



PortsToronto Annual General Meeting
Senior Vice President and CFO Remarks
Alan J. Paul
June 27, 2022

Check Against Delivery

Thank you.

Good morning and welcome to our Annual General Meeting.

I would like to begin by confirming that PortsToronto's 2021 Audited Financial Statements and 2021 Management Discussion and Analysis, or MD&A, were posted to the PortsToronto website under the Accountability section on May 18, 2022. These documents are also included in PortsToronto's 2021 Annual Report, which was posted to the website the same day.

The first item I would like to reference in the 2021 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 2021 Audited Financial Statements have been applied in preparing the financial statements for the year ended December 31, 2021, and the comparative information for the year ended December 31, 2020.

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 2021 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 2021.

As you have heard from our CEO, 2021 remained a challenging year financially for PortsToronto. The negative impact of the COVID-19 pandemic on PortsToronto, primarily at Billy Bishop Airport, continued to affect PortsToronto's overall profitability. Again in 2021, it was encouraging that all of the business units remained profitable on an operating basis, with Net Income of \$10.0 million in 2021 versus \$ 6.1 million in 2020, as shown on page 37, Note 16, of the Audited Financial Statements.

However, in taking into account payments-in-lieu of taxes, amortization, interest, and gross revenue tax, there was an overall Net Loss in 2021, as there was in 2020. Unlike 2020, there was overall Comprehensive Income for 2021 of \$5.3 million, primarily as a result of the strong performance of the PortsToronto Pension Plan. In 2020, there was a Comprehensive Loss of \$19.5 million.

As reported by the CEO, Port Operations and the Outer Harbour Marina continued to perform very well in 2021, as did the Property or Real Estate area of the business at PortsToronto. Unfortunately, with the temporary suspension of scheduled carrier service in March 2020, Billy Bishop Airport was not able to continue its strong historical financial performance, something that carried over from 2020 into 2021. It was a very difficult situation financially and in terms of operations, both of which were handled professionally by Airport management and staff.

In order to minimize the impacts of the pandemic and protect liquidity, the organization continued to take the appropriate steps to preserve cash and resources. This was accomplished through general cost cutting and the ongoing deferral and cancellation of capital projects. Throughout the pandemic, management and the Board of Directors have continued to monitor PortsToronto's cash reserves and forecasts in order to ensure the protection of important resources and liquidity.

This measured approach to financial management during the pandemic is evident on page 4 of the 2021 Management Discussion & Analysis or MD&A with a Current Ratio (Current Assets divided by Current Liabilities) of 4.52 as at December 31, 2021. Although slightly lower than the 4.79 Current Ratio as at December 31, 2020, a Current Ratio of 4.52 reflects healthy Financial Liquidity.

The other two Financial Ratios reported on page 4 of the MD&A, a Financial Performance Ratio and a Financial Leverage Ratio both improved in 2021 over 2020, which indicates an improving economic situation for PortsToronto.

These strong and improving financial ratios are very important for many reasons, including enabling PortsToronto to continue its ongoing commitment to ESG initiatives. ESG being Environmental, Social and Governance. PortsToronto's 2021 Annual Report, which was released on May 18, 2022, describes all of the projects and programs that remain so important to the organization, the Board of Directors, management and staff. We measure our success not just by the financial bottom line, but also by our commitment to sustainability.

Before I conclude my remarks with some commentary on 2022, 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, 2022. Ms. Lilian Cheung of Deloitte has joined us for this virtual meeting today.

To conclude, the COVID-19 pandemic has had a negative impact on the financial performance of PortsToronto over the last two years. This has been most evident at Billy Bishop Airport where an eighteen-month secession of scheduled commercial carrier service dramatically reduced both aeronautical and non-aeronautical revenues. With scheduled carrier service restarting in September 2021, PortsToronto is confident there will be a significant improvement in financial performance in 2022.

The Port, Marina and Property business units are also expected to have a strong 2022 and provide healthy returns to the organization. This will continue to be combined with an ongoing focus on cost control and efficiencies. PortsToronto management will continue to gauge the level of success in 2022 and make the appropriate adjustments necessary in order to preserve cash resources and protect liquidity. The organization has many valuable assets and continues to operate to maximize these assets going forward. As a result, PortsToronto is optimistic that 2022 will be a stronger year financially for the organization.

At this point in time, I will turn the meeting back over to Geoff.

Thank you.