



PortsToronto Annual General Meeting

CFO Remarks

Alan J. Paul

June 8, 2023

Check Against Delivery

Thank you and good morning.

I would like to begin by confirming that PortsToronto's 2022 Audited Financial Statements and 2022 Management Discussion and Analysis, or MD&A, were posted to the PortsToronto website under the Accountability section on May 3, 2023. These documents are also included in PortsToronto's 2022 Annual Report, which was posted to the website the same day.

The first item I would like to reference in the 2022 Audited Financial Statements is the Auditor's Report, which is just after the Table of Contents on pages 1 and 2. In this section, under the heading of "Opinion," the Auditor's Report from Deloitte is once again an unqualified or "clean" audit opinion.

Please note that PortsToronto presents its financial statements pursuant to International Financial Reporting Standards or ("IFRS"). The accounting policies set out in Note 2 of the 2022 Audited Financial Statements have been applied in preparing the financial statements for the year ended December 31, 2022, and the comparative information for the year ended December 31, 2021.

The statements include a Statement of Operations and Comprehensive Income, a Statement of Changes in Equity, a Statement of Financial Position, a Statement of Cash Flows and Notes to the Financial Statements.

Please note that the 2022 MD&A Report should be read in conjunction with the Audited Financials and the accompanying Notes.

At this point I would like to discuss the financial performance of PortsToronto over the last two years, with particular focus on 2022.

For 2022, PortsToronto reported operating revenue of \$65.4 million, an increase of \$25.7 million over 2021 revenue of \$39.7 million. PortsToronto had a net income from operations in 2022 of \$30.4 million, versus \$10.0 million in 2021, an improvement of \$20.4 million year-over-year.

As PortsToronto's largest business unit, Billy Bishop Toronto City Airport's performance in 2022 had a material impact on the financial performance of the organization. With demand for air travel improving in the second half of the year, operating income for the airport was \$24.0 million in 2022, up from \$5.0 million in 2021 and higher than \$22.1 million recorded in 2019. Total passenger volume in 2022 was approximately 1.7 million versus approximately 2.8 million in 2019.

The marine Port of Toronto also had a strong year and, for the sixth consecutive year, moved more than 2 million metric tonnes of bulk and general cargo. The combination of activities which included commercial shipping and passenger cruises resulted in operating income from all sources of \$6.2 million, up from \$5.5 million recorded in 2021.

The Outer Harbour Marina, which is a 600-slip marina located just 10 minutes from downtown benefitted from continued interest in personal watercraft ownership and reported operating income was \$2.8 million in 2022 on revenues of \$6.1 million.

Finally, our fourth business unit, Property and Other, including investments, reported operating income of \$4.0 million in 2022, up from \$2.9 million the year prior. Property and Other includes the rental of various properties along the waterfront as well as investment income earned on PortsToronto's cash reserves, which increased in 2022 versus 2021, due to higher interest rates.

These strong revenues across all of our business units resulted in significant payments to various levels of governments including \$1.1 million in Payments in Lieu of Taxes (PILTs) to the City of Toronto, as well as \$2.3 million in property taxes. The amounts accrued and paid to the federal government and to the City of Toronto together totaled \$6.6 million for 2022, and \$6.4 million for 2021, representing 10.1% and 16.2% of PortsToronto's Operating Revenue in fiscal years 2022 and 2021, respectively.

In summary, after several difficult years due entirely to the impacts of COVID-19, PortsToronto emerged from the declines of the pandemic and reported a strong year in 2022. We are optimistic that 2023 will continue along this upward trajectory as we continue to see recoveries in the aviation sector, increased demand for travel in the air and on water, with cruise ship visits expected to set another record, and the optimization of numerous assets that PortsToronto has within its business portfolio.

Before I conclude my remarks, I would like to announce the appointment of Auditor for PortsToronto in accordance with our obligations under the Canada Marine Act.

I can report that the Board of the PortsToronto has appointed Deloitte LLP as Auditor for the audit of the fiscal year ending December 31, 2023. Ms. Lilian Cheung of Deloitte has joined us here today.

With that I will conclude my remarks and turn things back over to Deborah Wilson.

Thank you.