Year and which contracts were not awarded on the basis of a public competitive tendering process. Such report shall identify the parties to the contract, the amount of the contract, the nature of the contract, the circumstances of the contract and the reasons for not awarding such contract on the basis of a public competitive tendering process.

Forward-Looking Information

This document contains certain forward-looking statements or forward-looking information about the GTAA. This forward-looking information is based on a variety of assumptions and is subject to risks and uncertainties. There is significant risk that predictions, forecasts, conclusions and projections which constitute forward-looking information, will not prove to be accurate, that the assumptions may not be correct and that actual results may vary from the forward-looking information.

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; expected return to pre-COVID-19 passenger and flight levels; 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 covenants; debt levels and service costs; revenues, cash flows, working capital and liquidity and no funding shortfalls; terminal, airside, infield and other capital developments at the Airport and the funding of the developments; 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, whether: 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 the demand for air travel in the Greater Toronto Area; the growth and sustainability of air carriers contributes to aviation demand 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 continue to attract domestic and international travelers; no other significant event 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.

Risk factors that could cause actual results to differ materially from the results expressed or implied by forward-looking information include, but are not limited to: public health emergencies; air carrier instability; passenger volumes; inability to meet business objectives; non-payment by customers; the GTAA’s ability to comply with covenants under its Master Trust Indenture and credit facilities; continuing volatility in current and future economic activity including shocks to the macroeconomic environment (e.g. changes in fuel prices, inflation, currencies, employment and spending); capital market conditions and credit rating risk; competition from other airports; wars (including in Ukraine and the Gaza Strip), riots or political action; labour disruptions; disruptions caused by extreme weather, natural disasters or other events which impact air industry networks; geopolitical unrest; acts of terrorism or cyber-security threats; disruptions to information technology infrastructure; the loss of key personnel; changes in laws or regulations including rate regulation; adverse amendments to the Ground Lease; the use of telecommunications and ground transportation as alternatives to air travel; loss of commercial revenues; carbon emission costs and restrictions; adverse regulatory developments or proceedings; environmental factors and climate change; changing attitudes towards air travel; the availability of aviation liability and other insurance; the timing of recovery and receipt of insurance proceeds; construction risk; legal proceedings and litigation; and other risks detailed from time to time in the GTAA’s publicly filed disclosure documents and, in particular, those identified in the Annual Information Form available at **www.sedar.com**.

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.

We welcome your feedback

If you have any questions or comments regarding this Annual Report, or suggestions for topics you'd like to see covered in future reports, please write to us at:

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Toronto AMF, Ontario, Canada L5P 1B2

or send an email to Publication@GTAA.com.

Thank you for your interest

The Greater Toronto Airports Authority (GTAA) was incorporated in 1993 and manages Toronto Pearson International Airport under terms set out in our December 1996 lease with the Canadian federal government.

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