

## Hydro One reports first quarter results

The Company appointed Megan Telford as its President and Chief Executive Officer (CEO) to continue to solidify Hydro One's position as a leading utility

TORONTO, May 13, 2026 - Hydro One Limited (Hydro One or the Company) today announced its financial and operating results for the first quarter ended March 31, 2026.

### First Quarter Highlights

- First quarter basic earnings per share (EPS) of \$0.65 compares to EPS of \$0.60 for the same period in 2025.
- The change in EPS year-over-year was largely due to increased revenues from Ontario Energy Board (OEB)-approved rates and higher peak demand, partially offset by higher financing charges and higher depreciation.
- Hydro One announced that David Lebeter will retire from his role as President and CEO, effective June 9, 2026, and will remain as a Special Advisor with the company until October 10, 2026. The Board announced the appointment of Megan Telford, Chief Operating Officer, as President and CEO effective June 9, 2026.
- Hydro One was selected to develop and construct the Greenstone Transmission Line as well as the Sudbury to Barrie Transmission Line.
- Hydro One announced the ratification of the tentative agreement with the Society of United Professionals covering employees in engineering, supervisory and other professional roles.
- Subsequent to quarter end, Hydro One received a decision from the OEB regarding its Z-factor application, denying the recovery of \$69 million of incremental revenue requirement related to the costs incurred in the significant ice storm in March 2025.
- Subsequent to quarter end, Hydro One was selected to develop and construct the Red Lake Transmission Line.
- Hydro One announced the appointment of Debbie (Deb) Hutton as the Government of Ontario's nominee to the company's Board of Directors.
- The Company released its annual sustainability report highlighting its performance and continued progress toward its sustainability commitments. The report is available on Hydro One's website ([www.hydroone.com/sustainability](http://www.hydroone.com/sustainability)).
- Hydro One and the five First Nation partners on the Chatham by Lakeshore transmission line received the Sustainability Excellence Award by the Electricity Distributors Association for the sustainable partnership behind the construction of the line.
- The Company was recognized by Electricity Human Resources Canada with its Excellence in Workplace Culture Award for its Step Up program, aimed at creating safe spaces for conversations about inclusion, allyship and psychological safety.
- Hydro One was also included in the Globe and Mail's annual Women Lead Here benchmark list.
- The Company's capital investments and in-service additions for the quarter were \$715 million and \$484 million, respectively, compared to \$735 million and \$423 million in 2025.
- A quarterly dividend of \$0.3531 per share was declared, payable on June 30, 2026.

"This CEO transition marks a continuation of the strong leadership and shared purpose we have built at Hydro One," said David Lebeter, President and Chief Executive Officer of Hydro One. "It has been a privilege to serve alongside such dedicated employees, partners and stakeholders. I am confident that under Megan's leadership, the organization will continue to drive growth and economic prosperity across the province. I thank our Board, employees, partners and shareholders for their trust and support as Hydro One continues to create long-term value."

## Selected Consolidated Financial and Operating Highlights

<i>(millions of Canadian dollars, except as otherwise noted)</i>	Three months ended March 31	
	2026	2025
Revenues	2,648	2,408
Purchased power	1,424	1,220
Revenues, net of purchased power <sup>1</sup>	1,224	1,188
Net income attributable to common shareholders	391	358
Basic EPS	\$0.65	\$0.60
Diluted EPS	\$0.65	\$0.60
Net cash from operating activities	394	510
Capital investments	715	735
Assets placed in-service	484	423
Transmission: Average monthly Ontario 60-minute peak demand (MW)	21,346	21,181
Distribution: Electricity distributed to Hydro One customers (GWh)	9,685	9,324

<sup>1</sup> "Revenues, net of purchased power" is a non-generally accepted accounting principles (GAAP) financial measure. Non-GAAP financial measures do not have a standardized meaning under United States (U.S.) GAAP used to prepare the Company's financial statements and might not be comparable to similar measures presented by other entities. See the section "Non-GAAP Financial Measures".

### Key Financial Highlights

#### 2026 First Quarter Highlights

The Company reported net income attributable to common shareholders of \$391 million during the quarter, compared to \$358 million in the same period of 2025. This resulted in EPS of \$0.65, compared to EPS of \$0.60 during the same period in the prior year.

Revenues of \$2,648 million for the first quarter were \$240 million higher than revenues for the first quarter of 2025. Revenues, net of purchased power<sup>1</sup> of \$1,224 million for the first quarter were \$36 million higher than revenues, net of purchased power<sup>1</sup> for the first quarter of 2025. The increase is mainly attributable to higher revenues resulting from OEB-approved 2026 rates, as well as higher average monthly peak demand.

OM&A costs in the first quarter of 2026 were slightly lower than the prior year, mainly attributable to lower work program expenditures, including vegetation management.

Depreciation, amortization and asset removal costs for the first quarter of 2026 were higher than the prior year mainly due to growth in capital assets as the Company continues to place new assets in-service, partially offset by lower asset removal costs.

Financing charges in the first quarter of 2026 were higher than the prior year primarily due to an increase in outstanding long-term debt, partially offset by higher capitalized interest.

Income tax expense for the first quarter of 2026 was lower than the prior year primarily due to higher deductible timing differences, partially offset by higher pre-tax earnings. Income tax expense for the period was higher than the prior year when adjusted for additional tax deductions from the re-introduction of accelerated capital cost allowance, that are offset by a corresponding reduction in revenue, and therefore net income neutral.

Hydro One continues to invest in the reliability and performance of Ontario's electricity transmission and distribution systems by addressing aging power system infrastructure, facilitating connectivity to new load customers and generation sources, and improving service to customers. The Company made capital investments of \$715 million during the first quarter of 2026 and placed \$484 million of new assets in-service.

<sup>1</sup> Revenues, net of purchased power, is a non-GAAP financial measure. Non-GAAP financial measures do not have a standardized meaning under U.S. GAAP used to prepare the Company's financial statements and might not be comparable to similar measures presented by other entities. See the section "Non-GAAP Financial Measures".

## **Selected Operating Highlights**

Hydro One was selected to develop and construct a new priority transmission line in the Greenstone region in northern Ontario. The proposed project is a single-circuit 230-kV transmission line that will run from Nipigon Bay to or near Aroland First Nation, north of Thunder Bay. The line is expected to be in-service in 2032.

The Company was selected to develop and construct a new priority transmission line between Sudbury and the Barrie area. The proposed project is a new single-circuit 500-kV transmission line that will span approximately 300 kilometres from Sudbury to near Barrie, and includes associated station facility expansions. The line is expected to be in-service in 2032.

Hydro One was selected to develop and construct the Red Lake Transmission Line in northwest Ontario, north of Dryden. The proposed priority project consists of a new double-circuit 230-kilovolt transmission line that will run from Dryden Transformer Station north to the Ear Falls Transformer Station, including associated station facilities and will continue on to connect to the Red Lake Switching Station. The project is expected to be in service by the early 2030s.

Hydro One received a decision from the OEB regarding its Z-factor application, denying the recovery of \$69 million of incremental revenue requirement related to the costs incurred in the significant ice storm in March 2025. The generational ice storm caused widespread damage across many areas of Ontario and impacted more than 600,000 customers.

Hydro One announced the appointment of Debbie (Deb) Hutton as the Government of Ontario's nominee to the company's Board of Directors. Ms. Hutton will fill the board vacancy created when Cherie Brant did not stand for re-election at the company's 2025 annual general meeting of shareholders.

Hydro One released its annual sustainability report for 2025, outlining the Company's recent achievements including progress on its environmental, social and governance (ESG) commitments. This marks the 11th year that Hydro One has produced a sustainability report, as part of its commitment to producing an annual sustainability update to increase the transparency and accountability of its ESG disclosure. The sustainability report is available at [www.hydroone.com/sustainability](http://www.hydroone.com/sustainability).

## **Common Share Dividends**

On May 12, 2026, the Company declared a quarterly cash dividend to common shareholders of \$0.3531 per share to be paid on June 30, 2026 to shareholders of record on June 10, 2026.

## Supplemental Segment Information

(millions of Canadian dollars)	Three months ended March 31	
	2026	2025
<b>Revenues</b>		
Transmission	664	636
Distribution	1,970	1,761
Other	14	11
<b>Total revenues</b>	<b>2,648</b>	<b>2,408</b>
<b>Revenues, net of purchased power<sup>1</sup></b>		
Transmission	664	636
Distribution	546	541
Other	14	11
<b>Total revenues, net of purchased power<sup>1</sup></b>	<b>1,224</b>	<b>1,188</b>
<b>Operation, maintenance and administration costs</b>		
Transmission	133	129
Distribution	172	181
Other	24	22
<b>Total operation, maintenance and administration costs</b>	<b>329</b>	<b>332</b>
<b>Income (loss) before financing charges, equity (loss) income and income tax expense</b>		
Transmission	388	368
Distribution	247	238
Other	(13)	(14)
<b>Total income before financing charges, equity (loss) income and income tax expense</b>	<b>622</b>	<b>592</b>
<b>Capital investments</b>		
Transmission	431	459
Distribution	282	272
Other	2	4
<b>Total capital investments</b>	<b>715</b>	<b>735</b>
<b>Assets placed in-service</b>		
Transmission	260	187
Distribution	220	230
Other	4	6
<b>Total assets placed in-service</b>	<b>484</b>	<b>423</b>

<sup>1</sup> Revenues, net of purchased power, is a non-GAAP financial measure. Non-GAAP financial measures do not have a standardized meaning under U.S. GAAP used to prepare the Company's financial statements and might not be comparable to similar measures presented by other entities. See the section "Non-GAAP Financial Measures".

This press release should be read in conjunction with the Company's first quarter 2026 unaudited condensed interim financial statements and management's discussion and analysis (MD&A). These financial statements and MD&A together with additional information about Hydro One, including the audited consolidated financial statements and MD&A for the year ended December 31, 2025 can be accessed at [www.HydroOne.com/Investors](http://www.HydroOne.com/Investors) and [www.sedarplus.com](http://www.sedarplus.com).

### Quarterly Investment Community Teleconference

The Company's first quarter 2026 results teleconference with the investment community will be held on May 13, 2026 at 8 a.m. ET, a webcast of which will be available at [www.HydroOne.com/Investors](http://www.HydroOne.com/Investors). Members of the financial community wishing to ask questions during the call should go to this link (<https://register-conf.media-server.com/register/Bldad236cfdbed4c8586415ac38643ef80>) prior to the scheduled start time to access Hydro One's first quarter 2026 results call. Media and other interested parties are welcome to participate on a listen-only basis. A webcast of the teleconference will be available at the same link following the call. Additionally, investors should note that, from time to time Hydro One management presents at brokerage sponsored investor conferences. Most often, but not always, these conferences are webcast by the hosting brokerage firm, and when they are webcast, links are made available on Hydro One's website at [www.HydroOne.com/Investors](http://www.HydroOne.com/Investors) and are posted generally at least two days before the conference.

## Hydro One Limited (TSX: H)

Hydro One Limited, through its wholly-owned subsidiaries, is Ontario's largest electricity transmission and distribution provider with 1.5 million valued customers, \$39.7 billion in assets as at December 31, 2025, and annual revenues in 2025 of \$9 billion.

Our team of 9,600 skilled and dedicated employees proudly build and maintain a safe and reliable electricity system which is essential to supporting strong and successful communities. In 2025, Hydro One invested \$3.4 billion in its transmission and distribution networks, and supported the economy through buying \$3.0 billion of goods and services.

We are committed to the communities where we live and work through community investment, sustainability and diversity initiatives.

Hydro One Limited's common shares are listed on the TSX and certain of Hydro One Inc.'s medium term notes are listed on the NYSE. Additional information can be accessed at [www.hydroone.com](http://www.hydroone.com), [www.sedarplus.com](http://www.sedarplus.com) or [www.sec.gov](http://www.sec.gov).

### For More Information

For more information about everything Hydro One, please visit [www.hydroone.com](http://www.hydroone.com) where you can find additional information including links to securities filings, historical financial reports, and information about the Company's governance practices, corporate social responsibility, customer solutions, and further information about its business.

### Non-GAAP Financial Measures

Hydro One uses a number of financial measures to assess its performance. The Company presents revenues, net of purchased power to reflect revenues net of the cost of purchased power, which is a non-GAAP financial measure. Since these specified financial measures and financial ratios may not have a standardized meaning within U.S. GAAP, results may not be comparable to similar financial measures and financial ratios presented by other entities. They should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under U.S. GAAP.

#### Revenues, Net of Purchased Power

Revenues, net of purchased power is defined as revenues less the cost of purchased power; distribution revenues, net of purchased power, is defined as distribution revenues less the cost of purchased power. These measures are used internally by management to assess the impacts of revenue on net income and are considered useful because it excludes the cost of power that is fully recovered through revenues and therefore net income neutral.

The following table provides a reconciliation of GAAP (reported) revenues to non-GAAP (adjusted) revenues, net of purchased power on a consolidated basis.

<i>(millions of dollars)</i>	Three months ended March 31	
	2026	2025
Revenues	2,648	2,408
Less: Purchased power	1,424	1,220
<b>Revenues, net of purchased power</b>	<b>1,224</b>	<b>1,188</b>

## Forward-Looking Statements and Information

This press release contains “forward-looking information” within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of applicable U.S. securities laws (collectively, “forward-looking information”). Statements containing forward-looking information are made pursuant to the “safe harbour” provisions of applicable Canadian and U.S. securities laws. Such information includes, but is not limited to, statements related to: the Company’s plans to invest in reliability and performance of Ontario’s electricity transmission and distribution systems and networks, including addressing aging power infrastructure, facilitating connectivity to new load customers and generation sources, and improving service to customers; expectations regarding community, sustainability and diversity commitments; the Company’s ongoing and planned projects (including construction of transmission stations and lines) and expected capital investments and plan, including anticipated outcomes, impacts, OEB approvals, and in-service dates; statements related to the Company’s First Nations partnerships and relationships; and payment of dividends. Words such as “expect,” “anticipate,” “intend,” “attempt,” “may,” “plan,” “will,” “can,” “believe,” “seek,” “estimate,” and variations of such words and similar expressions are intended to identify such forward-looking information. In particular, the forward-looking information contained in this press release is based on a variety of factors and assumptions including, but not limited to: no unforeseen changes in the legislative and operating framework for Ontario’s electricity market or for Hydro One specifically; favourable decisions from the OEB and other regulatory bodies concerning outstanding and future rate and other applications; no unexpected delays in obtaining required approvals; no unforeseen changes in rate orders or rate setting methodologies for Hydro One’s distribution and transmission businesses; the continued use and availability of U.S. GAAP; no unfavourable changes in environmental regulation; a stable regulatory environment; no significant changes to Hydro One’s current credit ratings; no unforeseen impacts of new accounting pronouncements; no changes to expectations regarding electricity consumption; no unforeseen changes to economic and market conditions; completion of operating and capital projects that have been deferred; and no significant event occurring outside the ordinary course of business.

We caution that all forward-looking information is inherently subject to change and uncertainty and that actual results may differ materially from those expressed or implied by the forward-looking information. A number of risks, uncertainties and other factors could cause actual results and events to differ materially from those expressed or implied in the forward-looking information or could cause our current objectives, strategies and intentions to change, and many of these factors are beyond our control and current expectation or knowledge. These statements are not guarantees of future performance or actions and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking information. Some of the factors that could cause actual results or outcomes to differ materially from the results expressed, implied or forecasted by such forward-looking information, including some of the assumptions used in making such statements, are discussed more fully in Hydro One’s filings with the securities regulatory authorities in Canada, which are available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Hydro One does not intend, and it disclaims any obligation, to update any forward-looking information, except as required by law.

**For further information, please contact:**

Investors:

Wassem Khalil

Director, Investor Relations

[investor.relations@hydroone.com](mailto:investor.relations@hydroone.com)

416-345-5943

Media:

Bronwen Evans

Vice President, Communications and Marketing

[media.relations@hydroone.com](mailto:media.relations@hydroone.com)

416-345-6868

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the three months ended March 31, 2026 and 2025

The following Management's Discussion and Analysis (MD&A) of the financial condition and results of operations should be read together with the unaudited condensed interim consolidated financial statements and accompanying notes thereto (Consolidated Financial Statements) of Hydro One Limited (Hydro One or the Company) for the three months ended March 31, 2026, as well as the Company's audited consolidated financial statements and MD&A for the year ended December 31, 2025. The Consolidated Financial Statements have been prepared in accordance with United States (U.S.) generally accepted accounting principles (GAAP). All financial information in this MD&A is presented in Canadian dollars, unless otherwise indicated.

The Company has prepared this MD&A in accordance with National Instrument 51-102 - Continuous Disclosure Obligations of the Canadian Securities Administrators. Under the U.S./ Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canadian securities laws and regulations, which can vary from those of the U.S. This MD&A provides information as at and for the three months ended March 31, 2026, based on information available to management as of May 12, 2026.

Included in this MD&A are certain specified financial measures and financial ratios that are not recognized by U.S. GAAP but that are used by management to evaluate the performance of the Company and its businesses. Since these specified financial measures and financial ratios may not have a standardized meaning within U.S. GAAP, results may not be comparable to similar financial measures and financial ratios presented by other entities. These measures and ratios should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under U.S. GAAP. See "Non-GAAP Financial Measures" for a discussion of these non-GAAP financial measures and a reconciliation of such measures to the most directly comparable U.S. GAAP measure.

**CONSOLIDATED FINANCIAL HIGHLIGHTS AND STATISTICS**

Three months ended March 31 (millions of dollars, except as otherwise noted)	2026	2025	Change
Revenues	2,648	2,408	10.0%
Purchased power	1,424	1,220	16.7%
Revenues, net of purchased power <sup>1</sup>	1,224	1,188	3.0%
Operation, maintenance and administration (OM&A) costs	329	332	(0.9%)
Depreciation, amortization and asset removal costs	273	264	3.4%
Financing charges	176	163	8.0%
Income tax expense	41	68	(39.7%)
<b>Net income attributable to common shareholders of Hydro One</b>	<b>391</b>	<b>358</b>	<b>9.2%</b>
Basic earnings per common share (EPS)	\$0.65	\$0.60	8.3%
Diluted EPS	\$0.65	\$0.60	8.3%
Net cash from operating activities	394	510	(22.7%)
Funds from operations (FFO) <sup>1</sup>	705	683	3.2%
Annualized FFO to Net Debt <sup>1</sup>	13.9 %	13.4 %	0.5%
Capital investments	715	735	(2.7%)
Assets placed in-service	484	423	14.4%
Transmission: Average monthly Ontario 60-minute peak demand (MW)	21,346	21,181	0.8%
Distribution: Electricity distributed to Hydro One customers (GWh)	9,685	9,324	3.9%

As at	March 31, 2026	December 31, 2025
Net Debt to capitalization ratio <sup>1</sup>	59.8%	59.5%

<sup>1</sup> See section "Non-GAAP Financial Measures".

**OVERVIEW**

The Company's transmission business consists of the electricity transmission system operated by subsidiaries of Hydro One Inc. (a wholly-owned subsidiary of the Company), which include Hydro One Networks Inc. (Hydro One Networks), Hydro One Sault Ste. Marie LP (HOSSM), an approximate 66% interest in B2M Limited Partnership (B2M LP), an approximate 55% interest in Niagara Reinforcement Limited Partnership (NRLP), and an approximate 50% interest in Chatham x Lakeshore Limited Partnership (CLLP). The Transmission segment also includes Hydro One Networks' approximate 40% (2025 - 48%) minority interest in the East-West Tie Limited Partnership (EWT LP) (see section "Other Developments - EWT LP").

Hydro One's distribution business consists of the electricity distribution system operated by Hydro One Inc.'s subsidiaries, Hydro One Networks and Hydro One Remote Communities Inc. (Hydro One Remotes).

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the three months ended March 31, 2026 and 2025**

The other segment consists primarily of Hydro One's subsidiary, Acronym Solutions Inc., which provides telecommunications support for the Company's transmission and distribution businesses, as well as a comprehensive suite of Information Communication Technology solutions. The other segment also includes Aux Energy Inc., a wholly-owned subsidiary that provides energy solutions to commercial and industrial clients, and a wholly-owned subsidiary that owns and operates electric vehicle fast charging stations across Ontario under the Ivy Charging Network brand, as well as certain corporate activities, and is not rate-regulated.

For the three months ended March 31, 2026 and 2025, Hydro One's segments accounted for the Company's total revenues, as follows:

Three months ended March 31	2026	2025
Transmission	25%	26%
Distribution	74%	73%
Other	1%	1%

When adjusted for the recovery of purchased power costs, Hydro One's segments accounted for the Company's total revenues, net of purchased power,<sup>1</sup> for the three months ended March 31, 2026 and 2025 as follows:

Three months ended March 31	2026	2025
Transmission	54%	54%
Distribution	45%	45%
Other	1%	1%

As at March 31, 2026 and December 31, 2025, Hydro One's segments accounted for the Company's total assets as follows:

As at	March 31, 2026	December 31, 2025
Transmission	60%	60 %
Distribution	39%	38 %
Other	1%	2 %

## RESULTS OF OPERATIONS

### Net Income

Net income attributable to common shareholders of Hydro One for the quarter ended March 31, 2026 of \$391 million is an increase of \$33 million, or 9.2%, compared to the same period in 2025. Significant influences on the change in net income attributable to the common shareholders include:

- higher revenues, net of purchased power,<sup>1</sup> primarily resulting from an increase in transmission and distribution revenues due to Ontario Energy Board (OEB)-approved 2026 rates, and higher average monthly peak demand.
- lower OM&A as a result of lower work program expenditures, including vegetation management.
- higher depreciation, amortization and asset removal costs primarily due to growth in capital assets, partially offset by lower asset removal costs.
- higher financing charges primarily due to an increase in outstanding long-term debt, partially offset by higher capitalized interest.
- lower income tax expense, primarily resulting from higher deductible timing differences partially offset by higher pre-tax earnings. Income tax expense for the period was higher than the prior year when adjusted for additional tax deductions from the re-introduction of accelerated capital cost allowance, that are offset by a corresponding reduction in revenue, and therefore net income neutral.

### EPS

EPS was \$0.65 for the three months ended March 31, 2026, compared to EPS of \$0.60 in 2025. The 8.3% increase in EPS was primarily driven by higher earnings year-over-year, as discussed above.

<sup>1</sup> See section "Non-GAAP Financial Measures".

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Revenues**

Three months ended March 31 (millions of dollars, except as otherwise noted)	2026	2025	Change
Transmission	664	636	4.4%
Distribution	1,970	1,761	11.9%
Other	14	11	27.3%
<b>Total revenues</b>	<b>2,648</b>	<b>2,408</b>	<b>10.0%</b>
Transmission	664	636	4.4%
Distribution revenues, net of purchased power <sup>1</sup>	546	541	0.9%
Other	14	11	27.3%
<b>Total revenues, net of purchased power<sup>1</sup></b>	<b>1,224</b>	<b>1,188</b>	<b>3.0%</b>
Transmission: Average monthly Ontario 60-minute peak demand (MW)	21,346	21,181	0.8%
Distribution: Electricity distributed to Hydro One customers (GWh)	9,685	9,324	3.9%

<sup>1</sup> See section "Non-GAAP Financial Measures".

Transmission Revenues

Transmission revenues increased by 4.4% compared to the quarter ended March 31, 2025, primarily due to:

- higher revenues resulting from OEB-approved 2026 rates; and
- higher average monthly peak demand; partially offset by
- net income neutral items, mainly attributable to lower revenues associated with a regulatory tax adjustments related to re-introduction of accelerated capital cost allowance, which is offset in income tax expense.

Distribution Revenues

Distribution revenues increased by 11.9% compared to the quarter ended March 31, 2025, primarily due to:

- higher purchased power costs, which are fully recovered from ratepayers and thus net income neutral; and
- higher revenues resulting from OEB-approved 2026 rates; partially offset by
- net income neutral items, including lower revenue associated with a regulatory tax adjustments related to re-introduction of accelerated capital cost allowance, and the OEB-approved recovery of regulatory assets in the prior period, which are offset in income tax expense and OM&A, respectively.

Distribution revenues, net of purchased power,<sup>2</sup> increased by 0.9% compared to the quarter ended March 31, 2025, primarily due to the reasons noted above.

**OM&A Costs**

Three months ended March 31 (millions of dollars, except as otherwise noted)	2026	2025	Change
Transmission	133	129	3.1%
Distribution	172	181	(5.0%)
Other	24	22	9.1%
	<b>329</b>	<b>332</b>	<b>(0.9%)</b>

Transmission OM&A Costs

Transmission OM&A costs were 3.1% higher than the quarter ended March 31, 2025, primarily due to:

- higher corporate support costs; partially offset by
- lower work program expenditures, including work related to station maintenance and information technology initiatives.

Distribution OM&A Costs

Distribution OM&A costs were 5.0% lower than the quarter ended March 31, 2025, primarily due to:

- lower work program expenditures, mainly due to vegetation management; and
- lower OM&A associated with the OEB-approved recovery of cost deferrals in the prior year, which is offset in revenue and therefore net income neutral.

<sup>2</sup> See section "Non-GAAP Financial Measures".

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Depreciation, Amortization and Asset Removal Costs**

Depreciation, amortization and asset removal costs increased by \$9 million, or 3.4%, for the three months ended March 31, 2026, compared to the same period in 2025, primarily due to the growth in capital assets as the Company continues to place new assets in-service, partially offset by lower asset removal costs.

**Financing Charges**

Financing charges increased by \$13 million, or 8.0%, for the three months ended March 31, 2026, primarily due to an increase in outstanding long-term debt, partially offset by higher capitalized interest.

**Income Tax Expense**

Income tax expense was \$41 million for the three months ended March 31, 2026, compared to \$68 million for the same period in 2025. The \$27 million year-over-year decrease was primarily due to:

- higher deductible timing differences than the prior year, including additional tax deductions from the re-introduction of accelerated capital cost allowance, that are offset by a corresponding reduction in revenue, and therefore net income neutral; partially offset by
- higher pre-tax earnings.

The Company realized an effective tax rate (ETR) of approximately 9.4% for the three months ended March 31, 2026, compared to approximately 15.9% realized in the same period in 2025. The year over year decrease was primarily attributable to the factors noted above.

**SHARE CAPITAL**

The common shares of Hydro One are publicly traded on the Toronto Stock Exchange (TSX) under the trading symbol "H". Hydro One is authorized to issue an unlimited number of common shares. The amount and timing of any dividends payable by Hydro One is at the discretion of Hydro One's Board of Directors (Board) and is established on the basis of Hydro One's results of operations, maintenance of its deemed regulatory capital structure, the Company's financial condition and forecast cash requirements, the satisfaction of solvency tests imposed by corporate laws for the declaration and payment of dividends, and other factors that the Board may consider relevant. As at May 12, 2026, Hydro One had 600,096,020 issued and outstanding common shares.

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. As at May 12, 2026, the Company had no preferred shares issued and outstanding.

The number of additional common shares of Hydro One that would be issued if all outstanding awards under the share grant plans and the Long-term Incentive Plan (LTIP) were vested and exercised as at May 12, 2026 was 1,241,309.

**Common Share Dividends**

In 2026, the Company declared and paid cash dividends to common shareholders as follows:

Date Declared	Record Date	Payment Date	Amount per Share	Total Amount <i>(millions of dollars)</i>
February 16, 2026	March 11, 2026	March 31, 2026	\$0.3331	200

Following the conclusion of the first quarter of 2026, the Company declared a cash dividend to common shareholders as follows:

Date Declared	Record Date	Payment Date	Amount per Share	Total Amount <i>(millions of dollars)</i>
May 12, 2026	June 10, 2026	June 30, 2026	\$0.3531	\$212

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**QUARTERLY RESULTS OF OPERATIONS**

Quarter ended (millions of dollars, except EPS and ratio)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Revenues	2,648	2,268	2,299	2,066	2,408	2,095	2,192	2,031
Purchased power	1,424	1,287	1,080	899	1,220	1,060	1,047	940
Revenues, net of purchased power <sup>1</sup>	1,224	981	1,219	1,167	1,188	1,035	1,145	1,091
Net income attributable to common shareholders	391	233	421	327	358	200	371	292
Basic EPS	\$0.65	\$0.39	\$0.70	\$0.54	\$0.60	\$0.33	\$0.62	\$0.49
Diluted EPS	\$0.65	\$0.39	\$0.70	\$0.54	\$0.60	\$0.33	\$0.62	\$0.49
Earnings coverage ratio <sup>1</sup>	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8

<sup>1</sup> See section "Non-GAAP Financial Measures".

Variations in revenues and net income attributable to common shareholders over the quarters are primarily due to the impact of seasonal weather conditions on customer demand and market pricing, as well as timing of regulatory decisions.

**CAPITAL INVESTMENTS**

The Company makes capital investments to maintain the safety, reliability and integrity of its transmission and distribution system assets and to provide for the ongoing growth and modernization required to meet the expanding and evolving needs of its customers and the electricity market. This is achieved through a combination of sustaining capital investments, which are required to support the continued operation of Hydro One's existing assets, and development capital investments, which involve additions to both existing assets and large-scale projects such as new transmission lines and transmission stations.

**Assets Placed In-Service**

The following table presents Hydro One's assets placed in-service during the three months ended March 31, 2026 and 2025:

Three months ended March 31 (millions of dollars)	2026	2025	Change
Transmission	260	187	39.0%
Distribution	220	230	(4.3%)
Other	4	6	(33.3%)
<b>Total assets placed in-service</b>	<b>484</b>	<b>423</b>	<b>14.4%</b>

Transmission Assets Placed In-Service

Transmission assets placed in-service increased by \$73 million, or 39.0%, for the quarter ended March 31, 2026, compared to the same period in 2025, primarily due to:

- investments placed in-service for high-voltage underground cable replacements; and
- timing of assets placed in-service for station refurbishments and replacements; partially offset by
- customer connection project at the South Middle Road transmission station in the prior year.

Distribution Assets Placed In-Service

Distribution assets placed in-service decreased by \$10 million, or 4.3%, for the quarter ended March 31, 2026, compared to the same period in 2025, primarily due to:

- investments placed in-service for the Orillia Operation Centre;
- lower volume of wood pole replacements;
- lower volume of joint use assets and line relocations;
- investments placed in-service for the Network Outage Management System; and
- lower volume of storm-related asset replacements; partially offset by
- investments placed in-service for Ontario's broadband initiative; and
- assets placed in-service for the Advanced Metering Infrastructure (AMI) 2.0 system.

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Capital Investments**

The following table presents Hydro One's capital investments during the three months ended March 31, 2026 and 2025:

Three months ended March 31 (millions of dollars)	2026	2025	Change
<b>Transmission</b>			
Sustaining	219	272	(19.5%)
Development	163	178	(8.4%)
Other	49	9	444.4%
	431	459	(6.1%)
<b>Distribution</b>			
Sustaining	119	143	(16.8%)
Development	126	95	32.6%
Other	37	34	8.8%
	282	272	3.7%
<b>Other</b>	2	4	(50.0%)
<b>Total capital investments</b>	715	735	(2.7%)

Transmission Capital Investments

Transmission capital investments decreased by \$28 million, or 6.1%, in the first quarter of 2026 compared to the first quarter of 2025, primarily due to:

- lower volume of station refurbishments and equipment replacements;
- lower spend on customer connections;
- investments in the St. Clair Transmission Line Project;
- lower volume of wood pole replacements; and
- lower volume of spare transformer purchases; partially offset by
- higher spend on specified equipment to support long-term projects; and
- higher spend on minor fixed assets.

Distribution Capital Investments

Distribution capital investments increased by \$10 million, or 3.7%, in the first quarter of 2026 compared to the first quarter of 2025, primarily due to:

- investments in the AMI 2.0 system;
- investments in Ontario's broadband initiative; and
- higher spend on minor fixed assets; partially offset by
- lower volume of wood pole replacements;
- lower spend on system capability reinforcement projects;
- lower spend on storm-related asset replacements;
- lower spend on specified equipment to support long-term projects; and
- lower volume of polychlorinated biphenyl transformer replacements.

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Major Transmission Capital Investment Projects**

The following tables summarize the status of significant transmission projects as at March 31, 2026:

**Development Projects**

Project Name	Location	Type	Anticipated In-Service Date	Estimated Cost <sup>1</sup>	Capital Cost To Date
			(year)	(millions of dollars)	
Centennial Transmission Station <sup>2</sup>	Southwestern Ontario	New transmission station and connection; and new transmission line	2027	403	207
Waasigan Transmission Line <sup>3</sup>	Thunder Bay-Atikokan-Dryden Northwestern Ontario	New transmission line and station expansion	2027	1,140	606
Holt Transmission Station	Bowmanville Central Ontario	New transmission station and connection	2027	137	31
St. Clair Transmission Line <sup>4</sup>	Southwestern Ontario	New transmission line and station expansion	2027	435	273
Keith Intertie Upgrade	Windsor Southwestern Ontario	Transmission station upgrade	2028	109	9
Welland Thorold Power Line <sup>5</sup>	Niagara Southern Ontario	New transmission line and station expansion	2029	311	24
Longwood to Lakeshore Transmission Line <sup>6</sup>	Southwestern Ontario	New transmission line and station expansion	TBD	TBD	51
Northeast Power Line <sup>7,8</sup>	Northeastern Ontario	New transmission line and station expansion	TBD	TBD	30
Durham Kawartha Power Line <sup>7,8</sup>	Eastern Ontario	New transmission line and station expansion	TBD	TBD	27
North Shore Link <sup>7,8</sup>	Northeastern Ontario	New transmission line and station expansion	TBD	TBD	27
Wawa Timmins Power Line <sup>7,8</sup>	Northeastern Ontario	New transmission line and station expansion	TBD	TBD	10
Sudbury to Barrie Transmission Line <sup>9</sup>	Northern-Central Ontario	New transmission line and station expansion	TBD	TBD	3
Windsor to Lakeshore Transmission Line <sup>6</sup>	Southwestern Ontario	New transmission line and station expansion	TBD	TBD	3
Second Longwood to Lakeshore Transmission Line <sup>6</sup>	Southwestern Ontario	New transmission line and station expansion	TBD	TBD	2
Bowmanville to Parkway Transmission Line	Southern Ontario	New transmission line and station expansion	TBD	TBD	1
Greenstone Transmission Line	Northwestern Ontario	New transmission line and station expansion	TBD	TBD	1
Wellington to Preston Transmission Line <sup>10</sup>	Southwestern Ontario	New transmission line and new transmission station	TBD	TBD	—
Red Lake Transmission Line <sup>11</sup>	Northwestern Ontario	New transmission line and station expansion	TBD	TBD	—

<sup>1</sup> Estimated costs are presented gross of any potential contribution from external parties.

<sup>2</sup> This Project consists of two phases, which includes the construction of a transmission station and a transmission line to meet the needs of, and is anticipated to be largely funded by, an industrial customer. Phase 1 of the Centennial Transmission Station Project includes a new transmission station in St. Thomas and an approximately 2 km, 230 kV double-circuit transmission line between the new transmission station and an existing transmission station in the city. Phase 1 of the project is anticipated to be in service by the end of 2026. The second phase, an approximately 20 km, 230 kV double-circuit transmission line from London to St. Thomas, is anticipated to be in service by the end of 2027.

<sup>3</sup> The Waasigan Transmission Line Project includes construction of new transmission lines as well as station enhancements to support energization of the new lines. The estimated cost relates to the development and construction phases of the project and the anticipated in-service date reflects anticipated completion in 2027. The first phase of the project is anticipated to be in-serviced in 2026.

<sup>4</sup> The St. Clair Transmission Line Project includes the line and associated facilities.

<sup>5</sup> The Independent Electricity System Operator (IESO) has recommended a target in-service date of 2029 for the Welland Thorold Power Line.

<sup>6</sup> The capital cost to date relates to costs incurred in the development phase of the project. The scope and timing of these Southwestern Ontario transmission reinforcement projects are currently under review. The IESO has recommended a target in-service date by 2032 for the Windsor to Lakeshore Transmission Line.

<sup>7</sup> The capital cost to date relates to costs incurred in the development phase of the project. The scope and timing of these Northeastern and Eastern Ontario transmission reinforcements are currently under review.

<sup>8</sup> The IESO has recommended a target in-service date of 2030 for the Wawa Timmins Power Line, and of 2029 for the Northeast Power Line, North Shore Link, and the Durham Kawartha Power Line.

<sup>9</sup> Pertains to the First Sudbury to Barrie Transmission Line. The scope and timing of the line is currently under review. The IESO has recommended a target in-service date by 2032.

<sup>10</sup> The IESO has recommended a target in-service date of 2031 for the Wellington to Preston Transmission Line and the Wellington Transmission Station in the Township of Puslinch.

<sup>11</sup> The project comprises a double-circuit 230 kV transmission line that runs from Dryden Transformer Station to Ear Falls, continuing to Red Lake Switching Station, with associated station work at Dryden Transformer Station and Ear Falls Transformer Station.

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Sustainment Projects**

Project Name	Location	Type	Anticipated In-Service Date (year)	Estimated Cost <sup>1</sup> (millions of dollars)	Capital Cost To Date
Middleport Transmission Station Circuit Breaker Replacement	Middleport Southwestern Ontario	Station sustainment	2026	184	172
Lennox Transmission Station Circuit Breaker Replacement	Napanee Southeastern Ontario	Station sustainment	2026	160	153
Esplanade x Terauley Underground Cable Replacement	Toronto Southern Ontario	Line sustainment	2026	117	99
Bridgman Transmission Station Refurbishment	Toronto Southern Ontario	Station sustainment	2026	108	94
Bruce A Transmission Station Switchyard Replacement	Tiverton Southwestern Ontario	Station sustainment	2027	555	434
Otto Holden Transmission Station Refurbishment	Mattawa Northeast Ontario	Station sustainment	2028	128	84
Merivale Transmission Station Replacement and Upgrades <sup>2</sup>	Ottawa Eastern Ontario	Station sustainment and upgrade	2029	271	194
Synchronous Optical Network Telecommunication Replacement	Ontario	Telecommunication sustainment	2029	137	20
Essa Transmission Station Circuit Breaker Replacement	Barrie Central Ontario	Station sustainment	2030	116	9

<sup>1</sup> Estimated costs are presented gross of any potential contribution from external parties.

<sup>2</sup> The coordinated project includes both an asset replacement and station expansion. The anticipated in-service dates are between 2026 to 2029.

**Future Capital Investments**

The Company estimates future capital investments based on management's expectations of the amount of capital expenditures that will be required to provide transmission and distribution services that are efficient, reliable, and provide value for customers, consistent with the OEB's Renewed Regulatory Framework. The Company includes projects when there is a high degree of confidence that the project will go forward and when there is a thorough estimate of the expected expenditures.

On August 28, 2025, the Company submitted a Z-Factor application which sought recovery of the incremental revenue requirement associated with \$223 million of storm-related costs, including capital and asset removal costs, incurred for a severe storm that began on March 28, 2025. On April 7, 2026, the OEB issued its Decision and Order for the Z-Factor application, denying the recovery of \$69 million in incremental revenue requirement.

The 2026 to 2027 capital estimates differ from prior disclosures as the Company has updated its plan for current estimate of required Broadband investments, consistent with the detailed construction schedule submitted to the Province in the first quarter.

The following tables summarize Hydro One's annual projected capital investments for 2026 to 2027 by business segment and by category:

<b>By business segment:</b> (millions of dollars)	2026	2027
Transmission <sup>1</sup>	2,116	1,892
Distribution	1,383	1,377
Other	39	32
<b>Total capital investments<sup>2</sup></b>	<b>3,538</b>	<b>3,301</b>

<b>By category:</b> (millions of dollars)	2026	2027
Sustainment	1,426	1,064
Development <sup>1</sup>	1,947	2,085
Other <sup>3</sup>	165	152
<b>Total capital investments<sup>2</sup></b>	<b>3,538</b>	<b>3,301</b>

<sup>1</sup> Figures include investments in certain development projects of Hydro One Networks not included in the investment plan approved by the OEB in the Joint Rate Application (JRAP) decision.

<sup>2</sup> Since the first quarter of 2022, the Minister of Energy and Electrification (formerly the Minister of Energy) (Minister) has directed the OEB to amend Hydro One Networks' transmission licence to require it to develop and seek approvals for twelve priority transmission lines in Ontario. The future capital investments presented do not include capital expenditures, nor development costs, associated with the following three priority Southwestern Ontario transmission line projects: Longwood to Lakeshore Transmission Line, Second Longwood to Lakeshore Transmission Line, and Windsor to Lakeshore Transmission Line; nor the following four priority Northeastern and Eastern Ontario transmission line projects: North Shore Link, Northeast Power Line, Durham Kawartha Power Line, and Wawa Timmins Power Line; nor the Bowmanville to Parkway, Greenstone, Barrie to Sudbury and Red Lake Transmission Lines. Hydro One is currently evaluating the scope and timing of these eleven lines.

<sup>3</sup> "Other" capital expenditures include investments in fleet, real estate, IT, and operations technology and related functions.

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**SUMMARY OF SOURCES AND USES OF CASH**

Hydro One's primary sources of cash flows are funds generated from operations, capital market debt issuances and bank credit facilities that are used to satisfy Hydro One's capital resource requirements, including the Company's capital expenditures, servicing and repayment of debt, and dividend payments.

<u>Three months ended March 31 (millions of dollars)</u>	<u>2026</u>	<u>2025</u>
Net cash from operating activities	394	510
Net cash used in financing activities	(179)	(133)
Net cash used in investing activities	(727)	(970)
<b>Net change in cash and cash equivalents</b>	<b>(512)</b>	<b>(593)</b>

**Net cash from operating activities**

Net cash from operating activities decreased by \$116 million for the three months ended March 31, 2026, compared to the same period in 2025. The decrease was impacted by various factors, including the following:

- changes in net working capital deficiency primarily attributable to lower accrued liabilities, lower cost of power payable to the IESO driven by lower purchased volumes and lower commodity rate charges, and timing differences in the settlement of payables, partially offset by timing differences in the settlement of receivables, and higher unearned revenue related to capital contributions; and
- changes in regulatory account balances; partially offset by
- higher pre-tax earnings.

**Net cash used in financing activities**

Net cash used in financing activities increased by \$46 million for the three months ended March 31, 2026, compared to the same period of 2025. This increase was impacted by various factors, including the following:

Uses of cash

- the Company repaid \$500 million of long-term debt in the first quarter of 2026, compared to \$400 million repaid in the same period last year.
- the Company repaid \$300 million of short-term notes in the first quarter of 2026, compared to \$615 million repaid in the same period last year.
- the Company paid common share dividends of \$200 million in the first quarter of 2026, compared to dividends of \$188 million in the same period last year.

Sources of cash

- the Company received proceeds of \$800 million from the issuance of short-term notes in the first quarter of 2026, compared to \$1,075 million received in the same period last year.
- the Company did not issue any long-term debt in the first quarter of 2026 or 2025.

**Net cash used in investing activities**

Net cash used in investing activities for the three months ended March 31, 2026 was \$243 million lower than the same period of 2025, primarily due to the investment in EWT LP (see section "Other Developments - EWT LP") in the prior year, partially offset by higher capital expenditures in the period compared to the prior year.

**LIQUIDITY AND FINANCING STRATEGY**

Short-term liquidity is provided through FFO,<sup>3</sup> Hydro One Inc.'s commercial paper program, and the Company's consolidated bank credit facilities. Under the commercial paper program, Hydro One Inc. is authorized to issue up to \$2,300 million in short-term notes with a term to maturity of up to 365 days.

As at March 31, 2026, Hydro One Inc. had \$599 million in commercial paper borrowings outstanding, compared to \$100 million outstanding at December 31, 2025. The Company also has committed, unsecured, and revolving credit facilities (Operating Credit Facilities) with a total available balance of \$3,300 million as at March 31, 2026. The Operating Credit Facilities include a pricing adjustment which can increase or decrease Hydro One's cost of borrowing based on its performance on certain sustainability performance measures, which are related to Hydro One's sustainability goals. On June 1, 2025, Hydro One extended the maturity date of the Operating Credit Facilities from 2029 to 2030. No amounts were drawn on the Operating Credit Facilities as at March 31, 2026 or December 31, 2025. The Company may use the Operating Credit Facilities for working capital and general corporate purposes. The short-term liquidity under the commercial paper program, the Operating Credit Facilities, available cash on hand and anticipated levels of FFO<sup>3</sup> are expected to be sufficient to fund the Company's operating requirements.

<sup>3</sup> See section "Non-GAAP Financial Measures".

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the three months ended March 31, 2026 and 2025**

As at March 31, 2026, the Company had long-term debt outstanding in the principal amount of \$18,545 million, which included \$425 million of long-term debt issued by Hydro One and \$18,120 million of long-term debt issued by Hydro One Inc. The majority of long-term debt issued by Hydro One Inc. has been issued under its Medium-Term Note (MTN) Program. The Company's total long-term debt consists of notes and debentures that mature between 2026 and 2064, and as at March 31, 2026 had a weighted-average term to maturity of approximately 13.8 years (December 31, 2025 - 13.7 years) and a weighted-average coupon rate of 4.2% (December 31, 2025 - 4.2%).

In March 2026, Hydro One Inc. filed a short form base shelf prospectus in connection with its MTN Program, which expires in April 2029.

On August 19, 2024, Hydro One filed a short form base shelf prospectus (Universal Base Shelf Prospectus) with securities regulatory authorities in Canada. The Universal Base Shelf Prospectus allows Hydro One to offer, from time to time in one or more public offerings, debt, equity or other securities, or any combination thereof, during the 25-month period ending in September 2026. As at March 31, 2026, no securities have been issued under the Universal Base Shelf Prospectus.

On November 29, 2024, Hydro One Holdings Limited (HOHL) filed a short form base shelf prospectus (HOHL U.S. Debt Shelf Prospectus) with securities regulatory authorities in Ontario and the U.S., that expires in December 2026. The HOHL U.S. Debt Shelf Prospectus allows HOHL to offer, from time to time in one or more public offerings, debt securities, unconditionally guaranteed by Hydro One. As at March 31, 2026, no securities have been issued under the HOHL U.S. Debt Shelf Prospectus.

On August 18, 2025, Hydro One Inc. filed a short form base shelf prospectus (HOI U.S. Debt Shelf Prospectus) with securities regulatory authorities in Ontario and the U.S. The HOI U.S. Debt Shelf Prospectus allows Hydro One Inc. to offer, from time to time in one or more public offerings, U.S. debt securities, during the 25-month period ending on September 18, 2027. As at March 31, 2026, no securities have been issued under the HOI U.S. Debt Shelf Prospectus.

**Compliance**

As at March 31, 2026, the Company was in compliance with all financial covenants and limitations associated with the outstanding borrowings and credit facilities.

**OTHER OBLIGATIONS**

**Off-Balance Sheet Arrangements**

There are no off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the Company's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Summary of Contractual Obligations and Other Commercial Commitments**

The following table presents a summary of Hydro One's debt and other major contractual obligations and commercial commitments:

<i>As at March 31, 2026 (millions of dollars)</i>	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
<b>Contractual obligations</b> <i>(due by year)</i>					
Long-term debt - principal repayments	18,545	425	1,175	2,300	14,645
Long-term debt - interest payments	11,240	781	1,508	1,395	7,556
Short-term notes payable	599	599	—	—	—
Pension contributions <sup>1</sup>	574	71	158	176	169
Outsourcing and other agreements	138	50	70	2	16
Environmental and asset retirement obligations	102	11	7	3	81
Lease obligations	61	15	22	11	13
<b>Total contractual obligations</b>	<b>31,259</b>	<b>1,952</b>	<b>2,940</b>	<b>3,887</b>	<b>22,480</b>
<b>Other commercial commitments</b> <i>(by year of expiry)</i>					
Operating Credit Facilities	3,300	—	—	3,300	—
Letters of credit <sup>2</sup>	189	173	16	—	—
Guarantees <sup>3</sup>	535	535	—	—	—
<b>Total other commercial commitments</b>	<b>4,024</b>	<b>708</b>	<b>16</b>	<b>3,300</b>	<b>—</b>

<sup>1</sup> Contributions to the Hydro One Pension Plan are based on actuarial reports, including valuations performed at least every three years, and actual or projected levels of pensionable earnings, as applicable. The most recent actuarial valuation was performed effective December 31, 2024 and filed on September 23, 2025.

<sup>2</sup> Letters of credit consist of \$166 million letters of credit related to retirement compensation arrangements, a \$16 million letter of credit provided to the IESO for prudential support, and \$7 million in letters of credit for various operating purposes.

<sup>3</sup> Guarantees consist of \$475 million prudential support provided to the IESO by Hydro One Inc. on behalf of its subsidiaries, as well as \$60 million of guarantees provided by Hydro One to ONroute relating to OCN LP (OCN Guarantee).

## REGULATION

### Ontario Integrated Energy Plan

On June 12, 2025, the Ontario government released its first IEP, *Energy for Generations*, which aims to leverage electricity, natural gas, hydrogen, storage and other energy sources to provide Ontario with affordable, secure, reliable and clean energy to power growth and jobs across the province. The IEP establishes a planning horizon out to 2050, including the acceleration of the development of transmission infrastructure and the modernization of the distribution grid. As part of the IEP, the government announced the advancement of several transmission projects, including those aimed to enhance transmission capacity between Northern and Southern Ontario, east of Toronto, in Southwestern Ontario and in Northern Ontario.

The IEP also addressed the need for additional transmission capacity in the Red Lake Area in Northwestern Ontario. In August 2025, the IESO released the *Northwest Region Integrated Regional Resource Plan Addendum* (Addendum). The Addendum recommends the urgent development of the Red Lake Transmission Line, a double-circuit 230 kV transmission line that will run from Dryden Transformer Station to Ear Falls Transformer Station, and another double-circuit 230-kV transmission line that will run from Ear Falls Transformer Station to Red Lake Switching Station, along with associated station facilities, to meet growing capacity needs after 2028. The project is expected to be in service by the early 2030s. On October 29, 2025, the Ministry of Energy and Mines (Ministry) announced a proposal to bring forward an Order in Council (to be recommended by the Minister) to declare the projects as priority and a companion directive, that would, if approved, direct the OEB to amend Hydro One Networks' transmitter licence to require it to undertake development work and seek all necessary approvals to construct the projects. The consultation period for the proposal closed on December 13, 2025.

On April 23, 2026 the Minister notified the OEB that the two lines were declared priority projects, and issued a directive to the OEB to amend Hydro One Networks' transmission license, to require it to develop and seek approvals for the projects. On April 28, 2026, further to the Minister's Directive, the OEB amended Hydro One Networks' electricity transmission license to allow it to develop and seek approvals for the projects in accordance with the recommendations of the IESO.

### Next Generation Rate Framework Consultation

On January 8, 2026, the OEB announced a new policy consultation to develop an updated rate-setting framework for electricity distributors. The consultation will bring together existing OEB consultations under a new comprehensive policy consultation known as the Next Generation Rate Framework (Framework) consultation. The OEB plans to build on the Renewed Regulatory Framework that was established in 2012, given the significant changes in the energy and policy landscape. The OEB consulted on the scope of the review in January and February 2026, including reviewing all aspects of its current ratemaking policies to ensure that they continue to facilitate the cost-effective and efficient implementation of the government's policy objectives.

## OTHER DEVELOPMENTS

### EWT LP

On March 4, 2025, Hydro One Networks completed the acquisition of an approximate 48% interest in the EWT LP for approximately \$261 million in cash, including closing adjustments. The partnership owns the East-West Tie Line, a 450-kilometre, 230-kV double-circuit transmission line spanning between Wawa and Thunder Bay, along the north shore of Lake Superior. In March 2026, Bamkushwada Limited Partnership, a group of First Nation Partners, exercised its right to acquire additional interest in EWT LP. Following the transaction, Hydro One's ownership in EWT LP was diluted to 40%.

### Collective Agreements

On March 23, 2026, Hydro One and the Canadian Union of Skilled Workers (CUSW) commenced collective bargaining. The current Hydro One - CUSW collective agreement expired on April 30, 2026. On April 24, 2026, Hydro One and CUSW reached a tentative agreement for a renewal collective agreement. The renewal agreement is subject to ratification by the CUSW membership.

### Bill C-15, Budget 2025 Implementation Act, No.1

On March 26, 2026, Bill C-15, *An Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025*, received Royal Assent.

#### Impact

Federal budget measures enacted as part of Bill C-15 included time-limited investment incentives permitting Hydro One to claim enhanced capital cost allowance of up to three times the first-year rate for eligible capital investments acquired after 2024 and placed in-service before 2034. The re-introduction of accelerated capital cost allowance temporarily reduces the Company's ETR and results in the recognition of a tax regulatory liability for the amounts that have not been reflected in OEB-approved rates.

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

Estimated ETR Change

The re-introduction of accelerated capital cost allowance is expected to lower the Company's ETR; however, the magnitude of the impact is still being assessed.

**HYDRO ONE BOARD OF DIRECTORS AND EXECUTIVE OFFICERS**

**Board of Directors**

Effective February 19, 2026, Debbie (Deb) Hutton was appointed to the Board.

**Executive Officers**

On February 26, 2026, Hydro One announced that David Lebeter will retire from his role as President and Chief Executive Officer (CEO) effective June 9, 2026. On the same day, the Board announced the appointment of Megan Telford as President and CEO effective June 9, 2026. David Lebeter will remain with Hydro One as a Special Advisor until October 10, 2026.

**NON-GAAP FINANCIAL MEASURES**

Hydro One uses a number of non-GAAP financial measures to assess its performance. The Company presents FFO or "funds from operations" to reflect a measure of the Company's cash flow; revenues, net of purchased power, to reflect the impact of revenue on net income; and net debt to reflect a measure of the Company's financial leverage.

Hydro One also uses financial ratios that are non-GAAP ratios such as the net debt to capitalization ratio and annualized FFO to net debt ratio to reflect a measure of the Company's financial leverage, and the earnings coverage ratio to reflect a measure of liquidity.

**FFO**

FFO is defined as net cash from operating activities, adjusted for changes in non-cash balances related to operations and distributions to noncontrolling interest. Management believes that FFO is helpful as a supplemental measure of the Company's operating cash flows as it excludes timing-related fluctuations in non-cash operating working capital and cash flows not attributable to common shareholders. As such, management believes that FFO provides a consistent measure of the cash generating performance of the Company's assets.

The following table provides a reconciliation of reported GAAP results to non-GAAP results on a consolidated basis.

<i>(millions of dollars)</i>	Three months ended March 31	
	2026	2025
Net cash from operating activities	394	510
Changes in non-cash balances related to operations	314	178
Distributions to noncontrolling interest	(3)	(5)
<b>FFO</b>	<b>705</b>	<b>683</b>

**Revenues, Net of Purchased Power**

Revenues, net of purchased power, is defined as revenues less the cost of purchased power; distribution revenues, net of purchased power, is defined as distribution revenues less the cost of purchased power. These measures are used internally by management to assess the impacts of revenue on net income and are considered useful because they exclude the cost of power that is fully recovered through revenues and therefore net income neutral.

The following tables provide a reconciliation of reported GAAP revenues to non-GAAP revenues, net of purchased power, on a consolidated basis.

Quarter ended <i>(millions of dollars)</i>	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Revenues	2,648	2,268	2,299	2,066	2,408	2,095	2,192	2,031
Less: Purchased power	1,424	1,287	1,080	899	1,220	1,060	1,047	940
<b>Revenues, net of purchased power</b>	<b>1,224</b>	<b>981</b>	<b>1,219</b>	<b>1,167</b>	<b>1,188</b>	<b>1,035</b>	<b>1,145</b>	<b>1,091</b>

Quarter ended <i>(millions of dollars)</i>	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Distribution revenues	1,970	1,757	1,605	1,434	1,761	1,583	1,551	1,436
Less: Purchased power	1,424	1,287	1,080	899	1,220	1,060	1,047	940
<b>Distribution revenues, net of purchased power</b>	<b>546</b>	<b>470</b>	<b>525</b>	<b>535</b>	<b>541</b>	<b>523</b>	<b>504</b>	<b>496</b>

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Net Debt**

The Company uses net debt as an alternative measure of outstanding debt. Management considers net debt as an important measure in assessing the financial leverage of the Company. Net debt is used by management to assess the Company's overall debt position and financial leverage.

The following table provides a reconciliation of net debt as reported in the Company's Consolidated Financial Statements.

<i>As at (millions of dollars)</i>	Mar 31, 2026	Dec 31, 2025
Short-term notes payable	599	100
Less: cash and cash equivalents	(37)	(549)
Long-term debt (current portion)	425	925
Long-term debt (long-term portion)	18,093	18,092
<b>Net Debt</b>	<b>19,080</b>	<b>18,568</b>

**Net Debt to Capitalization Ratio**

The Company believes that the net debt to capitalization ratio is an important non-GAAP ratio as a measure of the Company's financial leverage. Net debt to capitalization ratio has been calculated as net debt, as described above, divided by net debt plus total shareholders' equity, but excluding any amounts related to noncontrolling interest. Management believes that the net debt to capitalization ratio is helpful as a measure of the proportion of debt in the Company's capital structure.

<i>As at (millions of dollars)</i>	Mar 31, 2026	Dec 31, 2025
<b>Net debt (A)</b>	<b>19,080</b>	<b>18,568</b>
Shareholders' equity (excluding noncontrolling interest)	12,842	12,648
<b>Net debt plus shareholders' equity (B)</b>	<b>31,922</b>	<b>31,216</b>
<b>Net Debt-to-capitalization ratio (A/B)</b>	<b>59.8 %</b>	<b>59.5 %</b>

**Annualized FFO to Net Debt**

Management believes that the annualized FFO to net debt ratio is helpful as a measure of the Company's financial leverage. Annualized FFO to net debt ratio has been calculated as FFO (see section "Non-GAAP Financial Measures - FFO") on a rolling twelve-month period divided by net debt at the period end date (see section "Non-GAAP Financial Measures - Net Debt"). Management believes the annualized FFO to net debt ratio is helpful as a measure of the company's ability to pay off its debt using the Company's net operating income.

The following table provides a reconciliation of reported GAAP results to non-GAAP results on a consolidated basis.

<i>Twelve months and period ended (millions of dollars)</i>	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Annualized FFO (A)	2,652	2,630	2,489	2,450	2,356	2,275	2,238	2,221
Net Debt (B)	19,080	18,568	18,346	18,030	17,615	16,963	16,679	16,308
<b>Annualized FFO to Net Debt (A/B)</b>	<b>13.9 %</b>	<b>14.2 %</b>	<b>13.6 %</b>	<b>13.6 %</b>	<b>13.4 %</b>	<b>13.4 %</b>	<b>13.4 %</b>	<b>13.6 %</b>

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Earnings Coverage Ratio**

Earnings coverage ratio is defined as earnings before income taxes, financing charges and equity (loss) income attributable to shareholders, divided by the sum of financing charges and capitalized interest, and is calculated on a rolling twelve-month basis. The Company believes that the earnings coverage ratio is an important non-GAAP measure in the management of its liquidity.

Quarter ended (millions of dollars)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Net income attributable to common shareholders	391	233	421	327	358	200	371	292
Income tax expense	41	30	60	61	68	17	56	57
Financing charges	176	175	172	169	163	158	158	157
Equity (loss) income	(11)	3	6	—	—	—	—	—
Earnings before income taxes, financing charges and equity (loss) income attributable to common shareholders	619	435	647	557	589	375	585	506
<b>Twelve months ended (millions of dollars)</b>							<b>Mar 31, 2026</b>	<b>Dec 31, 2025</b>
<b>Earnings before income taxes, financing charges and equity (loss) income attributable to common shareholders (A)</b>							<b>2,258</b>	<b>2,228</b>
<hr/>								
Quarter ended (millions of dollars)	Mar 31, 2026	Dec 31, 2025	Sep 30, 2025	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
Financing charges	176	175	172	169	163	158	158	157
Capitalized interest	29	29	30	27	24	24	24	22
Financing charges and capitalized interest	205	204	202	196	187	182	182	179
<b>Twelve months ended (millions of dollars)</b>							<b>Mar 31, 2026</b>	<b>Dec 31, 2025</b>
<b>Financing charges and capitalized interest (B)</b>							<b>807</b>	<b>789</b>
<b>Earnings coverage ratio = A/B</b>							<b>2.8</b>	<b>2.8</b>

**RELATED PARTY TRANSACTIONS**

The Province is a shareholder of Hydro One with approximately 47.1% ownership as at March 31, 2026. The Ministry and MOI are related parties to Hydro One because they are controlled by the Province. The IESO, Ontario Power Generation Inc. (OPG), Ontario Electricity Financial Corporation (OEF), and the OEB are related parties to Hydro One because they are controlled or significantly influenced by the Ministry. Hydro One also has transactions in the normal course of business with various government ministries and organizations in Ontario that fall under the purview of the Province. The following is a summary of the Company's related party transactions during the three months ended March 31, 2026 and 2025:

Three months ended March 31 (millions of dollars)		2026	2025
Related Party	Transaction		
<b>Province</b>	Dividends paid	94	88
<b>Ministry</b>	Broadband subsidy <sup>1</sup>	10	—
<b>MOI</b>	Broadband subsidy <sup>1</sup>	—	13
<b>IESO</b>	Power purchased	1,129	918
	Revenues for transmission services	659	621
	Amounts related to electricity rebates	450	275
	Distribution revenues related to rural rate protection	63	63
	Distribution revenues related to Wataynikaneyap Power LP	25	33
	Distribution revenues related to supply of electricity to remote northern communities	13	12
	Funding received related to Conservation and Demand Management programs	1	—
<b>OPG</b>	Power purchased	17	11
	Transmission revenues related to provision of services and supply of electricity	—	1
	Distribution revenues related to provision of services and supply of electricity	3	3
	Other revenues related to provision of services and supply of electricity	1	—
	Capital contribution received from OPG	2	10
<b>OEF</b>	Power purchased from power contracts administered by the OEF	2	1
<b>OEB</b>	OEB fees	4	3

<sup>1</sup> During 2025, Ministry replaced MOI in making broadband subsidy payments to Hydro One.

**HYDRO ONE LIMITED**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**RISK MANAGEMENT AND RISK FACTORS**

Hydro One is subject to numerous risks and uncertainties. Critical to Hydro One’s success is the identification, management, and to the extent possible, mitigation of these risks. Hydro One’s Enterprise Risk Management program assists decision-makers throughout the organization with the management of key business risks, including new and emerging risks and opportunities.

A discussion of the material risks relating to Hydro One and its business that the Company believes would be the most likely to influence an investor’s decision to purchase Hydro One’s securities can be found under the heading “Risk Management and Risk Factors” in the 2025 MD&A.

**DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings. Internal control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and due to its inherent limitations, may not prevent or detect all misrepresentations.

There were no changes in the Company’s internal control over financial reporting during the three months ended March 31, 2026 that materially affected, or are reasonably likely to materially affect, the Company’s disclosure controls and procedures and internal control over financial reporting.

**NEW ACCOUNTING PRONOUNCEMENTS**

The following table presents Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB) that are applicable to Hydro One:

**Recently Adopted Accounting Guidance**

Guidance	Date issued	Description	ASU Effective Date	Impact on Hydro One
ASU 2025-05	July 2025	The amendments allow all entities to use a practical expedient when estimating expected credit losses for current accounts receivable and contract assets under Topic 606, by assuming that current conditions as of the balance sheet date remain unchanged over the asset’s life. Additionally, entities other than public business entities that elect this expedient may adopt an accounting policy to consider post–balance sheet date collection activity in their credit loss estimates.	Annual and interim periods beginning after December 15, 2025.	No impact upon adoption

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

**Recently Issued Accounting Guidance Not Yet Adopted**

Guidance	Date issued	Description	ASU Effective Date	Impact on Hydro One
ASU 2023-06	October 2023	The amendments represent changes to clarify or improve disclosure or presentation requirements of a variety of subtopics in the FASB Codification. Many of the amendments allow users to more easily compare entities subject to the U.S. Securities and Exchange's (SEC) existing disclosures with those entities that were not previously subject to the SEC's requirements. Also, the amendments align the requirements in the Codification with the SEC's regulations.  Applicable to all entities, if by June 30, 2027 the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity.	Two years subsequent to the date on which the SEC's removal of that related disclosure becomes effective.	Under assessment
ASU 2024-03	November 2024	The amendments require public business entities to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods, which are not generally presented in the current financial statements.	Annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027.	Under assessment
ASU 2025-03	May 2025	The amendments require entities to apply the guidance for identifying the accounting acquirer in transactions where a business that qualifies as a Variable Interest Entity is acquired through the exchange of equity interests.	Annual and interim periods beginning after December 15, 2026.	No impact upon adoption
ASU 2025-06	September 2025	The amendments modernize accounting for internal-use software by removing outdated development stage references and introducing a capitalization threshold based on management authorization and project completion probability.	Annual periods beginning after December 15, 2027.	Under assessment
ASU 2025-09	November 2025	The amendments expand hedge-accounting eligibility and better align the guidance with common risk-management practices. Key updates allow grouping forecasted transactions with similar exposure, simplify hedging of choose-your-rate variable-rate debt, and broaden eligibility for hedging nonfinancial components. The guidance modernizes treatment of certain option-based derivatives and resolves mismatches in dual hedge relationships.	Annual and interim periods beginning after December 15, 2026.	Under assessment
ASU 2025-10	December 2025	The amendments establish authoritative GAAP for government grants, setting recognition, measurement, presentation, and disclosure requirements.	Annual and interim periods beginning after December 15, 2028.	Under assessment
ASU 2025-11	December 2025	The amendments clarify interim reporting by establishing a complete list of required GAAP interim disclosures. They introduce a disclosure principle requiring entities to report material events occurring after the annual reporting period. The Update also clarifies types of interim reports and the form and content of interim financial statements. Overall, the changes enhance clarity and consistency without altering existing disclosure requirements.	Interim reporting periods within annual reporting periods beginning after December 15, 2027.	Under assessment
ASU 2025-12	December 2025	The amendments clarify existing guidance, correct errors, and introduce minor improvements to numerous Codification Topics, thereby making the requirements easier for entities to understand and apply.	Annual and interim periods beginning after December 15, 2026.	Under assessment

**HYDRO ONE HOLDINGS LIMITED - CONSOLIDATING SUMMARY FINANCIAL INFORMATION**

Hydro One Limited fully and unconditionally guarantees the payment obligations of its wholly-owned subsidiary HOHL issuable under the short form base shelf prospectus dated November 29, 2024. Accordingly, the following consolidating summary financial information is provided in compliance with the requirements of section 13.4 of National Instrument 51-102 - *Continuous Disclosure Obligations* providing for an exemption for certain credit support issuers. The tables below contain consolidating summary financial information as at March 31, 2026 and December 31, 2025 and for the three months ended March 31, 2026 and March 31, 2025 for: (i) Hydro One Limited; (ii) HOHL; (iii) the subsidiaries of Hydro One Limited, other than HOHL, on a combined basis; (iv) consolidating adjustments; and (v) Hydro One Limited and all of its subsidiaries on a consolidated basis, in each case for the periods indicated. Such summary financial information is intended to provide investors with meaningful and

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
For the three months ended March 31, 2026 and 2025

comparable financial information about Hydro One Limited and its subsidiaries. This summary financial information should be read in conjunction with Hydro One Limited's most recently issued annual and interim financial statements. This summary financial information has been prepared in accordance with U.S. GAAP, as issued by the FASB.

Three months ended March 31 (millions of dollars)	Hydro One Limited		HOHL		Subsidiaries of Hydro One Limited, other than HOHL		Consolidating Adjustments		Total Consolidated Amounts of Hydro One Limited	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	Revenue	200	188	—	—	2,939	2,659	(491)	(439)	2,648
Net Income (Loss) Attributable to Common Shareholders	209	196	—	—	620	573	(438)	(411)	391	358

As at March 31, 2026 and December 31, 2025 (millions of dollars)	Hydro One Limited		HOHL		Subsidiaries of Hydro One Limited, other than HOHL		Consolidating Adjustments		Total Consolidated Amounts of Hydro One Limited	
	Mar. 2026	Dec. 2025	Mar. 2026	Dec. 2025	Mar. 2026	Dec. 2025	Mar. 2026	Dec. 2025	Mar. 2026	Dec. 2025
	Current Assets	965	940	—	—	3,253	4,172	(2,511)	(2,938)	1,707
Non-Current Assets	3,290	3,295	—	—	60,023	59,529	(25,299)	(25,327)	38,014	37,497
Current Liabilities	1,084	1,075	—	—	4,559	5,420	(2,461)	(2,905)	3,182	3,590
Non-Current Liabilities	425	425	—	—	40,730	40,475	(17,580)	(17,565)	23,575	23,335

**FORWARD-LOOKING STATEMENTS AND INFORMATION**

The Company's oral and written public communications, including this document, often contain "forward-looking information" within the meaning of applicable Canadian securities laws and "forward-looking statements" within the meaning of applicable U.S. securities laws (collectively, "forward-looking information"). Statements containing forward-looking information are made pursuant to the "safe harbour" provisions of applicable Canadian and U.S. securities laws. Forward-looking information in this document is based on current expectations, estimates, forecasts and projections about the Company's business, the industry, regulatory and economic environments in which it operates, and includes beliefs and assumptions made by the management of the Company. Such statements include, but are not limited to, statements regarding: the Company's corporate strategy; the Company's transmission and distribution rate and revenue requirement applications including the JRAP and its proposed investment plan, resulting and related decisions as well as resulting rates, recovery and expected impacts and timing; expectations about the Company's liquidity and capital resources and operational requirements; sustainability goals; the Operating Credit Facilities; expectations regarding the Company's financing activities; the Company's maturing debt; expectations and impact of the Company's credit ratings; the Company's ongoing and planned projects, initiatives and expected capital investments, including expected approvals, results, costs, funding sources and in-service and completion dates; contractual obligations and other commercial commitments; the Company's assessment of recovery and impacts related to the OEB-established generic variance and deferral accounts; future pension plan contributions, including estimates of total Company pension contributions; the expected advancement and construction of various transmission stations and transmission lines in connection with the Province's integrated energy plan and the target in-service dates; collective agreements and bargaining; dividends; non-GAAP financial measures; internal controls over financial reporting and disclosure; the MTN Program; and accounting-related guidance and expected impacts. Words such as "expect," "anticipate," "intend," "attempt," "may," "plan," "will," "would," "believe," "seek," "estimate," "goal," "aim," "target," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Hydro One does not intend, and it disclaims any obligation, to update any forward-looking statements, except as required by law.

These forward-looking statements are based on a variety of factors and assumptions including, but not limited to, the following: no unforeseen changes in the legislative and operating framework for Ontario's electricity market or for Hydro One specifically; favourable decisions from the OEB and other regulatory bodies concerning outstanding and future rate and other applications; no unexpected delays in obtaining required regulatory approvals; no unforeseen changes in rate orders or rate setting methodologies for the Company's distribution and transmission businesses; no unfavourable changes in environmental regulation; continued use of U.S. GAAP; a stable regulatory environment; no significant changes to the Company's current credit ratings; no unforeseen impacts of new accounting pronouncements; no changes to expectations regarding electricity consumption; no unforeseen changes to economic and market conditions; completion of operating and capital projects that have been deferred; and no significant event occurring outside the ordinary course of business. These assumptions are based on information currently available to the Company, including information obtained from third-party sources. Actual results may differ materially from those predicted by such forward-looking statements. While Hydro One does not know what impact any of these differences may have, the Company's business, results of operations, financial condition and credit stability may be materially

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the three months ended March 31, 2026 and 2025**

adversely affected if any such differences occur. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking statements include, among other things:

- regulatory risks and risks relating to Hydro One's revenues, including risks relating to actual performance against forecasts, competition with other transmitters and other applications to the OEB, the rate-setting models for transmission and distribution, the recoverability of capital expenditures, obtaining rate orders or recoverability of total compensation costs;
- risks associated with the Province's share ownership of Hydro One and other relationships with the Province, including potential conflicts of interest that may arise between Hydro One, the Province and related parties, risks associated with the Province's exercise of further legislative and regulatory powers, risks relating to the ability of the Company to attract and retain qualified executive talent or the risk of a credit rating downgrade for the Company and its impact on the Company's funding and liquidity;
- risks relating to the location of the Company's assets on Reserve lands, that the Company's operations and activities may give rise to the Crown's duty to consult and potentially accommodate Indigenous communities, and the risk that Hydro One may incur significant costs associated with transferring assets located on Reserves;
- the risk that the Company may be unable to comply with regulatory and legislative requirements or that the Company may incur additional costs for compliance that are not recoverable through rates;
- the risk of exposure of the Company's facilities to the effects of severe weather conditions, natural disasters, man-made events or other unexpected occurrences for which the Company is uninsured or for which the Company could be subject to claims for damage;
- risks associated with information system security and maintaining complex information technology and OT system infrastructure, including system failures or risks of cyber-attacks or unauthorized access to corporate information technology and OT systems;
- the risk of non-compliance with environmental regulations and inability to recover environmental expenditures in rate applications and the risk that assumptions that form the basis of the Company's recorded environmental liabilities and related regulatory assets may change;
- the risk of labour disputes and inability to negotiate or renew appropriate collective agreements on acceptable terms consistent with the Company's rate decisions;
- the risk that the Company may not be able to execute plans for capital projects necessary to maintain the performance of the Company's assets or to carry out projects in a timely manner or the risk of increased competition for the development of large transmission projects or legislative changes affecting the selection of transmitters;
- risks associated with asset condition, capital projects and innovation, including public opposition to or delays or denials of the requisite approvals and accommodations for the Company's planned projects;
- risks related to the Company's work force demographic and its potential inability to attract and retain qualified personnel;
- the risk that the Company is not able to arrange sufficient cost-effective financing to repay maturing debt and to fund capital expenditures, the risk of a downgrade in the Company's credit ratings or risks associated with investor interest in ESG performance and reporting;
- risks associated with fluctuations in interest rates and failure to manage exposure to credit and financial instrument risk;
- risks associated with economic uncertainty and financial market volatility;
- the risk of failure to mitigate significant health and safety risks;
- the risk of not being able to recover the Company's pension expenditures in future rates and uncertainty regarding the future regulatory treatment of pension, other post-employment benefits and post-retirement benefits costs;
- the impact of the ownership by the Province of lands underlying the Company's transmission system;
- the risk associated with legal proceedings that could be costly, time-consuming or divert the attention of management and key personnel from the Company's business operations;
- the impact if the Company does not have valid occupational rights on third-party owned or controlled lands and the risks associated with occupational rights of the Company that may be subject to expiry;
- risks relating to adverse reputational events or political actions relating to Hydro One and the electricity industry;
- the potential that Hydro One may incur significant expenses to replace functions currently outsourced if agreements are terminated or expire before a new service provider is selected;
- risks relating to acquisitions, including the failure to realize the anticipated benefits of such transactions at all, or within the time periods anticipated, and unexpected costs incurred in relation thereto;
- risks relating to an outbreak of infectious disease;
- the inability to continue to prepare financial statements using U.S. GAAP; and
- the risk related to the impact of any new accounting pronouncements.

Hydro One cautions the reader that the above list of factors is not exhaustive. Some of these and other factors are discussed in more detail in the section entitled "Risk Management and Risk Factors" in this MD&A.

In addition, Hydro One cautions the reader that information provided in this MD&A regarding the Company's outlook on certain matters, including potential future investments, is provided in order to give context to the nature of some of the Company's future plans and may not be appropriate for other purposes.

**HYDRO ONE LIMITED**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**For the three months ended March 31, 2026 and 2025**

Additional information about Hydro One, including the Company's Annual Information Form, is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), the U.S. Securities and Exchange Commission's EDGAR website at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml), and the Company's website at [www.HydroOne.com/Investors](http://www.HydroOne.com/Investors).

**HYDRO ONE LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (unaudited)**  
**For the three months ended March 31, 2026 and 2025**

<b>Three months ended March 31</b> (millions of Canadian dollars, except per share amounts)	<b>2026</b>	<b>2025</b>
<b>Revenues</b>		
Distribution (includes \$104 related party revenues; 2025 - \$111) (Note 23)	1,970	1,761
Transmission (includes \$659 related party revenues; 2025 - \$622) (Note 23)	664	636
Other	14	11
	<b>2,648</b>	<b>2,408</b>
<b>Costs</b>		
Purchased power (includes \$1,148 related party costs; 2025 - \$930) (Note 23)	1,424	1,220
Operation, maintenance and administration	329	332
Depreciation, amortization and asset removal costs (Note 4)	273	264
	<b>2,026</b>	<b>1,816</b>
<b>Income before financing charges, equity (loss) income and income tax expense</b>	<b>622</b>	<b>592</b>
Financing charges (Note 5)	176	163
Equity loss (Note 12)	(11)	—
<b>Income before income tax expense</b>	<b>435</b>	<b>429</b>
Income tax expense (Note 6)	41	68
<b>Net income</b>	<b>394</b>	<b>361</b>
Other comprehensive income (loss)	1	(1)
<b>Comprehensive income</b>	<b>395</b>	<b>360</b>
<b>Net income attributable to:</b>		
Noncontrolling interest	3	3
Common shareholders	391	358
	<b>394</b>	<b>361</b>
<b>Comprehensive income attributable to:</b>		
Noncontrolling interest	3	3
Common shareholders	392	357
	<b>395</b>	<b>360</b>
<b>Earnings per common share</b> (Note 20)		
Basic	\$0.65	\$0.60
Diluted	\$0.65	\$0.60
<b>Dividends per common share declared</b> (Note 19)	<b>\$0.33</b>	<b>\$0.31</b>

See accompanying notes to Condensed Interim Consolidated Financial Statements (unaudited).

**HYDRO ONE LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS (unaudited)**  
**As at March 31, 2026 and December 31, 2025**

<i>As at (millions of Canadian dollars)</i>	March 31, 2026	December 31, 2025
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	37	549
Accounts receivable (Note 7)	1,104	1,083
Due from related parties	391	409
Other current assets (Note 8)	175	133
	<b>1,707</b>	<b>2,174</b>
Property, plant and equipment (Note 9)	31,909	31,450
Other long-term assets:		
Regulatory assets (Note 11)	3,941	3,857
Deferred income tax assets	135	135
Intangible assets (Note 10)	639	654
Goodwill	378	378
Other assets (Note 12)	1,012	1,023
	<b>6,105</b>	<b>6,047</b>
<b>Total assets</b>	<b>39,721</b>	<b>39,671</b>
<b>Liabilities</b>		
Current liabilities:		
Short-term notes payable (Note 15)	599	100
Long-term debt payable within one year (Notes 15 & 16)	425	925
Accounts payable and other current liabilities (Note 13)	1,825	2,086
Due to related parties	333	479
	<b>3,182</b>	<b>3,590</b>
Long-term liabilities:		
Long-term debt (Notes 15 & 16)	18,093	18,092
Regulatory liabilities (Note 11)	1,712	1,621
Deferred income tax liabilities	1,938	1,799
Other long-term liabilities (Note 14)	1,832	1,823
	<b>23,575</b>	<b>23,335</b>
<b>Total liabilities</b>	<b>26,757</b>	<b>26,925</b>
<i>Contingencies and Commitments (Notes 25 &amp; 26)</i>		
<i>Subsequent Events (Note 28)</i>		
Noncontrolling interest subject to redemption	19	19
<b>Equity</b>		
Common shares (Note 18)	5,721	5,721
Additional paid-in capital	27	25
Retained earnings	7,102	6,911
Accumulated other comprehensive loss	(8)	(9)
Hydro One shareholders' equity	12,842	12,648
Noncontrolling interest (Note 22)	103	79
<b>Total equity</b>	<b>12,945</b>	<b>12,727</b>
	<b>39,721</b>	<b>39,671</b>

See accompanying notes to Condensed Interim Consolidated Financial Statements (unaudited).

**HYDRO ONE LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)**  
For the three months ended March 31, 2026 and 2025

Three months ended March 31, 2026 <i>(millions of Canadian dollars)</i>	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Hydro One Shareholders' Equity	Non-controlling Interest	Total Equity
January 1, 2026	5,721	25	6,911	(9)	12,648	79	12,727
Net income	—	—	391	—	391	2	393
Other comprehensive income	—	—	—	1	1	—	1
Distributions to noncontrolling interest	—	—	—	—	—	(2)	(2)
Contributions from sale of noncontrolling interest <i>(Note 22)</i>	—	—	—	—	—	24	24
Dividends on common shares <i>(Note 19)</i>	—	—	(200)	—	(200)	—	(200)
Stock-based compensation	—	2	—	—	2	—	2
<b>March 31, 2026</b>	<b>5,721</b>	<b>27</b>	<b>7,102</b>	<b>(8)</b>	<b>12,842</b>	<b>103</b>	<b>12,945</b>

Three months ended March 31, 2025 <i>(millions of Canadian dollars)</i>	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Hydro One Shareholders' Equity	Non-controlling Interest	Total Equity
January 1, 2025	5,713	28	6,360	(12)	12,089	65	12,154
Net income	—	—	358	—	358	2	360
Other comprehensive income (loss)	—	—	—	(1)	(1)	—	(1)
Distributions to noncontrolling interest	—	—	—	—	—	(4)	(4)
Dividends on common shares <i>(Note 19)</i>	—	—	(188)	—	(188)	—	(188)
Stock-based compensation	—	1	—	—	1	—	1
<b>March 31, 2025</b>	<b>5,713</b>	<b>29</b>	<b>6,530</b>	<b>(13)</b>	<b>12,259</b>	<b>63</b>	<b>12,322</b>

See accompanying notes to Condensed Interim Consolidated Financial Statements (unaudited).

**HYDRO ONE LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**  
For the three months ended March 31, 2026 and 2025

Three months ended March 31 (millions of Canadian dollars)	2026	2025
<b>Operating activities</b>		
Net income	394	361
Environmental expenditures	—	(1)
Adjustments for non-cash items:		
Depreciation and amortization (Note 4)	249	233
Regulatory assets and liabilities	6	55
Deferred income tax expense	39	34
Other	20	6
Changes in non-cash balances related to operations (Note 24)	(314)	(178)
<b>Net cash from operating activities</b>	<b>394</b>	<b>510</b>
<b>Financing activities</b>		
Long-term debt repaid	(500)	(400)
Short-term notes issued	800	1,075
Short-term notes repaid	(300)	(615)
Dividends paid (Note 19)	(200)	(188)
Distributions paid to noncontrolling interest	(3)	(5)
Contributions received from sale of noncontrolling interest (Note 22)	24	—
<b>Net cash used in financing activities</b>	<b>(179)</b>	<b>(133)</b>
<b>Investing activities</b>		
Capital expenditures (Note 24)		
Property, plant and equipment	(687)	(622)
Intangible assets	(12)	(21)
Additions to future use assets	(66)	(59)
Proceeds from sale of equity investments (Note 12)	30	—
Investment in equity investees (Note 12)	—	(261)
Capital contributions received	—	4
Other	8	(11)
<b>Net cash used in investing activities</b>	<b>(727)</b>	<b>(970)</b>
<b>Net change in cash and cash equivalents</b>	<b>(512)</b>	<b>(593)</b>
Cash and cash equivalents, beginning of period	549	716
<b>Cash and cash equivalents, end of period</b>	<b>37</b>	<b>123</b>

See accompanying notes to Condensed Interim Consolidated Financial Statements (unaudited).

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)**  
**For the three months ended March 31, 2026 and 2025**

## **1. DESCRIPTION OF THE BUSINESS**

Hydro One Limited (Hydro One or the Company) was incorporated on August 31, 2015, under the *Business Corporations Act* (Ontario). On October 31, 2015, the Company acquired Hydro One Inc., a company previously wholly-owned by the Province of Ontario (Province). As at March 31, 2026, the Province held approximately 47.1% (December 31, 2025 - 47.1%) of the common shares of Hydro One. The businesses of Hydro One are comprised of the following three segments:

- The Transmission segment consists of owning and operating Hydro One's transmission system which transmits high voltage electricity across the province, interconnecting local distribution companies and certain large directly connected industrial customers throughout the Ontario electricity grid. The transmission business consists of the transmission system operated by Hydro One Inc.'s rate-regulated subsidiaries, Hydro One Networks Inc. (Hydro One Networks), Hydro One Sault Ste. Marie LP (HOSSM), and an approximate 66% interest in B2M Limited Partnership (B2M LP), an approximate 55% interest in Niagara Reinforcement Limited Partnership (NRLP), and an approximate 50% (December 31, 2025 - 80%) interest in Chatham x Lakeshore Limited Partnership (CLLP). The Transmission segment also includes Hydro One Network's approximate 40% (December 31, 2025 - 48%) minority interest in the East-West Tie Limited Partnership (EWT LP).
- The Distribution segment owns and operates Hydro One's distribution system which delivers electricity to end customers and certain other municipal electricity distributors within Ontario. The distribution business consists of the distribution systems operated by Hydro One Inc.'s rate-regulated subsidiaries, Hydro One Networks and Hydro One Remote Communities Inc. (Hydro One Remotes).
- The Other segment consists principally of Hydro One's telecommunications business, which provides telecommunications support for the Company's transmission and distribution businesses, as well as certain corporate activities, and is not rate-regulated. The telecommunications business is carried out by Hydro One's wholly-owned subsidiary, Acronym Solutions Inc. (Acronym). In addition to supporting Hydro One's regulated business segments, Acronym offers a comprehensive suite of Information Communications Technology solutions. Furthermore, Hydro One's other segment also includes Aux Energy Inc., a wholly-owned subsidiary that provides energy solutions to commercial and industrial clients, and Ontario Charging Network LP (OCN LP), a wholly-owned subsidiary that owns and operates electric vehicle fast charging stations across Ontario under the Ivy Charging Network brand.

Earnings for interim periods are impacted by seasonal weather conditions affecting customer demand, market pricing, and the timing of regulatory decisions.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Consolidation and Presentation**

These unaudited condensed interim consolidated financial statements (Consolidated Financial Statements) include the accounts of the Company and its subsidiaries. Inter-company transactions and balances have been eliminated.

### **Basis of Accounting**

These Consolidated Financial Statements are prepared and presented in accordance with United States (U.S.) generally accepted accounting principles (GAAP) for interim financial statements and all financial information is presented in Canadian dollars.

The accounting policies applied are consistent with those outlined in Hydro One's annual audited consolidated financial statements for the year ended December 31, 2025, with the exception of the adoption of new accounting standards as described in Note 3 - New Accounting Pronouncements. These Consolidated Financial Statements reflect adjustments, that are, in the opinion of management, necessary to fairly reflect the financial position and results of operations for the respective periods. These Consolidated Financial Statements do not include all disclosures required in the annual financial statements and should be read in conjunction with Hydro One's annual audited consolidated financial statements for the year ended December 31, 2025.

## **3. NEW ACCOUNTING PRONOUNCEMENTS**

The following table presents Accounting Standards Updates (ASUs) issued by the Financial Accounting Standards Board (FASB) that are applicable to Hydro One:

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**Recently Adopted Accounting Guidance**

Guidance	Date issued	Description	ASU Effective Date	Impact on Hydro One
ASU 2025-05	July 2025	The amendments allow all entities to use a practical expedient when estimating expected credit losses for current accounts receivable and contract assets under Topic 606, by assuming that current conditions as of the balance sheet date remain unchanged over the asset's life. Additionally, entities other than public business entities that elect this expedient may adopt an accounting policy to consider post-balance sheet date collection activity in their credit loss estimates.	Annual and interim periods beginning after December 15, 2025.	No impact upon adoption

**Recently Issued Accounting Guidance Not Yet Adopted**

Guidance	Date issued	Description	ASU Effective Date	Impact on Hydro One
ASU 2023-06	October 2023	The amendments represent changes to clarify or improve disclosure or presentation requirements of a variety of subtopics in the FASB Codification. Many of the amendments allow users to more easily compare entities subject to the U.S. Securities and Exchange's (SEC) existing disclosures with those entities that were not previously subject to the SEC's requirements. Also, the amendments align the requirements in the Codification with the SEC's regulations.  Applicable to all entities, if by June 30, 2027 the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity.	Two years subsequent to the date on which the SEC's removal of that related disclosure becomes effective.	Under assessment
ASU 2024-03	November 2024	The amendments require public business entities to disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods, which are not generally presented in the current financial statements.	Annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027.	Under assessment
ASU 2025-03	May 2025	The amendments require entities to apply the guidance for identifying the accounting acquirer in transactions where a business that qualifies as a Variable Interest Entity is acquired through the exchange of equity interests.	Annual and interim periods beginning after December 15, 2026.	No impact upon adoption
ASU 2025-06	September 2025	The amendments modernize accounting for internal-use software by removing outdated development stage references and introducing a capitalization threshold based on management authorization and project completion probability.	Annual periods beginning after December 15, 2027.	Under assessment
ASU 2025-09	November 2025	The amendments expand hedge-accounting eligibility and better align the guidance with common risk-management practices. Key updates allow grouping forecasted transactions with similar exposure, simplify hedging of choose-your-rate variable-rate debt, and broaden eligibility for hedging nonfinancial components. The guidance modernizes treatment of certain option-based derivatives and resolves mismatches in dual hedge relationships.	Annual and interim periods beginning after December 15, 2026.	Under assessment
ASU 2025-10	December 2025	The amendments establish authoritative GAAP for government grants, setting recognition, measurement, presentation, and disclosure requirements.	Annual and interim periods beginning after December 15, 2028.	Under assessment
ASU 2025-11	December 2025	The amendments clarify interim reporting by establishing a complete list of required GAAP interim disclosures. They introduce a disclosure principle requiring entities to report material events occurring after the annual reporting period. The Update also clarifies types of interim reports and the form and content of interim financial statements. Overall, the changes enhance clarity and consistency without altering existing disclosure requirements.	Interim reporting periods within annual reporting periods beginning after December 15, 2027.	Under assessment
ASU 2025-12	December 2025	The amendments clarify existing guidance, correct errors, and introduce minor improvements to numerous Codification Topics, thereby making the requirements easier for entities to understand and apply.	Annual and interim periods beginning after December 15, 2026.	Under assessment

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**4. DEPRECIATION, AMORTIZATION AND ASSET REMOVAL COSTS**

Three months ended March 31 (millions of dollars)	2026	2025
Depreciation of property, plant and equipment	226	211
Amortization of intangible assets	23	21
Amortization of regulatory assets	—	1
Depreciation and amortization	249	233
Asset removal costs	24	31
	<b>273</b>	<b>264</b>

**5. FINANCING CHARGES**

Three months ended March 31 (millions of dollars)	2026	2025
Interest on long-term debt	196	178
Interest on regulatory accounts	5	7
Interest on short-term notes	1	3
Realized loss on cash flow hedges (interest-rate swap agreements) (Note 16)	2	1
Other	4	3
Less: Interest capitalized on construction and development in progress	(29)	(24)
Interest earned on cash and cash equivalents	(3)	(5)
	<b>176</b>	<b>163</b>

**6. INCOME TAXES**

As a rate-regulated utility company, the Company recovers income taxes from its ratepayers based on estimated current income tax expense in respect of its regulated business. The amounts of deferred income taxes related to regulated operations which are considered to be more likely-than-not to be recoverable from, or refundable to, ratepayers in future periods are recognized as deferred income tax regulatory assets or deferred income tax regulatory liabilities, with an offset to deferred income tax recovery or deferred income tax expense, respectively. The Company's consolidated income tax expense or income tax recovery for the period includes all current and deferred income tax expenses for the period net of the regulated accounting offset to deferred income tax expense arising from temporary differences to be recovered from, or refunded to, customers in future rates. Thus, the Company's income tax expense or income tax recovery differs from the amount that would have been recorded using the statutory income tax rate. As the Company operates in Ontario, it is subject to the combined Canadian federal and Ontario statutory rates of 26.5%.

The reconciliation between the statutory and the effective tax rates is provided as follows:

Three months ended March 31	2026		2025	
	(millions of dollars)	(percentage)	(millions of dollars)	(percentage)
Income before income tax expense	435		429	
Income tax expense at statutory rate of 26.5% (2025 - 26.5%)	115	26.5 %	114	26.5 %
Increase (decrease) resulting from:				
Net temporary differences recoverable in future rates charged to customers:				
Capital cost allowance in excess of depreciation and amortization <sup>1</sup>	(49)	(11.4)%	(22)	(5.1)%
Overheads capitalized for accounting but deducted for tax purposes	(14)	(3.2)%	(12)	(2.8)%
Interest capitalized for accounting but deducted for tax purposes	(8)	(1.8)%	(9)	(2.1)%
Pension and post-retirement benefit contributions in excess of pension expense	(5)	(1.1)%	(1)	(0.2)%
Other	3	0.6 %	(2)	(0.4)%
Net temporary differences attributable to regulated business	(73)	(16.9)%	(46)	(10.6)%
Net permanent differences	(1)	(0.2)%	—	— %
Total income tax expense	41	9.4 %	68	15.9 %

<sup>1</sup> Included in current period's amount is the accelerated tax depreciation of up to three times the first-year rate for certain eligible capital investments acquired after 2024 and placed in-service before 2034, as re-introduced under Bill C-15, enacted in the first quarter of 2026.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**7. ACCOUNTS RECEIVABLE**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Accounts receivable - billed	552	467
Accounts receivable - unbilled	614	673
Accounts receivable, gross	1,166	1,140
Allowance for doubtful accounts	(62)	(57)
<b>Accounts receivable, net</b>	<b>1,104</b>	<b>1,083</b>

The following table shows the movements in the allowance for doubtful accounts for the three months ended March 31, 2026 and the year ended December 31, 2025:

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Allowance for doubtful accounts – beginning	(57)	(61)
Write-offs	4	23
Additions to allowance for doubtful accounts	(9)	(19)
<b>Allowance for doubtful accounts – ending</b>	<b>(62)</b>	<b>(57)</b>

**8. OTHER CURRENT ASSETS**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Prepaid expenses and other assets	132	92
Materials and supplies	29	31
Regulatory assets (Note 11)	14	10
	<b>175</b>	<b>133</b>

**9. PROPERTY, PLANT AND EQUIPMENT**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Property, plant and equipment	44,324	43,894
Less: accumulated depreciation	(15,232)	(15,042)
	29,092	28,852
Construction in progress	2,817	2,598
	<b>31,909</b>	<b>31,450</b>

**10. INTANGIBLE ASSETS**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Intangible assets	1,591	1,590
Less: accumulated depreciation	(989)	(965)
	602	625
Development in progress	37	29
	<b>639</b>	<b>654</b>

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**11. REGULATORY ASSETS AND LIABILITIES**

Regulatory assets and liabilities arise as a result of the rate-setting process. Hydro One has recorded the following regulatory assets and liabilities:

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
<b>Regulatory assets:</b>		
Deferred income tax regulatory asset	3,650	3,549
Broadband deferral	77	73
Post-retirement and post-employment benefits - non-service cost	49	49
Environmental	43	43
Getting Ontario Connected Act variance	40	39
Incremental cloud computing implementation costs deferral	27	20
Stock-based compensation	19	18
Distribution rate riders	—	26
Other	50	50
<b>Total regulatory assets</b>	<b>3,955</b>	<b>3,867</b>
Less: current portion	(14)	(10)
	<b>3,941</b>	<b>3,857</b>
<b>Regulatory liabilities:</b>		
Pension benefit regulatory liability	645	610
Post-retirement and post-employment benefits	336	336
Earnings sharing mechanism (ESM) deferral	226	310
Retail settlement variance (RSVA)	177	242
External revenue variance	84	75
Distribution rate riders	81	—
Tax rule changes variance	65	36
Other post-employment benefits (OPEB) asymmetrical carrying charge variance	53	49
Capitalized overhead tax variance	50	50
Asset removal costs cumulative variance	48	48
Pension cost differential variance	36	30
Advanced Metering Infrastructure (AMI) 2.0 variance	29	29
Deferred income tax regulatory liability	10	9
Other	37	27
<b>Total regulatory liabilities</b>	<b>1,877</b>	<b>1,851</b>
Less: current portion	(165)	(230)
	<b>1,712</b>	<b>1,621</b>

**Tax Rule Changes Variance**

In the first quarter of 2026, federal budget measures enacted as part of Bill C – 15 included time-limited investment incentives permitting Hydro One to claim enhanced capital cost allowance of up to three times the first-year rate for eligible capital investments acquired after 2024 and placed in-service before 2034. Hydro One is required to refund the tax benefits related to the accelerated depreciation rules to ratepayers.

**12. OTHER LONG-TERM ASSETS**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Deferred pension assets	645	610
Investments in associates <sup>1</sup>	253	302
Right-of-Use assets	44	47
Other long-term assets	70	64
	<b>1,012</b>	<b>1,023</b>

<sup>1</sup> On March 4, 2025, Hydro One Networks completed the acquisition of an approximate 48% interest in the EWT LP for approximately \$261 million in cash, including closing adjustments. In March 2026, a group of First Nation Partners exercised the right to acquire additional interest in EWT LP. Proceeds received from Hydro One's partial sale of equity interest is approximately \$30 million. Following the transaction, Hydro One's ownership in EWT LP was diluted to 40%. Accordingly, the Company recognized a loss on dilution of \$14 million.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**13. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Accrued liabilities	796	944
Accounts payable	322	371
Unearned revenue	322	313
Accrued interest	195	203
Regulatory liabilities (Note 11)	165	230
Lease obligations	14	14
Environmental liabilities	8	7
Derivative liabilities (Note 16)	3	4
	1,825	2,086

**14. OTHER LONG-TERM LIABILITIES**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Post-retirement and post-employment benefit liability	1,689	1,672
Asset retirement obligations	44	43
Environmental liabilities	35	37
Lease obligations	26	29
Other long-term liabilities	38	42
	1,832	1,823

**15. DEBT AND CREDIT AGREEMENTS**

**Short-Term Notes and Credit Facilities**

Hydro One meets its short-term liquidity requirements in part through the issuance of commercial paper under Hydro One Inc.'s commercial paper program which has a maximum authorized amount of \$2,300 million. These short-term notes are denominated in Canadian dollars with varying maturities up to 365 days. The commercial paper program is supported by Hydro One Inc.'s revolving standby credit facilities totalling \$3,050 million.

As at March 31, 2026, Hydro One's consolidated committed, unsecured, and revolving credit facilities (Operating Credit Facilities) were \$3,300 million, comprised of Hydro One Inc.'s credit facilities of \$3,050 million and Hydro One's credit facilities of \$250 million. As at March 31, 2026, no amounts have been drawn on the Operating Credit Facilities.

The Company may use the Operating Credit Facilities for working capital and general corporate purposes. If used, interest on the Operating Credit Facilities would apply based on Canadian benchmark rates. The Operating Credit Facilities include a pricing adjustment which can increase or decrease Hydro One's cost of borrowing based on its performance on certain sustainability performance measures, which are related to Hydro One's sustainability goals. The obligation of each lender to extend credit under its credit facility is subject to various conditions including that no event of default has occurred or would result from such credit extension.

**Subsidiary Debt Guarantee**

Hydro One Holdings Limited (HOHL) is an indirect wholly-owned subsidiary of Hydro One that may offer and sell debt securities. Any debt securities issued by HOHL are fully and unconditionally guaranteed by the Company. As at March 31, 2026, no debt securities have been issued by HOHL.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**Long-Term Debt**

The following table presents long-term debt outstanding as at March 31, 2026 and December 31, 2025:

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Hydro One Inc. long-term debt (a)	18,120	18,620
Hydro One long-term debt (b)	425	425
	18,545	19,045
Add: Net unamortized debt premiums	38	39
Less: Unamortized deferred debt issuance costs	(65)	(67)
<b>Total long-term debt</b>	<b>18,518</b>	<b>19,017</b>
	(425)	(925)
<b>Less: Long-term debt payable within one year</b>	<b>(425)</b>	<b>(925)</b>
	<b>18,093</b>	<b>18,092</b>

(a) Hydro One Inc. long-term debt

As at March 31, 2026, long-term debt of \$18,120 million (December 31, 2025 - \$18,620 million) was outstanding, the majority of which was issued under Hydro One Inc.'s Medium Term Note (MTN) Program. In March 2026, Hydro One Inc. filed a short form base shelf prospectus in connection with its MTN Program, which expires in April 2029. During the three months ended March 31, 2026, no long-term debt was issued (2025 - \$nil) and \$500 million long-term debt was repaid (2025 - \$400 million).

(b) Hydro One long-term debt

As at March 31, 2026, long-term debt of \$425 million (December 31, 2025 - \$425 million) was outstanding. On August 19, 2024, Hydro One filed a short form base shelf prospectus (Universal Base Shelf Prospectus) with securities regulatory authorities in Canada. The Universal Base Shelf Prospectus allows Hydro One to offer, from time to time in one or more public offerings, debt, equity or other securities, or any combination thereof, during the 25-month period ending in September 2026. As at March 31, 2026, no securities have been issued under the Universal Base Shelf Prospectus. During the three months ended March 31, 2026 and 2025, no long-term debt was issued or repaid.

**Principal and Interest Payments**

As at March 31, 2026, future principal repayments, interest payments, and related weighted-average interest rates were as follows:

	Long-Term Debt Principal Repayments <i>(millions of dollars)</i>	Interest Payments <i>(millions of dollars)</i>	Weighted-Average Interest Rate <i>(%)</i>
Year 1	425	781	2.8
Year 2	1,175	775	3.6
Year 3	—	733	—
Year 4	1,500	724	3.1
Year 5	800	671	4.5
	3,900	3,684	3.5
Years 6-10	5,360	2,719	4.4
Thereafter	9,285	4,837	4.5
	<b>18,545</b>	<b>11,240</b>	<b>4.2</b>

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**16. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Non-Derivative Financial Assets and Liabilities**

As at March 31, 2026 and December 31, 2025, the Company's carrying amounts of cash and cash equivalents, accounts receivable, due from related parties, short-term notes payable, accounts payable, and due to related parties are representative of fair value due to the short-term nature of these instruments.

**Fair Value Measurements of Long-Term Debt**

The carrying values and fair values of the Company's long-term debt as at March 31, 2026 and December 31, 2025 are as follows:

As at (millions of dollars)	March 31, 2026		December 31, 2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current portion	18,518	18,028	19,017	18,721

**Fair Value Measurements of Derivative Instruments**

Fair Value Hedges

As at March 31, 2026 and December 31, 2025, Hydro One Inc. had no fair value hedges.

Cash Flow Hedges

As at March 31, 2026 and December 31, 2025, Hydro One Inc. had a \$425 million, pay-fixed, receive-floating interest-rate swap agreement designated as a cash flow hedge. This cash flow hedge is intended to offset the variability of interest rates between December 21, 2023 and September 21, 2026.

As at March 31, 2026 and December 31, 2025, the Company had no derivative instruments classified as undesignated contracts.

**Fair Value Hierarchy**

The fair value hierarchy of financial assets and liabilities as at March 31, 2026 and December 31, 2025 is as follows:

As at March 31, 2026 (millions of dollars)	Carrying Value	Fair Value	Level 1	Level 2	Level 3
<b>Liabilities:</b>					
Long-term debt, including current portion	18,518	18,028	—	18,028	—
Derivative instruments (Note 13)					
Cash flow hedges, including current portion	3	3	—	3	—
	18,521	18,031	—	18,031	—
<b>As at December 31, 2025 (millions of dollars)</b>					
<b>Liabilities:</b>					
Long-term debt, including current portion	19,017	18,721	—	18,721	—
Derivative instruments (Note 13)					
Cash flow hedges, including current portion	4	4	—	4	—
	19,021	18,725	—	18,725	—

The fair value of the interest rate swaps designated as cash flow hedges is determined using a discounted cash flow method based on period-end swap yield curves.

The fair value of the long-term debt is based on unadjusted period-end market prices for the same or similar debt of the same remaining maturities.

There were no transfers between any of the fair value levels during the three months ended March 31, 2026 or the year ended December 31, 2025.

**Risk Management**

Exposure to market risk, credit risk and liquidity risk arises in the normal course of the Company's business.

Market Risk

Market risk refers primarily to the risk of loss which results from changes in values, foreign exchange rates and interest rates. The Company is exposed to fluctuations in interest rates, as its regulated return on equity is derived using a formulaic approach that takes anticipated interest rates into account. The Company is not currently exposed to material commodity price risk or material foreign exchange risk.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
**For the three months ended March 31, 2026 and 2025**

The Company uses a combination of fixed and variable-rate debt to manage the mix of its debt portfolio. The Company also uses derivative financial instruments to manage interest-rate risk. The Company may utilize interest-rate swaps designated as fair value hedges as a means to manage its interest rate exposure to achieve a lower cost of debt. The Company may also utilize interest-rate derivative instruments, such as cash flow hedges, to manage its exposure to short-term interest rates or to lock in interest-rate levels on forecasted financing.

A hypothetical 100 basis points increase in interest rates associated with variable-rate debt would not have resulted in a significant decrease to Hydro One's net income for the three months ended March 31, 2026 and 2025, respectively.

For derivative instruments that are designated and qualify as cash flow hedges, the unrealized gain or loss, after tax, on the derivative instrument is recorded as other comprehensive income (OCI) or other comprehensive loss (OCL) and is reclassified to net income or net loss in the same period during which the hedged transaction affects results of operations. The following table shows the amounts recorded in OCL and reclassified to financing charges for the three months ended March 31, 2026 and 2025:

<i>Three months ended March 31 (millions of dollars)</i>	2026	2025
Amounts recorded in OCL/OCI		
Before tax loss	—	3
After tax loss	—	2
Amounts reclassified to financing charges		
Before tax loss	2	1
After tax loss	1	1

This resulted in an accumulated other comprehensive loss (AOCL) of \$2 million related to cash flow hedges as at March 31, 2026 (December 31, 2025 - \$3 million).

The Company estimates that the amount of AOCL, after tax, related to cash flow hedges to be reclassified to results of operations in the next 12 months is approximately \$2 million. Actual amounts reclassified to results of operations depend on the interest rate in effect until the derivative contracts mature. For all forecasted transactions, as at March 31, 2026, the maximum term over which the Company is hedging exposures to the variability of cash flows is less than one year.

The Pension Plan manages market risk by diversifying investments in accordance with the Pension Plan's Statement of Investment Policies and Procedures. Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of the Pension Plan's financial instruments. In addition, changes in interest rates can also impact discount rates which impact the valuation of the pension and post-retirement and post-employment liabilities. Currency risk is the risk that the value of the Pension Plan's financial instruments will fluctuate due to changes in foreign currencies relative to the Canadian dollar. Other price risk is the risk that the value of the Pension Plan's investments in equity securities will fluctuate as a result of changes in market prices, other than those arising from interest risk or currency risk. All three factors may contribute to changes in values of the Pension Plan investments. See Note 17 - Pension and Post-Retirement and Post-Employment Benefits for further details.

#### Credit Risk

Financial assets create a risk that a counterparty will fail to discharge an obligation, causing a financial loss. As at March 31, 2026 and 2025, there were no significant concentrations of credit risk with respect to any class of financial assets. The Company's revenue is earned from a broad base of customers. As a result, Hydro One did not earn a material amount of revenue from any single customer. As at March 31, 2026 and 2025, there was no material accounts receivable balance due from any single customer.

As at March 31, 2026, the Company's allowance for doubtful accounts was \$62 million (December 31, 2025 - \$57 million). The allowance for doubtful accounts reflects the Company's current expected credit loss for all accounts receivable balances, which are based on historical overdue balances, customer payments and write-offs. As at March 31, 2026, approximately 8% (December 31, 2025 - 7%) of the Company's net accounts receivable were outstanding for more than 60 days.

Hydro One manages its counterparty credit risk through various techniques including (i) entering into transactions with highly rated counterparties, (ii) limiting total exposure levels with individual counterparties, (iii) entering into master agreements which enable net settlement and the contractual right of offset, and (iv) monitoring the financial condition of counterparties. The Company monitors current credit exposure to counterparties on both an individual and an aggregate basis. The Company's credit risk for accounts receivable is limited to the carrying amounts on the consolidated balance sheets.

Derivative financial instruments result in exposure to credit risk since there is a risk of counterparty default. The maximum credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts in an asset position at the reporting date. As at March 31, 2026 and 2025, Hydro One's credit exposure for all derivative instruments and applicable payables was with one financial institution with investment grade credit ratings as counterparty.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
**For the three months ended March 31, 2026 and 2025**

The Pension Plan manages its counterparty credit risk with respect to bonds by investing in investment-grade corporate and government bonds and with respect to derivative instruments by transacting only with highly rated financial institutions and by ensuring that exposure is diversified across counterparties.

**Liquidity Risk**

Liquidity risk refers to the Company's ability to meet its financial obligations as they come due. Hydro One meets its short-term operating liquidity requirements using cash and cash equivalents on hand, funds from operations, the issuance of commercial paper, and the Operating Credit Facilities. The short-term liquidity under the commercial paper program, the Operating Credit Facilities, and anticipated levels of funds from operations are expected to be sufficient to fund the Company's operating requirements.

In March 2026, Hydro One Inc. filed a short form base shelf prospectus in connection with its MTN Program, which expires in April 2029. Hydro One's Universal Base Shelf Prospectus allows it to offer, from time to time in one or more public offerings, debt, equity or other securities, or any combination thereof, during the 25-month period ending on September 19, 2026.

On November 29, 2024, HOHL filed a short form base shelf prospectus (HOHL U.S. Debt Shelf Prospectus) with securities regulatory authorities in Ontario and the U.S., that expires in December 2026. The HOHL U.S. Debt Shelf Prospectus allows HOHL to offer, from time to time in one or more public offerings, debt securities, unconditionally guaranteed by Hydro One. As at March 31, 2026, no securities have been issued under the HOHL U.S. Debt Shelf Prospectus.

On August 18, 2025, Hydro One Inc. filed a short form base shelf prospectus (HOI U.S. Debt Shelf Prospectus) with securities regulatory authorities in Ontario and the U.S. The HOI U.S. Debt Shelf Prospectus allows Hydro One Inc. to offer, from time to time in one or more public offerings, U.S. debt securities, during the 25-month period ending on September 18, 2027. As at March 31, 2026, no securities have been issued under the HOI U.S. Debt Shelf Prospectus.

The Pension Plan's short-term liquidity is provided through cash and cash equivalents, contributions, investment income and proceeds from investment transactions. In the event that investments must be sold quickly to meet current obligations, the majority of the Pension Plan's assets are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise.

**17. PENSION AND POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS**

The following table provides the components of the net periodic benefit (recovery) costs for the three months ended March 31, 2026 and 2025:

Three months ended March 31 (millions of dollars)	Pension Benefits		Post-Retirement and Post-Employment Benefits	
	2026	2025	2026	2025
Current service cost	38	37	16	15
Interest cost	112	103	23	20
Expected return on plan assets, net of expenses <sup>1</sup>	(169)	(166)	—	—
Amortization of prior service (credit) cost	(1)	(1)	3	2
Amortization of actuarial losses (gains)	—	(4)	(3)	(4)
<b>Net periodic benefit (recovery) costs</b>	<b>(20)</b>	<b>(31)</b>	<b>39</b>	<b>33</b>
<b>Charged to results of operations<sup>2</sup></b>	<b>3</b>	<b>6</b>	<b>26</b>	<b>23</b>

<sup>1</sup> The expected long-term rate of return on pension plan assets for the year ending December 31, 2026 is 7.20% (2025 - 7.20%).

<sup>2</sup> The Company accounts for pension costs consistent with their inclusion in Ontario Energy Board (OEB)-approved rates. During the three months ended March 31, 2026, pension costs of \$15 million (2025 - \$20 million) were attributed to labour, of which \$3 million (2025 - \$6 million) was charged to operations, and \$12 million (2025 - \$14 million) was capitalized as part of the cost of property, plant and equipment and intangible assets.

**18. SHARE CAPITAL**

**Common Shares**

The Company is authorized to issue an unlimited number of common shares. As at March 31, 2026, the Company had 599,781,811 (December 31, 2025 - 599,781,811) common shares issued and outstanding.

**Preferred Shares**

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. As at March 31, 2026 and December 31, 2025, the Company had no preferred shares issued and outstanding.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**19. DIVIDENDS**

During the three months ended March 31, 2026, common share dividends in the amount of \$200 million (2025 - \$188 million) were declared and paid. See Note 28 - Subsequent Events for dividends declared subsequent to March 31, 2026.

**20. EARNINGS PER COMMON SHARE**

Basic earnings per common share (EPS) is calculated by dividing net income attributable to common shareholders of Hydro One by the weighted-average number of common shares outstanding.

Diluted EPS is calculated by dividing net income attributable to common shareholders of Hydro One by the weighted-average number of common shares outstanding adjusted for the effects of potentially dilutive stock-based compensation plans, including the share grant plans and the Long-term Incentive Plan (LTIP), which are calculated using the treasury stock method.

Three months ended March 31	2026	2025
Net income attributable to common shareholders <i>(millions of dollars)</i>	391	358
Weighted-average number of shares		
Basic	599,781,811	599,436,037
Effect of dilutive stock-based compensation plans	887,814	1,214,371
Diluted	600,669,625	600,650,408
EPS		
Basic	\$0.65	\$0.60
Diluted	\$0.65	\$0.60

**21. STOCK-BASED COMPENSATION**

**Share Grant Plans**

There were no changes in share grants under the Share Grant Plans during the three months ended March 31, 2026 and 2025.

**Directors' Deferred Share Unit (DSU) Plan**

A summary of DSU awards activity under the Directors' DSU Plan during the three months ended March 31, 2026 and 2025 is presented below:

Three months ended March 31 <i>(number of DSUs)</i>	2026	2025
DSUs outstanding - beginning	102,256	107,296
Granted	4,950	5,902
DSUs outstanding - ending	107,206	113,198

As at March 31, 2026, a liability of \$6 million (December 31, 2025 - \$6 million) related to Directors' DSUs has been recorded at the closing price of the Company's common shares of \$57.45 (December 31, 2025 - \$54.64). This liability is included in other long-term liabilities on the consolidated balance sheets.

**Management DSU Plan**

A summary of DSU awards activity under the Management DSU Plan during the three months ended March 31, 2026 and 2025 is presented below:

Three months ended March 31 <i>(number of DSUs)</i>	2026	2025
DSUs outstanding - beginning	80,404	85,690
Granted	13,333	12,571
Paid	(43,276)	—
DSUs outstanding - ending	50,461	98,261

As at March 31, 2026, a liability of \$3 million (December 31, 2025 - \$4 million) related to Management DSUs has been recorded at the closing price of the Company's common shares of \$57.45 (December 31, 2025 - \$54.64). This liability is included in other long-term liabilities on the consolidated balance sheets.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**LTIP**

Performance Share Units (PSU) and Restricted Share Units (RSU)

A summary of PSU and RSU awards activity under the LTIP during the three months ended March 31, 2026 and 2025 is presented below:

Three months ended March 31 (number of units)	PSUs		RSUs	
	2026	2025	2026	2025
Units outstanding - beginning	399,181	286,554	391,623	322,925
Granted	131,194	167,324	137,685	134,518
Forfeited	—	(17,206)	(714)	(8,910)
Vested	—	(7,184)	(124,298)	(3,069)
Units outstanding - ending	530,375	429,488	404,296	445,464

The total grant date fair value of the awards granted during the three months ended March 31, 2026 was \$16 million (2025 - \$14 million). The compensation expense related to these awards during the three months ended March 31, 2026 was \$4 million (2025 - \$4 million).

**22. NONCONTROLLING INTEREST**

CLLP

On January 2, 2026, Hydro One Networks sold to Walpole Island First Nation an approximate 10% equity interest in CLLP for total consideration of approximately \$8 million. Following the completion of the transaction, Hydro One Networks' equity interest in CLLP was reduced to 70%. On February 2, 2026, Aamjiwnaang First Nation and Chippewas of Kettle & Stony Point First Nation collectively purchased an approximate 20% equity interest in CLLP through an equally-owned Limited Partnership for total consideration of approximately \$16 million. Following the completion of the transaction, Hydro One Networks' equity interest in CLLP was reduced to 50%.

**23. RELATED PARTY TRANSACTIONS**

The Province is a shareholder of Hydro One with approximately 47.1% (2025 - 47.1%) ownership as at March 31, 2026. The Ministry of Energy and Mines (Ministry) and the Ministry of Infrastructure (MOI) are related parties to Hydro One because they are controlled by the Province. The Independent Electricity System Operator (IESO), Ontario Power Generation Inc. (OPG), Ontario Electricity Financial Corporation (OEFC), and the OEB are related parties to Hydro One because they are controlled or significantly influenced by the Ministry. Hydro One also has transactions in the normal course of business with various government ministries and organizations in Ontario that fall under the purview of the Province. The following is a summary of the Company's related party transactions during the three months ended March 31, 2026 and 2025:

Three months ended March 31 (millions of dollars)		2026	2025
Related Party	Transaction		
<b>Province</b>	Dividends paid	94	88
<b>Ministry</b>	Broadband subsidy <sup>1</sup>	10	—
<b>MOI</b>	Broadband subsidy <sup>1</sup>	—	13
<b>IESO</b>	Power purchased	1,129	918
	Revenues for transmission services	659	621
	Amounts related to electricity rebates	450	275
	Distribution revenues related to rural rate protection	63	63
	Distribution revenues related to Wataynikaneyap Power LP	25	33
	Distribution revenues related to supply of electricity to remote northern communities	13	12
	Funding received related to Conservation and Demand Management programs	1	—
<b>OPG</b>	Power purchased	17	11
	Transmission revenues related to provision of services and supply of electricity	—	1
	Distribution revenues related to provision of services and supply of electricity	3	3
	Other revenues related to provision of services and supply of electricity	1	—
	Capital contribution received from OPG	2	10
<b>OEFC</b>	Power purchased from power contracts administered by the OEFC	2	1
<b>OEB</b>	OEB fees	4	3

<sup>1</sup> During 2025, Ministry replaced MOI in making broadband subsidy payments to Hydro One.

Sales to and purchases from related parties are based on the requirements of the OEB's Affiliate Relationships Code. Outstanding balances as at period end are interest-free and settled in cash. Invoices are issued monthly, and amounts are due and paid on a monthly basis.

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**24. CONSOLIDATED STATEMENTS OF CASH FLOWS**

The changes in non-cash balances related to operations consist of the following:

<i>Three months ended March 31 (millions of dollars)</i>	<b>2026</b>	<b>2025</b>
Accounts receivable (Note 7)	(21)	(92)
Due from related parties	18	(16)
Materials and supplies (Note 8)	2	—
Prepaid expenses and other assets (Note 8)	(40)	(4)
Other long-term assets (Note 12)	(6)	(9)
Accounts payable (Note 13)	(49)	(20)
Accrued liabilities	(86)	54
Unearned revenue (Note 13)	9	(30)
Due to related parties	(146)	(85)
Accrued interest (Note 13)	(8)	1
Long-term accounts payable and other long-term liabilities (Note 14)	(4)	1
Post-retirement and post-employment benefit liability	17	22
	<b>(314)</b>	<b>(178)</b>

**Capital Expenditures**

The following tables reconcile investments in property, plant and equipment and intangible assets and the amounts presented in the consolidated statements of cash flows for the three months ended March 31, 2026 and 2025. The reconciling items include net change in accruals, transfers, and capitalized depreciation.

<i>Three months ended March 31, 2026 (millions of dollars)</i>	<b>Property, Plant and Equipment</b>	<b>Intangible Assets</b>	<b>Total</b>
Capital investments	(704)	(11)	(715)
Reconciling items	17	(1)	16
Cash outflow for capital expenditures	<b>(687)</b>	<b>(12)</b>	<b>(699)</b>

<i>Three months ended March 31, 2025 (millions of dollars)</i>	<b>Property, Plant and Equipment</b>	<b>Intangible Assets</b>	<b>Total</b>
Capital investments	(718)	(17)	(735)
Reconciling items	96	(4)	92
Cash outflow for capital expenditures	<b>(622)</b>	<b>(21)</b>	<b>(643)</b>

**Supplementary Information**

<i>Three months ended March 31 (millions of dollars)</i>	<b>2026</b>	<b>2025</b>
Net interest paid	201	174
Income taxes paid	137	12

**25. CONTINGENCIES**

Hydro One is involved in various lawsuits and claims in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

**26. COMMITMENTS**

A summary of Hydro One's commitments under outsourcing and other agreements due in the next five years and thereafter are as follows:

<i>As at March 31, 2026 (millions of dollars)</i>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Thereafter</b>
Outsourcing and other agreements	50	49	21	1	1	16

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

The following table presents a summary of Hydro One's other commercial commitments by year of expiry in the next five years and thereafter:

As at March 31, 2026 (millions of dollars)	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter
Operating Credit Facilities <sup>1</sup>	—	—	—	—	3,300	—
Letters of credit <sup>2</sup>	173	16	—	—	—	—
Guarantees <sup>3</sup>	535	—	—	—	—	—

<sup>1</sup> On June 1, 2025, the maturity date for the Operating Credit Facilities was extended to June 1, 2030.

<sup>2</sup> Letters of credit consist of \$166 million letters of credit related to retirement compensation arrangements, a \$16 million letter of credit provided to the IESO for prudential support, and \$7 million in letters of credit for various operating purposes.

<sup>3</sup> Guarantees consist of \$475 million prudential support provided to the IESO by Hydro One Inc. on behalf of its subsidiaries, as well as \$60 million guarantees provided by Hydro One to ONroute relating to OCN LP (OCN Guarantee).

## 27. SEGMENTED REPORTING

The Company has three reportable segments: Transmission, Distribution, and Other. The composition of these segments is described in Note 1 to the consolidated financial statements.

The designation of segments has been based on a combination of regulatory status and the nature of the services provided. Operating segments of the Company are determined based on information used by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources and evaluate the performance of each of the segments. Hydro One's CODM consists of its Chief Executive Officer and certain members of the executive leadership team. The CODM evaluates segment performance based on income before financing charges, equity income, and income tax expense from continuing operations (excluding certain allocated corporate governance costs) (EBIT). The CODM considers the key components of EBIT to understand the variances to prior period on a quarterly basis and measures them against the Company's budget and forecast across each of the three segments on a monthly basis in order to properly allocate resources between and within the operating segments.

Three months ended March 31, 2026 (millions of dollars)	Transmission	Distribution	Other	Consolidated
Revenues	664	1,970	14	2,648
Purchased power	—	1,424	—	1,424
Operation, maintenance and administration	133	172	24	329
Depreciation, amortization and asset removal costs	143	127	3	273
<b>Income (loss) before financing charges, equity (loss) income, and income tax expense</b>	<b>388</b>	<b>247</b>	<b>(13)</b>	<b>622</b>
<b>Capital investments</b>	<b>431</b>	<b>282</b>	<b>2</b>	<b>715</b>

Three months ended March 31, 2025 (millions of dollars)	Transmission	Distribution	Other	Consolidated
Revenues	636	1,761	11	2,408
Purchased power	—	1,220	—	1,220
Operation, maintenance and administration	129	181	22	332
Depreciation, amortization and asset removal costs	139	122	3	264
<b>Income (loss) before financing charges, equity (loss) income, and income tax expense</b>	<b>368</b>	<b>238</b>	<b>(14)</b>	<b>592</b>
<b>Capital investments</b>	<b>459</b>	<b>272</b>	<b>4</b>	<b>735</b>

### Total Assets by Segment:

As at (millions of dollars)	March 31, 2026	December 31, 2025
Transmission	24,032	23,630
Distribution	15,407	15,160
Other	282	881
<b>Total assets</b>	<b>39,721</b>	<b>39,671</b>

**HYDRO ONE LIMITED**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)**  
For the three months ended March 31, 2026 and 2025

**Total Goodwill by Segment:**

<i>As at (millions of dollars)</i>	March 31, 2026	December 31, 2025
Transmission	157	157
Distribution	216	216
Other	5	5
<b>Total goodwill</b>	<b>378</b>	<b>378</b>

All revenues, assets and substantially all costs, as the case may be, are earned, held or incurred in Canada.

**28. SUBSEQUENT EVENTS**

**Dividends**

On May 12, 2026, common share dividends of \$212 million (\$0.3531 per common share) were declared.