

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION
FINANCIAL STATEMENTS
December 31, 2024

Independent Auditor's Report

To the Shareholder of
Labrador-Island Link General Partner (2021) Corporation

Opinion

We have audited the financial statements of Labrador-Island Link General Partner (2021) Corporation (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statements of profit and comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Deloitte LLP

Chartered Professional Accountants
March 20, 2025

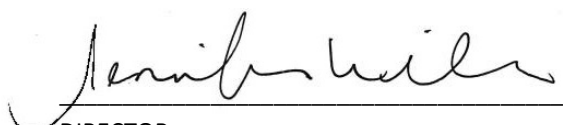
LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION
STATEMENT OF FINANCIAL POSITION

<i>As at December 31 (thousands of Canadian dollars)</i>	<i>Notes</i>	2024	2023
ASSETS			
Current assets			
Cash		1	1
Other receivables	9	4	4
Total assets		5	5
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	5	4	4
Total liabilities		4	4
Shareholder's equity			
Share capital	6	1	1
Total equity		1	1
Total liabilities and equity		5	5

Subsequent event (Note 11)

See accompanying notes

On behalf of the Board:



 DIRECTOR



 DIRECTOR

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION
STATEMENT OF PROFIT AND COMPREHENSIVE INCOME

<i>For the year ended December 31 (thousands of Canadian dollars)</i>	<i>Note</i>	2024	2023
Expenses			
Operating costs (recoveries)	7	-	(5)
Total profit and comprehensive income for the year		-	5

See accompanying notes

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION
STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

<i>(thousands of Canadian dollars)</i>	Share Capital	Retained Earnings (Deficit)	Total
Balance at January 1, 2024	1	-	1
Total profit and comprehensive income for the year	-	-	-
Balance at December 31, 2024	1	-	1
Balance at January 1, 2023	1	(5)	(4)
Total profit and comprehensive income for the year	-	5	5
Balance at December 31, 2023	1	-	1

See accompanying notes

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION
STATEMENT OF CASH FLOWS

For the year ended December 31 (thousands of Canadian dollars)

2024 **2023**

Operating activities		
Profit for the year	-	5
Changes in non-cash working capital balances:		
Increase in other receivables	-	(4)
Decrease in other payables	-	(1)
Net cash provided from operating activities	-	-
Net increase in cash	-	-
Cash, beginning of the year	1	1
Cash, end of the year	1	1

See accompanying notes

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

Labrador-Island Link General Partner (2021) Corporation (LIL GP (2021) or the Company) was incorporated on February 4, 2022 under the laws of the Province of Newfoundland and Labrador. LIL GP (2021) is a 100% owned subsidiary of Nalcor Energy (Nalcor) and is the general partner of the LIL (2021) Limited Partnership (LIL (2021) LP). LIL GP (2021)'s head office is located at 500 Columbus Drive, St. John's, Newfoundland and Labrador, A1B 0M4, Canada.

LIL (2021) LP holds the common shares of the Labrador-Island Link Holding Corporation and is administering a Federal Government of Canada (Canada) investment in the form of a committed convertible debenture in the amount of \$1 billion, which may be drawn in amounts of up to \$150 million per year. The convertible debenture is convertible at the sole option of Canada into Class B Units of LIL (2021) LP following the earlier of the full advance of the committed debenture balance and December 31, 2041.

The Company owns the only issued general partner unit of LIL (2021) LP, thereby constituting it the LIL (2021) LP general partner. As the general partner, in accordance with the LIL (2021) Limited Partnership Agreement (LIL (2021) LPA) relating to LIL (2021) LP and applicable law, LIL GP (2021) has the power to control and manage LIL (2021) LP. Labrador-Island Link Holding (2021) Corporation (LIL Holdco (2021)), a wholly-owned subsidiary of Nalcor, is the limited partner of LIL (2021) LP. LIL (2021) LP is expected to terminate on December 31, 2081, unless terminated earlier or extended in accordance with the LIL (2021) LPA.

2. MATERIAL ACCOUNTING POLICIES

2.1 Statement of Compliance and Basis of Measurement

These annual audited financial statements (financial statements) have been prepared in accordance with IFRS® Accounting Standards, as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared on a historical cost basis and are presented in Canadian dollars with all values rounded to the nearest thousand, except when otherwise noted. The financial statements were approved by LIL GP (2021)'s Board of Directors on March 6, 2025.

2.2 Cash

Cash consists of amounts on deposit with a Schedule 1 Canadian Chartered bank.

2.3 Provisions

A provision is a liability of uncertain timing or amount. A provision is recognized if the Company has a present legal obligation or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The provision is measured at the present value of the best estimate of the expenditures expected to be required to settle the obligation using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. Provisions are re-measured at each Statement of Financial Position date using the current discount rate.

2.4 Income Taxes

The Company is exempt from paying income taxes under Paragraph 149(1) (d.2) of the Income Tax Act.

2.5 Financial Instruments

Classification and Initial Measurement

Financial assets and financial liabilities are recognized in the Statement of Financial Position when LIL GP (2021) becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

Financial assets are classified at amortized cost, fair value through other comprehensive income, fair value through profit or loss (FVTPL), or as derivatives designated as hedging instruments in an effective hedge. Financial liabilities are classified at FVTPL, amortized cost or as derivatives designated as hedging instruments in an effective hedge. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial Assets at Amortized Cost

Financial assets with contractual cash flows arising on specified dates, consisting solely of principal and interest, and that are held within a business model whose objective is to collect the contractual cash flows are subsequently measured at amortized cost using the effective interest rate method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

LIL GP (2021)'s financial assets at amortized cost include cash and other receivables.

Financial Liabilities at Amortized Cost

LIL GP (2021) subsequently measures all financial liabilities at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liability is derecognized.

LIL GP (2021)'s financial liabilities at amortized cost include other payables.

Derecognition of Financial Instruments

LIL GP (2021) derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

LIL GP (2021) derecognizes financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS Accounting Standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ materially from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is reviewed if the revision affects only that period or future periods.

Use of Judgment

Management applies its judgment when determining whether to consolidate structured entities in accordance with the criteria outlined in *IFRS 10 – Consolidated Financial Statements*. Management has determined that the Company should not consolidate LIL (2021) LP.

4. CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICIES

The following is a list of applicable standards/interpretations that have been issued and are effective for accounting periods commencing on or after January 1, 2024, as specified.

- *Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants*¹
- *IFRS 18 – Presentation and Disclosures in Financial Statements*²

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

¹ Effective for annual periods beginning on or after January 1, 2024.

² Effective for annual periods beginning on or after January 1, 2027, with earlier application permitted.

4.1 Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants

The IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the Statement of Financial Position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The classification is based on rights that are in existence at the end of the reporting period and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. Additional information was added to clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of the financial statements to understand the risk that non-current liabilities with covenants could become repayable within 12 months. The amendments are applied retrospectively upon adoption. The application of these amendments did not have a material impact on LIL GP (2021)'s financial statements.

4.2 IFRS 18 – Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements of IAS 1 unchanged and introducing new requirements to present specified categories and defined subtotals in the statement of profit or loss. As well, entities will be required to provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation. In addition, some IAS 1 paragraphs have been moved to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors* and IFRS 7 – *Financial Instruments: Disclosure*. Furthermore, the IASB has made minor amendments to IAS 7 – *Statement of Cash Flows*.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions. Management is currently assessing the potential impact on LIL GP (2021)'s financial statements.

5. OTHER PAYABLES

Other payables as at December 31, 2024 consist of accrued liabilities relating to professional services of \$4 thousand (2023 - \$4 thousand).

6. SHAREHOLDER'S EQUITY

Share Capital

<i>As at December 31 (thousands of Canadian dollars)</i>	2024	2023
Common shares without nominal or par value		
Authorized - unlimited		
Issued - fully paid and outstanding - 100	1	1

7. OPERATING COSTS (RECOVERIES)

<i>For the year ended December 31 (thousands of Canadian dollars)</i>	2024	2023
Professional services	4	4
Other operating costs	3	2
Cost recoveries	(7)	(11)
	-	(5)

LABRADOR - ISLAND LINK GENERAL PARTNER (2021) CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

8. RISK MANAGEMENT

The Company is exposed to certain liquidity risks through its operating and financing activities. Financial risk is managed in accordance with a Board-approved policy, which outlines the objectives and strategies for the management of financial risk. Permitted financial risk management strategies are aimed at minimizing the volatility of the Company's expected future cash flows.

Liquidity Risk

The Company is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Short-term liquidity is provided through shareholder contributions.

9. RELATED PARTY TRANSACTIONS

LIL GP (2021) enters into various transactions with its parent and other related parties. Unless otherwise noted, these transactions occur within the normal course of operations and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties. Outstanding balances due to or from related parties are non-interest bearing with settlement normally within 30 days.

Related parties with which LIL GP (2021) transacts are as follows:

Related Party	Relationship
Nalcor	100% shareholder of LIL GP (2021)
LIL (2021) LP	Limited partnership with LIL Holdco (2021)

Significant related party transactions, which are not otherwise disclosed separately in the financial statements are summarized below:

<i>As at December 31 (thousands of Canadian dollars)</i>	2024	2023
Other receivables:		
Parent	4	4
<i>For the year ended December 31 (thousands of Canadian dollars)</i>	2024	2023
Operating costs (recoveries):		
Parent	2	1
Other related party	(7)	(11)

10. CAPITAL MANAGEMENT

Capital includes share capital. LIL GP (2021)'s objectives when managing capital are to maintain its ability to continue as a going concern and ensure payment of its obligations.

11. SUBSEQUENT EVENT

Effective January 1, 2025, Newfoundland and Labrador Hydro (Hydro) and Nalcor were legislatively amalgamated into a new legal corporation that will continue under the name "Newfoundland and Labrador Hydro". The amalgamated corporation holds the combined assets and liabilities of the former Hydro and Nalcor entities and is bound by any previously existing contracts and agreements from the former entities. As well, the legislation confirms the continuation of any security or guarantees provided by the Provincial Government to Nalcor with Hydro.