



# AGENDA

## Corporation of the Township of Tay Special Council Meeting (NT Power AGM)

Wednesday, June 24, 2026 - 10:00 AM

Council Chambers

Tay Township Municipal Office

450 Park Street, Victoria Harbour

A Special Council meeting will be held Wednesday, June 24, 2026 in the Council Chambers commencing at **10:00 AM**. To view the live stream visit the Tay Township [Youtube Channel](#).

Page

1. Call to Order
2. Moment of Reflection
3. Approval of the Agenda  
Resolution:  
That the Special Council Meeting Agenda for June 24, 2026, be approved.
4. Disclosure of Interest
5. Presentation / Delegations
  - 5.1. Kelly McCann, Interim President & CEO, Newmarket-Tay Power Distribution Ltd., Re: Annual General Meeting & Associated Resolutions** 3 - 30  
[2025 AGM Shareholder Resolutions dated June 2026](#)  
[Annual General Meeting 2025 - Presentation](#)  
[Memorandum re 2025 NT Power Financial Performance](#)  
[Tay Hydro Inc. - 2025 Audited Financial Statements](#)
6. Closed Session
7. Closed Session Reporting
8. Confirming By-law
  - 15.1. By-law No. 2026-26 - Confirmation** 31  
[By-law No. 2026-26](#)  
  
Resolution:  
That By-law 2026-26, being a by-law to adopt the proceedings of the June 24, 2026 Special Council meeting, be enacted as a by-law of the Township of Tay.
9. Adjournment  
Resolution:  
That this Special Meeting of Council adjourn at (time) a.m.



## RESOLUTIONS OF THE SOLE SHAREHOLDER OF TAY HYDRO INC.

WHEREAS the Corporation of the Township of Tay (the “Sole Shareholder”) is the Sole Shareholder of Tay Hydro Inc. (“Tay Hydro”);

AND WHEREAS Tay Hydro owns a minority of common shares of Newmarket-Tay Power Distribution Ltd. (“NT Power”) and NT Holdings Inc. (“NT Holdings”);

AND WHEREAS pursuant to s.102(2) of the *Business Corporations Act* (Ontario) (the “*OBCA*”) where a body corporate is the shareholder of a corporation the corporation shall recognize any individual properly authorized by the body corporate to represent it at meetings of shareholders of the corporation;

AND WHEREAS pursuant to s.104 of the *OBCA* a written resolution dealing with all the matters required to be dealt with at a shareholders meeting and signed by the shareholders entitled to vote at that meeting satisfies all requirements of the *OBCA* relating to that meeting of shareholders;

NOW THEREFORE BE IT RESOLVED by the Municipal Council of the Corporation of the Township of Tay as follows:

1. **THAT the Mayor, as the Sole Shareholder’s legal representative, is directed to sign the following Tay Hydro Shareholder resolutions:**
  - a. THAT the Tay Hydro financial statements for the financial year ended December 31, 2025, together with the report of the Corporation’s auditors, KPMG LLP, thereon dated May 7, 2026, be and are hereby received; and
  - b. THAT KPMG LLP be appointed auditors of Tay Hydro to hold office until the next annual meeting of shareholders at such remuneration as may be fixed by the sole director and the sole director is authorized to fix such remuneration; and
  - c. THAT Andrea Fay be appointed as the sole director of Tay Hydro to hold office until the next annual meeting of shareholders or until her successor is elected or appointed; and
  - d. THAT Andrea Fay, so long as she is the sole director of Tay Hydro, shall represent Tay Hydro at meetings of shareholders of NT Power and NT Holdings; and
  - e. AND THAT all acts, contracts, bylaws, proceedings, appointments, elections and payments, enacted, made, done and taken by the directors and officers of Tay Hydro to December 31, 2025, as the same are set out or referred to in the resolutions of the board of directors, the minutes of the meetings of the board of directors, or in the financial statements of Tay Hydro, are approved, sanctioned and confirmed.
2. **THAT the Mayor, as the Sole Shareholder’s legal representative, direct Andrea Fay, the sole director and legal representative of Tay Hydro, to sign the following NT Power shareholder resolutions in lieu of an annual meeting:**

- a. THAT the financial statements of NT Power for the financial year ended December 31, 2025, together with the report of NT Power's auditors, KPMG, thereon dated April 29, 2026, be and are hereby received.
- b. THAT KPMG LLP be appointed auditors of NT Power to hold office until the next annual meeting of shareholders at such remuneration as may be fixed by the directors and the directors are authorized to fix such remuneration.
- c. THAT D. Charleson, B. Gabel, D. Priore, C. Prattas, J. Taylor and T. Walker are elected directors of NT Power to hold office until the next annual meeting of shareholders or until their successors are elected or appointed.
- d. AND THAT all acts, contracts, bylaws, proceedings, appointments elections and payments, enacted, made, done and taken by the directors and officers of NT Power to December 31, 2025, as the same are set out or referred to in the resolutions of the board of directors, the minutes of the meetings of the board of directors or in the financial statements of NT Power, are approved, sanctioned and confirmed.

**3. AND THAT the Mayor, as the Sole Shareholder's legal representative, direct Andrea Fay, the sole director, and legal representative of Tay Hydro, to sign the following NT Holdings Inc. shareholder resolutions in lieu of an annual meeting:**

- a. THAT the financial statements of NT Holdings for the financial year ended December 31, 2025 be and are hereby received.
- b. THAT the undersigned, being all of the voting shareholder of NT Holdings, consent to exempt NT Holdings from the requirements of the OBCA regarding the appointment and duties of an auditor in respect of the financial year of NT Holdings ending on December 31, 2026
- c. THAT I. McDougall be elected as the sole director of NT Holdings to hold office until the next annual meeting of shareholders or until his successor is elected or appointed; and
- d. AND THAT all acts, contracts, bylaws, proceedings, appointments elections and payments, enacted, made, done and taken by the directors and officers of NT Holdings to December 31, 2025, as the same are set out or referred to in the resolutions of the board of directors, the minutes of the meetings of the board of directors or in the financial statements of NT Holdings, are approved, sanctioned and confirmed.

**Dated as of the    day of June 2026.**

**CORPORATION OF THE TOWNSHIP OF TAY**

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**Ted Walker, Mayor**



# *Annual General Meeting*

Tay Hydro Inc.

## *Required Motions*

- Receipt of Financial Statements
- Appointment of Auditors
- Election of Directors
- Approval of Past Acts

## ***2025 In Review - Financial Performance***

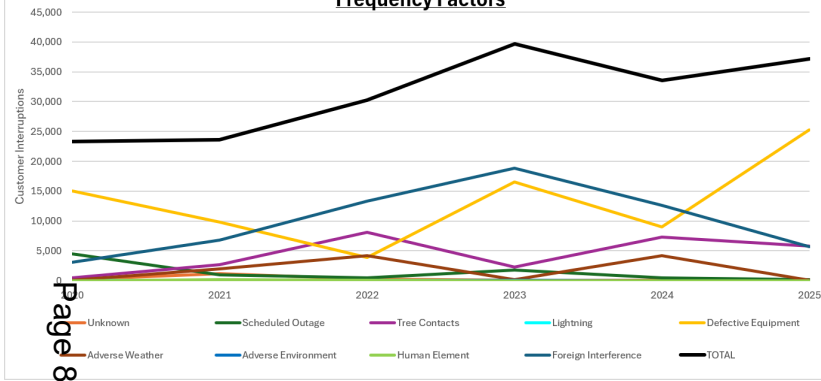
- NT Power maintained strong financial performance through 2025 while managing the due diligence process related to the sale:
  - \$29.7M in electricity distribution revenue (2024: \$26.8M)
  - Total capital expenditures of \$11.8M (2024: \$19.6M)
  - Adjusted net income of \$1.2M (2024: \$4.4M)

# 2025 In Review - Reliability

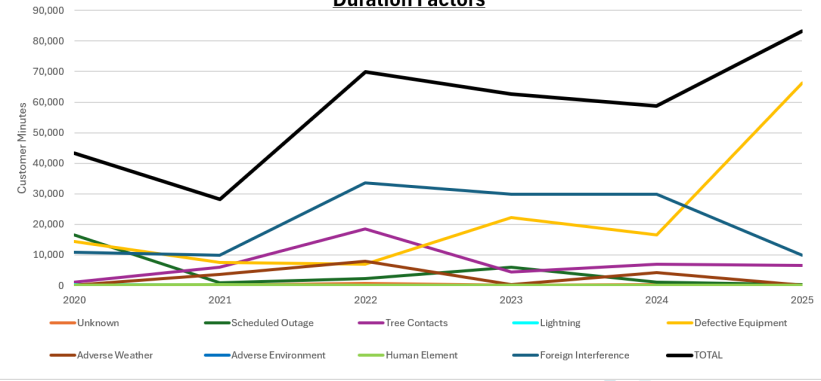
- Overall reliability performance remains strong
- SAIFI (Frequency of Outages): 0.822 (2024: 0.745)
- SAIDI (Duration of Outages): 1.843 (2024: 1.303)

- Key Trends:
  - Increase in Defective Equipment (three large substation outages)
  - Decrease in all other cause types compared to 2024

Frequency Factors



Duration Factors



# 2025 In Review - Community



15 Community events supported across Midland, Tay & Newmarket

## ***Looking Ahead – Next Steps Post Sale Announcement***

- Filing and approval of Phase 1 of the Mergers, Amalgamations, Acquisitions and Divestitures (MAADs) application (expected Q2-Q1 2027)
- Transaction close (expected Q2 2027)
- NT Power Cost of Service Rate Application (filed April 2028 for January 1, 2029 rates)
- NT Power stand alone entity as a subsidiary of Alectra Inc. (Q2 2027 – 2031)
- NT Power integration into Alectra will begin fully in 2031

## ***Looking Ahead - 2026***

- Planning for MAADs and Cost of Service Rate Filings
- Continued focus on customer experience and operational excellence
- Completion of 2026 capital projects totalling \$13M



# Questions

## 2025 Audited Financial Statements

Management of Newmarket-Tay Power Distribution Ltd. (“NT Power” or the “Company”) is pleased to share the financial results of the Company for the year ended December 31, 2025. The investment in NT Power is Tay Hydro Inc.’s most significant financial asset, and accordingly, NT Power’s financial performance generally represents Tay Hydro Inc.’s performance. Details on NT Power’s 2025 financial year are set out below.

NT Power had a unique year in 2025, as the Company effectively managed both its regular operations, maintaining and investing in the electricity system, as well as facilitating the process of its shareholders’ sale process.

With respect to investments made in the electricity distribution system, during the year, the Company’s subsidiary, NT Power, invested \$11.8M in capital assets and intangibles (net of contributed capital), compared to \$19.6M in 2024. Included in the capital expenditures from 2024 was a large project along Yonge Street whereby utility infrastructure was relocated to facilitate future rapid transit in Newmarket, which is the primary reason for the decrease in capital investment year over year. Overall, the NT Power team was highly successful in 2025 in delivering on its capital projects and programs. The net book value of capital assets and intangibles, net of contributed capital, increased to \$123.0M as at the end of 2025 (2024 - \$116.9M).

Electricity distribution revenues increased to \$29.7M in 2025 versus \$26.8M in 2024, representing an 11% increase year over year.

The audited financial statements include fair value adjustments associated with the Company’s long-term debt financing. In any given year, Management excludes these impacts from the financial results, as there is no expectation that these unrealized gains and losses will be realized in the future. The table below normalizes net income to account for these fair value fluctuations that are required under NHHI’s financial reporting standards. Differences between 2024 and 2025’s net income are primarily attributable to unpanned expenditures associated with the sale process.

### Adjusted Net Income (000s)

	2025	2024
Net income <sup>1</sup>	\$1,280	\$2,784
Unrealized loss on interest rate swaps	(\$58)	\$1,580
<b>Adjusted net income</b>	<b>\$1,222</b>	<b>\$4,364</b>

<sup>1</sup> After net movement in regulatory balances

Overall, NT Power had a strong financial year in 2025, successfully continuing the execution of its capital program, while simultaneously facilitating the sale process of the entity. Management expects 2026 to continue the trend of delivering on NT Power's planned system investment projects. Management will be providing a presentation to council summarizing last year's results and highlighting the year to come.



Financial Statements of

**TAY HYDRO INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2025



**KPMG LLP**  
140 Fullarton Street, Suite 1400  
London, ON N6A 5P2  
Canada  
Telephone 519 672 4880  
Fax 519 672 5684

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Tay Hydro Inc.

### ***Opinion***

We have audited the financial statements of Tay Hydro Inc. (the Entity), which comprise:

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

(Hereinafter referred to as the “financial statements”).

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

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 7, 2026

# TAY HYDRO INC.

## Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
Current Assets:		
Cash	\$ 207	\$ 226
Prepaid expenses	3,103	2,964
<b>Total Current Assets</b>	<b>3,310</b>	<b>3,190</b>
Non-current Assets:		
Investment in associates (note 4)	4,121,145	4,121,581
<b>Total Assets</b>	<b>\$ 4,124,455</b>	<b>\$ 4,124,771</b>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 14,338	\$ 14,060
Deferred income taxes	573,440	575,000
Due to Newmarket-Tay Power Distrution Ltd (note 3)	41,707	12,082
<b>Total Current Liabilities</b>	<b>629,485</b>	<b>601,142</b>
Non-current Liabilities:		
Promissory note (note 5)	9,910	9,910
<b>Total liabilities</b>	<b>639,395</b>	<b>611,052</b>
Equity:		
Share capital (note 6)	1,743,031	1,743,031
Accumulated other comprehensive income	13,948	13,115
Retained earnings	1,728,081	1,757,573
	<b>3,485,060</b>	<b>3,513,719</b>
<b>Total liabilities and equity</b>	<b>\$ 4,124,455</b>	<b>\$ 4,124,771</b>

See accompanying notes to financial statements.

# TAY HYDRO INC.

## Statement of Income and Comprehensive Income

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

	2025	2024
Revenue		
Income from investment in Newmarket-Tay Power Distribution Ltd.	\$ 88,204	\$ 199,538
Income (loss) from investment in Ecobility Inc.	(96)	213
Income from investment in NT Holding Inc.	6,902	5,001
	<u>95,010</u>	<u>204,752</u>
Expenses:		
Office and administration	28,397	26,816
Interest and bank charges	1,392	534
	<u>29,789</u>	<u>27,350</u>
Income before undernoted items and income taxes	65,221	177,402
Finance income	6	635
Income before income taxes	65,227	178,037
Provision (recovery) for deferred income taxes (note 7)	(1,560)	22,000
Income before other comprehensive income	66,787	156,037
Other comprehensive Income (loss) from investment in Newmarket-Tay Power Distribution Ltd.	833	(4,120)
Total comprehensive income for the year	<u>\$ 67,620</u>	<u>\$ 151,917</u>

See accompanying notes to financial statements.

# TAY HYDRO INC.

## Statement of Changes in Equity

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

	Share capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2023	\$ 1,743,031	\$ 1,706,437	\$ 17,235	\$ 3,466,703
Net income for the year	-	156,037	-	156,037
Other comprehensive loss	-	-	(4,120)	(4,120)
Dividends paid	-	(104,901)	-	(104,901)
Balance at December 31, 2024	1,743,031	1,757,573	13,115	3,513,719
Net income for the year	-	66,787	-	66,787
Other comprehensive income	-	-	833	833
Dividends paid	-	(96,279)	-	(96,279)
Balance at December 31, 2025	\$ 1,743,031	\$ 1,728,081	\$ 13,948	\$ 3,485,060

See accompanying notes to financial statements.

# TAY HYDRO INC.

## Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Net income for the year	\$ 66,787	\$ 156,037
Adjustments:		
Deferred income taxes	(1,560)	22,000
Net finance costs	(6)	(635)
Income from investment in Newmarket-Tay Power Distribution Ltd.	(88,204)	(199,538)
Income from investment in NT Holdings Inc.	(6,902)	(5,001)
Income from investment in Ecobility Inc.	96	(213)
	(29,789)	(27,350)
Changes in non-cash operating working capital		
Dividends receivable	-	44,064
Prepaid expenses	(139)	(529)
Accounts payable and accrued liabilities	278	279
	139	43,814
	(29,650)	16,464
Financing activities:		
Advances received from (repaid to) related party	29,625	(17,258)
Dividends paid	(96,279)	(104,901)
	(66,654)	(122,159)
Investing activities:		
Interest received	6	635
Dividends received	96,279	104,901
	96,285	105,536
Decrease in cash	(19)	(159)
Cash, beginning of year	226	385
Cash, end of year	\$ 207	\$ 226

See accompanying notes to financial statements.

# TAY HYDRO INC.

Notes to Financial Statements

Year ended December 31, 2025

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## Reporting entity:

Tay Hydro Inc. (the "Company") was incorporated under the Business Corporations Act of the Province of Ontario. The address of its registered office and its principal place of business is 590 Steven Ct, Newmarket, Ontario, L3Y 6Z2.

## 1. Statement of compliance:

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

The financial statements for the year ended December 31, 2025 were approved and authorized for issue by the Board of Directors on May 6, 2026.

## 2. Material accounting policies:

Material accounting policies are detailed as follows:

### (a) Basis of measurement:

The financial statements are prepared on the historical cost basis except for certain financial instruments which are measured at their fair values, as explained in the relevant accounting policies.

The financial statements are presented in Canadian dollars which is also the Company's functional currency.

### (b) Revenue recognition:

The Company accounts for its investments in associates using the equity method - a method of accounting by which an equity investment is initially recorded at cost and subsequently adjusted to reflect the investor's share of the net assets of the associate (investee).

The Company recognizes income or loss pertaining to its investment in associates annually, based on its proportional ownership share.

### (c) Related party transactions:

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

# TAY HYDRO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Material accounting policies (continued):

### (d) Income taxes:

Under the Electricity Act, 1998, the Company is required to make payments in lieu of income taxes to the Ontario Electricity Financial Corporation. Deferred income taxes are calculated using the liability method of tax accounting. In providing for income taxes, temporary differences between the tax basis of assets or liabilities and their carrying amounts are reflected as deferred income tax assets or liabilities. The tax rates anticipated to be in effect when these temporary differences reverse are used to calculate deferred income tax assets or liabilities.

### (e) Management estimates:

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant accounting estimates, judgments and assumptions include the following:

#### *Investments in associates:*

The Company accounts for its investments in associates using the equity method.

In order for the Company to identify whether its investees meet the definition of an associate under IFRS, significant judgment is required to determine if the Company has significant influence over its investees. In assessing significant influence, the Company considers factors such as representation on the board of directors or equivalent governing body of the investee, participation in policy-making, and other relevant factors.

#### *Payments in lieu of taxes payable:*

The Company is required to make payments in lieu of taxes calculated on the same basis as income taxes on taxable income earned. Significant judgment is required in determining the provision and liability or asset for income taxes. Changes in deferred taxes may be required due to changes in future tax rates.

# TAY HYDRO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Material accounting policies (continued):

### (f) Financial instruments:

Financial assets are identified and classified based on the business model used by the Company for managing those financial assets, as one of the following: at amortized cost, at fair value through other comprehensive income, or at fair value through profit or loss.

Financial liabilities continue to be classified as measured at fair value through profit or loss or at amortized cost.

Financial assets and financial liabilities are presented on a net basis when the Company has a legally enforceable right to offset the recognized amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

### (i) *At amortized cost:*

Cash, accounts receivable and amounts due from related parties are classified as financial assets amortized cost. These financial assets are recognized initially at fair value plus directly attributable transaction costs, if any. After initial recognition, they are measured at amortized cost when they are held for collection of cash flows, where those cash flows solely represent payments of principal and interest using the effective interest rate. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset, or a shorter period when appropriate, to the gross carrying amount of the financial asset.

The Company's accounts payable and accrued liabilities and amounts due to related parties are classified as financial liabilities at amortized cost and recognized on the date at which the Company becomes a party to the contractual arrangement. Financial liabilities are derecognized when the contractual obligations are discharged, cancelled or expire. Financial liabilities are initially recognized at fair value including discounts and premiums, plus directly attributable transaction costs, such as issue expenses, if any. Subsequently, these liabilities are measured at amortized cost using the effective interest rate method.

# TAY HYDRO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Material accounting policies (continued):

### (f) Financial instruments (continued):

#### (ii) At fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows solely represent payments of principal and interest, are classified as financial assets at fair value through other comprehensive income. These financial assets are initially recognized at fair value plus directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at fair value with unrealized gains and losses recognized in other comprehensive income, except for the recognition of impairment losses, reversal of impairment losses, interest income and foreign exchange gains and losses, gain or loss previously recognized in net income. On de-recognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net income. Interest income from these financial assets is recognized as other income using the effective interest rate method. As at December 31, 2024, the Company does not have any financial assets classified at fair value through other comprehensive income.

### (g) Standards and interpretations not yet effective or adopted:

The IASB has issued a number of standards and amendments to existing standards that are not yet effective. The Company has determined that the following amendments could have an impact on its financial statements when adopted.

#### **Presentation and Disclosure in Financial Statements (IFRS 18):**

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* (IFRS 18), which replaces IAS 1 and introduces limited amendments to IAS 7 *Statement of Cash Flows*. IFRS 18 aims to improve communication of financial information in the financial statements, with a focus on information about financial performance in the statement of profit or loss. To meet this objective, IFRS 18 introduces additional defined subtotals in the statement of profit or loss, disclosures about management-defined performance measures, and enhanced requirements for grouping (aggregation and disaggregation) of information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The standard is to be applied retrospectively. The Company is currently assessing the impact of the above standard on the Company's financial statements.

# TAY HYDRO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Material accounting policies (continued):

(g) Standards and interpretations not yet effective or adopted (continued):

### **Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments (IFRS 9) and IFRS 7 Financial Instruments: Disclosures (IFRS 7)):**

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 relating to the classification and measurement of financial instruments. The amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date if specified criteria are met. Other clarifications include the classification of financial assets with environmental, social, and governance linked features and other similar contingent features, financial assets with nonrecourse features, and contractually linked instruments. The amendments also introduce additional disclosures for financial instruments with contingent features and equity instruments designated at fair value through OCI. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with early adoption permitted. The amendments are to be applied retrospectively. The Company is currently assessing the impact of the above amendments on the Company's financial statements.

## 3. Related party transactions and related party balances:

During the year, the Company entered into transactions with Newmarket-Tay Power Distribution Ltd., in relation to its 7% equity investment. Transactions during the year include income recognized from its equity investment in the amount of \$88,204 (2024 - \$199,538), other comprehensive income from its equity investment in the amount of \$833 (2024 - loss of \$4,120) and dividends received of \$96,279 (2024 - \$104,901).

During the year, the Company entered into transactions with NT Holdings Inc., in relation to its 7% equity investment. Transactions during the year include a gain recognized from its equity investment in the amount of \$6,902 (2024 - \$5,001).

During the year, the Company entered into transactions with Ecobility Inc., in relation to its bare trust agreement with Newmarket Hydro Holdings Inc. The bare trust agreement gives the Company the right to a 7% interest in Newmarket Hydro Holdings Inc.'s equity investment in Ecobility Inc. The Company's proportionate share of transactions during the year include loss recognized from its equity investment in the amount of \$96 (2024 – income of \$213).

The balances due to/from related parties are unsecured, non-interest bearing with no specific terms of repayment.

# TAY HYDRO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 4. Investment in associates:

The Company owns a 7% interest in Newmarket-Tay Power Distribution Ltd., a 7% interest in NT Holdings Inc. and a 7% interest in Newmarket Hydro Holdings Inc.'s 20% equity investment in Ecobility Inc. The equity method is used to account for these investments.

	2025	2024
Newmarket Tay Power Distribution Ltd., 7% interest	\$ 4,029,265	\$ 4,036,507
NT Holdings Inc., 7% interest	87,957	81,056
Ecobility Inc., 1.4% interest	3,923	4,018
	\$ 4,121,145	\$ 4,121,581

## 5. Promissory note:

The promissory note is non-interest bearing with no specific terms of repayment. Since the holder of the promissory note has confirmed it will not request payment of this amount during the next fiscal year, this amount has been classified as a non-current liability in the accompanying financial statements.

## 6. Share capital:

	2025	2024
Authorized:		
Unlimited number of common shares		
Issued		
10,000 common shares	\$ 1,743,031	\$ 1,743,031

# TAY HYDRO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 7. Income tax expense:

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 25.1% (2024 - 25.1%) to the earnings before income taxes. The reasons for the differences and related tax effects are as follows:

	2025	2024
Net income before income taxes and other comprehensive income (loss) for the year	\$ 66,060	\$ 173,917
Expected tax provision on income at statutory rates	16,568	44,000
Increase (decrease) in income taxes resulting from:		
Benefit of income tax losses not recognized	7,470	6,000
Non-taxable dividend income	(24,147)	(26,000)
Non-taxable income from investments in associates	(1,451)	(2,000)
Income tax expense	\$ (1,560)	\$ 22,000

For income tax purposes, the Company has \$149,745 in non-capital losses carried forward from prior years which can be applied to reduce future years' taxable income. These losses have not been recognized in the financial statements and start to expire in 2031.

## 8. Capital disclosure:

The Company's primary objective when managing capital is to maintain a prudent financial structure in order to safeguard the Company's assets, and to provide adequate returns for its shareholders, and benefits to the stakeholders.

## 9. Financial instruments:

Financial instruments consist of recorded amounts of cash, accounts receivable and amounts due from related parties, which will result in future cash receipts, as well as accounts payable and accrued liabilities, amounts due to related parties, and promissory note, which will result in future cash outflows. The fair value of these assets and liabilities approximate their carrying value due to each being due in the near term.

The Company does not believe that it is exposed to any significant liquidity, market, price, interest rate, credit or foreign exchange risk.

# TAY HYDRO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## **10. Subsequent events:**

Subsequent to year end, the Town of Newmarket and Tay Township signed a Securities Purchase Agreement with Alectra Inc. for the sale of Newmarket-Tay Power Distribution Ltd., by way of sale of the shares of Newmarket Hydro Holdings Inc. and Tay Hydro Inc. This transaction is subject to regulatory review and approval by the Ontario Energy Board (OEB). The closing of the transaction is expected to occur in late 2026 or early 2027, contingent upon receiving OEB approval.

**THE CORPORATION OF THE TOWNSHIP OF TAY**

**BY-LAW NO. 2026-26**

**Being a By-law to adopt the proceedings of the Special Council Meeting held on the 24<sup>th</sup> day of June, 2026**

**WHEREAS** Section 5(3) of the Municipal Act, 2001, c.25, as amended, provides that Council's powers shall be exercised by by-law;

**AND WHEREAS** certain actions of Council do not require the enactment of a specific by-law;

**NOW THEREFORE THE COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF TAY ENACTS AND BE IT ENACTED AS FOLLOWS;**

1. Subject to Paragraph 3 of this by-law, the proceedings of the above-reference Council meeting, including all Resolutions, By-law, Recommendations, Adoptions of Committee Reports and all other motions and matters decided in the said Council Meeting are hereby adopted and confirmed, and shall have the same force and effect, as if such proceedings were expressly embodied in this by-law.
2. The Mayor and Clerk, or their designates, are hereby authorized to execute all such documents, and to direct other officials of the Township to take all other action, that may be required to give effect to the proceedings of the Council Meeting referred to in Paragraph 1 of this by-law.
3. Nothing in this by-law has the effect of conferring the status of a by-law upon any of the proceedings of the Council Meeting referred to in Paragraph 1 of this by-law where any legal prerequisite to the enactment of a specific by-law has not been satisfied.
4. Any member of Council who complied with the provisions of Section 5 of the *Municipal Conflict of Interest Act*, R.S.O., Chapter M.50 respecting the proceedings of the Council Meeting referred to in Paragraph 1 of this by-law shall be deemed to have complied with said provisions in respect of this by-law.
5. For the purposes of the exercise of the authority of the Head of Council (Mayor) to veto a by-law in accordance with Section 284.11 of the *Municipal Act, 2001*, as amended, this Confirming By-law shall be deemed to be separate Confirming By-laws for each item listed on the meeting agenda.
6. This By-Law shall come into force and take effect immediately upon the final passing thereof.

**THAT BY-LAW NO. 2026-26 BE ENACTED AS A BY-LAW OF THE TOWNSHIP OF TAY THIS 24<sup>th</sup> DAY OF JUNE, 2026.**

**THE CORPORATION OF THE TOWNSHIP OF TAY**

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**MAYOR, Ted Walker**

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**CLERK, Katelyn Johns**

**By signing this by-law on June 24, 2026, Mayor Walker will not exercise the power to veto this by-law.**