

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**March 31, 2025**  
**(Unaudited)**

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**STATEMENT OF FINANCIAL POSITION**  
(Unaudited)

<i>As at (thousands of Canadian dollars)</i>		<b>March 31</b>	<b>December 31</b>
		<b>2025</b>	<b>2024</b>
<b>ASSETS</b>			
Current assets			
Cash		<b>4</b>	4
Restricted cash		<b>340,551</b>	323,025
Trade and other receivables		<b>1,680</b>	1,336
Related party receivable	11	<b>58,389</b>	61,255
Other current assets		<b>7,349</b>	6,402
Total current assets		<b>407,973</b>	392,022
Non-current assets			
Property, plant and equipment	3	<b>5,339,586</b>	5,359,921
Intangible assets		<b>69,973</b>	71,306
Right-of-use assets		<b>586</b>	586
Total assets		<b>5,818,118</b>	5,823,835
<b>LIABILITIES AND DEFICIENCY</b>			
Current liabilities			
Trade and other payables	4	<b>60,069</b>	39,842
Contract liability	5	<b>1,920</b>	2,171
Current portion of long-term debt	6	<b>21,000</b>	21,000
Current portion of Class A limited partnership units	7	<b>143,935</b>	141,072
Current portion of Class B limited partnership units	7	<b>95,380</b>	94,664
Current portion of lease liabilities		<b>4</b>	4
Total current liabilities		<b>322,308</b>	298,753
Non-current liabilities			
Long-term debt	6	<b>3,335,873</b>	3,335,890
Class A limited partnership units	7	<b>1,298,865</b>	1,319,298
Class B limited partnership units	7	<b>872,372</b>	884,747
Lease liabilities		<b>634</b>	634
Total liabilities		<b>5,830,052</b>	5,839,322
Partners' deficit			
Deficit		<b>(11,934)</b>	(15,487)
Total deficiency		<b>(11,934)</b>	(15,487)
Total liabilities and deficiency		<b>5,818,118</b>	5,823,835

Commitments and contingencies (Note 12)

*See accompanying notes*

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**STATEMENT OF PROFIT AND COMPREHENSIVE INCOME**  
**(Unaudited)**

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	Notes	<b>Three months ended</b>	
		<b>2025</b>	<b>2024</b>
Revenue	11	<b>107,112</b>	106,226
Other income		<b>86</b>	-
Total revenue		<b>107,198</b>	106,226
Operating costs	8	<b>503</b>	1,485
Depreciation and amortization		<b>25,109</b>	25,116
Net finance expense	9	<b>78,033</b>	75,781
Total expenses		<b>103,645</b>	102,382
Total profit and comprehensive income for the period		<b>3,553</b>	3,844

*See accompanying notes*

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**STATEMENT OF CHANGES IN DEFICIT**  
(Unaudited)

<i>(thousands of Canadian dollars)</i>	Allocation to Class A Limited Partner	Allocation to Class B Limited Partner	Total Deficit
<b>Balance at January 1, 2025</b>	<b>(7,635)</b>	<b>(7,852)</b>	<b>(15,487)</b>
<b>Total profit and comprehensive income for the period</b>	<b>2,127</b>	<b>1,426</b>	<b>3,553</b>
<b>Balance at March 31, 2025</b>	<b>(5,508)</b>	<b>(6,426)</b>	<b>(11,934)</b>
Balance at January 1, 2024	(83)	(7,160)	(7,243)
Total profit and comprehensive income for the period	2,671	1,173	3,844
Balance at March 31, 2024	2,588	(5,987)	(3,399)

*See accompanying notes*

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**STATEMENT OF CASH FLOWS**  
**(Unaudited)**

<i>For the period ended March 31 (thousands of Canadian dollars)</i>	Notes	<b>Three months ended</b>	
		<b>2025</b>	<b>2024</b>
Operating activities			
Profit for the period		<b>3,553</b>	3,844
Adjustments to reconcile profit to cash provided from operating activities:			
Depreciation and amortization		<b>25,109</b>	25,116
Finance income	9	<b>(3,073)</b>	(4,108)
Finance expense	9	<b>81,106</b>	79,889
		<b>106,695</b>	104,741
Changes in non-cash working capital balances	13	<b>(1,241)</b>	4,013
Change in contract liability		<b>(251)</b>	1,616
Interest received		<b>3,102</b>	4,336
Interest paid		<b>(9,920)</b>	(9,941)
Net cash provided from operating activities		<b>98,385</b>	104,765
Investing activities			
Additions to property, plant and equipment	3	<b>(3,345)</b>	(3,509)
Additions to intangible assets		<b>(96)</b>	(41)
Decrease in related party receivable		<b>2,866</b>	2,633
Changes in non-cash working capital balances	13	<b>513</b>	(2,610)
Net cash used in investing activities		<b>(62)</b>	(3,527)
Financing activities			
Increase in restricted cash		<b>(17,526)</b>	(17,588)
Distributions of Class A limited partnership units	7	<b>(48,388)</b>	(59,444)
Distributions of Class B limited partnership units	7	<b>(32,409)</b>	(24,208)
Net cash used in financing activities		<b>(98,323)</b>	(101,240)
Net increase (decrease) in cash		-	(2)
Cash, beginning of the period		<b>4</b>	4
Cash, end of the period		<b>4</b>	2

*See accompanying notes*

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

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**1. DESCRIPTION OF BUSINESS**

Labrador-Island Link Limited Partnership (LIL LP) was formed on July 31, 2012 under the laws of the Province of Newfoundland and Labrador. LIL LP's head office is located at 500 Columbus Drive, St. John's, Newfoundland and Labrador, A1B 0M4, Canada.

LIL LP has two limited partners, Labrador-Island Link Holding Corporation (LIL Holdco), and KKR Island Link Incorporated (KKR). LIL Holdco holds 75 Class A partnership units and one Class C unit while KKR holds 25 Class B units. LIL Holdco is a 100% owned subsidiary of LIL (2021) Limited Partnership (LIL (2021) LP) and is controlled by Newfoundland and Labrador Hydro (Hydro) through its ownership of 100% of the common shares of Labrador-Island Link Holding (2021) Corporation (LIL Holdco (2021)), the limited partner of LIL (2021) LP. The general partner of LIL LP is Labrador-Island Link General Partner Corporation (LIL GP). Although LIL GP holds legal title to the assets, LIL LP is the beneficial owner and assumes all risks and rewards of the assets.

LIL LP was established to carry on the business of designing, engineering, constructing, commissioning, owning, financing and sustaining the assets and property constituting the Labrador-Island Link (LIL). LIL LP has entered into the LIL Lease and the Transmission Funding Agreement (TFA) with Labrador-Island Link Operating Corporation (LIL Opco) and Hydro. These agreements effectively provide Hydro with transmission services over the LIL. LIL Opco maintains and operates the LIL on behalf of LIL LP.

LIL LP is expected to terminate on December 31, 2081, unless terminated earlier or extended in accordance with the Labrador-Island Link Limited Partnership Agreement (the Partnership Agreement).

- 1.1** Effective January 1, 2025, Nalcor Energy and its wholly owned subsidiary Newfoundland and Labrador Hydro were legislatively amalgamated into Hydro, a new legal corporation that continues under the name "Newfoundland and Labrador Hydro". The amalgamation was accounted for as a business combination under common control. Upon the amalgamation, LIL Holdco (2021) is wholly owned and controlled by the amalgamated entity (Hydro).

**2. MATERIAL ACCOUNTING POLICIES**

**2.1 Statement of Compliance and Basis of Measurement**

These condensed interim financial statements have been prepared in accordance with *International Accounting Standard 34 - Interim Financial Reporting* and have been prepared using accounting policies consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended December 31, 2024.

These condensed interim financial statements do not include all of the disclosures normally found in LIL LP's annual audited financial statements and should be read in conjunction with the annual audited financial statements.

These condensed interim financial statements have been prepared on a historical cost basis and are presented in Canadian Dollars (CAD) with all values rounded to the nearest thousand, except when otherwise noted. The Board of Directors of LIL GP has delegated the authority to approve the condensed interim financial statements to the Audit Committee of the Board of Directors of Hydro, which approved the condensed interim financial statements on May 14, 2025.

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

**3. PROPERTY, PLANT AND EQUIPMENT**

<i>(thousands of Canadian dollars)</i>	Transmission and Terminals	Service Facilities and Other	Construction in Progress	Total
<b>Cost</b>				
Balance at January 1, 2024	5,467,380	50,344	7,108	5,524,832
Additions	-	-	22,072	22,072
Disposals	(10,747)	(112)	(1,279)	(12,138)
Transfers	7,607	515	(8,122)	-
Balance at December 31, 2024	5,464,240	50,747	19,779	5,534,766
<b>Additions</b>	-	-	<b>3,345</b>	<b>3,345</b>
<b>Adjustments</b>	-	-	<b>198</b>	<b>198</b>
<b>Transfers</b>	<b>4,481</b>	<b>(21)</b>	<b>(4,460)</b>	-
<b>Balance at March 31, 2025</b>	<b>5,468,721</b>	<b>50,726</b>	<b>18,862</b>	<b>5,538,309</b>
<b>Depreciation</b>				
Balance at January 1, 2024	69,856	9,549	-	79,405
Depreciation	93,236	2,368	-	95,604
Disposals	(61)	(103)	-	(164)
Balance at December 31, 2024	163,031	11,814	-	174,845
<b>Depreciation</b>	<b>23,290</b>	<b>588</b>	-	<b>23,878</b>
<b>Balance at March 31, 2025</b>	<b>186,321</b>	<b>12,402</b>	-	<b>198,723</b>
<b>Carrying value</b>				
Balance at January 1, 2024	5,397,524	40,795	7,108	5,445,427
Balance at December 31, 2024	5,301,209	38,933	19,779	5,359,921
<b>Balance at March 31, 2025</b>	<b>5,282,400</b>	<b>38,324</b>	<b>18,862</b>	<b>5,339,586</b>

**4. TRADE AND OTHER PAYABLES**

<i>As at (thousands of Canadian dollars)</i>	Note	March 31 2025	December 31 2024
Accrued interest		29,427	9,809
Trade payables and accruals		24,269	23,459
HST payable		5,527	5,391
Due to related parties	11	846	1,183
		<b>60,069</b>	<b>39,842</b>

**5. CONTRACT LIABILITY**

<i>As at (thousands of Canadian dollars)</i>	March 31 2025	December 31 2024
Contract liability, beginning of the period	2,171	11,518
Revenue recognized	(107,112)	(426,318)
Payments	106,861	416,971
Contract liability, end of the period	<b>1,920</b>	<b>2,171</b>

The contract liability represents the timing difference between the satisfaction of performance obligations to LIL Opco under the LIL Lease and the timing of commercial payments.

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

**6. LONG-TERM DEBT**

The following table represents the value of long-term debt measured at amortized cost:

<i>As at (thousands of Canadian dollars)</i>	Face Value	Coupon Rate %	Year of Issue	Year of Maturity	<b>March 31 2025</b>	December 31 2024
Tranche A	725,000	3.76	2013	2033	<b>725,128</b>	725,131
Tranche B	600,000	3.86	2013	2045	<b>600,074</b>	600,075
Tranche C	1,075,000	3.85	2013	2053	<b>1,075,162</b>	1,075,163
Tranche 10	10,500	1.75	2017	2025	<b>10,500</b>	10,500
Tranche 11-20	105,000	1.84-2.37	2017	2025-2030	<b>105,008</b>	105,009
Tranche 21-30	105,000	2.41-2.64	2017	2030-2035	<b>105,029</b>	105,030
Tranche 31-40	105,000	2.66-2.80	2017	2035-2040	<b>105,072</b>	105,074
Tranche 41-50	105,000	2.81-2.86	2017	2040-2045	<b>105,082</b>	105,083
Tranche 51-60	105,000	2.84-2.86	2017	2045-2050	<b>105,110</b>	105,111
Tranche 61-70	105,000	2.85	2017	2050-2055	<b>105,165</b>	105,167
Tranche 71-74	315,000	2.85	2017	2055-2057	<b>315,543</b>	315,547
<b>Total</b>	<b>3,355,500</b>				<b>3,356,873</b>	<b>3,356,890</b>
Less: maturities of debt within one year					<b>(21,000)</b>	<b>(21,000)</b>
					<b>3,335,873</b>	<b>3,335,890</b>

**7. LIMITED PARTNERSHIP UNITS**

**7.1 Class A Limited Partnership Units**

<i>As at (thousands of Canadian dollars)</i>	Units	<b>March 31 2025</b>	Units	December 31 2024
Class A limited partnership units, beginning of the period	<b>75</b>	<b>1,460,370</b>	75	1,689,907
Contributions	-	-	-	24,804
Accrued interest	-	<b>30,818</b>	-	145,031
Distributions	-	<b>(48,388)</b>	-	(166,256)
Return of capital	-	-	-	(233,116)
Class A limited partnership units, end of the period	<b>75</b>	<b>1,442,800</b>	75	1,460,370
Less: maturities within one year		<b>(143,935)</b>		<b>(141,072)</b>
		<b>1,298,865</b>		<b>1,319,298</b>

**7.2 Class B Limited Partnership Units**

<i>As at (thousands of Canadian dollars)</i>	Units	<b>March 31 2025</b>	Units	December 31 2024
Class B limited partnership units, beginning of the period	<b>25</b>	<b>979,411</b>	25	756,712
Contributions	-	-	-	233,116
Accrued interest	-	<b>20,750</b>	-	66,577
Distributions	-	<b>(32,409)</b>	-	(77,044)
Tax adjustment amount	-	-	-	50
Class B limited partnership units, end of the period	<b>25</b>	<b>967,752</b>	25	979,411
Less: maturities within one year		<b>(95,380)</b>		<b>(94,664)</b>
		<b>872,372</b>		<b>884,747</b>



**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

**8. OPERATING COSTS**

	<b>Three months ended</b>	
<i>For the period ended March 31 (thousands of Canadian dollars)</i>	<b>2025</b>	<b>2024</b>
Salaries and benefits	<b>346</b>	380
Professional fees	<b>107</b>	246
Maintenance and materials	<b>35</b>	706
Other operating costs	<b>15</b>	153
	<b>503</b>	1,485

**9. NET FINANCE EXPENSE**

	<b>Three months ended</b>	
<i>For the period ended March 31 (thousands of Canadian dollars)</i>	<b>2025</b>	<b>2024</b>
Finance income		
Interest on restricted cash	<b>3,056</b>	4,090
Other interest	<b>17</b>	18
	<b>3,073</b>	4,108
Finance expense		
Interest and fees on long-term debt	<b>29,427</b>	29,515
Interest on limited partnership units	<b>51,568</b>	50,271
Other interest	<b>111</b>	103
	<b>81,106</b>	79,889
Net finance expense	<b>78,033</b>	75,781

**10. FINANCIAL INSTRUMENTS**

**Fair Value**

The estimated fair values of financial instruments as at March 31, 2025 and December 31, 2024 are based on relevant market prices and information available at the time. Fair value estimates are based on valuation techniques which are significantly affected by the assumptions used including the amount and timing of future cash flows and discount rates reflecting various degrees of risk. As such, the fair value estimates disclosed are not necessarily indicative of the amounts that LIL LP might receive or incur in actual market transactions.

As a significant number of LIL LP's assets and liabilities do not meet the definition of a financial instrument, the fair value estimates disclosed do not reflect the fair value of LIL LP as a whole.

Establishing Fair Value

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the nature of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. For assets and liabilities that are recognized at fair value on a recurring basis, LIL LP determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1, 2 and 3 fair value measurements during the period ended March 31, 2025 and the year ended December 31, 2024.

	Level	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>As at (thousands of Canadian dollars)</i>		March 31, 2025		December 31, 2024	
Financial liabilities					
Long-term debt, including amount due within one year	2	3,356,873	3,146,905	3,356,890	3,112,374
Class A limited partnership units, including amount due within one year	3	1,442,800	1,442,800	1,460,370	1,460,370
Class B limited partnership units, including amount due within one year	3	967,752	967,752	979,411	979,411

The fair values of cash, restricted cash, trade and other receivables, related party receivable and trade and other payables approximate their carrying values due to their short-term maturity.

The fair values of Level 2 financial instruments are determined using quoted prices in active markets, which in some cases are adjusted for factors specific to the asset or liability. Level 2 fair values of other risk management assets and liabilities and long-term debt are determined using observable inputs other than unadjusted quoted prices, such as interest rate yield curves.

The Class A and Class B limited partnership units are carried at amortized cost, calculated using the effective interest method, which approximates fair value. The effective interest rate as at March 31, 2025 is 8.9% (December 31, 2024 - 8.7%) which is the rate that discounts the estimated future cash flows to the amortized cost of the financial liabilities. Due to the unobservable nature of the effective interest rate and resulting discounted cash flows associated with the units, the instruments have been classified as Level 3.

The table below sets forth a summary of changes in fair value of LIL LP's Level 3 financial liabilities given a one percent change in the discount rate while holding other variables constant:

<i>(thousands of Canadian dollars)</i>	1% increase in discount rate	1% decrease in discount rate
Class A limited partnership units	(99,310)	95,381
Class B limited partnership units	(70,259)	66,798
Total	(169,569)	162,179

## 11. RELATED PARTY TRANSACTIONS

LIL LP enters into various transactions with its partners 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.

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)**

Related parties with which LIL LP transacts are as follows:

Related Party	Relationship
LIL Holdco	Limited Partner holding 75 Class A limited partnership units of LIL LP
KKR	Limited Partner holding 25 Class B limited partnership units of LIL LP
Hydro	100% shareholder of Labrador-Island Link Holding (2021) Corporation
Labrador Transmission Corporation	Wholly-owned subsidiary of Hydro
LIL GP	Wholly-owned subsidiary of Hydro, general partner of LIL LP
LIL Opco	Wholly-owned subsidiary of Hydro
Lower Churchill Management Corporation	Wholly-owned subsidiary of Hydro
Muskrat Falls Corporation	Wholly-owned subsidiary of Hydro

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

		March 31 2025	December 31 2024
<i>As at (thousands of Canadian dollars)</i>			
<b>Trade and other receivables:</b>			
Other related parties		5	40
<b>Related party receivable:</b>			
Other related parties	(a)	58,389	61,255
<b>Trade and other payables:</b>			
Other related parties	Note 4	846	1,183
<b>Contract liability:</b>			
Other related parties	Note 5	1,920	2,171
		<b>Three months ended</b>	
<i>For the period ended March 31 (thousands of Canadian dollars)</i>		<b>2025</b>	<b>2024</b>
<b>Revenue:</b>			
Other related parties	(b)	107,112	106,226
<b>Operating costs:</b>			
Other related parties		90	62

(a) LIL LP has a non-interest bearing receivable from LIL Opco which is payable from LIL Opco upon demand as cash is required to fund remaining construction costs of the LIL assets.

(b) LIL LP earned revenue from LIL Opco in relation to the LIL Lease.

## 12. COMMITMENTS AND CONTINGENCIES

- (a) LIL LP is required to make mandatory distributions as determined by LIL GP in accordance with the Partnership Agreement.
- (b) As part of the LIL Project Finance Agreement, LIL LP has pledged its current and future assets as security to the Collateral Agent.
- (c) LIL LP has entered into the LIL Lease and the TFA with LIL Opco and Hydro, whereby LIL LP has committed to design, construct and sustain the LIL and LIL Opco operates and maintains the LIL and provides such other services as agreed to ensure safe and reliable transmission of electricity. Revenue allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) related to transmission sales under the LIL Lease as at March 31, 2025 is \$428 million (December 31, 2024 - \$426 million) within one year and \$20,084 million (December 31, 2024 - \$20,088 million) in more than one year.

**LABRADOR - ISLAND LINK LIMITED PARTNERSHIP**  
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- (d) LIL LP is subject to legal claims with respect to construction and other various matters. For some legal claims, it is not possible at this time to predict with any certainty the outcome of such litigation. Should these claims result in an unfavourable outcome for LIL LP, they may have a significant adverse effect on LIL LP's financial position.
- (e) Outstanding commitments for capital projects total approximately \$16.8 million as at March 31, 2025 (December 31, 2024 - \$10.4 million).

**13. SUPPLEMENTARY CASH FLOW INFORMATION**

	<b>Three months ended</b>	
<i>For the period ended March 31 (thousands of Canadian dollars)</i>	<b>2025</b>	<b>2024</b>
Trade and other receivables	<b>(390)</b>	1,022
Prepayments	<b>15</b>	14
Inventories	<b>(962)</b>	(185)
Trade and other payables	<b>609</b>	552
Changes in non-cash working capital balances	<b>(728)</b>	1,403
Related to:		
Operating activities	<b>(1,241)</b>	4,013
Investing activities	<b>513</b>	(2,610)
	<b>(728)</b>	1,403