New Brunswick Power Holding Corporation

Consolidated Financial Statements

March 31, 2026

Independent auditor's report

To the Honourable Louise Imbeault,
Lieutenant-Governor of New Brunswick

Opinion

We have audited the consolidated financial statements of **New Brunswick Power Holding Corporation** and its subsidiaries [the "Corporation"], which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statement of earnings, consolidated statement of comprehensive income, consolidated statement of equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants

Saint John, Canada
June 23, 2026

REPORT OF MANAGEMENT

The consolidated financial statements of New Brunswick Power Holding Corporation (The Company) are the responsibility of management and have been prepared in accordance with IFRS. The preparation of financial statements necessarily involves the use of estimates based on management's best judgment, particularly when transactions affecting the current period cannot be finalized with certainty until future periods.

In management's opinion, the consolidated financial statements have been properly prepared within the framework of material accounting policies summarized in the consolidated financial statements and incorporate, within reasonable limits of materiality, information available up to June 23, 2026. The financial information presented in Management's Discussion & Analysis (MD&A) and elsewhere in this report is consistent with that in the consolidated financial statements.

Management maintains appropriate systems of internal control which provide reasonable assurance that the Company's assets are safeguarded and appropriately accounted for, that financial records are relevant, reliable, and accurate, and that transactions are executed in accordance with management's authorization. This system includes corporatewide policies and procedures, as well as the appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these controls on an ongoing basis and reports its findings to management and the Audit and Finance Committee of the Board of Directors.

The Board of Directors, through the Audit and Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit and Finance Committee consists entirely of outside Directors. At regular meetings, the Committee reviews audit, internal control and financial reporting matters with management, the internal auditors and the external auditors to satisfy itself that each is properly discharging its responsibilities.

The financial statements and the Independent Auditor's Report have been reviewed by the Audit and Finance Committee and have been approved by the Board of Directors. The internal and external auditors have full and open access to the Audit and Finance Committee with and without the presence of management.

The consolidated financial statements have been examined by Ernst & Young LLP. The external auditor's responsibility is to express its opinion on whether the consolidated financial statements are fairly presented in accordance with IFRS.

On behalf of management

_______________________________	_______________________________
President and Chief Executive Officer	Chief Financial Officer
Lori Clark	Justin Urquhart
June 23, 2026	June 23, 2026

NEW BRUNSWICK POWER HOLDING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Amounts are expressed in millions of Canadian dollars except where indicated)

March 31	Note	2026	2025
Assets			
Current assets			
Cash		**$ 6**	$ 9
Restricted cash	5	**123**	-
Accounts receivable	6	**505**	520
Materials, supplies and fuel	7	**289**	230
Prepaid expenses		**33**	23
Derivative assets	29	**56**	86
Total current assets		**1,012**	868
Non-current assets			
Property, plant and equipment	8	**5,275**	5,028
Intangible assets	9	**46**	55
Nuclear decommissioning and used fuel management funds	10	**1,057**	1,017
Sinking fund receivable	11	**637**	566
Derivative assets	29	**21**	30
Non-current prepaid expenses		**19**	17
Total non-current assets		**7,055**	6,713
Total assets		**8,067**	7,581
Regulatory balances	12	**1,182**	1,150
Total assets and regulatory balances		**$ 9,249**	$ 8,731

The accompanying notes form part of the consolidated financial statements

NEW BRUNSWICK POWER HOLDING CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts are expressed in millions of Canadian dollars except where indicated)

March 31	Note	2026	2025
Liabilities and equity			
Current liabilities			
Short-term indebtedness	13	**$ 662**	$ 954
Accounts payable and accrued liabilities		**467**	425
Deferred revenue		**12**	-
Accrued interest on short and long-term debt		**33**	30
Current portion of long-term debt	14	**-**	200
Current portion of lease liabilities	15	**8**	7
Derivative liabilities	29	**18**	20
Total current liabilities		**1,200**	1,636
Non-current liabilities			
Long-term debt	14	**6,074**	5,196
Lease liabilities	15	**37**	38
Decommissioning and used fuel management liabilities	17	**1,204**	1,150
Post-employment benefits	18	**102**	101
Provisions for other liabilities and charges	19	**87**	71
Finance liability	20	**35**	35
Derivative liabilities	29	**6**	20
Total non-current liabilities		**7,545**	6,611
Total liabilities		**8,745**	8,247
Shareholder's equity			
Accumulated other comprehensive loss		**(41)**	(48)
Retained earnings		**545**	532
Total equity		**504**	484
Total liabilities and equity		**$ 9,249**	$ 8,731

On behalf of New Brunswick Power Holding Corporation

Chair

President and Chief Executive Officer

The accompanying notes form part of the consolidated financial statements

NEW BRUNSWICK POWER HOLDING CORPORATION
CONSOLIDATED STATEMENT OF EARNINGS

(Amounts are expressed in millions of Canadian dollars except where indicated)

For the year ended March 31	Note	2026	2025
Revenue			
Sales of electricity			
In-province	21	**$ 2,004**	$ 1,842
Out-of-province	21	**984**	650
Miscellaneous	22	**142**	127
		3,130	2,619
Expenses			
Fuel & purchased power	23	**1,758**	1,500
Operations, maintenance & administration expenses	24	**664**	661
Depreciation and amortization	25	**436**	419
Property/utility taxes	26	**47**	47
		2,905	2,627
Operating earnings (loss)		**225**	(8)
Finance costs	27	**(259)**	(274)
Accretion on decommissioning liabilities	17	**(56)**	(51)
Nuclear funds investment income	10	**52**	95
Sinking funds and other investment income	11	**19**	18
Net loss before changes in regulatory balances		**(19)**	(220)
Net change in regulatory balances	12	**32**	243
Net earnings		**$ 13**	$ 23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts are expressed in millions of Canadian dollars except where indicated)

For the year ended March 31	Note	2026	2025
Net earnings		**$ 13**	$ 23
Other comprehensive income			
Items that may be reclassified subsequently to earnings			
Net unrealized gain on derivatives designated as cash flow hedges	29	**85**	87
Amortization of interest settlement		**2**	2
Reclassification to net earnings of settled derivatives designated as cash flow hedges	29	**(79)**	(31)
		8	58
Items that will not be classified to earnings			
Net actuarial loss on post employment benefits	18	**(1)**	(3)
Other comprehensive income		**7**	55
Total comprehensive income		**$ 20**	$ 78

The accompanying notes form part of the consolidated financial statements

NEW BRUNSWICK POWER HOLDING CORPORATION
CONSOLIDATED STATEMENT OF EQUITY
(Amounts are expressed in millions of Canadian dollars except where indicated)

	Accumulated other comprehensive loss (AOCI)					
	Cash flow hedges (Note 29)	Amortization of interest settlement	Post-employment benefits actuarial losses (Note 18)	AOCI	Retained earnings	Total equity
Balance, April 1, 2024	$ (19)	$ (30)	$ (54)	$ (103)	$ 509	$ 406
Net earnings for the year	-	-	-	-	23	23
Other comprehensive income (loss)	56	2	(3)	55	-	55
Balance, March 31, 2025	37	(28)	(57)	(48)	532	484
Net earnings for the year	**-**	**-**	**-**	**-**	**13**	**13**
Other comprehensive income (loss)	**6**	**2**	**(1)**	**7**	**-**	**7**
Balance, March 31, 2026	**$ 43**	**$ (26)**	**$ (58)**	**$ (41)**	**$ 545**	**$ 504**

The accompanying notes form part of the consolidated financial statements

NEW BRUNSWICK POWER HOLDING CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts are expressed in millions of Canadian dollars except where indicated)

For the year ended March 31	Note	2026	2025
Net earnings		**$ 13**	$ 23
Operating activities			
Depreciation and amortization	25	**436**	419
Finance charges	27	**259**	274
Net change in regulatory balances	12	**(32)**	(243)
Investment income	10 & 11	**(71)**	(114)
Accretion on decommissioning liabilities	17	**56**	51
Other amounts charged to operations not requiring a cash payment		**37**	12
Net change in non-cash working capital balances	33	**1**	2
		699	424
Interest paid		**(244)**	(259)
Customer contributions	19	**19**	7
Post-employment benefit payments	18	**(7)**	(7)
Long-term prepayments		**(3)**	(2)
Net cash flows from operating activities		**464**	163
Investing activities			
Expenditures on property, plant, equipment and intangible assets, net of proceeds and government grants		**(657)**	(581)
Used fuel management and decommissioning fund net withdrawals		**11**	17
Cash expenditures on decommissioning	17	**(19)**	(29)
Net cash used in investing activities		**(665)**	(593)
Financing activities	28		
Proceeds from long-term debt issuances	14	**874**	151
Debt retirements	14	**(200)**	(50)
(Repayment of) proceeds from short-term indebtedness	13	**(292)**	384
Sinking fund installments	11	**(57)**	(51)
Sinking fund redemptions	11	**5**	5
Principal repayment of lease liabilities	15	**(9)**	(10)
Net cash flows from financing activities		**321**	429
Net cash inflow (outflow)		**120**	(1)
Cash and cash equivalents, beginning of year	10	**9**	10
Cash and cash equivalents, end of year		**$ 129**	$ 9
Cash		**$ 6**	$ 9
Restricted cash	5	**123**	-
Total cash and cash equivalents		**$ 129**	$ 9

The accompanying notes form part of the consolidated financial statements

1. DESCRIPTION OF BUSINESS

The Company was established in the Province of New Brunswick on April 2022 as a provincially owned Crown Corporation. Following its creation, the one common share in New Brunswick Power Corporation held by the Crown was transferred to the Company. These consolidated financial statements include the Company Holding Corporation, its wholly owned subsidiary, New Brunswick Power Corporation (the Company) and the Company's wholly owned subsidiary New Brunswick Energy Marketing Corporation (NB Energy Marketing) from April 1, 2022, the date on which the Company was established.

The Company generates, purchases, transmits, distributes and sells electricity and operates under the mandate and authority of the New Brunswick Electricity Act. The New Brunswick Electricity Act gives the New Brunswick Energy and Utilities Board (EUB) the power to regulate the Company to ensure customers receive safe, reliable energy services at fair rates and the Province, as shareholder, is afforded a reasonable opportunity to earn a fair return on investment. NB Energy Marketing, conducts energy trading activities in markets outside of New Brunswick. Its mandate is to purchase electricity to serve load in New Brunswick and outside New Brunswick and to market excess energy generated to other jurisdictions.

The Company's head office is located in Fredericton, New Brunswick.

As provincial Crown Corporations, the Company and its subsidiaries are not subject to federal and provincial income taxes.

2. BASIS OF PREPARATION

The Company's annual audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. These consolidated financial statements have been prepared on the historical cost basis except for derivative instruments (Note 29) and the nuclear decommissioning and used fuel management funds (Note 10). These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company. These consolidated financial statements were authorized for issue by the Board of Directors on June 23, 2026.

a. Assumptions and estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the following

- application of accounting policies,
- reported amounts of assets and liabilities as at the date of the financial statements,
- reported amounts of revenue and expenses during the reporting period, and
- disclosure of contingent assets and liabilities.

Actual results could differ from the estimates.

Estimates and assumptions are reviewed on an ongoing basis. Any revisions to these estimates or assumptions are recognized in the period of the change and any future period as applicable.

2. BASIS OF PREPARATION (CONTINUED)

b. Estimates

The following lists the notes that refer to the significant estimates.

Note reference	Estimate
Note 3.d	Estimation of useful life of property, plant and equipment
Note 3.g	Recognition and measurement of decommissioning and used fuel management liabilities
Note 3.h	Measurement of defined benefit obligations: key actuarial assumptions
Note 3.i	Recognition and measurement of provisions and contingencies
Note 3.j	Measurement of unbilled revenue
Note 3.n	Financial instruments: fair value measurement

c. Judgments

The following lists the notes where judgment is applied in accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements.

Note reference	Judgment
Note 3.b	Recognition, measurement and recoverability of regulatory balances
Note 3.d	Property, plant and equipment: capitalization of costs
Note 3.m	Leases: whether an arrangement contains a lease and lease classification
Note 30	Credit losses

d. New standards and interpretations adopted

There were no new standards or amendments adopted during the year that would have a material impact on the consolidated financial statements.

(Amounts are expressed in millions of Canadian dollars except where indicated)

2. BASIS OF PREPARATION (CONTINUED)

e. New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations not yet effective at March 31, 2026 and have not been applied in the preparation of the March 31, 2026 consolidated financial statements are summarized in the following table.

Standard	Effective date
Annual Improvements to IFRS Accounting Standards – Volume 11	April 1, 2026
IFRS 7, *Financial Instruments: Disclosures* and IFRS 9, *Financial Instruments*	April 1, 2026
IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*	April 1, 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	April 1, 2027
IFRS 19, *Subsidiaries without Public Accountability*	April 1, 2027

The IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1, *First-time Adoption of International Financial Reporting Standards*, IFRS 7, *Financial Instruments: Disclosures* and its accompanying guidance on implementing IFRS 7, IFRS 9, *Financial Instruments*, IFRS 10, *Consolidated Financial Statements* and IAS 7, *Statement of Cash Flows*.

The IASB issued amendments to IFRS 7, *Financial Instruments: Disclosures* and IFRS 9, *Financial Instruments*. The amendments are made with respect to Nature Dependent Purchase Power Agreements. They clarify the application of "own use" requirements, permit the application of hedge accounting if contracts are used as hedging instruments, and add new disclosure requirements.

The IASB issued amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures*. The amendments introduce three new disclosure objectives to provide information about the derecognition of financial liabilities, the assessment of the cash flow characteristics of financial assets, and the treatment for non-recourse assets. The amendments also require additional disclosures for financial assets and liabilities with contractual terms that reference a contingent event.

The IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. The standard introduces new categories and subtotals in the statement of profit or loss. The standard also requires disclosure of management-defined performance measures and includes new requirements for the location, aggregation and disaggregation of financial information.

The IASB issued IFRS 19, *Subsidiaries without Public Accountability*, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards.

The Company is in the process of evaluating the impact of these amendments on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

a. Basis of consolidation

Subsidiary

The Company's consolidated financial statements include the accounts of the Corporation and its wholly owned Subsidiaries. All inter-company transactions and balances have been eliminated on consolidation.

b. Rate regulation

The Company has adopted IFRS 14, *Regulatory Deferral Accounts* as at March 31, 2016. Under IFRS 14, regulatory balances are recognized for rate setting and financial reporting purposes if the EUB approves the regulatory treatment or if management believes the regulatory treatment is probable.

Regulatory debit and credit balances are recognized if it is probable that future billings or credits to rate payers in an amount at least equal to the deferred cost or benefit will result from inclusion of those elements in allowable inputs for rate-making purposes. The regulatory debit balances are assessed on an ongoing basis for recoverability and should management no longer consider it probable that an asset will be recovered, the deferred costs are charged to earnings in that period.

c. Materials, supplies and fuel inventory

Inventories are measured at the lower of cost and net realizable value. Inventories of materials, supplies, and fuel other than nuclear fuel are recorded at average cost. Nuclear fuel is recorded at cost using the first-in, first-out method. The cost of inventory includes directly attributable costs of bringing the inventory to the location and condition necessary to be used.

Renewable energy credits are measured at the lower of average cost and net realizable value. Qualifying renewable energy projects receive renewable energy credits for the generation and delivery of renewable energy. These credits can be traded and are primarily sold under fixed contracts. Revenue for these contracts is recognized at a point in time, upon generation of the associated electricity. Any credits generated above contracted amounts are held in inventory, with the offset recorded as a decrease in operating expenses.

d. Property, plant and equipment

Property, plant and equipment (PP&E) is measured at cost. If significant parts of PP&E have different useful lives they are recorded as separate components of PP&E.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d. Property, plant and equipment (Continued)

Cost of additions

The cost of additions to PP&E includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes expenditures that are directly attributable to the construction of the asset including

- contracted services,
- direct labour and material,
- borrowing costs on qualifying assets,
- estimated costs of decommissioning,
- estimated costs of the removal of used nuclear fuel,
- corporate overhead directly attributable to the constructed asset, and
- other expenses directly related to capital projects,

less

- government grants.

Major inspections and overhauls

The Company incurs costs at its generating stations for major inspections and overhauls. These costs are capitalized if they are considered qualifying capital and occur in regular intervals of at least two years. They are capitalized as separate components and depreciated over the period to the next major inspection or overhaul. Day-to-day maintenance costs are expensed as incurred.

Right-of-use assets

Right-of-use assets are included in the balance of property, plant and equipment.

Borrowing costs on qualifying assets

Interest is capitalized if a project is six months or longer in duration. Borrowing costs are calculated monthly based on the weighted average cost of general borrowings.

Subsequent expenditures

The Company assesses subsequent expenditures related to PP&E to determine if they are capital or operating in nature. Subsequent expenditures are capitalized if they increase the future economic benefits of the asset.

Depreciation

Depreciation is provided for all assets on a straight-line basis over the estimated useful life of each component of PP&E.

(Amounts are expressed in millions of Canadian dollars except where indicated)

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d. Property, plant and equipment (Continued)

Estimated service lives

The estimated service lives of PP&E are reviewed annually and any changes are applied prospectively. The following are the major categories of PP&E and estimated service lives.

Assets	Years
Nuclear generating station	4 - 57
Hydro generating stations	4 - 100
Thermal generating stations	2 - 64
Combustion turbine generating stations	10 - 40
Transmission system	19 - 70
Terminals and substations	15 - 62
Distribution system	10 - 53
Buildings and properties	10 - 54
Computer systems	6
Motor vehicles	8 - 21
Miscellaneous assets	15

Derecognition

A component of PP&E is derecognized when it is taken out of service or if there is no future economic benefit expected from its use. When a component is derecognized the cost and accumulated depreciation are written off with the gain or loss on disposal recognized as depreciation expense.

Impairment

The Company evaluates its PP&E annually to assess indicators of impairment. The Company assesses impairment at the consolidated entity level as this is the relevant cash-generating unit (CGU). If indicators of impairment are identified, the CGU is tested for impairment by determining the recoverable amount of the CGU, and an impairment loss will be recognized in earnings equal to the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and the asset's value in use.

e. Intangible assets

Intangible assets are measured at cost and amortized over their estimated useful lives and assessed for impairment whenever there is an indicator that the intangible asset may be impaired.

Assets	Years
Nepisiguit Falls (statutory right)	50
Software	6
Other	6 - 20

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f. Long-term debt

Long-term debt is measured at amortized cost using the effective interest method. The estimated fair value of the long-term debt is disclosed in Note 29 using market values or estimates of market values based on debt with similar terms and maturities. The unamortized balance of the discounts and premiums are included in long-term debt and amortized over the term of the debt issue to which they pertain on an effective interest basis.

g. Decommissioning liabilities

Assets for which decommissioning liabilities are, or could be, recorded primarily include generation assets and used nuclear fuel.

For the generation assets, the anticipated future costs are based on detailed studies that take into account various assumptions regarding

- the method and timing of dismantling the generating stations, and
- estimates of inflation rates in the future.

The Company reviews such calculations annually for

- potential developments in the decommissioning technologies, and
- changes in the various assumptions and estimates inherent in the calculations.

The estimated present values of the costs of decommissioning the generating stations at the end of their useful lives have been recognized as a liability as at March 31, 2026. The liability accounts are charged for current expenditures incurred related to plant decommissioning. Accretion expense is calculated using the Company's credit adjusted risk-free rate, and classified as finance costs.

For used nuclear fuel, the calculations of the anticipated future costs are based on detailed studies that take into account various assumptions regarding

- the cost of transporting nuclear material to permanent storage facilities, and
- estimates of inflation rates in the future.

The Company reviews such calculations annually due to

- potential developments in the used nuclear fuel management technologies, and
- changes in the various assumptions and estimates inherent in the calculations.

The Nuclear Waste Management Organization was established by the *Nuclear Fuel Waste Act*. The methodology used by the Company to calculate the liability for used nuclear fuel management is consistent with the Nuclear Waste Management Organization's recommendations as approved by Natural Resources Canada.

Costs recognized as liabilities

The estimated present values of the following costs have been recognized as a liability as at March 31, 2026:

- fixed-cost portion of used nuclear fuel management activities, which is required regardless of the volume of fuel consumed, and
- variable-cost portion of used nuclear fuel management activities to take into account actual fuel volumes incurred up to March 31, 2026

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

g. Decommissioning liabilities (Continued)

The liability for used nuclear fuel management is increased for the cost of disposing the nuclear fuel bundles used each year with the corresponding amounts charged to operations through fuel expense. The liability accounts are charged for current expenditures incurred related to used nuclear fuel management.

Accretion is
- calculated using the Company's credit adjusted risk-free rate and a duration spread to take into consideration the long-term nature of these liabilities, and
- classified as finance costs.

Other hydro generating stations, transmission and distribution assets

The Company expects to use the majority of its other hydro generating stations, transmission and distribution assets for an indefinite period of time, and with either maintenance efforts or rebuilding, the assets are expected to be used for the foreseeable future. A modified maintenance approach has been taken for the Mactaquac Generating Station. As a result, the present value of any obligation is immaterial. Management reassesses this determination on an annual basis.

h. Post-employment benefits

The Company’s post-employment programs include
- New Brunswick Public Service Pension Plan (NBPSPP),
- retirement allowance program,
- early retirement program, and
- other long-term benefits.

The Company employees are members of the NBPSPP.

The NBPSPP was established on January 1, 2014 for the employees of the Province of New Brunswick, its Crown corporations and provincial agencies. Contributions are made by both participating employers and the employees and these are generally fixed; however, base benefits are not guaranteed. The NBPSPP is a multi-employer, shared risk plan. The plan assets and liabilities are not segregated in separate accounts for each member entity. Since it is not practicable or feasible to obtain all of the information required for a materially precise attribution of the Company's portion of the obligation, the Company uses defined contribution accounting to account for its portion of the NBPSPP.

The remaining plans are unfunded post-employment plans and are only funded in the year the expenditures are made. The Company uses defined benefit accounting to account for these plans.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h. Post-employment benefits (Continued)

The post-employment benefit obligations are determined by actuarial valuations. The valuations use assumptions to determine the present value of the defined benefit obligations. The key assumptions are as follows

- determined at March 31,
- based on market interest rates of high-quality corporate bonds, that match the timing of the expected benefit payments, and
- management's best estimate on salary and wage projections to expected retirement dates.

Current service costs are charged to earnings as an operations, maintenance and administration (OM&A) expenses. Interest expense is calculated by applying the same discount rate as used to measure the defined benefit obligation. Net interest is charged to finance costs. Actuarial gains and losses on the long-term disability plan are recognized in net earnings. The gains and losses on the remaining post-employment benefit programs are recognized in other comprehensive income. A curtailment occurs if there is a significant reduction in the benefits related to future service. A curtailment is recognized when the event giving rise to the change has occurred.

i. Provisions

A provision is recognized if the Company has a present legal or constructive obligation as a result of a past event, it can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions that are long-term in nature are measured at their present value by discounting the expected future cash flows using the Company’s credit adjusted risk-free rate.

Customer contributions, representing the Company’s obligation to provide customers with ongoing access to electricity supply, are recognized as miscellaneous revenue on a straight-line basis over the estimated term of the related customer contracts; for perpetual contracts in which contributed assets support the continuous delivery of goods or services, the contract term is estimated to equal the asset’s economic useful life. These contributions are recorded within provisions for other liabilities and charges, while refundable contributions are classified as current liabilities until the point at which they are no longer refundable.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

j. Revenue

Performance obligation and revenue recognition policy

In-province electricity sales

In-province electricity sales are deemed to have a single performance obligation as they represent a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. These performance obligations are considered to be satisfied over time as electricity is transferred and used by the customer and measured using meters. Revenue recognition is based on the volume delivered to the customer and prices are based on a cost-of-service model which is reviewed and approved by the EUB.

Out-of-province electricity sales

Out-of-province electricity sales are recognized on a daily basis as the energy is transferred and used by customers and are based on either market price at the time of sale or contract prices for long-term contracts.

Unbilled revenue

Unbilled revenue represents amounts earned from services provided that have not yet been invoiced to customers. This revenue is recognized based on the volume delivered to the customers measured using meters. Invoices are issued on a monthly basis.

Miscellaneous revenue

Sales of natural gas

Sales are recognized as the natural gas is delivered to the customer and are based on the market price at the time of the sale.

k. Government grants

Government grants are received to compensate for certain types of expenditures incurred. Recognition of government grants occurs when the funding is received, or when it is considered probable to be received. These grants are offset against expenses during the period in which the expense is recognized. Government grants related to PP&E are classified in PP&E and depreciated over the life of the related asset.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

l. Foreign exchange transactions

The Company's functional currency is the Canadian dollar. Transactions in currencies other than the functional currency are translated based on the nature of the item.

- Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing as at the consolidated statement of financial position date. Gains and losses on translation are recorded in earnings.
- For transactions qualifying for hedge accounting, the gains and losses from effective cash flow hedges pertaining to foreign currency contracts are recognized in other comprehensive income.

m. Leases

The Company as a lessee

The Company considers whether a contract is, or contains a lease, based on whether the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. When a contract contains a lease, the Company records a right-of-use asset and lease liability.

The lease liability represents the obligation to make future lease payments. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The discount rate used is the interest rate implicit in the lease to the extent that it can be readily determined. When the implicit interest rate is not readily determined, the Company's incremental borrowing rate is used. In determining the lease term, renewal and termination options are taken into account if it is reasonably certain that they will be exercised. The lease liability is subsequently increased by interest and decreased by lease payments.

The Company elects to not recognize right-of-use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value items (less than US$5 thousand). The Company recognizes the lease payments associated with these leases as an expense in the consolidated statement of earnings.

The Company as a lessor

When acting as a lessor, the Company classifies leases as either operating or finance leases. The Company has determined all leases where the Company is the lessor to be operating leases. A majority of leases relate to water heater rentals, which have lease terms of 15 years with no penalties for cancellation. Revenue is recognized as earned and is billed on a monthly basis for operating leases. Refer to Note 22 for more details on water heater rentals.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n. Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued and their characteristics.

The classification of the financial instruments are outlined in the following table.

Financial instrument	Classification
Financial assets	
Cash & restricted cash	Amortized cost
Accounts receivable	Amortized cost
Sinking fund receivable	Amortized cost
Derivative assets	Fair value through profit or loss unless designated as hedging instruments, in which case fair value through OCI
Nuclear decommissioning and used fuel management funds	Fair value through profit or loss
Financial liabilities	
Short-term indebtedness	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Accrued interest on short and long-term debt	Amortized cost
Long-term debt	Amortized cost
Finance liability	Amortized cost
Lease liabilities	Amortized cost
Derivative liabilities	Fair value through profit or loss unless designated as hedging instruments, in which case fair value through OCI

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

n. Financial instruments (Continued)

Amortized cost

Financial assets and financial liabilities in this category are measured at fair value at initial recognition and are subsequently measured based on principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and any loss allowance.

Fair value through profit or loss (FVTPL)

Financial instruments in this category, which include derivatives and investment funds, are typically acquired principally for the purpose of selling in the short-term or are designated as such upon initial recognition. Financial instruments are measured as FVTPL if the Company manages these investments and makes purchase and sale decisions based on their value according to the Company's documented risk management of investment strategy. Financial instruments classified as FVTPL are subsequently measured at fair value as at the consolidated statement of financial position date. Changes in fair value of these instruments are included in net earnings.

Fair value through OCI (FVOCI)

Financial instruments in this category primarily consist of hedging instruments used in managing market volatility. Financial instruments are measured at fair value through OCI when the objective of the instrument is to be held and traded for contractual cash flows for the payment of principal and interest, and the terms of the contract give rise to those cash flows on specified dates. Financial instruments classified as fair value through OCI are subsequently measured at fair value at the consolidated statement of financial position date. Changes in fair value of these instruments are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of earnings or recognized in the carrying amount of the assets or liabilities to which they relate.

Effective interest method and transaction costs

The Company uses the effective interest method to recognize interest income or expense on financial instruments classified as amortized cost.

Transaction costs associated with fair value through profit or loss instruments are expensed as they are incurred.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Derivatives

Derivatives are recognized on the consolidated statement of financial position at their fair value. Changes in fair value are recognized in earnings unless the instrument meets the criteria for hedge accounting in which case changes are recognized in OCI.

Cash flow hedges

The Company uses derivatives to manage or "hedge" certain exposures. It does not use them for speculative or trading purposes. Certain derivative financial instruments held by the Company are eligible for hedge accounting.

Documentation

To be eligible for hedge accounting, the Company formally documents
- all relationships between hedging instruments and hedged items at their inception,
- its assessment of the effectiveness of the hedging relationship, and
- its hedging objectives and strategy underlying various hedge transactions.

This process includes linking all derivatives to specific assets and liabilities on the consolidated statement of financial position or to specific forecasted transactions.

Accounting for cash flow hedges

Derivatives eligible for hedge accounting are recognized on the consolidated statement of financial position at their fair value. The accounting for changes in fair value depends on their effectiveness as hedges. In broad terms, a derivative is an effective hedge of another item when changes in their fair value or cash flows closely offset each other. Due to the nature of some of the hedging relationships, the fair values or cash flows do not perfectly offset, which represents the ineffective portions.

The following table describes how the changes in a derivative's fair value are recognized.

This portion	is recognized in
effective	other comprehensive income, outside net earnings
ineffective	net earnings

The amounts accumulated in other comprehensive income are reclassified to earnings in the same period during which the hedged forecasted cash transaction affects earnings.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

o. Derivatives (Continued)

Discontinuing hedge accounting

If a forecasted transaction is no longer expected to occur, the Company ceases hedge accounting at that point and any gains or losses previously accumulated in other comprehensive income are then recognized immediately in net earnings.

If a hedging instrument is sold or terminated before it matures, it ceases to be effective as a hedge, or it's designation is revoked, hedge accounting is discontinued prospectively. Gains or losses up to the date the hedge was discontinued remain in other comprehensive income and will be recognized in earnings in the period the forecasted cash transaction impacts earnings. Gains and losses after discontinuance of hedge accounting are recognized in earnings as they arise.

4. RATE REGULATION

The Company is a rate-regulated utility and as such must submit to the NB Energy and Utilities Board (EUB) the following

- At least once every three years, a general rate application for approval of the schedules of rates it proposes to charge for its services.
- At least once every three years, an application for approval of its Transmission revenue requirements and rates. This revenue requirement is intended to collect sufficient revenue to cover the Company's costs and to provide a return of 10 to 12 per cent on a deemed capital structure of 65 per cent debt and 35 per cent equity.
- At least once every three years, an Integrated Resource Plan for information purposes.
- At least once every three years, a strategic, financial and capital investment plan covering the next three fiscal years.
- Annually, an application for approval of the balance in the gross margin variance accounts and the applicable rate rider to collect (or refund) the variance account balances from (to) customers. And;
- As required, an application for approval of capital projects of $50 million or more.

Regulatory balances

Regulatory balances may arise as a result of the rate-setting process.

All amounts recognized as regulatory balances are subject to legislation or regulatory approval. As such

- the regulatory authorities could alter the amounts recognized as a regulatory balance, at which time the change would be reflected in the consolidated financial statements, and
- certain remaining recovery and settlement periods are those expected by management and the actual recovery or settlement periods could differ based on regulatory approval.

(Amounts are expressed in millions of Canadian dollars except where indicated)

5. RESTRICTED CASH

At March 31, 2026, the Company held $123 million (2025 - $Nil) in a restricted cash account. These funds are not available for general corporate purposes and are restricted for use in the Mactaquac Life Achievement Project for early works activities. Under the terms of the arrangement, the funds may only be used to finance eligible project expenditures.

Restricted cash is classified as current assets based on the expected timing of the project cash outflows. The funds are expected to be utilized over the near-term project construction period.

6. ACCOUNTS RECEIVABLE

	Note	2026	2025
Trade receivables		**$ 210**	$ 236
Other receivables		**131**	149
Unbilled revenue		**167**	139
Expected credit loss allowance	30	**(3)**	(4)
		$ 505	$ 520

7. MATERIALS, SUPPLIES AND FUEL

	2026	2025
Materials and supplies	**$ 56**	$ 51
Nuclear fuel	**66**	43
Coal	**43**	39
Heavy fuel oil	**70**	37
Renewable energy credits	**18**	21
Other fuel	**36**	39
	$ 289	$ 230

During the year, an expense of $3 million (2025 - $4 million) was recognized to write down inventories to net realizable value. Total inventories recognized as an expense during the year amounted to $399 million (2025 - $400 million).

(Amounts are expressed in millions of Canadian dollars except where indicated)

8. PROPERTY, PLANT AND EQUIPMENT

	Power generating stations	Transmission system	Terminals and substations	Distribution system	Other	Construction -in-progress	Total
Cost or deemed cost							
Balance, April 1, 2024	$ 4,495	$ 516	$ 571	$ 1,386	$ 431	$ 555	$ 7,954
Additions	-	-	-	-	(4)	579	575
Right-of-use additions	1	-	-	-	6	-	7
Decommissioning adjustments	60	1	-	-	-	-	61
Disposals	(146)	-	-	(31)	(11)	-	(188)
Right-of-use disposals	-	-	-	-	(2)	-	(2)
Transfers	344	53	51	162	41	(665)	(14)
Balance, March 31, 2025	4,754	570	622	1,517	461	469	8,393
Accumulated depreciation							
Balance, April 1, 2024	2,101	94	137	678	134	-	3,144
Depreciation expense	292	14	17	43	25	-	391
Right-of-use depreciation expense	4	-	-	-	4	-	8
Disposals	(139)	-	-	(27)	(10)	-	(176)
Right-of-use disposals	-	-	-	-	(2)	-	(2)
Balance, March 31, 2025	2,258	108	154	694	151	-	3,365
Carrying amount, right-of-use assets, March 31, 2025	$ 18	$ -	$ -	$ -	$ 27	$ -	$ 45
Carrying amount, total PP&E, 2025	$ 2,496	$ 462	$ 468	$ 823	$ 310	$ 469	$ 5,028
Cost or deemed cost							
Balance, April 1, 2025	**$ 4,754**	**$ 570**	**$ 622**	**$ 1,517**	**$ 461**	**$ 469**	**$ 8,393**
Additions	**-**	**-**	**-**	**-**	**(7)**	**661**	**654**
Right-of-use additions	**1**	**-**	**-**	**-**	**6**	**-**	**7**
Decommissioning adjustments	**12**	**(1)**	**-**	**-**	**-**	**-**	**11**
Disposals	**(100)**	**-**	**(1)**	**(35)**	**(9)**	**-**	**(145)**
Right-of-use disposals	**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**
Transfers	**315**	**21**	**46**	**112**	**20**	**(514)**	**-**
Balance, March 31, 2026	**4,982**	**590**	**667**	**1,594**	**469**	**616**	**8,918**
Accumulated depreciation							
Balance, April 1, 2025	**2,258**	**108**	**154**	**694**	**151**	**-**	**3,365**
Depreciation expense	**296**	**15**	**18**	**49**	**28**	**-**	**406**
Right-of-use depreciation expense	**4**	**-**	**-**	**-**	**4**	**-**	**8**
Disposals	**(97)**	**-**	**-**	**(28)**	**(9)**	**-**	**(134)**
Right-of-use disposals	**-**	**-**	**-**	**-**	**(2)**	**-**	**(2)**
Balance, March 31, 2026	**2,461**	**123**	**172**	**715**	**172**	**-**	**3,643**
Carrying amount, right-of-use assets, March 31, 2026	**$ 15**	**$ -**	**$ -**	**$ -**	**$ 29**	**$ -**	**$ 44**
Carrying amount, total PP&E, 2026	**$ 2,521**	**$ 467**	**$ 495**	**$ 879**	**$ 297**	**$ 616**	**$ 5,275**

(Amounts are expressed in millions of Canadian dollars except where indicated)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The amount of government grants classified as a reduction in PP&E in 2026, was $10 million (2025 - $17 million). The contributions were received in support of Small Modular Reactors, Climate Change Fund, and the Electricity Predevelopment Program. These grants are depreciated over the life of the associated assets.

The amount of interest capitalized to PP&E in 2026 is $18 million (2025 - $12 million) (Note 27) at the weighted average cost of borrowing of 4.48 per cent (2025 - 4.44 per cent).

Transfers include the reclassification of construction-in-progress balances to fixed and intangible assets upon project completion. Allowances for Funds Used During Construction (AFUDC) were also transferred either to the related asset or to a regulatory asset account, where recovery is expected through future rates. AFUDC is a notional cost of capital allowance allowed by the EUB to be capitalized into a rate base during the construction period of an asset. AFUDC is defined in further detail in Note 12. Projects deemed no longer viable were written down to their salvage value or expensed. The expense in 2026 is $4 million (2025 - $25 million).

The amount of right-of-use assets represents the right to use the underlying asset. Right-of-use assets are measured at cost, which is based on the initial amount of the lease liability in addition to various adjustments. The right-of-use assets are subsequently depreciated over the lesser of the end of the useful life of the asset or the related lease term.

9. INTANGIBLE ASSETS

	Nepisiguit Falls-statutory rights	Software	Other	Construction-in-progress	Total
Cost or deemed cost					
Balance, April 1, 2024	$ 19	$ 82	$ 3	$ 8	$ 112
Additions	-	-	-	6	6
Transfers	-	12	-	(4)	8
Balance, March 31, 2025	19	94	3	10	126
Accumulated amortization					
Balance, April 1, 2024	5	55	1	-	61
Amortization expense	-	10	-	-	10
Balance, March 31, 2025	5	65	1	-	71
Carrying amount, March 31, 2025	$ 14	$ 29	$ 2	$ 10	$ 55
Cost or deemed cost					
Balance, April 1, 2025	**$ 19**	**$ 94**	**$ 3**	**$ 10**	**$ 126**
Additions	**-**	**-**	**-**	**4**	**4**
Disposals	**-**	**(15)**	**-**	**-**	**(15)**
Transfers	**-**	**-**	**-**	**-**	**-**
Balance, March 31, 2026	**19**	**79**	**3**	**14**	**115**
Accumulated amortization					
Balance, April 1, 2025	**5**	**65**	**1**	**-**	**71**
Amortization expense	**-**	**11**	**1**	**-**	**12**
Disposals	**-**	**(14)**	**-**	**-**	**(14)**
Balance, March 31, 2026	**5**	**62**	**2**	**-**	**69**
Carrying amount, March 31, 2026	**$ 14**	**$ 17**	**$ 1**	**$ 14**	**$ 46**

10. NUCLEAR DECOMMISSIONING AND USED FUEL MANAGEMENT FUNDS

This note describes the segregated funds established by the Company as security for its nuclear decommissioning and used fuel management obligations. It contains information on the following

a. fund requirements,
b. The Company's funds, and
c. status of the Company's funds.

Fund requirements

The *Nuclear Fuel Waste Act* requires owners of used nuclear fuel in Canada to establish trust funds to finance the long-term management of used nuclear fuel. The Canadian Nuclear Safety Commission (CNSC) requires the Company to maintain certain segregated funds to meet license conditions for the Point Lepreau Nuclear Generating Station. The investments contained in these established funds will be used to meet the *Nuclear Fuel Waste Act* requirements.

The Company's funds

The Company has established the following funds, each held in a custodial account.

Fund	Trustee / Custodian	Purpose	Funding requirement	2026 contributions	2025 contributions
Decommissioning segregated fund and used nuclear fuel segregated fund	Provincial Minister of Finance (Custodian)	To meet the license conditions for the Point Lepreau Nuclear Generating Station set by the CNSC.	Determined annually based on the current obligations and market value of the funds.	**$ -**	$ -
Nuclear Fuel Waste Trust fund	BNY Mellon (Trustee)	To meet the *Nuclear Fuel Waste Act* and to meet the CNSC requirements.	The *Nuclear Fuel Waste Act* requires the Company to deposit to the trust fund an amount based on the approved funding formula.	**$ 7**	$ 6

(Amounts are expressed in millions of Canadian dollars except where indicated)

10. NUCLEAR DECOMMISSIONING AND USED FUEL MANAGEMENT FUNDS (CONTINUED)

Fair value of the Company's funds

The fair value of the investments contained in the established funds is outlined in the table below.

	Decommissioning and used nuclear fuel segregated funds	Nuclear Fuel Waste Trust fund	Total 2026	Total 2025
Fixed income	$ 252	$ 240	$ 492	$ 467
International equity	101	-	101	96
Alternative investments	113	-	113	102
Canadian equity	25	-	25	21
Private real estate	94	-	94	86
Public real estate	23	-	23	31
Public infrastructure	2	-	2	2
Private infrastructure	88	-	88	85
Private equity	119	-	119	127
Total investments contained in established funds	$ 817	$ 240	$ 1,057	$ 1,017

The following table shows the activity of the Decommissioning and Used Fuel Segregated Funds and the Nuclear Fuel Waste Trust fund.

	Decommissioning and used nuclear fuel segregated funds	Nuclear Fuel Waste Trust fund	Total 2026	Total 2025
Balance, beginning of year	$ 788	$ 229	$ 1,017	$ 941
Deposits	-	7	7	6
Market value changes	48	4	52	95
Withdrawals	(18)	-	(18)	(23)
Other charges	(1)	-	(1)	(2)
Balance, end of year	$ 817	$ 240	$ 1,057	$ 1,017

Refer to Note 29 Financial Instruments for fair value hierarchy information.

(Amounts are expressed in millions of Canadian dollars except where indicated)

11. SINKING FUND RECEIVABLE

Pursuant to section 15 of the *Provincial Loans Act*, the Minister of Finance maintains a general sinking fund for the repayment of funded debt. The Company pays the Province of New Brunswick one per cent of its outstanding debt annually; this will be returned to the Company when the corresponding debt issues mature.

The following table shows the activity in the sinking fund.

	2026	2025
Sinking fund receivable, beginning of year	**$ 566**	$ 502
Sinking fund earnings	**19**	18
Installments	**57**	51
Redemptions	**(5)**	(5)
Sinking fund receivable, end of year	**$ 637**	$ 566

Refer to Note 29 Financial Instruments for fair value hierarchy information.

12. REGULATORY BALANCES

The Company has regulatory balances totaling $1,182 million at March 31, 2026 compared to $1,150 million at March 31, 2025.

The following tables disclose the activity of the regulatory balance accounts.

	Remaining recovery period (years)	Interest rate	Balance April 1, 2024	Balances arising during the year	Interest	Recovery	Balance March 31, 2025
Advanced Meter Infrastructure Write-Off	4	4.43%	$ 2	$ 5	$ -	$ (1)	$ 6
Allowance for Funds Used During Construction	50	N/A	8	-	-	-	8
Electricity Sales and Margin Variance	6	3.33-5.65%	(85)	7	(3)	6	(75)
Energy Efficiency and Demand Response	10	4.31%	31	29	2	(3)	59
Energy Supply Cost Variance	6	3.33-5.65%	199	182	13	(53)	341
ERP Software Upgrade Cost	20	4.43%	-	1	-	-	1
Lawsuit Settlement with PDVSA	16	4.33%	142	-	6	(14)	134
PLNGS Refurbishment	16	4.43%	610	-	27	(51)	586
PLNGS Replacement Energy Cost	1	N/A	-	27	-	-	27
Rate Smoothing	1	N/A	-	63	-	-	63
			$ 907	$ 314	$ 45	$ (116)	$ 1,150

(Amounts are expressed in millions of Canadian dollars except where indicated)

12. REGULATORY BALANCES (CONTINUED)

	Remaining recovery period (years)	Interest rate	Balance April 1, 2025	Balances arising during the year	Interest	Recovery	Balance March 31, 2026
Advanced Meter Infrastructure Write-Off	5	4.48%	$ 6	$ 6	$ -	$ (2)	$ 10
Allowance for Funds Used During Construction	50	N/A	8	1	-	-	9
Electricity Sales and Margin Variance	8	2.86-3.37%	(75)	(30)	(2)	17	(90)
Energy Efficiency and Demand Response	10	4.44%	59	33	3	(6)	89
Energy Supply Cost Variance	8	2.86-3.37%	341	191	12	(70)	474
ERP Software Upgrade Cost	20	4.48%	1	3	-	-	4
Lawsuit Settlement with PDVSA	15	4.33%	134	-	6	(14)	126
PLNGS Refurbishment	15	4.48%	586	-	26	(52)	560
PLNGS Replacement Energy Cost	-	N/A	27	-	-	(27)	-
Rate Smoothing	-	N/A	63	-	-	(63)	-
			$ 1,150	$ 204	$ 45	$ (217)	$ 1,182

The following table details the net change in regulatory balances recognized in the statement of earnings.

	2026	2025
Advanced Meter Infrastructure Write-Off	$ 4	$ 4
Allowance for Funds Used During Construction	1	-
Electricity Sales and Margin Variance	(15)	10
Energy Efficiency and Demand Response	30	28
Energy Supply Cost Variance	133	142
ERP Software Upgrade Cost	3	1
Lawsuit Settlement with PDVSA	(8)	(8)
PLNGS Refurbishment	(26)	(24)
PLNGS Replacement Energy Cost	(27)	27
Rate Smoothing	(63)	63
Net change in regulatory balances	$ 32	$ 243

12. REGULATORY BALANCES (CONTINUED)

Point Lepreau Nuclear Generating Station (PLNGS) Refurbishment

The EUB authorized a regulatory asset be established to capitalize period costs during the refurbishment period. These costs are recovered in rates over the remaining useful life of the refurbished station. This account accumulated the following costs over the refurbishment period (March 28, 2008 to November 23, 2012)

- the normal period costs (net of any revenue) incurred by PLNGS, and
- the costs of replacement power incurred during the refurbishment period,

less

- costs included in current rates.

The regulatory balance is being

- amortized over the refurbished station's operating life, and
- reflected in charges, rates and tolls to customers (section 139.4 of the *Electricity Act*).

Lawsuit settlement with Petroleos de Venezuela S.A. (PDVSA)

This regulatory balance reflects the EUB's ruling as to how the settlement benefits would be passed on to customers.

In 2007/08, the Company recognized a regulatory balance relating to a lawsuit settlement with PDVSA. The settlement's benefits are amortized over the Coleson Cove Generating Station's remaining useful life (23 years at time of the settlement; 15 years as at March 31, 2026). As of March 31, 2026, the full benefit has been passed on to customers as approved by the EUB on a levelized basis over 15 years.

The regulatory deferral is in a debit position because the settlement's net benefits were passed on to customers faster than they are recognized by the Company.

Allowance for Funds Used During Construction (AFUDC)

AFUDC represents a notional cost of capital allowance allowed by the EUB to be capitalized into rate base during the construction period. It is calculated monthly on capital construction projects in progress and added to the regulatory balance, with an offsetting amount recorded as a reduction of finance costs. AFUDC capitalized is based on the Company's weighted average cost of capital as prescribed by the EUB and is amortized over the weighted average future life of the related assets and will be recoverable through the Open Access Transmission Tariff.

12. REGULATORY BALANCES (CONTINUED)

Energy Supply Cost Variance

On April 1, 2022, amendments to the *Electricity Act* and the introduction of Regulation 2022-17 resulted in the establishment of new regulatory variance accounts to track variances between actual and forecasted fuel and purchased power costs incurred to supply in-province customers. Variances are added to the account on a monthly basis along with the interest calculated using the average short-term debt rate. The balance in the account is then recovered or reimbursed to customers through the Variance Account Credit/Charge.

The Company is required to file annually with the EUB a calculation of the variance account balance for the fiscal period from November 1 to October 31, as well as the proposed number of fiscal years over which the balance will be recovered or reimbursed, the proposed amount to be recovered or reimbursed in the next fiscal year, and the calculation of the credit/charge by class.

The Energy Supply Cost Variance for the period from November 1, 2024 to October 31, 2025 was submitted to the EUB in December 2025 and the combined Energy Supply Cost and Electricity Sales and Margin Variance will be collected from customers through the Variance Account Credit/Charge over an eight-year period.

Electricity Sales and Margin Variance

On April 1, 2022, amendments to the *Electricity Act* and the introduction of Regulation 2022-17 resulted in the establishment of new regulatory variance accounts to track variances between actual and forecasted in-province electricity sales and out-of-province gross margin. Variances are added to the account on a monthly basis along with the interest calculated using the average short-term debt rate. The balance in the account is then recovered or reimbursed to customers through the Variance Account Credit/Charge.

The Company is required to file annually with the EUB a calculation of the variance account balance for the fiscal period from November 1 to October 31, as well as the proposed number of fiscal years over which the balance will be recovered or reimbursed, the proposed amount to be recovered or reimbursed in the next fiscal year, and the calculation of the credit /charge by class.

The Electricity Sales and Margin Variance for the period from November 1, 2024 to October 31, 2025 was submitted to the EUB in December 2025 and the combined Energy Supply Cost and Electricity Sales and Margin Variance will be collected from customers through the Variance Account Credit/Charge over an eight-year period.

Energy Efficiency and Demand Response

The EUB approved the establishment of a regulatory account to capture the costs of fulfilling the Company's responsibilities for the provision of energy efficiency, energy conservation and demand-side management. The costs will be recovered, plus interest, on a straight-line basis over a 10 year period. The deferral and amortization of these costs allows the costs to be matched with expected benefit to the Company.

12. REGULATORY BALANCES (CONTINUED)

Advanced Meter Infrastructure (AMI) Write-Off

The EUB approved the establishment of the meter write-off deferral in September 2022. The account will capture the write-off of the existing net book value of the installed electricity meters, together with related financing costs. The balance will be amortized on a straight-line basis over a five-year period.

Rate Smoothing

The EUB approved the establishment of a regulatory account to smooth rate increases for fiscal years 2024/25 and 2025/26 by adjusting net earnings on a forecast basis. The account has the effect of lowering the 2024/25 average rate increase from 14.4% to 9.14% after the EUB's decision and increasing the 2025/26 average rate increase from 5.0% to 9.14%. The rate smoothing account accomplishes multiple regulatory objectives by promoting rate stability while allowing the Company a reasonable opportunity to recover its approved revenue requirement. This account was in place for the 2024/25 and 2025/26 fiscal years.

ERP Software Upgrade Cost

The EUB approved the establishment of a regulatory account to accumulate and defer approved expenses incurred with respect to the upgrade of the Company's Enterprise Resource Planning Software. The costs will be collected from customers over a period that aligns with the expected benefits from the new system.

Point Lepreau Nuclear Generating Station (PLNGS) Replacement Energy Cost

The EUB approved the creation of a regulatory account to level the expected replacement energy costs associated with major planned outage at the Point Lepreau Generating Station for fiscal years 2024/25 and 2025/26. The account is intended to ensure the recovery of prudently incurred costs while smoothing the rate impact of fluctuating replacement energy costs from year to year. The regulatory account is reflected in charges, rates and tolls to customers and has been amortized over a two-year period ending July 2025.

13. SHORT-TERM INDEBTEDNESS

The Company borrows funds for temporary purposes from the Province of New Brunswick. The balance as at March 31, 2026 is $662 million (2025 - $954 million) with maturities ranging from April 1, 2026 to April 24, 2026 and a weighted average interest rate of 2.26 per cent (2025 - 2.73 per cent).

(Amounts are expressed in millions of Canadian dollars except where indicated)

14. LONG-TERM DEBT

The Company borrows funds from the Province of New Brunswick to finance long-term requirements.

A reconciliation between the opening and closing long-term debt balance is provided below.

Long-term debt		
Balance, April 1, 2024	$	5,289
Debt retirements		(50)
Proceeds on long-term debt		151
Amortization of premiums and discounts on long-term debt		6
Balance, March 31, 2025		5,396
Debt retirements		**(200)**
Proceeds on long-term debt		**874**
Amortization of premiums and discounts on long-term debt		**4**
		6,074
Less current portion		**-**
Balance, March 31, 2026	**$**	**6,074**

(Amounts are expressed in millions of Canadian dollars except where indicated)

14. LONG-TERM DEBT (CONTINUED)

The following table details the outstanding debt owing to the Province of New Brunswick.

Date of issue	Date of maturity	Effective interest rate (%)	Coupon rate (%)	Principal amount CAD$	Unamortized (discounts) premiums	Outstanding amount
October 1, 2013	December 15, 2029	3.13%	6.29%	$ 50	$ -	$ 50
October 1, 2013	September 26, 2035	3.96%	4.65%	360	2	362
October 1, 2013	March 26, 2037	4.17%	4.55%	100	(1)	99
October 1, 2013	March 26, 2037	4.17%	4.55%	25	(1)	24
October 1, 2013	September 26, 2039	4.38%	4.80%	160	(1)	159
October 1, 2013	September 26, 2034	3.69%	5.00%	150	(1)	149
October 1, 2013	March 19, 2034	3.75%	5.15%	50	-	50
October 1, 2013	September 26, 2039	4.38%	4.80%	100	-	100
October 1, 2013	June 3, 2041	4.52%	4.80%	200	(1)	199
October 1, 2013	June 3, 2055	4.80%	3.55%	150	2	152
October 1, 2013	June 3, 2065	4.85%	3.55%	200	(1)	199
December 17, 2015	August 14, 2045	4.74%	3.80%	250	7	257
July 22, 2016	August 14, 2048	4.80%	3.10%	200	(2)	198
June 16, 2017	August 14, 2027	2.75%	2.35%	100	-	100
November 24, 2017	August 14, 2048	4.80%	3.10%	200	(4)	196
March 20, 2018	August 14, 2027	2.76%	2.35%	120	(1)	119
April 30, 2018	August 14, 2028	2.98%	3.10%	100	-	100
June 13, 2018	August 14, 2048	4.80%	3.10%	250	(9)	241
January 18, 2019	June 3, 2065	4.85%	3.55%	60	2	62
May 7, 2019	August 14, 2050	4.80%	3.05%	300	(3)	297
May 29, 2019	June 3, 2065	4.85%	3.55%	150	19	169
October 2, 2019	June 3, 2065	4.85%	3.55.%	100	25	125
December 6, 2019	June 3, 2065	4.85%	2.71%	50	-	50
April 15, 2020	August 14, 2050	4.80%	3.05%	150	3	153
June 3, 2020	October 16, 2057	4.79%	2.34%	150	-	150
November 24, 2021	August 14, 2052	4.78%	2.90%	300	(2)	298
October 24, 2022	August 14, 2028	2.98%	3.10%	200	(5)	195
March 14, 2023	August 14, 2032	3.52%	3.95%	300	(4)	296
May 4, 2023	August 14, 2032	3.52%	3.95%	100	1	101
September 18, 2023	August 14, 2033	3.67%	4.45%	100	(1)	99
October 27, 2023	August 14, 2054	4.80%	5.00%	200	(2)	198
January 24, 2024	August 14, 2033	3.67%	4.45%	100	1	101
January 28, 2025	August 14, 2034	3.80%	4.05%	150	1	151
September 10, 2025	June 3, 2030	3.23%	3.05%	200	(1)	199
October 8, 2025	August 14, 2031	3.38%	2.55%	300	(9)	291
January 23, 2026	August 14, 2031	3.38%	2.55%	175	(6)	169
March 30, 2026	March 30, 2029	0.54%	1.00%	216	-	216
Total				**$ 6,066**	**$ 8**	**$ 6,074**

(Amounts are expressed in millions of Canadian dollars except where indicated)

14. LONG-TERM DEBT (CONTINUED)

Debt portfolio management fee

The Company pays an annual debt portfolio management fee to the Province of New Brunswick amounting to 0.65 per cent (2025 - 0.65 per cent) of the total long-term debt and short-term indebtedness, excluding the loan provided for MLAP early works, net of the balance held in the sinking fund receivable (Note 11), measured as at the beginning of the fiscal year. The management fee is included as a component of finance costs and accounted for as interest expense; refer to Note 27.

Principal repayments

Long-term debt principal repayments are due as follows:

Year ending	Principal Repayments
March 31, 2027	$ -
March 31, 2028	**220**
March 31, 2029	**516**
March 31, 2030	**50**
March 31, 2031	**200**
Thereafter	**5,080**
Total	**$ 6,066**

15. LEASE LIABILITIES

Lease liabilities represent the Company's obligation to make payments arising from a lease. Lease payments are represented as liabilities on a discounted basis. The table below is a reconciliation between the opening and closing lease liability.

Balance, April 1, 2024	$ 46
Additions (new leases)	7
Interest expense	2
Lease principal payments	(10)
Balance March 31, 2025	45
Additions (new leases)	**7**
Interest expense	**2**
Lease principal payments	**(9)**
	45
Less current portion of lease liabilities	**(8)**
Balance March 31, 2026	**$ 37**

The above lease liabilities include leases for generation assets, IT equipment, and a variety of real estate locations primarily for storage and office space.

(Amounts are expressed in millions of Canadian dollars except where indicated)

15. LEASE LIABILITIES (CONTINUED)

During the year, no material expenses or revenues were incurred in relation to variable lease payments, subleasing or sale and leaseback transactions.

During the year, there were no leases that met the investment property definition in IAS 40, Investment Property. The Company has included renewal options in calculating the liability for certain real estate leases.

The following table details the scheduled future minimum lease payments and the present value of lease liabilities.

	1 Year	2-5 years	Greater than 5 years
Future minimum lease payments	**$ 9**	**$ 27**	**$ 17**
Present value of lease payments	**$ 8**	**$ 23**	**$ 14**

Lease payments not recognized as a liability

The Company has elected to not recognize a lease liability for low-value assets or short-term leases (expected term of 12 months or less). Payments under these leases are expensed on a straight-line basis. During the year, short-term and low-value leases of $2 million (2025 - $3 million), were recognized as an expense in the consolidated statement of earnings in operations, maintenance and administration expenses.

16. CAPITAL MANAGEMENT

The Company raises its capital predominantly through short and long-term borrowings from the Province of New Brunswick in accordance with the *Provincial Loans Act*. This type of borrowing allows the Company to take advantage of the Province of New Brunswick's credit rating. The Company's minimum target debt/equity ratio is 80/20 as prescribed in the *Electricity Act.*

The percentage of net debt in capital structure is outlined in the table below.

As at March 31	Note	2026	2025
Long-term debt	14	**$ 6,074**	$ 5,396
Short-term indebtedness	13	**662**	954
Lease liabilities	15	**45**	45
Finance liability	20	**35**	35
Total debt		**6,816**	6,430
Sinking fund receivable	11	**(637)**	(566)
Cash & restricted cash	5	**(129)**	(9)
Total net debt		**6,050**	5,855
Retained earnings		**545**	532
Accumulated other comprehensive loss		**(41)**	(48)
Total capital		**$ 6,554**	$ 6,339
Per cent net debt in capital structure		**92%**	92%

17. DECOMMISSIONING AND USED FUEL MANAGEMENT LIABILITIES

This note provides details of the Company's decommissioning

liabilities. **Nature of the liabilities**

The following table provides details on the decommissioning liabilities.

Liability	Nature	Funding details
Hydro and thermal generating station decommissioning	Cost of decommissioning the hydro and thermal generating stations after the end of their service lives.	The liability is not funded.
Nuclear generating station decommissioning	Cost of decommissioning the nuclear generating station after the end of its service life.	See Note 10 for details on the funding of this liability.
Used nuclear fuel management	Cost of interim and long-term management of used nuclear fuel bundles generated by the nuclear generating station.	See Note 10 for details on the funding of this liability.
Water heaters	Cost of the removal of water heaters from customers' homes.	The liability is not funded.
Fundy Isles undersea transmission cables	Cost of decommissioning Fundy Isles undersea transmission cables after the end of their service lives. This includes both the spare cable and the in-service asset.	The liability is not funded.

(Amounts are expressed in millions of Canadian dollars except where indicated)

17. DECOMMISSIONING AND USED FUEL MANAGEMENT LIABILITIES (CONTINUED)

Assumptions used for the liabilities

The following are the key assumptions on which the decommissioning liabilities are based.

	Hydro and thermal decommissioning	Nuclear decommissioning	Used nuclear fuel management	Water heaters	Fundy Isles undersea transmission cables
Amount of estimated cash flows to settle liability in - 2026 dollars	$ 226	$ 1,412	$ 1,291	$ 3	$ 35
- 2025 dollars	$ 197	$ 1,363	$ 929	$ 3	$ 33
Cash expenditures required until the fiscal year	2049	2079	2192	2039	2060
Rate used to discount cash flows - 2026	3.22-5.12%	5.37%	5.37%	5.12%	3.96-5.39%
- 2025	3.19-4.76%	4.91%	4.91%	4.76%	3.56-4.91%
Escalation rate to determine decommissioning liabilities	1.94%	2.00%	1.87-3.00%	1.94-2.00%	1.94-2.00%

(Amounts are expressed in millions of Canadian dollars except where indicated)

17. DECOMMISSIONING AND USED FUEL MANAGEMENT LIABILITIES (CONTINUED)

Liabilities at year-end

The following is a continuity schedule for each of the decommissioning liabilities.

	2026	2025
Hydro and thermal generating station decommissioning liability		
Balance, beginning of year	**$ 132**	$ 123
Add: Change to discount rate and change in cost estimate	**(11)**	15
Add: Accretion on hydro and thermal decommissioning liability	**6**	6
Less: Expenditures	**(7)**	(12)
Balance, end of year	**120**	132
Nuclear generating station decommissioning liability		
Balance, beginning of year	**551**	489
Add: Change to discount rate and change in cost estimate	**(70)**	40
Add: Accretion on nuclear decommissioning liability	**27**	24
Less: Expenditures	**(3)**	(2)
Balance, end of year	**505**	551
Used fuel management liability		
Balance, beginning of year	**443**	435
Add: Change to discount rate and change in cost estimate	**99**	3
Add: Accretion on used fuel management liability	**22**	20
Less: Expenditures	**(9)**	(15)
Balance, end of year	**555**	443
Water heaters		
Balance, beginning of year	**2**	2
Balance, end of year	**2**	2
Fundy Isles undersea transmission cables		
Balance, beginning of year	**22**	20
Add: Change to discount rate and change in cost estimate	**(1)**	1
Add: Accretion expense	**1**	1
Balance, end of year	**22**	22
Total decommissioning and used fuel management liabilities	**$ 1,204**	$ 1,150

(Amounts are expressed in millions of Canadian dollars except where indicated)

18. POST-EMPLOYMENT BENEFITS

Unfunded benefit plans

Unfunded post-employment benefit plans include an early retirement plan, retirement allowances, and other future employee benefits.

The table below summarizes these plans.

	2026	2025
Early retirement obligation	**$ 66**	$ 67
Retirement allowance obligation	**6**	7
Other future employee benefits obligation	**35**	32
	107	106
Current portion of early retirement obligation, recorded in accounts payable and accrued liabilities	**(5)**	(5)
Post-employment benefits	**$ 102**	$ 101

Assumptions	2026 %	2025 %
Discount rate, beginning of year	**4.60**	4.90
Discount rate, end of year	**5.00**	4.60
Long-term rate of compensation increases	**2.50**	2.50
Assumptions for benefit increases (percentage of Consumer Price Index)	**2.00**	2.00

a. Early retirement obligation

The Company has an unfunded early retirement program. The Company has had several programs in the past to incentivize employees to retire early. The early retirement program represents the obligation for those costs.

Accrued benefit obligation	2026	2025
Balance, beginning of year	**$ 67**	$ 67
Employee benefit expense	**3**	3
Benefits paid	**(4)**	(5)
Actuarial loss recognized in other comprehensive income	**-**	2
Balance, end of year	**$ 66**	$ 67

Cost	2026	2025
Interest on early retirement obligation	**$ 3**	$ 3
Total benefit expense for the year	**$ 3**	$ 3

(Amounts are expressed in millions of Canadian dollars except where indicated)

18. POST-EMPLOYMENT BENEFITS (CONTINUED)

b. Retirement allowance obligation

The Company had an unfunded retirement allowance program. The program provided a benefit of one week of salary per year of service up to a maximum of 26 weeks, when the employee retires. The latest actuarial calculation to estimate the liability was completed as at April 1, 2025.

The Company has phased out all the retirement allowance programs. Employees will no longer accrue retirement allowance benefits and employees have been offered a payout of the accumulation of service. The remaining balance is employees who have chosen to wait until retirement to receive their payout.

Accrued benefit obligation	**2026**	**2025**
Balance, beginning of year	**$ 7**	$ 7
Benefits paid	**-**	-
Actuarial gain	**(1)**	-
Balance, end of year	**$ 6**	$ 7

c. Other future employee benefits obligation

Other future employee benefits include future payments to long-term disability plan for employees and the pension plan for executives.

Accrued benefit obligation	**2026**	**2025**
Balance, beginning of year	**$ 32**	$ 29
Employee benefit expense	**2**	3
Benefits paid	**(3)**	(2)
Actuarial loss recognized in other comprehensive income	**2**	1
Actuarial loss recognized in earnings	**2**	1
Balance, end of year	**$ 35**	$ 32

Cost	**2026**	**2025**
Current service cost	**$ 1**	$ 1
Interest on early retirement obligation	**1**	2
Total benefit expense for the year	**$ 2**	$ 3

(Amounts are expressed in millions of Canadian dollars except where indicated)

18. POST-EMPLOYMENT BENEFITS (CONTINUED)

Cumulative actuarial losses

The cumulative actuarial losses recorded in other comprehensive income for the Company's defined benefit plans are summarized in the following table.

		2026		2025
Balance, beginning of year	$	(57)	$	(54)
Actuarial gains on accrued benefit obligation				
- experience adjustments		(1)		(3)
Balance, end of year	$	(58)	$	(57)

Multi-employer pension plan

The Company employees are members of the New Brunswick Public Service Pension Plan (NBPSPP), a multi-employer shared risk pension plan, as described in Note 3.h. The most recent actuarial valuation was completed as at January 1, 2025, when the NBPSPP was 117 per cent funded (January 1, 2024 - 111 per cent). The valuation reported plan assets in excess of the accrued benefit obligation of $8,699 (January 1, 2024 - $8,344) million by $1,495 (January 1, 2024 - $919) million. The next valuation is as at January 1, 2026 which will be completed in September 2026.

The Company accounts for this multi-employer pension plan as a defined contribution pension plan.

Costs

Under the NBPSPP, the Company's obligations are limited to the contributions for current service. The total contributions of all participating employers and employees were approximately $332 million (January 1, 2024 - $312 million). The Company's contributions are charged to earnings when due. The employee benefits expense for the NBPSPP plan recorded in OM&A expenses is summarized in the following table.

		2026		2025
Current service cost	$	37	$	32

The Company expects to contribute approximately $41 million in contributions in 2027.

(Amounts are expressed in millions of Canadian dollars except where indicated)

19. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

A reconciliation between the opening and closing provisions for other liabilities and charges is provided below.

	Environmental Liability	Customer contributions obligation	Total
Provisions for other liabilities and charges			
Balance April 1, 2024	$ 7	$ 59	$ 66
Provisions made during the year	-	7	7
Provisions used during the year	-	(2)	(2)
Balance March 31, 2025	7	64	71
Provisions made during the year	**-**	**19**	**19**
Provisions used during the year	**-**	**(3)**	**(3)**
Balance March 31, 2026	**$ 7**	**$ 80**	**$ 87**

Environmental liability

The Company has a long-term plan to treat acidic water drainage from an inactive mine. The Company has recognized an unfunded environmental liability equal to the net present value of the expected future costs using a discount rate of 4.25 per cent (2025 - 4.32 per cent).

The total undiscounted amount of the estimated cash flows required to settle the liability is $7 million (2025 - $7 million).

Provisions made during the year for the environmental liability consist of accretion.

Provisions used during the year for the environmental liability represent cash payments made relating to the liability during the fiscal period.

Customer contributions obligation

The Company receives non-refundable customer contributions in aid of construction of physical assets to connect these customers to the utility network and provide future energy requirements. These contributions represent deferred revenue and are recognized in earnings as miscellaneous revenue as described in Note 3.j.

Provisions made during the year for the customer contributions obligation consist of contributions made by customers within the fiscal period.

Provisions used during the year for the customer contributions obligation represent the recognition of contributions in earnings on a straight-line basis over the estimated useful lives of the contracts with customers.

(Amounts are expressed in millions of Canadian dollars except where indicated)

20. FINANCE LIABILITY

The Company has recognized a financial liability measured at the amount of consideration received for the sale and leaseback of the head office building in accordance with IFRS 9, *Financial Instruments*. The liability will be drawn down by the lease payments, which are considered loan payments. The interest will be separated from the payment and recognized as interest expense using an effective interest rate of 10.9%.

21. REVENUE FROM CONRACTS WITH CUSTOMERS

a. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by revenue stream. The in-province stream is further disaggregated by customer type, the out-of-province stream by contract type and miscellaneous revenue by major product and service.

	2026	2025
Sales of electricity - In-province		
Residential	**$ 984**	$ 875
Industrial	**437**	440
General service	**400**	362
Wholesale	**143**	130
Streetlights	**30**	27
Unmetered	**10**	8
	2,004	1,842
Sales of electricity - Out-of-province		
Canadian sales		
Long-term contracts	**167**	160
Short-term contracts	**26**	14
USA sales		
Long-term contracts	**640**	353
Short-term contracts	**90**	89
Short-term renewable energy credits	**61**	34
	984	650
Total sales of electricity	**2,988**	2,492
Miscellaneous contract revenue		
Customer-related revenue	**22**	21
Pole attachments	**7**	6
Transmission revenue	**15**	19
Sale of natural gas	**35**	22
Other contract revenue	**8**	6
	87	74
Total contract revenue	**$ 3,075**	$ 2,566

(Amounts are expressed in millions of Canadian dollars except where indicated)

21. REVENUE FROM CONRACTS WITH CUSTOMERS (CONTINUED)

b. Contract balances

The following table provides information about receivables, contracts assets and contract liabilities from contracts with customers.

	Note		2026		2025
Accounts receivable, included in trade or other receivables	6	**$**	**210**	$	236
Contract assets - unbilled revenue	6		**167**		139
Contract liabilities	19	**$**	**(80)**	$	(64)

The contract assets represent unbilled revenue and relate to the rights to consideration for electricity transferred and used by the customer but not billed at the reporting date.

There were no contract assets impaired during the year, refer to Note 30. The contract assets are transferred to accounts receivable when the rights become unconditional. This generally occurs when an invoice is issued to the customer.

The contract liabilities primarily relate to customer contribution obligations. The Company receives contributions towards certain costs of construction. This liability is recognized in earnings, as miscellaneous revenue, on a straight-line basis over the estimated lives of the contracts with customers. When contracts with customers are perpetual and the related contributed asset is used to provide ongoing goods or services to customers, the life of the contract is estimated to be equivalent to the economical useful life of the asset to which the contribution relates. The amount of customer contributions recognized in miscellaneous revenue for the year ended March 31, 2026 is $3 million (2025 - $2 million).

22. MISCELLANEOUS REVENUE

	Note		2026		2025
Miscellaneous revenue from contracts with customers	21	**$**	**87**	$	74
Water heater rental			**35**		31
Other miscellaneous income			**20**		22
		$	**142**	$	127

(Amounts are expressed in millions of Canadian dollars except where indicated)

23. FUEL AND PURCHASED POWER

		2026		2025
Purchased power	$	**1,242**	$	1,024
Natural gas		**87**		96
Coal		**156**		152
Heavy fuel oil		**180**		187
Carbon tax		**52**		33
Petcoke		**-**		8
Other fuel		**25**		21
Nuclear		**17**		18
Foreign exchange on fuel and purchased power		**(1)**		(39)
	$	**1,758**	$	1,500

24. OPERATIONS, MAINTENANCE AND ADMINISTRATION

		2026		2025
Salaries and benefits	$	**374**	$	346
Hired services		**151**		182
Materials and supplies		**47**		46
Vehicles and equipment		**41**		41
Provision for credit losses		**3**		3
Other		**48**		43
	$	**664**	$	661

The following table summarizes the government grants received or receivable during the year, excluding grants recognized against property, plant and equipment. The grants have been offset against operations, maintenance and administration expenses primarily in the other category.

		2026		2025
Small Modular Reactors (SMR)	$	**15**	$	17
Strategic Intertie Predevelopment Project (SIPP)		**-**		3
Belledune Alternate Fuel Study		**-**		2
Electricity Predevelopment Program		**-**		1
	$	**15**	$	23

(Amounts are expressed in millions of Canadian dollars except where indicated)

25. DEPRECIATION AND AMORTIZATION

		2026		2025
Property, plant and equipment	$	**406**	$	391
Right-of-use assets		**8**		8
Intangible assets		**12**		10
Loss on disposal of assets		**10**		10
	$	**436**	$	419

26. PROPERTY/UTILITY TAXES

		2026		2025
Property tax	$	**22**	$	23
Utility and right-of-way taxes		**25**		24
	$	**47**	$	47

27. FINANCE COSTS

	Note		2026		2025
Interest on long-term and short-term debt		$	**233**	$	232
Debt portfolio management fee	14		**37**		35
Net interest cost on post-employment benefits/obligations	18		**4**		5
Foreign exchange translation gains and losses			**(1)**		8
Amortization of premiums and discounts on long-term debt	14		**4**		6
			277		286
Interest capitalized during construction	8		**(18)**		(12)
		$	**259**	$	274

(Amounts are expressed in millions of Canadian dollars except where indicated)

28. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

A reconciliation of movements of liabilities to cash flows arising from financing activities is provided below.

	Sinking funds (Note 11)	Long-term debt (Note 14)	Finance liability (Note 20)	Lease liability (Note 15)	Short-term debt (Note 13)	Total
Balance at April 1, 2024	$ (502)	$ 5,289	$ 35	$ 46	$ 570	$ 5,438
Changes from financing cash flows						
Sinking fund installments	(51)	-	-	-	-	(51)
Sinking fund redemptions	5	-	-	-	-	5
Increase in short-term indebtedness	-	-	-	-	384	384
Proceeds on long-term debt	-	151	-	-	-	151
Debt retirements	-	(50)	-	-	-	(50)
Increase in finance liability	-	-	-	-	-	-
Principal repayment of lease liabilities	-	-	-	(10)	-	(10)
Total changes from financing cash flows	(46)	101	-	(10)	384	429
Other changes						
Sinking fund earnings	(18)	-	-	-	-	(18)
Amortization of Premiums and discounts	-	6	-	-	-	6
Asset additions	-	-	-	7	-	7
Interest expense	-	-	-	2	-	2
Total other changes	(18)	6	-	9	-	(3)
Balance at March 31, 2025	**(566)**	**5,396**	**35**	**45**	**954**	**5,864**
Changes from financing cash flows						
Sinking fund installments	**(57)**	**-**	**-**	**-**	**-**	**(57)**
Sinking fund redemptions	**5**	**-**	**-**	**-**	**-**	**5**
Decrease in short-term indebtedness	**-**	**-**	**-**	**-**	**(292)**	**(292)**
Proceeds on long-term debt	**-**	**874**	**-**	**-**	**-**	**874**
Debt retirements	**-**	**(200)**	**-**	**-**	**-**	**(200)**
Increase in finance liability	**-**	**-**	**-**	**-**	**-**	**-**
Principal repayment of lease liabilities	**-**	**-**	**-**	**(9)**	**-**	**(9)**
Total changes from financing cash flows	**(52)**	**674**	**-**	**(9)**	**(292)**	**321**
Other changes						
Sinking fund earnings	**(19)**	**-**	**-**	**-**	**-**	**(19)**
Amortization of Premiums and discounts	**-**	**4**	**-**	**-**	**-**	**4**
Asset additions	**-**	**-**	**-**	**7**	**-**	**7**
Interest expense	**-**	**-**	**-**	**2**	**-**	**2**
Total other changes	**(19)**	**4**	**-**	**9**	**-**	**(6)**
Balance at March 31, 2026	**$ (637)**	**$ 6,074**	**$ 35**	**$ 45**	**$ 662**	**$ 6,179**

29. FINANCIAL INSTRUMENTS

A financial instrument (Note 3.n) is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity (for example, accounts receivable/accounts payable).

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A financial instrument's fair value at a given date (including fair values of forward contracts used for hedging purposes, and other derivative positions) reflects, among other things, differences between the instrument's contractual terms and the terms currently available in the market.

The financial instruments carried at fair value are classified using a fair value hierarchy which has three levels.

Level 1: Fair value determination is based on inputs that are quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value is determined using inputs, other than quoted prices in level 1 that are observable for the financial asset or financial liability, either directly or indirectly. These inputs include quoted prices for similar financial instruments in active markets, quoted price for similar instruments that are not active, and inputs other than quoted prices that are observable for the instrument. These are inputs that are derived principally from, or corroborated by, observable market data.

Level 3: Fair value is determined based on valuation models using inputs that are not based on observable market data. Unobservable inputs reflect subjective assumptions that market participants may use in pricing the investments. The investments classified as level 3 include private real estate and private infrastructure investments. Real estate and infrastructure valuations are reported by the fund managers and are based on the valuation of the underlying investments which includes inputs such as cost, operating results, capitalization rates, discounted future cash flows and market-based comparable data.

Refer to Note 30 Financial Instrument Risk Management, Market risk, for the sensitivity analysis.

(Amounts are expressed in millions of Canadian dollars except where indicated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments (Continued)

The following table is a summary of the Company's outstanding financial instruments.

	Level	2026 Carrying Amount	2026 Fair Value	2025 Carrying Amount	2025 Fair Value
Financial assets					
Sinking fund receivable	1	**$ 637**	**$ 637**	$ 566	$ 566
Derivative assets	2	**77**	**77**	116	116
Nuclear decommissioning and used fuel management fund	2-3	**1,057**	**1,057**	1,017	1,017
Total financial assets		**1,771**	**1,771**	1,699	1,699
Financial liabilities					
Long-term debt	2	**6,074**	**5,543**	5,396	5,093
Derivative liabilities	2	**24**	**24**	40	40
Total financial liabilities		**$ 6,098**	**$ 5,567**	$ 5,436	$ 5,133

The estimated fair value of the long-term debt is categorized within level 2 of the fair value hierarchy. The fair value estimate has been determined based on current market rates for publicly traded bonds. Bonds not traded in an active market are based on current market rates for bonds with similar maturities.

The fair value hierarchy for the nuclear decommissioning and used fuel management funds is outlined in the following table.

Hierarchy	2026	2025
Level 2	**$ 756**	$ 718
Level 3	**301**	299
	$ 1,057	$ 1,017

Transfers between levels 1 and 2

There were no transfers between levels 1 and 2 in 2026.

29. FINANCIAL INSTRUMENTS (CONTINUED)

Hierarchy level 3 investment continuity

The nuclear decommissioning and used fuel management funds have investments carried at fair value hierarchy level 3. The following table is the investment continuity of level 3.

Balance, April 1, 2024	$	266
Purchases		28
Sales		(25)
Gains recognized in net earnings - mark-to-market of fair value through profit and loss investments		30
Balance, March 31, 2025		299
Purchases		**20**
Sales		**(32)**
Gains recognized in net earnings - mark-to-market of fair value through profit and loss investments		**14**
Balance, March 31, 2026	**$**	**301**
Unrealized gains recognized in net earnings on level 3 investments	$	2

Derivative financial instruments summary

Derivative financial instruments are recorded on the consolidated statement of financial position at fair value. The Company uses derivative financial instruments to manage risk in six areas

- Foreign exchange – hedges U.S. dollar requirements through forward contracts.
- Heavy fuel oil, natural gas, and coal – hedges anticipated changes in fuel costs.
- Electricity – hedges exposure to electricity price changes through sale and purchase contracts.
- Uranium – hedges anticipated changes in uranium prices.

The table below summarizes committed purchase volumes (in millions), maturities, and weighted average prices per unit as at March 31.

	Unit of measure	Maturity (months)	2026 Committed purchases	2026 Average price		2025 Committed purchases	2025 Average price	
Foreign exchange derivatives	**USD**	**24**	**$ 532**	**$ 1.36**	**CAD**	$ 660	$ 1.36	CAD
Heavy fuel oil derivatives	**barrels**	**25**	**1**	**67.63**	**USD**	1	71.83	USD
Natural gas derivatives	**GJ**	**24**	**27**	**3.31**	**CAD**	30	2.98	CAD
Coal derivatives	**MT**	**21**	**1**	**115.82**	**USD**	1	119.60	USD
Electricity derivatives	**MWh**	**44**	**4**	**70.06**	**USD**	7	57.74	USD
Uranium derivatives	**LB**	**3**	**-**	**$ 76.03**	**USD**	-	$ 79.65	USD

(Amounts are expressed in millions of Canadian dollars except where indicated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative assets and liabilities recognized on the consolidated statement of financial position

The following table summarizes the position of the derivative financial instruments recorded on the Consolidated statement of financial position at March 31, 2026. These include

- the fair value of fixed price derivative instruments,
- the fair value of derivative instruments in hedging relationships, and
- the fair value of derivative instruments that do not qualify for hedge accounting.

The derivative financial instruments had a total net asset fair value of $53 million at March 31, 2026 ($76 million - 2025) from cumulative changes in fair value since inception of the instruments. Of the $53 million, $43 million of cumulative gains on derivative financial instruments accounted for as hedges ($37 million cumulative gains - 2025), have been recorded in accumulated other comprehensive loss and $10 million has been recorded through net earnings since inception ($39 million - 2025), and is reflected in retained earnings.

	Foreign exchange derivatives	Natural gas derivatives	Electricity derivatives	Heavy fuel oil derivatives	Coal derivatives	Uranium derivatives	2026	2025
Current derivative assets	**$ 5**	**$ -**	**$ 27**	**$ 10**	**$ 12**	**$ 2**	**$ 56**	$ 86
Non-current derivative assets	**4**	**-**	**3**	**1**	**13**	**-**	**21**	30
Current derivative liabilities	**-**	**(11)**	**(6)**	**(1)**	**-**	**-**	**(18)**	(20)
Non-current derivative liabilities	**(1)**	**(4)**	**(1)**	**-**	**-**	**-**	**(6)**	(20)
Total assets (liabilities)	**$ 8**	**$ (15)**	**$ 23**	**$ 10**	**$ 25**	**$ 2**	**$ 53**	$ 76

(Amounts are expressed in millions of Canadian dollars except where indicated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instrument impact on equity

a. Derivative financial instruments not qualified for hedge accounting – impact on retained earnings (net earnings)

The following table illustrates the impact on retained earnings for the derivative instruments.

	Foreign exchange derivatives	Electricity derivatives	Heavy fuel oil derivatives	Coal derivatives	Uranium derivatives	Total
Derivative asset balance, April 1, 2024	$ 2	$ 27	$ 3	$ -	$ 8	$ 40
Impact of mark-to-market gain (loss) recorded in net earnings	1	(12)	(12)	18	(15)	(20)
Settlements	6	15	10	(19)	7	19
Derivative asset (liability) balance, March 31, 2025	$ 9	$ 30	$ 1	$ (1)	$ -	$ 39
Impact of mark-to-market (loss) gain recorded in net earnings	**(16)**	**(49)**	**1**	**4**	**-**	**(60)**
Settlements	**8**	**29**	**(3)**	**(5)**	**2**	**31**
Derivative asset (liability) balance, March 31, 2026	**$ 1**	**$ 10**	**$ (1)**	**$ (2)**	**$ 2**	**$ 10**

(Amounts are expressed in millions of Canadian dollars except where indicated)

29. FINANCIAL INSTRUMENTS (CONTINUED)

b. Derivative financial instruments that qualify for hedge accounting-impact on accumulated other comprehensive income (AOCI)

The impact of financial instruments on accumulated other comprehensive income is comprised of

- the fair value of the derivative financial instruments that qualify for hedge accounting, and
- the settlement of the interest rate swaps which are amortized over the life of the corresponding debt.

The following table illustrates the impact of the cash flow hedges on accumulated other comprehensive income (AOCI).

	Foreign exchange derivatives	Natural gas derivatives	Electricity derivatives	Heavy fuel oil derivatives	Coal derivatives	Uranium derivatives	AOCL - derivative financial instruments
Balance, April 1, 2024	$ 8	$ 13	$ (38)	$ 9	$ (11)	$ -	$ (19)
Impact of mark-to-market gains (losses)	39	(14)	90	(13)	(12)	(3)	87
Reclassification to net earnings of settled derivatives designated as cash flow hedges (Fuel and Purchased Power/Finance costs)	(21)	16	(29)	2	1	-	(31)
Balance, March 31, 2025	$ 26	$ 15	$ 23	$ (2)	$ (22)	$ (3)	$ 37
Impact of mark-to-market gains (losses)	**(16)**	**(36)**	**81**	**11**	**42**	**3**	**85**
Reclassification to net earnings of settled derivatives designated as cash flow hedges (Fuel and Purchased Power/Finance costs)	**(3)**	**6**	**(91)**	**2**	**7**	**-**	**(79)**
Balance, March 31, 2026	**$ 7**	**$ (15)**	**$ 13**	**$ 11**	**$ 27**	**$ -**	**$ 43**

(Amounts are expressed in millions of Canadian dollars except where indicated)

30. FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company is exposed to a number of risks arising from its use of financial instruments. The Company is or may be subject to certain risks including credit, market and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Financial instrument risk management strategies may expose the Company to further gains or losses, but serve to stabilize future cash flows, reduce the volatility of operating results, and increase overall financial strength. Individual risks and the Company's approach to managing such risks are discussed as below.

Credit risk

Credit risk is a risk that a financial loss will occur due to a counterparty failing to perform its obligations under the terms of a financial instrument.

Managing credit risk

To manage credit risk, the Company
- conducts a thorough assessment of counterparties prior to granting credit, and
- actively monitors the financial health of its significant counterparties, and the potential exposure to them on an on-going basis.

The following is a summary of the fair value of the Company's financial instruments that are exposed to credit risk.

Financial Assets	2026 Fair value	2025 Fair value
Cash	**$ 6**	$ 9
Restricted cash	**123**	-
Accounts Receivable	**505**	520
Nuclear decommissioning and used fuel management funds	**1,057**	1,017
Sinking fund receivable	**637**	566
Derivative assets	**77**	116
	$ 2,405	$ 2,228

Cash and restricted cash

The credit risk associated with cash and restricted cash is considered to be low as the funds are deposited with Canadian chartered banks.

Accounts receivable

Accounts receivable are largely a combination of receivables from residential and commercial in-province and out-of-province customers. To reduce credit risk, the Company monitors outstanding receivables and pursues collection of overdue amounts.

Certain derivative financial instruments contracts require the customer to provide the Company collateral when the fair value of the obligation is in excess of the credit limit.

(Amounts are expressed in millions of Canadian dollars except where indicated)

30. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

The following table provides information about the exposure to credit risk and expected credit losses for trade and unbilled revenue from individual customers at March 31, 2026.

	2026 Weighted-average loss rate	2025 Weighted-average loss rate	Carrying amount	Loss allowance
Trade				
Current	0.70%	0.24%	$ 203	$ 2
31-60 days	8.53%	10.23%	4	1
61-90 days	15.47%	34.27%	2	-
91-365 days	30.97%	34.04%	1	-
			210	3
Unbilled revenue	0.17%	0.19%	167	-
Other receivables			131	-
Expected credit loss allowance			(3)	-
			$ 505	$ 3

Loss rates are based on actual credit loss past experience and are adjusted to reflect differences between current and historical economic conditions. The expected credit loss has been adjusted to reflect current assumptions on expected customer defaults. Economic factors such as high inflation, uncertainty due to world events, and possible changes to customer spending were taken into consideration in this assessment. There are no expected credit losses for out-of-province and transmission receivables as there are no significant write-offs nor is there any expectation of any.

Expected credit loss allowance is reviewed on a regular basis and based on the estimate of outstanding accounts that are at risk of being uncollectable and is recognized in operating, maintenance, and administration expenses based on expected credit losses.

30. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

The movement in the expected credit loss, with respect to trade receivables and contract assets, during the year is described in the following table.

Reconciliation of expected credit loss	2026	2025
Balance, April 1	$ 4	$ 3
Amounts written off	(3)	(1)
Net measurement of loss allowance	2	2
Bad debts recovery during the year	-	-
Balance, March 31	$ 3	$ 4

No significant concentration of credit risk exists within accounts receivable as the receivables are spread across numerous in-province and out-of-province customers. In certain circumstances, the Company holds deposits or requires letters of credit.

Sinking fund receivable

The Company pays one per cent of its outstanding debt annually into a sinking fund administered by the Province of New Brunswick. These payments are invested in cash and fixed income securities and managed by the Province of New Brunswick. The amount will be received from the Province when the corresponding debt issues mature.

Concentration of credit risk

There is a high concentration of credit risk at March 31, 2026 in relation to the sinking fund receivable, as the receivable is from one counterparty. Since the counterparty is the Province of New Brunswick, which is the shareholder of the Company, the associated credit risk is considered to be low. The Province of New Brunswick bears the credit risk for the investments.

Derivative assets

The Company only enters into derivative financial instrument transactions with highly creditworthy counterparties. All of the counterparties with which the Company has outstanding positions have investment grade credit ratings assigned to them by external rating agencies.

The Company
- monitors counterparty credit limits on an ongoing basis, and
- requests collateral for exposures that exceed assigned credit limits.

(Amounts are expressed in millions of Canadian dollars except where indicated)

30. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Concentration of credit risk

There is a concentration of credit risk at March 31, 2026 in relation to derivative assets, as the bulk of the derivative asset balance is tied to a small number of counterparties. However, since the majority of the amount is associated with counterparties that are Canadian chartered banks and other reputable financial institutions, the associated credit risk is considered to be low. In certain circumstances, the Company holds deposits or requires letters of credit. At March 31, 2026, the Company held collateral of $2 million (2025 - $4 million).

Nuclear decommissioning and used fuel management funds

The Company limits its credit risk associated with securities held in the nuclear decommissioning and, used fuel management funds and the nuclear fuel waste trust fund. The current portfolio is comprised of investment grade ratings of BBB or above for longer-term securities and R-1 for short-term debt. The following table outlines the allocation of the maximum credit exposure by investment grade ratings.

Maximum credit exposure	AAA	AA	A	BBB	R-1	Other	2026	2025
Used fuel management fund	$ 8	$ 8	$ 4	$ 7	$ 1	$ 3	$ 31	$ 31
Nuclear decommissioning fund	55	60	40	64	5	5	229	216
Nuclear fuel waste fund	62	66	42	66	2	-	238	229
	$ 125	$ 134	$ 86	$ 137	$ 8	$ 8	$ 498	$ 476

Market risk

Market risk is the risk that the Company's earnings or financial instrument values will fluctuate due to changes in market prices.

The Company is exposed to a variety of market price risks such as changes in
- foreign exchange rates,
- interest rates,
- commodity prices,
- private real estate capitalization rates,
- changes in per unit net asset values in private equity funds, and
- changes in valuations in infrastructure funds.

The Company manages the foreign exchange rates, interest rates, and commodity price exposures through the use of forwards and other derivative instruments in accordance with Board-approved policies. Higher commodity prices and supply disruptions have resulted in high inflation rates and increased volatility in the markets. The fair values at March 31, 2026 for level 1 and level 2 investments, reflect the market rates and prices at that date.

30. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

The nuclear decommissioning and used fuel management funds are managed by Vestcor Investment Management Corporation. Investments are primarily through NBIMC unit trusts, which include fixed income securities, domestic and international equities, and direct interests in private real estate and infrastructure. These investments are subject to market risk and may fluctuate in value, but they are designed to cover expected expenditures related to decommissioning and used fuel management obligations, consistent with the long-term nature of the related liability.

The following table provides a sensitivity analysis that shows the dollar value impact of small changes in various market rates and prices. The amounts shown are derived from outstanding financial instruments that existed at March 31, 2026.

	Impact on earnings	Impact on other comprehensive income
Exchange and interest rates		
1% change in CAD/USD exchange rates	$ 3	$ 5
0.25% change in short-term debt rates	2	-
1% change in investment yields	32	-
Commodity prices		
$5/bbl change in the price of heavy fuel oil	-	5
$1/GJ change in natural gas prices	-	26
$5/metric tonne change in coal prices	-	-
$5/Lb change in Uranium prices	-	6
$5/MWh changes in electricity prices	-	20
Private real estate, infrastructure and private equity investments		
0.25% change in discount rate	6	-
Infrastructure valuation range	$ 5	$ -

For private infrastructure investments, the most significant input into the calculation of fair value level 3 investments is the discount rate applied to expected future cash flows. Where such investments are held within managed funds, the discount rate assumptions are not readily available. The table above discloses the impact on earnings based on the difference between the estimated fair value of the funds between the low and high end of possible values.

(Amounts are expressed in millions of Canadian dollars except where indicated)

30. FINANCIAL INSTRUMENT RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is a risk that the Company will have difficulty or be unable to meet its financial obligations associated with financial liabilities.

The Company forecasts its financing requirements on a consistent basis so that it can plan and arrange for financing to meet financial obligations as they come due. The following table summarizes the contractual maturities of the Company's financial liabilities at March 31, 2026 and in future years.

Financial liability	Carrying amount	Contractual cash flows	Timing of contractual cash flows: < 2 months	2-12 months	2028	2029 - 2031	2032 and thereafter
Short-term indebtedness	$ 662	$ 662	$ 662	$ -	$ -	$ -	$ -
Accounts payable and accrued liabilities	467	467	467	-	-	-	-
Accrued interest	33	33	1	32	-	-	-
Derivative liabilities	24	24	6	12	5	1	-
Long-term debt	6,074	6,066	-	-	220	766	5,080
Interest on long-term debt	-	3,482	2	212	211	592	2,465
Lease liabilities	45	53	1	8	9	18	17
	$ 7,305	$ 10,787	$ 1,139	$ 264	$ 445	$ 1,377	$ 7,562

The Company believes it has the ability to generate sufficient funding to meet these financial obligations.

31. RELATED PARTY TRANSACTIONS

The Province of New Brunswick is a related party of the Company as outlined in Note 1. The Company is related through common ownership with all provincial departments, agencies, and Crown corporations.

Sinking fund receivable

At March 31, 2026 the Company has a sinking fund receivable from the Province of New Brunswick of $637 million (2025 - $566 million) (Note 11).

Debt

The Company has debt payable to the Province of New Brunswick (Notes 13 and 14).

Payments to the Province of New Brunswick

During the year, the Company made payments to the Province of New Brunswick for property taxes, utility taxes, and right-of-way taxes of $47 million (2025 - $47 million) (Note 26).

(Amounts are expressed in millions of Canadian dollars except where indicated)

31. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management and board compensation

The compensation paid or payable to executive officers and the Board of Directors is shown below.

	2026	2025
Salaries and short-term employee benefits	$ 5	$ 5
Post-employment expense	1	1
	$ 6	$ 6

32. COMMITMENTS, CONTINGENCIES AND GUARANTEES

This details the commitments, contingencies and guarantees in place at the Company.

	2027	2028	2029	2030	2031	2032 and thereafter
Fuel contracts	$ 159	$ 103	$ 103	$ 103	$ 103	$ 729
Committed capital expenditures	115	46	92	20	75	-
Operating leases	1	1	-	-	-	-
Other commitments	31	29	19	14	7	9
	$ 306	$ 179	$ 214	$ 137	$ 185	$ 738

(Amounts are expressed in millions of Canadian dollars except where indicated)

32. COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTINUED)

Power purchase agreements

The Company has entered into power purchase arrangements to purchase electricity at predetermined rates. These arrangements are assessed as to whether they contain derivatives or leases that convey the right to the Company to use the projects' property, plant and equipment in return for future payments. If the right to direct the use of the assets is determined, the power purchase agreement is accounted for as a capital lease. The power purchase agreements entered into by the Company are described below. The agreements may cover the purchase of all the facility's electrical energy, capacity, environmental attributes, or any combination of these.

Facility type	Agreement to purchase	Amount of energy	Duration (years)	End date
Biomass	energy & environmental attributes	125 MW	10	2038
Co-generating	energy & capacity	39 MW	30	2027
Co-generating	energy & capacity	90 MW	10	2035
Dual-fuel	energy & capacity	500 MW	25	2053
Hydro	energy & capacity	15 MW	5	2030
Hydro	energy, capacity & environmental attributes	9 MW	20	2032
Hydro	energy & capacity	34 MW	25	2039
Wind	energy	42 MW	10	2028
Wind	energy	99 MW	2	2028
Wind	energy	48 MW	20	2029
Wind	energy	51 MW	20	2029
Wind	energy	45 MW	25	2034
Wind	energy	18 MW	25	2044
Wind	energy	96 MW	37	2045
Wind	energy	54 MW	35	2045
Wind	energy	17 MW	35	2045
Wind	energy	20 MW	30	2049
Wind	energy & environmental attributes	63 MW	25	2053
Wind	energy	25 MW	30	2054
Wind	energy & environmental attributes	92 MW	30	2058
Wind	energy & environmental attributes	200 MW	30	2059
Wind	energy & environmental attributes	200 MW	30	2059
Wind	energy & environmental attributes	98 MW	30	2059
Other renewables - Canada	energy	42 MW	Various	Various
Other renewables - US	energy	91 MW	Various	Various

32. COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTINUED)

Energy sales and transmission rights assignment agreement

The Company entered into an energy sales and transmission rights assignment agreement which expires in 2040. The Company is committed to purchase 0.9 million MWh per year at market-based pricing in 2026, with the commitment decreasing to 0.6 million MWh per year in 2040.

Gypsum contract

The Company entered into a 21.5-year contract expiring December 31, 2026 to supply contracted volumes of synthetic gypsum from the Coleson Cove Generating Station to a third party. In the event of a production shortfall, the Company is obligated to compensate the third party for any deficiency. Compensation is based on the contracted quantity at a fixed price, which is adjusted annually in accordance with the Consumer Price Index. $0.3M of penalties for production shortfalls were incurred in 2026 (2025 - $nil).

Large Industrial Renewable Energy Purchase Program

The Company purchases electricity from renewable sources, such as biomass and hydro, from qualifying large industrial customers who have renewable electricity generating facilities located in New Brunswick.

The program is included in the *Electricity Act* under the renewable portfolio standard regulation. There are four program agreements in place. From April 1, 2025 to March 31, 2026, 724 GWh (2025 – 634 GWh) of qualified renewable energy was purchased under the program.

The Large Industrial Renewable Energy Purchase Program allows the Company to purchase renewable energy generated by its largest customers at a set rate. This renewable energy will count towards meeting the Province of New Brunswick's renewable energy targets.

Letters of credit

The Company has issued standby letters of credit to certain counterparties as guarantees of its performance under contractual arrangements. These instruments do not represent liabilities to the Company unless drawn upon by counterparties. As at March 31, 2026 the aggregate amount of letters of credit outstanding was $270 million (2025 - $152 million). Management has assessed the likelihood of outflow under these arrangements as remote, and therefore no provision has been recognized.

Performance-based fee

The Company has a contractual arrangement with a counterparty that includes a performance-based fee. The fee is contingent upon the service provider achieving specified performance targets over the three-year measurement period from April 1, 2026 to March 31, 2029. The maximum performance fee payable is $8 million. As at March 31, 2026, it is uncertain whether the service provider will meet the performance conditions that would entitle them to additional compensation. Consequently, no provision has been recognized in the consolidated financial statements.

Management has assessed this arrangement as a contingent liability because the obligation is not currently probable and cannot be reliably measured. The situation is monitored, and a provision will be recognized when the obligation becomes probable and the amount can be measured with sufficient reliability.

(Amounts are expressed in millions of Canadian dollars except where indicated)

32. COMMITMENTS, CONTINGENCIES AND GUARANTEES (CONTINUED)

Lease commitments not yet commenced

As at March 31, 2026, The Company has entered into a 25-year non-cancellable lease agreement for the capacity of a dual-fuel generating facility. The agreement is expected to begin in 2028 with total future minimum payments estimated at $3.5 billion.

As the agreement has not yet commenced, no right-of-use asset or lease liability has been recognized in these consolidated financial statements. Recognition will occur upon commencement in accordance with IFRS 16, *Leases*.

Legal proceedings

NB Power is a Defendant in ongoing legal proceedings related to land claims filed by both the Wolastoqey Nation of New Brunswick ("WNNB") and Mi'gmawe'l Tplu'taqnn Incorporated ("MTI") (collectively, the "Land Claims"). In both proceedings, the Plaintiffs are seeking a declaration of Aboriginal title to the lands identified in their Land Claims, on the premise that they represent the traditional lands of WNNB and MTI, respectively. The Land Claims include properties owned by NB Power. During the 2025-26 fiscal year, certain motions and appeals associated with the WNNB claim resulted in the resolution of specific issues at both the Provincial level and at the Supreme Court of Canada; however, both Land Claims continue before the New Brunswick courts. Due to the inherent uncertainty associated with litigation, the timing and outcome of these proceedings cannot be reliably determined at this time. The potential financial impact, if any, has not been determined. NB Power continues to monitor developments in these matters. As NB Power's ownership interests in certain affected lands are derived from the Province of New Brunswick, the Province is engaged in discussions with representatives of both claimant groups.

The Company may, from time-to-time, be involved in legal proceedings, claims and litigations that arise in the ordinary course of business. The Company believes these would not reasonably be expected to have a material adverse effect on the financial condition of the Company.

33. NET CHANGE IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital	**2026**	**2025**
Accounts receivable	**$ 15**	$ (108)
Materials, supplies and fuel	**(59)**	96
Prepaid expenses	**(10)**	2
Accounts payable and accrued liabilities	**43**	11
Deferred revenue	**12**	-
Other assets and liabilities	**-**	1
Net change in non-cash working capital	**$ 1**	$ 2