Q1 2023

Interim Financial Report

ENMAX Corporation

CAUTION TO READER

This Financial Report contains statements about future events and financial and operating results of ENMAX Corporation and its subsidiaries (collectively referred to herein as ENMAX or the Corporation) that are forward-looking. All forward-looking statements included herein reflect ENMAX's current expectations, projections, beliefs, judgments and assumptions based on available information as of the date hereof and in light of ENMAX's experience and its perception of historical trends. When used in this Financial Report, the words "may," "would," "could," "will," "intend," "plan," "anticipate," "believe," "seek," "propose," "estimate," "expect" and similar expressions, as they relate to the Corporation or an affiliate of the Corporation, are intended to identify forward-looking statements.

By their nature, forward-looking statements require the Corporation to make assumptions and are subject to inherent risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. ENMAX believes the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements, as many factors could cause actual future results, conditions, actions or events to differ materially from financial and operating targets, expectations, estimates or intentions expressed in the forward-looking statements. Factors that could cause results or events to differ from current expectations include, without limitation: regulatory decisions and outcomes of legal proceedings; the operating performance of the Corporation's assets; economic conditions in North America, as well as globally; the availability and market prices of commodities; liquidity and access to capital markets on competitive terms; timing and costs associated with certain capital investments; estimated energy consumption rates; changes in customer energy usage patterns; cyber security and technological developments, including those that could reduce demand for electricity; competition in the businesses in which the Corporation operates; unexpected or unusual weather; unanticipated maintenance and other expenditures; interest, tax, foreign exchange and inflation rates; the impact of hedging transactions; performance and credit risk of the Corporation's counterparties; disruption of fuel supply; environmental risks; the Corporation's ability to effectively anticipate, assess and respond to changes to government policies and regulations, including those relating to the environment, financial reporting and taxation; pension plan performance and funding requirements; loss of service area; global health crises, such as pandemics and epidemics and the unexpected impacts related thereto; market energy sales prices; labour relations; and the cost and availability of labour, equipment and materials.

Each forward-looking statement in this Financial Report is qualified in its entirety by the above cautionary statements and speaks only as of the date of this Financial Report. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law, and reserves the right to change, at any time at its sole discretion, the practice of updating annual targets and guidance.

For further information, see the section of the Management's Discussion & Analysis (MD&A) titled "Risks and Risk Management".

MANAGEMENT’S DISCUSSION AND ANALYSIS

This MD&A, dated May 17, 2023, is a review of the results of operations of ENMAX for the three months ended March 31, 2023, compared with the same period for 2022, and of the Corporation’s financial condition and future prospects. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2023 and 2022 (the Interim Statements) and the consolidated financial statements for the years ended December 31, 2022 and 2021, and the notes to the respective financial statements, including a summary of significant accounting policies (the Annual Statements). This MD&A contains forward-looking information and should be read in conjunction with the Caution to Reader as detailed above.

The Interim Statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Interim Statements and MD&A were reviewed by ENMAX’s Audit Committee, and the Interim Statements were approved by ENMAX’s Board of Directors (The Board). All amounts are in millions of Canadian dollars unless otherwise specified.

The Corporation reports on certain non-IFRS financial performance measures that are used by management to evaluate performance of business segments. As non-IFRS financial measures do not have a standard meaning prescribed by IFRS, the Corporation has defined and reconciled them with their nearest IFRS measure. The definition, calculation and reconciliation of non-IFRS financial measures are provided in the Non-IFRS Financial Measures section.

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Glossary of terms can be found on page 41 of the Interim Statements.

ENMAX OVERVIEW

Headquartered in Calgary, Alberta, Canada, ENMAX's mission is to power the potential of people, businesses and communities by safely and responsibly providing electricity and energy services in ways that matter now and in the future. ENMAX has a proud history of providing Albertans with electricity, and through the acquisition of Versant Power in 2020, serves an international customer base. The City of Calgary (The City) is the sole shareholder of ENMAX Corporation.

ENMAX has core operations through three main business segments: ENMAX Power, Versant Power and ENMAX Energy. In addition, a Corporate segment provides financing and shared corporate services to the operating segments.

- ENMAX Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 551,000 customers in the Calgary area (1,089 square kilometres in and around Calgary). ENMAX Power is regulated by the Alberta Utilities Commission (AUC). The transmission business operates under a cost-of-service model, under which ENMAX Power applies for rates designed to recover the forecast cost of providing transmission service, including an allowed return on capital in service. After public review of an application, the AUC issues a decision approving the revenue requirement and the monthly transmission tariff that is ultimately recovered from Alberta customers. The distribution business is regulated under a Performance-Based Regulation (PBR) model. Under this model, distribution rates paid by customers are set annually during the PBR term, using a formula that considers inflationary factors and operational efficiencies. PBR is intended to create additional incentives for utilities to find efficiencies in their operations as these efficiencies can lead to higher returns during the PBR term. The distribution rates for 2023 will set the starting point for the next five-year PBR term beginning in 2024.

- Versant Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 164,000 customers in the Maine Public District (MPD) and Bangor Hydro District (BHD), covering six counties in Maine, U.S.A. and a total operating area of approximately 27,000 square kilometres (10,400 square miles). BHD is a member of ISO-New England and is interconnected with other New England utilities to the south and with New Brunswick Power Corporation to the north. MPD is a member of the Northern Maine Independent System Administrator. Versant Power is regulated by the Maine Public Utilities Commission (MPUC) with respect to distribution rates, service standards, territories served, issuance of securities and other matters, and by the United States Federal Energy Regulatory Commission (FERC) with respect to transmission services and wholesale power sales. Versant Power earns revenue by charging customers for delivery of electricity across its transmission and distribution facilities. This retail revenue is divided into separate transmission, distribution and stranded cost rates. Currently, approximately 44 per cent of Versant Power's electricity revenue is from transmission operations, 44 per cent is associated with distribution operations, and 12 per cent relates to stranded cost recoveries and conservation charges. Rates for each element are established in distinct regulatory proceedings.

- ENMAX Energy is an Alberta-based integrated competitive generation and retail business, providing electricity, natural gas, distributed energy resource solutions and customer care services to approximately 725,000 customers throughout Alberta. ENMAX Energy also carries out retail energy supply and related functions for the Calgary Regulated Rate Option (RRO) through affiliated legal entities. The competitive retail business provides customers with either fixed or variable-priced electricity and natural gas and offers additional energy services. As at March 31, 2023, ENMAX Energy owned an interest in 1,522 megawatt (MW) of electricity generation capacity: 1,305 MW from natural gas-fuelled plants and 217 MW from wind power. Natural gas retail contracts are backed by market transactions to provide supply certainty, margin stability and risk mitigation. Natural gas fuel requirements for the generation portfolio are balanced through the purchase and sale of natural gas in the Alberta market.

- ENMAX's Corporate segment provides resources primarily for Canadian operations, as well as financing and shared legal, finance and accounting, human resources, corporate governance, information technology and other functions to the operating segments.

Q1 2023 OVERVIEW

High inflationary pressures and volatility in commodity markets have continued through the first quarter of 2023. The Bank of Canada and the U.S. Federal Reserve have both further increased overnight lending rates during 2023 (25 basis points in Canada and 50 basis points in the U.S.) in an attempt to curb inflation.

Affordability and reliability remain points of focus for utilities and their customers, as grid hardening and modernization efforts evolve in the context of new technologies and government policy.

A major scheduled maintenance outage at Shepard Energy Centre in the first quarter of 2023 resulted in lower plant availability and increased operations, maintenance and administration (OM&A) spending. This led to a 31 per cent decrease in Adjusted EBITDA [(1)] and a 65 per cent decrease in Comparable Net Earnings (CNE) [(1)], despite a 16 per cent increase in revenues compared to Q1 2022. Unrealized mark-to-market gains and losses on commodities due to changes in forward natural gas prices contributed to a Net loss of $65 million in Q1 2023, compared to Net earnings of $300 million in Q1 2022. Reliability, as measured by the frequency and duration of outages, has remained strong in ENMAX Power and has improved in Versant Power, as fewer service interruptions occurred.

Highlights from Q1 2023 include:

- Alberta Electricity System Operator (AESO) pool prices averaged $141 per megawatt-hour (MWh), an increase of 56 per cent from the same period in 2022. High pool prices were driven by a relatively tight electricity market, particularly in the month of March, given supply-side challenges such as low wind, import restrictions and generation outages.
- Alberta natural gas daily index prices averaged $3.07 per gigajoule (GJ) in Q1 2023, a decrease of 32 per cent from Q1 2022. Prices were weaker as a result of warmer weather across much of North America leading to a strong supply/demand balance.
- Spark spread, which is the difference between the wholesale electricity price and cost of natural gas to produce the electricity, represents the gross margin contribution of a natural gas-fuelled power plant from generating an unhedged unit of electricity, prior to carbon pricing impacts. The average spark spread for the three months ended March 31, 2023, was $118.42 per MWh, an increase of 109% per cent compared to the first three months of 2022.
- In March 2023, ENMAX Energy successfully completed a major planned maintenance outage at Shepard Energy Centre within the scheduled time frame.
- Alberta Bill 2, the *Inflation Relief Statutes Amendment Act, 2022*, received Royal Assent on December 15, 2022. Bill 2 set a price ceiling of 13.5 cents per kilowatt-hour (kWh) on the electric energy charge portion of the RRO from January 1, 2023, to March 31, 2023. RRO customer billings for energy charges above 13.5 cents per kWh during this period were deferred and are to be recovered between April 1, 2023, and December 31, 2024, subject to regulatory approval of recovery rates. The Government of Alberta provided interest-free advances to RRO providers in the amount of aggregate customer deferrals, repayable over the term from April 1, 2023, to December 31, 2024.
- On February 21, 2023, ENMAX Power reached a settlement with the Office of the Utilities Consumer Advocate and the Consumers' Coalition of Alberta for ENMAX Power's 2023-2025 transmission cost of service application. Three matters remain to be addressed through a limited written process

[(1)] Adjusted EBITDA and Comparable Net Earnings are non-IFRS financial measures. See Non-IFRS Financial Measures section of this MD&A.

before the AUC, with a decision expected in Q3 2023. Following the AUC decision, ENMAX Power will be on prospective rates for transmission for the remainder of 2023 through 2025.

- On March 31, 2023, Versant Power filed its stranded cost reconciliation rate filing. The combined stranded cost revenue requirement amounts to expected collection of $40 million USD, which is an overall increase of $55 million USD compared to the prior revenue requirement of a refund of $15 million USD approved in Docket No. 2022-00102. Versant Power expects the change in rates to go into effect on July 1, 2023. The increase is driven largely by Net Energy Billing (NEB) costs.
- Other Versant Power rate changes anticipated to become effective on July 1, 2023, include distribution and conservation rates for BHD and MPD, and transmission rates for MPD.
- A settlement with CUPE Local 38 was ratified on March 27, 2023, which will be in effect from 2023 to 2025.
- Capital spending in the first quarter of 2023 included continued work related to the Greenline light rail transit line and substation number one in ENMAX Power, and advanced metering infrastructure in Versant Power.
- Adjusted earnings before interest, tax, depreciation and amortization (Adjusted EBITDA) and CNE are non-IFRS financial measures used by management to evaluate performance, as described in the Non-IFRS Financial Measures section of this MD&A. Adjusted EBITDA was $134 million for the three months ended March 31, 2023, compared with $194 million for the same period in 2022. The decrease was driven largely by lower plant availability and production volume due to a major scheduled maintenance outage in ENMAX Energy.
- CNE was $28 million for Q1 2023, compared with $80 million for Q1 2022. The decrease was driven by changes in Adjusted EBITDA noted above, as well as depreciation and tax changes.
- Net loss was $65 million for the three-months ended 2023, compared with $300 million Net earnings for the same period in 2022. This $365 million decrease in earnings was primarily the result of a $346 million change in unrealized mark-to-market gains and losses on commodities, in addition to the explanations noted in Adjusted EBITDA above and related tax effects.

NON-IFRS FINANCIAL MEASURES

Management believes that financial measures of operating performance are more meaningful if the impacts of specific items that are non-recurring or are not representative of core business operations are excluded from the financial information. ENMAX uses Adjusted EBITDA and CNE as an indication of earnings and cash flows from recurring primary business activities, without consideration of how those activities are financed or how the results are taxed. Adjusted EBITDA is also used to evaluate certain debt coverage ratios.

CNE includes depreciation and amortization and finance charges, as well as income tax effects of core operations, but both Adjusted EBITDA and CNE exclude unrealized gains or losses on commodities, unrealized foreign exchange gains or losses, impairment charges (if any) and related tax effects of these items. Unrealized gains or losses on commodities reflect the impact of changes in forward natural gas and power prices and the volume of positions for these derivatives over a certain period. These unrealized gains or losses do not necessarily reflect the actual gains and losses that will be realized on settlement. Furthermore, unlike commodity derivatives, ENMAX's generation capacity and future sales to retail customers are not fair valued under IFRS. Similarly, unrealized foreign exchange gains or losses do not necessarily reflect the actual gains and losses that will be realized on settlement. Impairments are by nature non-recurring adjustments that do not necessarily reflect ongoing core operations. Management believes Adjusted EBITDA and CNE are more representative of ongoing core operations as adjusted for the items noted above.

These financial measures do not have any standard meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. These financial measures and their reconciliation to IFRS financial measures are shown below. These non-IFRS financial measures are consistently applied in the previous period.

ADJUSTED EBITDA, COMPARABLE NET EARNINGS AND NET EARNINGS

Three months ended March 31, *(millions of Canadian dollars)*	**2023**	**2022**
Adjusted EBITDA [(1)]		
ENMAX Power	**72**	73
Versant Power	**31**	34
ENMAX Energy	**32**	86
Corporate	**(1)**	1
Consolidated Adjusted EBITDA	**134**	194
Add (deduct):		
Depreciation and amortization (excluding regulatory deferral movement)	**(86)**	(80)
Income tax recovery (expense) related to recurring core operations [(2)]	**13**	(1)
Finance charges	**(33)**	(33)
Comparable Net Earnings [(1)]	**28**	80
Add (deduct):		
Unrealized (loss) gain on commodities [(3)]	**(108)**	238
Unrealized foreign exchange gain [(4)]	**-**	2
Net income tax recovery (expense) on unrealized (loss) gain on commodities and unrealized foreign exchange gain [(2)]	**15**	(20)
Net (loss) earnings	**(65)**	300

(1) Adjusted EBITDA and CNE omit the separate presentation of regulatory deferral changes that is required in the Consolidated Statement of Earnings under IFRS. See Note 5 to the Interim Financial Statements.
(2) Presented as current and deferred income tax (recovery) expense in the Consolidated Statement of Earnings.
(3) Included in Electricity and fuel purchases expense in the Consolidated Statement of Earnings.
(4) Included in Other expenses in the Consolidated Statement of Earnings.

SEGMENT RESULTS

Results of operations are not necessarily indicative of future performance, due to factors including but not limited to fluctuating commodity prices, timing and determination of regulatory decisions, performance and retirement of existing generation facilities, addition of new generation facilities, changing customer numbers and demand volumes, and impact of government policies.

(millions of Canadian dollars)	**ENMAX Power**	**Versant Power**	**ENMAX Energy**	**Corporate**	**ENMAX Consolidated**
Adjusted EBITDA [(1)] for the three months ended March 31, 2022	73	34	86	1	194
Increased (decreased) margins attributable to:					
Transmission and distribution	8	6	-	-	14
Electricity	-	-	(51)	(1)	(52)
Natural gas	-	-	4	-	4
Contractual services and other	1	-	2	-	3
Increased expense:					
Operations, maintenance & administration (OM&A) [(2)]	(10)	(9)	(9)	(1)	(29)
Adjusted EBITDA [(1)] for the three months ended March 31, 2023	**72**	**31**	**32**	**(1)**	**134**

(1) Adjusted EBITDA is a non-IFRS financial measure. See Non-IFRS Financial Measures section.
(2) Normalized to exclude impact of intercompany transactions with no consolidated impact.

ENMAX POWER

ENMAX Power Adjusted EBITDA for the three months ended March 31, 2023, was $72 million, compared with $73 million for the same period in 2022. Higher transmission and distribution margins were driven by higher rates and increased number of sites in the regulated distribution business. The increase in margins were fully offset by increased OM&A costs, largely due to higher staff and technology costs.

Management characterizes OM&A as other expenses recognized on the Consolidated Statement of Earnings, excluding unrealized foreign exchange gains and losses and costs that are included in contractual service margin.

KEY BUSINESS STATISTICS

Three months ended March 31,	**2023**	**2022**
Distribution volume in gigawatt hours (GWh)	**2,390**	2,378
System average interruption duration index (SAIDI) (1)	**0.12**	0.12
System average interruption frequency index (SAIFI) (2)	**0.16**	0.13
Customer average interruption duration index (CAIDI) (3)	**0.74**	0.92

(1) SAIDI represents the total duration of a sustained interruption per average customer during a predefined period of time. A sustained interruption has a duration greater than or equal to one minute. The lower the SAIDI, the better the reliability.

(2) SAIFI represents how often the average customer experiences a sustained interruption over a predefined period of time. A sustained interruption has a duration greater than or equal to one minute. The lower the SAIFI, the better the reliability.

(3) CAIDI represents the average hours of service interruption for customers who experience a service interruption. The lower the CAIDI, the better the reliability.

Total electricity delivered within the Calgary service area for the period ended March 31, 2023 was marginally higher than the same period in 2022 due to increased industrial load.

SAIDI in Q1 2023 was consistent with Q1 2022. SAIFI in Q1 2023 was unfavourable compared to Q1 2022 due to multiple substation transformer outages. CAIDI in Q1 2023 was favourable compared to Q1 2022. The main drivers for 2023 performance were a reduction of cable failure outage impacts coupled with quick restoration of multiple substation transformer outages that impacted large customer counts.

VERSANT POWER

Versant Power Adjusted EBITDA for the three months ended March 31, 2023, was $31 million, down from $34 million in Q1 2022. Transmission and distribution revenue increased by $6 million due to increased BHD transmission rates, which was offset by a $9 million increase in OM&A spending related to staffing costs, vegetation management and outside service costs.

KEY BUSINESS STATISTICS

Three months ended March 31,	**2023**	**2022**
Distribution volume in gigawatt hours (GWh)	**558**	565
System average interruption duration index (SAIDI) (1)(4)	**1.23**	1.63
System average interruption frequency index (SAIFI) (2)(4)	**0.50**	0.65
Customer average interruption duration index (CAIDI) (3)(4)	**2.45**	2.53

(1) SAIDI represents the total duration of a sustained interruption per average customer during the reporting period. A sustained interruption has a duration greater than or equal to five minutes. The lower the SAIDI, the better the reliability.

(2) SAIFI represents how often the average customer experiences a sustained interruption over the reporting period. A sustained interruption has a duration greater than or equal to five minutes. The lower the SAIFI, the better the reliability.

(3) CAIDI represents the average hours of service interruption for customers who experience a service interruption. The lower the CAIDI, the better the reliability.

(4) The Institute of Electrical and Electronics Engineers defines a "sustained" outage as one that is five minutes or longer. This is a known distinction from the Canadian equivalent definition.

The volume of electricity delivered for the period ended March 31, 2023 was lower than the same period in 2022. This decrease was driven by reduced industrial load usage.

Versant Power recorded improved SAIDI, SAIFI and CAIDI for the three months ended March 31, 2023, compared to the same period in 2022. These higher levels of reliability were driven primarily by fewer quantities of service interruptions and service interruption hours caused by weather, vegetation contacts, and animal/bird contacts.

ENMAX ENERGY

ENMAX Energy Adjusted EBITDA for the three months ended March 31, 2023, was $32 million, compared with $86 million for the prior year. The $54 million decrease was largely driven by lower plant availability and production volume due to a major scheduled maintenance outage in 2023. Higher OM&A spending for the three months ended March 31, 2023, was driven largely by operating costs associated with the scheduled maintenance outage and higher staffing and technology cost.

KEY BUSINESS STATISTICS

Three months ended March 31,	2023	2022
Natural gas-fuelled plant availability (%) [1]	**88.2**	96.2
Average flat pool price ($/MWh)	**141.42**	90.47
Average natural gas price ($/GJ)	**3.07**	4.50
Average spark spread ($/MWh) [2]	**118.42**	56.73

[1] Natural gas-fuelled plant availability (%) reflects planned maintenance and forced outages.
[2] Based on market prices and does not include costs such as variable operations and maintenance.

FINANCIAL PERFORMANCE

CHANGES IN NET EARNINGS

(millions of Canadian dollars)

Net earnings for the three months ended March 31, 2022	300
Increase (decrease) attributable to:	
Transmission and distribution revenues	42
Electricity and natural gas revenues	67
Contractual services and other revenues	1
Transmission and distribution expenses	4
Electricity and natural gas purchases and delivery expenses	(495)
Depreciation and amortization expense	(6)
Other expenses	(30)
Income taxes	49
Net movement in regulatory deferral account balances	3
Net loss for the three months ended March 31, 2023	**(65)**

Net loss of $65 million for the three months ended March 31, 2023, was $365 million lower than Net earnings of $300 million for the same period in 2022. Increases in transmission and distribution revenues and electricity and natural gas revenues were outpaced by significant increases in electricity and natural gas purchases and delivery expenses, due to changes in unrealized gains and losses on commodities resulting from unfavourable price movements on forward market financial positions. Other expenses for the three months ended March 31, 2023, were higher than in the prior year, largely due to higher staff costs, increased office and administrative expenses and changes in unrealized foreign exchange. Income tax expense decreased in Q1 2023 due to deferred income tax recoveries from net losses in taxable subsidiaries.

OTHER COMPREHENSIVE INCOME AND SHAREHOLDER'S EQUITY

Other Comprehensive Income (OCI) illustrates earnings under the assumption of full income recognition of gains and losses on the market value of securities and derivatives, otherwise treated as hedges of future revenues and expenses, cumulative effects of currency translation of foreign operations, as well as remeasurement gains and losses on post-employment benefits.

For the three months ended March 31, 2023, OCI includes total losses of $2 million, compared with losses of $32 million in Q1 2022. The OCI losses in Q1 2023 primarily reflect changes in cumulative foreign exchange translation impact on consolidation of foreign operations.

Accumulated other comprehensive loss is reflected in shareholder's equity along with retained earnings and share capital. Retained earnings for the period decreased by $147 million, largely due to the dividend declared and Net loss during the period.

SIGNIFICANT CHANGES IN FINANCIAL POSITION

Changes over $30 million and 10 per cent from December 31, 2022, are detailed below.

As at *(millions of Canadian dollars, % change)*	March 31, 2023	December 31, 2022	$ Change	% Change	Explanation for Change
ASSETS					
Accounts receivable	**947**	1,220	(273)	(22%)	Decrease due to lower average electricity price in Q1 2023 than the average price in Q4 2022
Net financial assets (liabilities) [1]	**29**	62	(33)	(53%)	Change in fair value of derivatives
LIABILITIES AND SHAREHOLDER'S EQUITY					
Short-term financing	**409**	304	105	35%	Increase due to changes in working capital requirements
Accounts payable and accrued liabilities	**815**	1,134	(319)	(28%)	Lower commodity prices on purchased electricity and gas during Q1 2023 than Q4 2022
Dividend payable	**62**	-	62	100%	Dividend of $82 million declared in March 2023, to be paid in quarterly installments
Other current liabilities	**75**	42	33	79%	Increase relates to interest free government advance for the RRO rate ceiling from Q1 2023

[1] Includes current and long-term portions.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

As at *(millions of Canadian dollars)*	March 31, 2023	December 31, 2022
Total assets and regulatory deferral account debit balances	**9,374**	9,710
Long-term debt (non-current)	**3,189**	3,156

Three months ended March 31, *(millions of Canadian dollars)*	2023	2022
Total revenue	**1,030**	885
Adjusted EBITDA [1][2]	**134**	194
Comparable Net Earnings [1][2]	**28**	80
Net (loss) earnings	**(65)**	300
Capital expenditures	**128**	74

[1] Non-IFRS financial measure. See discussion in Non-IFRS Financial Measures section.
[2] Does not include:

- Unrealized foreign exchange gains of $nil million in Q1 2023 (2022 - $2 million).
- Unrealized electricity and gas mark-to-market losses in Q1 2023, of $108 million (2022 - $238 million gains).

LIQUIDITY AND CAPITAL RESOURCES

ENMAX actively monitors its cash position and anticipated cash flows to optimize funding levels. ENMAX finances working capital requirements, capital investments and maturities of long-term debt through a combination of cash flow from operations, drawings on the Corporation's bank credit facilities, and issuance of long-term debt.

Cash and cash equivalents decreased to $84 million as at March 31, 2023, from $95 million as at December 31, 2022. Short-term financing of $409 million as at March 31, 2023, up from $304 million at December 31, 2022, reflects working capital management to address timing of expenditures.

ENMAX's credit facility agreements and trust indenture include events of default and covenant provisions, whereby accelerated repayment and/or termination of agreements may result if the Corporation were to default on payment or violate certain covenants. As at March 31, 2023, the Corporation was compliant with all debt covenants and expects to remain so throughout 2023.

As at March 31, 2023, ENMAX had issued $194 million in commercial paper with a fair value of $194 million and average interest rate of 5.63 per cent (December 31, 2022 - $99 million at 5.21 per cent) and had drawn $215 million on existing credit facilities with an average interest rate of 4.94 per cent (December 31, 2022 - $205 million at 5.92 per cent). ENMAX's total debt balance as at March 31, 2023 was $3,683 million (December 31, 2022 - $3,545 million).

As at March 31, 2023, Versant Power had $24 million USD outstanding on credit facilities at an average interest rate of 6.14 per cent (December 31, 2022 - $nil).

There were no updates to credit ratings during Q1 2023.

CREDIT FACILITIES

	March 31, 2023		December 31, 2022	
(millions of Canadian dollars)	**Borrowing capacity**	**Available**	**Borrowing capacity**	**Available**
Committed Credit Facilities [1]	**1,000**	**590**	1,000	695
Demand Credit Facilities [2]	**1,250**	**803**	1,250	460
Total	**2,250**	**1,393**	2,250	1,155

[1] The Corporation's committed syndicated credit facilities mature in 2025 and are provided by national and regional lenders.
[2] Demand credit facilities currently have $1,170 million allocated to letters of credit, and the remaining $80 million allocated for general corporate purposes.

RISK AND RISK MANAGEMENT

On January 25, 2023, the Bank of Canada announced an increase of 25 basis points in the prime lending rate. The Governor of the Bank of Canada held the rate constant on its latest update on March 8, 2023. The US Federal Reserve increased the federal funds rate by 25 basis points on February 1, 2023, and by an additional 25 basis points on March 2, 2023. The Corporation's debt is largely long-term and fixed rate, therefore exposure to interest rate risk is not currently significant. ENMAX is exposed to rate increases on short-term debt and any new long-term issuances. These are expected to be a small portion of the Corporation's debt profile throughout 2023.

The Corporation's remaining business and operational risks as described in the Corporation's December 31, 2022, MD&A are materially consistent as at March 31, 2023.

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at *(unaudited), (millions of Canadian dollars)*		**March 31, 2023**		December 31, 2022
ASSETS				
Cash and cash equivalents	**$**	**84**	$	95
Accounts receivable		**947**		1,220
Current portion of financial assets (Note 6)		**342**		401
Other current assets (Note 9)		**57**		57
		1,430		1,773
Property, plant and equipment (PP&E) (Notes 10 and 13)		**6,198**		6,141
Intangible assets (Note 11)		**332**		332
Goodwill (Note 12)		**647**		647
Deferred income tax assets		**75**		64
Post-employment benefits		**18**		18
Financial assets (Note 6)		**215**		282
Other long-term assets (Note 9)		**154**		157
TOTAL ASSETS		**9,069**		9,414
REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES (Note 7)		**305**		296
TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	**$**	**9,374**	$	9,710
LIABILITIES				
Short-term financing (Note 6)	**$**	**409**	$	304
Accounts payable and accrued liabilities		**815**		1,134
Dividend payable		**62**		-
Income taxes payable		**-**		1
Current portion of long-term debt (Note 6)		**85**		85
Current portion of financial liabilities (Note 6)		**406**		465
Current portion of deferred revenue (Note 14)		**7**		5
Current portion of lease liabilities		**4**		5
Other current liabilities (Note 9)		**75**		42
Current portion of asset retirement obligations and other provisions		**5**		6
		1,868		2,047
Long-term debt (Note 6)		**3,189**		3,156
Deferred income tax liabilities		**291**		305
Post-employment benefits		**73**		73
Financial liabilities (Note 6)		**122**		156
Deferred revenue (Note 14)		**600**		601
Lease liabilities		**40**		38
Other long-term liabilities (Note 9)		**15**		16
Asset retirement obligations and other provisions		**106**		95
TOTAL LIABILITIES		**6,304**		6,487
REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES (Note 7)		**146**		150
SHAREHOLDER'S EQUITY				
Share capital		**280**		280
Retained earnings		**2,651**		2,798
Accumulated other comprehensive loss (Note 15)		**(7)**		(5)
		2,924		3,073
TOTAL LIABILITIES, REGULATORY DEFERRAL ACCOUNT CREDIT BALANCES AND SHAREHOLDER'S EQUITY	**$**	**9,374**	$	9,710

Commitments and contingencies (Note 20).
See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF (LOSS) EARNINGS

Three months ended March 31, *(unaudited), (millions of Canadian dollars)*	**2023**	2022
REVENUE (Note 5)		
Transmission and distribution	**$ 321**	$ 279
Electricity	**395**	353
Natural gas	**195**	170
Local access fees (Note 18)	**91**	56
Contractual services	**17**	18
Contributions in aid of construction (CIAC) revenue (Note 14)	**6**	5
Other revenue (Note 19)	**5**	4
TOTAL REVENUE	**1,030**	885
OPERATING EXPENSES (Note 5)		
Transmission and distribution	**126**	130
Electricity and fuel purchases	**477**	3
Natural gas and delivery	**170**	149
Local access fees (Note 18)	**91**	56
Depreciation and amortization	**86**	80
Other expenses (Note 19)	**149**	119
TOTAL OPERATING EXPENSES	**1,099**	537
OPERATING (LOSS) PROFIT	**(69)**	348
Finance charges	**33**	33
NET (LOSS) EARNINGS BEFORE TAX	**(102)**	315
Deferred income tax (recovery) expense	**(28)**	21
NET (LOSS) EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES	**(74)**	294
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES (Note 5)	**9**	6
NET (LOSS) EARNINGS	**$ (65)**	$ 300

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE (LOSS) INCOME

Three months ended March 31, *(unaudited), (millions of Canadian dollars)*		**2023**		**2022**
NET (LOSS) EARNINGS	**$**	**(65)**	$	300
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF INCOME TAX				
Items that will not be reclassified subsequently to statement of earnings				
Remeasurement loss on retirement benefits [1]		**(1)**		-
Cumulative loss on translation adjustment		**(1)**		(32)
Other comprehensive loss, net of income tax		**(2)**		(32)
TOTAL COMPREHENSIVE (LOSS) INCOME	**$**	**(67)**	$	268

[1] Net of deferred income tax expense of $1 million (2022 - $nil).

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

(unaudited) *(millions of Canadian dollars)*		**Share Capital**		**Retained Earnings**		**Accumulated Other Comprehensive Income (Loss)**		**Total**
As at December 31, 2022	$	280	$	2,798	$	(5)	$	3,073
Net loss		-		(65)		-		(65)
Other comprehensive loss, net of income tax		-		-		(2)		(2)
Total comprehensive loss		-		(65)		(2)		(67)
Dividends (Note 16)		-		(82)		-		(82)
As at March 31, 2023	**$**	**280**		**2,651**		**(7)**		**2,924**

As at December 31, 2021	$	280	$	2,564	$	(129)	$	2,715
Net earnings		-		300		-		300
Other comprehensive (loss), net of income tax		-		-		(32)		(321)
Total comprehensive income (loss)		-		300		(32)		268
Dividends (Note 16)		-		(62)		-		(62)
As at March 31, 2022		280		2,802		(161)		2,921
Net loss		-		(4)		-		(4)
Other comprehensive income, net of income tax		-		-		156		156
As at December 31, 2022	$	280	$	2,798	$	(5)	$	3,073

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Three months ended March 31, *(unaudited), (millions of Canadian dollars)*		**2023**		**2022**
CASH PROVIDED (USED IN) BY:				
OPERATING ACTIVITIES				
Net (loss) earnings	**$**	**(65)**	$	300
Reconciliation of net earnings to cash flow from operating:				
CIAC additions (Note 14)		**5**		9
CIAC revenue (Note 14)		**(6)**		(5)
Depreciation and amortization		**86**		80
Finance charges		**33**		33
Income tax (recovery) expense		**(28)**		21
Change in unrealized market value of financial contracts		**108**		(238)
Post-employment benefits		**(2)**		1
Foreign exchange loss (gain)		**2**		(36)
Change in non-cash working capital (Note 17)		**(114)**		81
Cash flow from operations		**19**		246
Interest paid [1]		**(16)**		(10)
Income taxes paid		**(2)**		-
Net cash flow provided by operating activities		**1**		236
INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangibles [1]		**(128)**		(74)
Cash flow used in investing activities		**(128)**		(74)
FINANCING ACTIVITIES				
Repayment of short-term debt		**(1,776)**		(683)
Proceeds from short-term debt		**1,881**		606
Repayment of long-term debt		**(38)**		(78)
Proceeds from long-term debt		**70**		125
Repayment of lease liability		**(1)**		(1)
Dividend paid (Note 16)		**(20)**		(15)
Cash flow provided (used in) by financing activities		**116**		(46)
(Decrease) increase in cash and cash equivalents		**(11)**		116
Cash and cash equivalents, beginning of period		**95**		65
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$**	**84**	$	181
Cash and cash equivalents, end of period consist of:				
Cash	**$**	**34**	$	148
Restricted cash (Note 8)		**50**		33
	$	**84**	$	181

[1] Interest paid excludes $2 million of capitalized borrowing costs (2022 - $1 million), which is included in purchase of PP&E and intangibles. Including capitalized borrowing costs, total interest paid during the three months ended March 31, 2023 was $18 million (2022 - $11 million).

See accompanying notes to the unaudited condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited)

1. DESCRIPTION OF THE BUSINESS

ENMAX Corporation, a wholly owned subsidiary of The City of Calgary (The City), was incorporated under the *Business Corporations Act* (Alberta) in July 1997; operations began on January 1, 1998. ENMAX Corporation's mandate was to carry on the electric utility transmission and distribution operations previously directed by the Calgary Electric System. Since 1998, ENMAX Corporation has grown from its transmission and distribution roots to include electricity generation, commercial and residential solar, and electricity and natural gas retail businesses.

The registered office of ENMAX Corporation and its subsidiaries (collectively, ENMAX or the Corporation) is at 141 - 50 Avenue SE, Calgary AB, T2G 4S7. The Corporation's principal place of business is Alberta.

ENMAX Corporation's subsidiary, Versant Power, engages in transmission and distribution operations in the Bangor Hydro District (BHD) as well as the Maine Public District (MPD), in northern and eastern Maine, USA.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements (the Interim Statements) have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee. These Interim Statements do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Corporation's consolidated financial statements for the year ended December 31, 2022 (the Annual Statements).

These Interim Statements were approved and authorized for issuance by ENMAX's Board of Directors on May 17, 2023.

BASIS OF MEASUREMENT

These interim statements have been prepared on the historical cost basis, except for financial derivative instruments measured at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

The Corporation operates in two functional currencies: Canadian and U.S. dollars (USD). The latter is translated into the Corporation's presentation currency and, unless otherwise stated, these interim statements are presented in millions of Canadian dollars.

3. ACCOUNTING PRONOUNCEMENTS

There are new, revised and amended IFRS standards that are not yet effective under IFRS until annual periods beginning on or after January 1, 2024, which have not been applied in preparing these unaudited Interim Statements. The Corporation does not anticipate the implementation of these new accounting standards to have a material impact on the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these Interim Statements requires management to select appropriate accounting policies and make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as to disclose contingent assets and liabilities. These estimates and judgements involve matters that are inherently complex and uncertain. Judgements and estimates are continually evaluated and are based on historical experience and expectations of future events. Changes to accounting estimates are recognized prospectively. Refer to Note 3 of the Annual Statements for further details.

5. SEGMENT INFORMATION

The Corporation has four main business segments representing separately managed business units, each of which offers different products and services.

ENMAX POWER

ENMAX Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 551,000 customers in the Calgary area (1,089 square kilometres in and around Calgary). ENMAX Power is regulated by the Alberta Utilities Commission (AUC). The transmission business operates under a cost-of-service model, under which ENMAX Power applies for rates designed to recover the forecast cost of providing transmission service, including an allowed return on capital in service. After public review of an application, the AUC issues a decision approving the revenue requirement and the monthly transmission tariff that is ultimately recovered from Alberta customers. The distribution business is regulated under a Performance-Based Regulation (PBR) model. Under this model, distribution rates paid by customers are set annually during the PBR term, using a formula that considers inflationary factors and operational efficiencies. PBR is intended to create additional incentives for utilities to find efficiencies in their operations as these efficiencies can lead to higher returns during the PBR term.

VERSANT POWER

Versant Power owns and operates electricity transmission and distribution assets that provide rate-regulated service to approximately 164,000 customers in the Maine Public District (MPD) and Bangor Hydro District (BHD), covering six counties in Maine, U.S.A. and a total operating area of approximately 27,000 square kilometres (10,400 square miles). BHD is a member of ISO-New England and is interconnected with other New England utilities to the south and with New Brunswick Power Corporation to the north. MPD is a member of the Northern Maine Independent System Administrator. Versant Power is regulated by the Maine Public Utilities Commission (MPUC) with respect to distribution rates, service standards, territories served, issuance of securities and other matters, and by the United States Federal Energy Regulatory Commission (FERC) with respect to transmission services and wholesale power sales. Versant Power earns revenue by charging customers for delivery of electricity across its transmission and distribution facilities. This retail revenue is divided into separate transmission, distribution and stranded cost rates. Currently, approximately 44 per cent of Versant Power's electricity revenue is from transmission operations, 44 per cent is associated with distribution operations, and 12 per cent relates to stranded cost recoveries and conservation charges. Rates for each element are established in distinct regulatory proceedings.

ENMAX ENERGY

ENMAX Energy is an Alberta-based integrated competitive generation and retail business, providing electricity, natural gas, distributed energy resource solutions and customer care services to approximately 725,000 customers throughout Alberta. ENMAX Energy also carries out retail energy supply and related functions for the Calgary Regulated Rate Option (RRO) through affiliated legal entities. The competitive retail business provides customers with either fixed or variable-priced electricity and natural gas and offers additional energy services. As at March 31, 2023, ENMAX Energy owned an interest in 1,522 megawatt (MW) of electricity generation capacity: 1,305 MW from natural gas-fuelled plants and 217 MW from wind power. Natural gas retail contracts are backed by market transactions to provide supply certainty, margin stability and risk mitigation. Natural gas fuel requirements for the generation portfolio are balanced through the purchase and sale of natural gas in the Alberta market.

CORPORATE

ENMAX's Corporate segment provides resources primarily for Canadian operations, as well as financing and shared legal, finance and accounting, human resources, corporate governance, information technology and other functions to the operating segments.

SEGMENTED TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT BALANCES

As at *(millions of Canadian dollars)*	**March 31, 2023**	**December 31, 2022**
ENMAX Power	**3,388**	3,347
Versant Power	**2,447**	2,417
ENMAX Energy	**3,104**	3,508
Corporate	**130**	142
Total assets	**9,069**	9,414
Regulatory deferral account debit balances (Note 7)	**305**	296
Total assets and regulatory deferral account debit balances	**9,374**	9,710

COMPARATIVE SEGMENT INFORMATION

Segment information reflects the presentation regularly reviewed by executive management, who use segmented operating profit as an input for making decisions around asset allocation or assessing performance. Items such as unrealized gain or loss on commodities, foreign exchange and net regulatory deferral movement are excluded from the "Total" column below. The "IFRS Financial Total" column reflects what is reported in ENMAX's Consolidated Statement of (Loss) Earnings.

Three months ended March 31, 2023 *(millions of Canadian dollars)*	**ENMAX Power**	**Versant Power**	**ENMAX Energy**	**Corporate**	**Total**	**Regulatory Deferral Movement**	**Other Presentation Reclass**	**IFRS Financial Total**
REVENUE								
Transmission and distribution	203	93	-	-	296	25	-	321
Electricity	-	-	464	(36)	428	(33)	-	395
Natural gas	-	-	195	-	195	-	-	195
Local access fees	91	-	-	-	91	-	-	91
Other revenue	22	2	9	-	33	(5)	-	28
TOTAL REVENUE	316	95	668	(36)	1,043	(13)	-	1,030
OPERATING EXPENSES								
Transmission and distribution	102	24	-	-	126	-	-	126
Electricity and fuel purchases	-	-	404	(35)	369	-	108	477
Natural gas and delivery	-	-	170	-	170	-	-	170
Local access fees	91	-	-	-	91	-	-	91
Depreciation and amortization	39	16	31	-	86	-	-	86
Other expenses	51	40	62	-	153	(4)	-	149
TOTAL OPERATING EXPENSES	283	80	667	(35)	995	(4)	108	1,099
OPERATING PROFIT	33	15	1	(1)	48	(9)	(108)	(69)
Unrealized loss on commodities					108	-	(108)	-
Unrealized foreign exchange loss (gain)			(1)	1	-	-	-	-
Finance charges					33	-	-	33
NET LOSS BEFORE TAX					(93)	(9)	-	(102)
Deferred income tax recovery					(28)	-	-	(28)
NET LOSS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					(65)	(9)	-	(74)
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	9	-	9
NET LOSS					(65)	-	-	(65)

Three months ended March 31, 2022 *(millions of Canadian dollars)*	ENMAX Power	Versant Power	ENMAX Energy	Corporate	Total	Regulatory Deferral Movement	Other Presentation Reclass	IFRS Financial Total
REVENUE								
Transmission and distribution	196	92	-	-	288	(9)	-	279
Electricity	-	-	384	(32)	352	1	-	353
Natural gas	-	-	170	-	170	-	-	170
Local access fees	56	-	-	-	56	-	-	56
Other revenue	23	2	7	-	32	(5)	-	27
TOTAL REVENUE	275	94	561	(32)	898	(13)	-	885
OPERATING EXPENSES								
Transmission and distribution	103	29	-	-	132	(2)	-	130
Electricity and fuel purchases	-	-	273	(32)	241	-	(238)	3
Natural gas and delivery	-	-	149	-	149	-	-	149
Local access fees	56	-	-	-	56	-	-	56
Depreciation and amortization	37	14	30	(1)	80	-	-	80
Other expenses	43	31	53	(1)	126	(5)	(2)	119
TOTAL OPERATING EXPENSES	239	74	505	(34)	784	(7)	(240)	537
OPERATING PROFIT	36	20	56	2	114	(6)	240	348
Unrealized gain on commodities					(238)	-	238	-
Foreign exchange gain					(2)	-	2	-
Finance charges					33	-	-	33
NET EARNINGS BEFORE TAX					321	(6)	-	315
Deferred income tax expense					21	-	-	21
NET EARNINGS BEFORE NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					300	(6)	-	294
NET MOVEMENT IN REGULATORY DEFERRAL ACCOUNT BALANCES					-	6	-	6
NET EARNINGS					300	-	-	300

REVENUE

Types of Customers and Sales Channel	Nature and significant payment terms
Transmission	ENMAX receives revenue from the Alberta Electric System Operator (AESO) specifically for the use of its transmission grid system in Alberta.
Distribution	ENMAX receives revenue from electricity retailers specifically for the use of its electricity distribution system to deliver electricity to customers in Alberta.
U.S. Operations	Through Versant Power, ENMAX receives revenues from residential, commercial and industrial customers for use of its transmission and distribution grid system in Maine. Transmission rates are set by the United States Federal Energy Regulatory Commission (FERC), while distribution rates are set by the Maine Public Utilities Commission (MPUC).
Mass market	Mass Market is comprised of residential and small business electricity and/or natural gas customers who consume less than 250,000 kilowatt hours per year. These customers can be supplied electricity through competitive contracts, the Regulated Rate Option, or default supplier rate which fluctuates monthly. Natural gas is always supplied under a competitive contract.
Commercial market	Commercial Market is business-to-business competitive contracting for electricity and/or natural gas. A small number of commercial customers who do not negotiate a contract are supplied electricity on a default supplier rate which fluctuates monthly.
City of Calgary local access fees	ENMAX collects fees from electricity customers in Calgary based on rates established by the Franchise Fee Agreement between ENMAX and The City. These fees are remitted to The City.
Government and institutional	ENMAX receives revenue from governments and municipalities (counties, cities and towns), entities backed by governments, universities, colleges and school boards for administrative services and engineering, procurement and construction services for infrastructure including Light Rail Transit (LRT) and streetlights.
Other	ENMAX receives other revenue from customers ranging from individual consumers to large corporations for contractual services and CIAC.

REVENUE – MAJOR CUSTOMERS AND SALES CHANNELS

Three months ended March 31, 2023 *(millions of Canadian dollars)*	**Transmission**	**Distribution**	**U.S. Operations**	**Mass Market**	**Commercial Market**	**City of Calgary Local Access Fees**	**Government and Institutional**	**Other**	**Total**
Transmission & distribution	**29**	**199**	**93**	**-**	**-**	**-**	**-**	**-**	**321**
Electricity									
ENMAX Energy	**-**	**-**	**-**	**108**	**257**	**-**	**-**	**-**	**365**
Regulated	**-**	**-**	**-**	**17**	**13**	**-**	**-**	**-**	**30**
Natural gas	**-**	**-**	**-**	**141**	**54**	**-**	**-**	**-**	**195**
Local access fees	**-**	**-**	**-**	**-**	**-**	**91**	**-**	**-**	**91**
Contractual services	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**12**	**17**
Other revenue & CIAC	**-**	**-**	**2**	**-**	**-**	**-**	**-**	**9**	**11**
TOTAL REVENUE	**29**	**199**	**95**	**266**	**324**	**91**	**5**	**21**	**1,030**

Three months ended March 31, 2022 *(millions of Canadian dollars)*	**Transmission**	**Distribution**	**U.S. Operations**	**Mass Market**	**Commercial Market**	**City of Calgary Local Access Fees**	**Government and Institutional**	**Other**	**Total**
Transmission & distribution	26	161	92	-	-	-	-	-	279
Electricity									
ENMAX Energy	-	-	-	86	210	-	-	-	296
Regulated	-	-	-	49	8	-	-	-	57
Natural gas	-	-	-	123	47	-	-	-	170
Local access fees	-	-	-	-	-	56	-	-	56
Contractual services	-	-	-	-	-	-	10	8	18
Other revenue & CIAC	-	-	2	-	-	-	-	7	9
TOTAL REVENUE	26	161	94	258	265	56	10	15	885

6. FINANCIAL INSTRUMENTS, HEDGES AND RISK MANAGEMENT

MARKET RISK

The Corporation manages exposure to market risk (interest rate risk, foreign currency exchange risk, commodity price risk and equity price risk) on a portfolio basis.

INTEREST RATE RISK

The Corporation is not exposed to significant future cash flow risk related to interest rate volatility due to the issuance of fixed rate long-term debt. The fair value of the Corporation's long-term debt changes as interest rates change, assuming all other variables remain constant.

CREDIT RISK

The Corporation is exposed to credit risk primarily through wholesale and retail energy sales. Credit risk is the loss that may result from counterparties' non-performance. The Corporation evaluates credit risks from wholesale and retail competitive supply activities separately. The Corporation's maximum financial statement exposure to credit risk is the carrying value of financial assets. This maximum exposure does not reflect losses expected by management nor does it reflect losses experienced in the past.

Provisions for expected credit loss (ECL) on customer receivables were $23 million as at March 31, 2023 (December 31, 2022 - $24 million). The Corporation continues to monitor its exposure to credit risk and will adjust ECL provisions in future periods if warranted.

VALUATION OF DERIVATIVE ASSETS AND LIABILITIES

Financial derivative instruments are recorded at fair value on the statement of financial position. As at March 31, 2023, the fair values of derivatives were as follows:

As at *(millions of Canadian dollars)*	**March 31, 2023**		**December 31, 2022**	
	Hedge Instruments	**Non-Hedge Derivatives**	**Hedge Instruments**	**Non-Hedge Derivatives**
Assets				
Current	**1**	**341**	1	400
Non-current	**1**	**214**	2	280
Liabilities				
Current	**-**	**406**	-	465
Non-current	**-**	**122**	-	156

For cash flow hedges, gain and loss are reclassified immediately to net earnings when anticipated hedged transactions are no longer likely to occur.

For non-hedge derivatives, the Corporation recognized year-to-date unrealized losses of $108 million for the balances as at March 31, 2023 (December 31, 2022 - $67 million gain). The anticipated non-hedge derivatives are expected to settle in 2023 through 2031. The mark-to-market adjustments do not consider the impact of the Corporation's integrated business. Generation capacity or future sales to customers are not marked-to-market, which creates a mismatch in the timing of earnings.

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Fair values for cash and cash equivalents, accounts receivable, short-term financing, accounts payable and accrued liabilities are not materially different from the carrying amounts due to the short-term nature.

The Corporation estimated the fair value of its long-term debt based on quoted market prices for the same or similar debt instruments. When such information was not available, future payments of interest and principal were discounted at estimated interest rates for comparable entities.

CARRYING AMOUNTS AND FAIR VALUES OF LONG-TERM DEBT

As at *(millions of Canadian dollars)*	**March 31, 2023**		**December 31, 2022**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-term debt [1] consisting of:				
City promissory notes, with remaining terms of:				
Less than 5 years	**36**	**36**	36	35
5–10 years	**99**	**99**	99	97
10–15 years	**365**	**357**	365	349
15–20 years	**379**	**343**	379	335
20–25 years	**727**	**636**	727	619
Private debentures				
Series 3 (3.81%)	**199**	**196**	199	194
Series 4 (3.84%)	**296**	**283**	296	280
Series 6 (3.33%)	**299**	**289**	299	286
Series 7 (3.88%)	**249**	**232**	249	229
Senior notes				
Unsecured note (4.34%)	**140**	**127**	140	122
Unsecured note (4.36%)	**62**	**57**	62	55
Unsecured note (4.71%)	**65**	**59**	65	57
Unsecured note (3.79%)	**67**	**61**	67	58
Unsecured note (2.80%)	**41**	**35**	41	34
Unsecured note (2.80%)	**81**	**69**	81	67
Unsecured note (3.15%)	**135**	**87**	134	83
Revolving debt	**32**	**32**	-	-
Promissory note	**2**	**2**	2	2
	3,274	**3,000**	3,241	2,902

[1] Includes current portion of $85 million (December 31, 2022 - $85 million). Maturity dates range from June 2023 to January 2052.

As at March 31, 2023, ENMAX had $194 million in issued commercial paper outstanding with a fair value of $194 million, and average interest rate of 5.63 per cent (December 31, 2022 - $99 million at 5.21 per cent), and had drawn $215 million on existing credit facilities with an average interest rate of 4.94 per cent (December 31, 2022 - $205 million at 5.92 per cent).

As at March 31, 2023, Versant Power had $24 million USD outstanding on credit facilities at an average interest rate of 6.14 per cent (December 31, 2022 - $nil).

7. REGULATORY DEFERRAL ACCOUNT BALANCES

NATURE AND ECONOMIC EFFECT OF RATE REGULATION

ENMAX Transmission and ENMAX Distribution are divisions of ENMAX Power Corporation (EPC) which are included in the ENMAX Power operating segment. These divisions are regulated operations established to carry out all electrical transmission and distribution service functions within the city of Calgary. The Alberta Utilities Commission (AUC) approves Transmission and Distribution Tariffs (rates and terms and conditions of service) pursuant to Sections 37 and 102 of the *Electric Utilities Act*.

Distribution rates are subject to a Performance-Based Regulation (PBR) model. Under this model, distribution rates paid by customers have historically been set annually using a formula that indexes rates to the prior year in the term, using an inflation factor and a productivity factor.

Transmission rates are set based on an AUC approved revenue requirement and are regulated under a cost-of-service framework, under which ENMAX applies for rates designed to recover the forecast cost of providing transmission service, including an allowed return on capital in service.

Certain remaining recovery and settlement periods are those expected by management and the actual periods could differ based on regulatory approval.

ENMAX U.S. Operations

ENMAX’s subsidiary Versant Power, has distribution and transmission operations in Maine, U.S.A. Versant Power’s distribution and stranded cost recoveries are regulated by the MPUC while its transmission operations are regulated by the FERC. Rates for these operations are established in distinct regulatory proceedings.

Versant Power’s distribution service operates under a cost-of-service regulatory framework and distribution rates are set by the MPUC. Versant Power’s transmission operations are split between two districts: MPD and BHD. MPD’s transmission rates are regulated by the FERC and are set annually on June 1 for wholesale and July 1 for retail customers, based on a formula that utilizes prior year actual transmission investments and expenses. BHD’s transmission rates are regulated by the FERC and set annually on January 1, based on a formula that utilizes prior year actual transmission investments and expenses plus forecasted incremental capital investments that will go into service during the rate effective period. BHD’s bulk transmission assets are managed by ISO-New England as part of a region-wide pool of assets.

REGULATORY BALANCES

ENMAX applies IFRS 14 *Regulatory Deferral Accounts* in recognizing the impact of rate regulation on its transmission and distribution businesses. Under IFRS 14, the timing of recognition of certain regulatory debits, credits, revenues and expenses may differ from what is otherwise expected under IFRS for non-regulated operations. Balances arising in the period consist of new additions to regulatory deferral debits and credit balances, while reversals represent amounts collected or refunded through rate riders or transactions reversing existing regulatory balances. The Corporation has recorded the following regulatory deferral account debit and credit balances:

(millions of Canadian dollars)	**Accounts Receivable (a)**	**Inter-Company Profit (b)**	**Other Regulatory Debits (c)**	**U.S. Operations (e)**	**Total Regulatory Deferral Account Debit Balances**
Regulatory deferral account debit balances					
December 31, 2022	55	16	11	214	296
Balances arising in the period	(1)	1	34	1	35
Reversal	(25)	-	(1)	-	(26)
Foreign exchange translation	-	-	-	-	-
March 31, 2023	**29**	**17**	**44**	**215**	**305**
Expected reversal period	up to 24 months	25 years	15 months		
December 31, 2021	10	14	8	116	148
Balances arising in the period	47	2	4	86	139
Reversal	(2)	-	(1)	-	(3)
Foreign exchange translation	-	-	-	12	12
December 31, 2022	55	16	11	214	296
Expected reversal period	up to 24 months	25 years	15 months		

(millions of Canadian dollars)	**Other Regulatory Credits (d)**	**U.S. Operations (e)**	**Total Regulatory Deferral Account Credit Balances**
Regulatory deferral account credit balances			
December 31, 2022	4	146	150
Balances arising in the period	-	(3)	(3)
Reversal	(1)	-	(1)
Foreign exchange translation	-	-	-
March 31, 2023	**3**	**143**	**146**
Expected reversal period	18 months		
December 31, 2021	7	130	137
Balances arising in the period	3	8	11
Reversal	(6)	-	(6)
Foreign exchange translation	-	8	8
December 31, 2022	4	146	150
Expected reversal period	18 months		

The following describes each circumstance in which rate regulation affects the accounting for a transaction or event. Regulatory deferral account debit balances represent costs incurred in the current period or in prior periods which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory deferral account credit balances represent future reductions or limitations of increases in rates associated with amounts that are expected to be returned to customers through the rate-setting process. Any impairments related to regulatory deferral account balances are recorded in the period in which the related regulatory decisions are received. For certain regulatory items identified below the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties including those inherent in rate-setting regulatory processes. There is a risk that the regulator may disallow a portion of certain costs incurred in the current period for recovery through future rates or disagree with the proposed recovery period.

(a) Accounts receivable

Accounts receivable represents differences between amounts received from customers and amounts paid to AESO for transmission charges. In the absence of rate regulation and the IFRS 14 standard, IFRS would require that actual amounts received from customers be included in revenue in the period they are collected.

(b) Inter-company profit

A subsidiary of the Corporation performs construction work for the regulated operations of ENMAX Power at a profit. Such profit is deemed to be realized to the extent that the transfer price is recognized for rate-making purposes by the regulator and included in the capital cost of distribution assets. In the absence of rate regulation and the IFRS 14 standard, IFRS would require that intercompany profits be eliminated upon consolidation.

(c) Other regulatory debits

Other regulatory debits primarily relate to the AUC administration flow-through reserves and other costs that will be collected from customers via future rates, such as access service charges. Timing of the decision on collection of these items can result in significant fluctuation in balances from year to year.

(d) Other regulatory credits

Other regulatory credits primarily relate to items that will be refunded to customers through future rates.

(e) U.S. Operations

Regulatory assets and liabilities for Versant Power’s operations consist of unfunded deferred income tax balances resulting from temporary tax differences, assets related to the deferred costs of pension and post-employment benefits, non-recurring items such as storm restoration costs, and stranded cost recoveries associated with purchase power contracts where Versant Power has been directed to purchase and resell by MPUC.

8. RESTRICTED CASH

As at *(millions of Canadian dollars)*	March 31, 2023	December 31, 2022
Funds held with a financial institution to cover posted margins	**47**	45
Restricted deposits with a financial institution to meet financial obligations	**3**	2
	50	47

9. OTHER ASSETS AND LIABILITIES

As at *(millions of Canadian dollars)*	March 31, 2023	December 31, 2022
Other current assets		
Prepaid expenses	**19**	18
Deferred assets	**-**	1
Emission offsets	**37**	37
Other	**1**	1
	57	57
Other long-term assets		
Prepaid expenses	**6**	7
Long-term accounts receivable	**17**	17
Deferred assets	**6**	6
Equity investments	**111**	110
Other	**14**	17
	154	157
Other current liabilities		
Deposits	**13**	14
Other(1)	**62**	28
	75	42
Other long-term liabilities		
Other	**15**	16
	15	16

(1) Includes $35 million related to interest free government advance for RRO providers under Alberta Bill 2, the *Inflation Relief Statutes Amendment Act, 2022*.

10. PROPERTY, PLANT AND EQUIPMENT

(millions of Canadian dollars)	Transmission, Distribution and Substation Equipment	Generation Facilities and Equipment	Buildings and Site Development	Work in Progress	Other [1]	Total
Cost						
As at December 31, 2022	4,559	2,310	632	216	421	8,138
Additions	23	-	2	79	12	116
Transfers	20	13	(1)	(35)	3	-
Disposals	(11)	(2)	-	(2)	-	(15)
Adjustments	(1)	-	-			(1)
Changes to asset retirement costs	-	16	-	-	-	16
Foreign exchange translation	(1)	-	-	-	-	(1)
As at March 31, 2023	**4,589**	**2,337**	**633**	**258**	**436**	**8,253**
Accumulated Depreciation						
As at December 31, 2022	(779)	(1,017)	(138)	-	(63)	(1,997)
Depreciation	(40)	(25)	(5)	-	(6)	(76)
Disposals	15	2	-	-	-	17
Foreign exchange translation	2	-	(1)	-	-	1
As at March 31, 2023	**(802)**	**(1,040)**	**(144)**	**-**	**(69)**	**(2,055)**
Net book value						
As at March 31, 2023	**3,787**	**1,297**	**489**	**258**	**367**	**6,198**
As at December 31, 2022	3,780	1,293	494	216	358	6,141

[1] Other PP&E as at March 31, 2023 consists of land, tools, systems, equipment, capital spares and vehicles.

For the three months ended March 31, 2023, capitalized borrowing costs amounted to $2 million (2022 - $1 million), with capitalization rates ranging from 3.30 per cent to 4.92 per cent (2022 - 3.07 to 3.65 per cent). Interest is capitalized based on the actual cost of debt used to finance the capital construction projects. Interest rates ranged from 5.39 per cent to 5.98 per cent (2022 - 1.11 to 5.02 per cent).

These balances include the Corporation's right-of-use (ROU) assets, as further discussed in Note 13.

11. INTANGIBLE ASSETS

(millions of Canadian dollars)	Computer Systems	Work in Progress	Other [1]	Total
Cost				
As at December 31, 2022	421	14	90	525
Additions	-	9	-	9
Transfers	2	(2)	-	-
As at March 31, 2023	**423**	**21**	**90**	**534**
Accumulated amortization				
As at December 31, 2022	(178)	-	(15)	(193)
Amortization	(9)	-	-	(9)
As at March 31, 2023	**(187)**	**-**	**(15)**	**(202)**
Net book value				
As at March 31, 2023	**236**	**21**	**75**	**332**
As at December 31, 2022	243	14	75	332

[1] Other intangible assets as at March 31, 2023 consists of renewable energy certificates, water leases, land easements, rights, and lease options.

12. GOODWILL

As at *(millions of Canadian dollars)*	March 31, 2023	December 31, 2022
Balance, beginning of the period	**647**	611
Net exchange rate difference	**-**	36
Balance, end of the period	**647**	647

Goodwill arose on the acquisition of Versant Power in March 2020. Goodwill is subject to an annual assessment for impairment at the reporting unit level. As at March 31, 2023, no impairment on goodwill was recorded by ENMAX (March 31, 2022 - $nil).

13. LEASES

ENMAX leases several assets categorized as generation facilities and equipment, buildings and site development, and other. The average term remaining on leases is 6.4 years (December 31, 2022 - 4.8 years).

Right-of-use assets

Changes in the net book value for the Corporation's ROU assets during the period are as follows:

(millions of Canadian dollars)	Generation Facilities and Equipment	Buildings and Site Development	Other [1]	Total
Cost				
As at December 31, 2022	28	16	20	64
Net changes	-	1	-	1
As at March 31, 2023	**28**	**17**	**20**	**65**
Accumulated Depreciation				
As at December 31, 2022	(4)	(7)	(10)	(21)
Net changes	-	(1)	-	(1)
As at March 31, 2023	**(4)**	**(8)**	**(10)**	**(22)**
Net Book Value				
As at March 31, 2023	**24**	**9**	**10**	**43**
As at December 31, 2022	24	9	10	43

[1] Other consists of land, vehicles and tools, systems and equipment.

Amounts recognized in profit and loss

Three months ended March 31, *(millions of Canadian dollars)*	**2023**	**2022**
Depreciation expense	**1**	-
Interest expense on lease liabilities	**1**	1
Amounts expensed in profit and loss	**2**	1

Lease payments

Future lease payments as at March 31, 2023 are as follows:

(millions of Canadian dollars)	
Less than 1 year	**6**
1–5 years	**21**
More than 5 years	**40**

Total cash outflow for lease payments for the three months ended March 31, 2023 was $2 million (2022 - $3 million). ENMAX does not face a significant liquidity risk for its lease liabilities.

Generation Facilities and Equipment

ENMAX leases a pipeline to supply the necessary water to one of its generation facilities. The term of this lease is 30 years with fixed payments over the life of the lease with 22 years remaining.

Buildings and Site Development

ENMAX leases buildings to house various operations. As at March 31, 2023, the capitalized leases have 1 to 26 years remaining.

Other

ENMAX leases land surrounding several generating facilities to allow for the installation of substation equipment and water reservoirs. The contracted lengths and terms of payments of the leases vary. As at March 31, 2023, ENMAX expects all land leases to be renewed until the end of the useful life of each respective generating facility.

ENMAX leases vehicles that are mainly used by its field services crews for installation and maintenance of the electrical system. The lease terms of the vehicles vary based on the specific use of the vehicle but are typically for five years.

14. DEFERRED REVENUE

(millions of Canadian dollars)	CIAC	Other	Total
As at December 31, 2022	596	10	606
Net additions	5	2	7
Recognized as revenue	(6)	-	(6)
As at March 31, 2023	595	12	607
Less: current portion	-	7	7
	595	**5**	**600**

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

As at *(millions of Canadian dollars)*	**March 31, 2023**	**December 31, 2022**
Net unrealized gain on derivatives designated as cash flow hedges, including deferred income tax expense of $1 million (December 31, 2022 - $1 million expense)	**2**	2
Net actuarial gain on defined benefit plans, including deferred income tax of $1 million (December 31, 2022 - $nil)	**58**	59
Cumulative translation adjustment	**(67)**	(66)
Accumulated other comprehensive loss, including deferred income tax expense of $1 million (December 31, 2022 - $1 million)	**(7)**	(5)

16. DIVIDEND

On March 8, 2023, the Corporation declared a dividend of $82 million to The City (2022 - $62 million), to be paid in equal quarterly instalments during 2023.

17. CHANGES IN NON-CASH WORKING CAPITAL

Three months ended March 31, *(millions of Canadian dollars)*	**2023**	**2022**
Accounts receivable	**275**	82
Regulatory deferral account debit balances	**(9)**	(2)
Other assets	**3**	4
Accounts payable and accrued liabilities	**(337)**	(115)
Regulatory deferral account credit balances	**(4)**	2
Other liabilities	**32**	(1)
Trading account margins	**(74)**	113
Deferred revenue (non-CIAC)	**2**	-
Provisions	**(2)**	(2)
Change in non-cash working capital	**(114)**	81

18. RELATED PARTY TRANSACTIONS

The City is the sole shareholder of the Corporation. The following tables summarize the related party transactions between the Corporation and The City.

STATEMENT OF EARNINGS

Three months ended March 31, *(millions of Canadian dollars)*	**2023**	**2022**
Revenue [1]	**41**	38
Local access fees [2]	**91**	56
Finance charges [3]	**1**	1

(1) Significant components include contract sales of electricity, construction of infrastructure, provision of non-regulated power distribution services, and billing and customer care services relating to The City's utilities departments.
(2) The Corporation recovers this cost from transmission and distribution customers.
(3) For the three months ended March 31, 2023, the Corporation paid a management fee of $1 million (2022 - $1 million) to The City.

STATEMENT OF FINANCIAL POSITION

As at *(millions of Canadian dollars)*	**March 31, 2023**	**December 31, 2022**
Accounts receivable	**26**	26
Accounts payable and accrued liabilities	**34**	30
Long-term debt [1]	**1,606**	1,606

(1) Principal payments for the three months ended March 31, 2023 amounted to $nil (2022 - $nil).

Transactions between the Corporation and The City have been recorded at the exchange amounts, as outlined by the contracts in effect between the Corporation and The City.

The Corporation has committed to a water supply agreement, whereby The City supplies a specified amount of water annually to facilitate Shepard Energy Centre operations.

19. OTHER REVENUE AND EXPENSES

Three months ended March 31, *(millions of Canadian dollars)*	**2023**	**2022**
Other revenue		
Interest and penalty revenue	**2**	2
Miscellaneous	**3**	2
	5	4
Other expenses		
Contractual services costs	**9**	9
Staff costs	**57**	48
Consulting costs	**5**	4
Advertising and promotion	**5**	2
Administrative and office expenses	**31**	25
Operating costs	**26**	19
Building and property costs	**13**	12
Other costs	**3**	2
Foreign exchange (gain)	**-**	(2)
	149	119

20. COMMITMENTS AND CONTINGENCIES

The Corporation is committed to expenditures for capital additions, rent for premises, and vehicles and equipment under multiple contracts with varying expiration dates.

The Corporation commits to the purchase of power, renewable energy certificates, carbon offset credits and long-term service arrangements on certain generating assets.

Aggregated minimum payments under these arrangements over the next five years and thereafter are as follows:

(millions of Canadian dollars)	
2023 balance of year	**251**
2024	**51**
2025	**26**
2026	**18**
2027	**18**
Thereafter	**11**

LEGAL AND REGULATORY PROCEEDINGS

In the normal course of business, the Corporation is, and may be named as, a defendant or party in lawsuits and regulatory proceedings related to various matters. The Corporation currently believes the outcome of these lawsuits and regulatory proceedings will not have a material impact on the operating results or financial position of the Corporation.

The Corporation, along with other market participants in the province of Alberta, is subject to decisions, market rules, regulations, regulatory proceedings and/or jurisdiction of the AUC, AESO, Market Surveillance Administrator and other authorities. Along with other market participants in the U.S., the Corporation is subject to decisions, market rules, regulations, regulatory proceedings of the MPUC and FERC. The financial impact of decisions, market rules, regulations and regulatory proceedings is reflected in the consolidated financial statements when the amount can be reasonably estimated.

From 2011 to 2016, four separate complaints were filed with the FERC to challenge the base Return on Equity under the ISO-New England Open Access Transmission Tariff. Complaint IV is still outstanding, Complaint I is refunded based on a prior FERC order, while provisions have been recorded for the other two. No reserve has been made for Complaint IV due to uncertainty of the final outcome.

GLOSSARY OF TERMS

AESO	Alberta Electric System Operator
AUC	Alberta Utilities Commission
BHD	Bangor Hydro District
CAIDI	Customer average interruption duration index
CIAC	Contributions in aid of construction
CNE	Comparable net earnings
CO_2	Carbon dioxide
Corporate	ENMAX Corporate
CUPE	Canadian Union of Public Employees
ECL	Expected Credit Losses
Adjusted EBITDA	Earnings before interest, income tax and depreciation and amortization (adjusted)
ENMAX	ENMAX Corporation and its subsidiaries, collectively
EPC	ENMAX Power Corporation
FERC	United States Federal Energy Regulatory Commission
GJ	Gigajoule
GWh	Gigawatt hour
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
kWh	kilowatt-hour
MD&A	Management's Discussion and Analysis
MILs	Maximum Investment Levels
MPD	Maine Public District
MPUC	Maine Public Utilities Commission
MW	Megawatt
MWh	Megawatt-hour
NEB	Net energy billing
NSA	Negotiated settlement agreement
OCI	Other comprehensive income
OM&A	Operations, maintenance, and administration
PBR	Performance-Based Regulation
PP&E	Property, plant and equipment
ROE	Return on Equity
ROU	Right-of-use
RRO	Regulated Rate Option
SAIDI	System average interruption duration index
SAIFI	System average interruption frequency index
The Board	ENMAX's Board of Directors
The City	City of Calgary
The Corporation	ENMAX Corporation and its subsidiaries, collectively
USD	U.S. dollars

ADDITIONAL INFORMATION

ENMAX welcomes questions from stakeholders.
Additional information relating to ENMAX can be found at enmax.com.

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