

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**June 30, 2025**  
**(Unaudited)**

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Unaudited)

<i>As at (thousands of Canadian dollars)</i>		<b>June 30</b>	<b>December 31</b>
		<b>2025</b>	<b>2024</b>
<b>ASSETS</b>			
Current assets			
Cash		<b>233,847</b>	234,196
Restricted cash		<b>348,837</b>	323,034
Trade and other receivables		<b>859</b>	1,336
Related party receivable	11	<b>57,779</b>	61,255
Other current assets		<b>8,722</b>	6,402
Total current assets		<b>650,044</b>	626,223
Non-current assets			
Property, plant and equipment	3	<b>4,879,029</b>	4,919,323
Intangible assets		<b>68,866</b>	71,306
Right-of-use assets		<b>586</b>	586
Total assets		<b>5,598,525</b>	5,617,438
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Trade and other payables	4	<b>31,467</b>	39,881
Contract liability		<b>2,312</b>	2,171
Current portion of long-term debt	5	<b>21,000</b>	21,000
Current portion of Class B limited partnership units	6	<b>95,145</b>	94,664
Related party promissory note	11	<b>705,342</b>	705,342
Current portion of lease liabilities		<b>4</b>	4
Total current liabilities		<b>855,270</b>	863,062
Non-current liabilities			
Long-term debt	5	<b>3,631,789</b>	3,637,873
Class B limited partnership units	6	<b>878,000</b>	884,747
Lease liabilities		<b>634</b>	634
Total liabilities		<b>5,365,693</b>	5,386,316
Shareholder's equity			
Share capital	7	<b>975,517</b>	1,051,580
Shareholder contributions		<b>30,732</b>	24,804
Deficit		<b>(773,417)</b>	(845,262)
Total equity		<b>232,832</b>	231,122
Total liabilities and equity		<b>5,598,525</b>	5,617,438

Commitments and contingencies (Note 12)

*See accompanying notes*

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION**  
**CONSOLIDATED STATEMENT OF PROFIT AND COMPREHENSIVE INCOME**  
(Unaudited)

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	Notes	Three months ended		Six months ended	
		2025	2024	2025	2024
Revenue	11	<b>107,214</b>	106,683	<b>214,326</b>	212,909
Other income (expense)		<b>547</b>	(6,400)	<b>633</b>	(6,400)
Total revenue		<b>107,761</b>	100,283	<b>214,959</b>	206,509
Operating costs	8	<b>673</b>	1,191	<b>1,202</b>	2,694
Depreciation and amortization		<b>23,310</b>	23,314	<b>46,621</b>	46,631
Net finance expense	9	<b>47,907</b>	41,788	<b>95,291</b>	82,632
Total expenses		<b>71,890</b>	66,293	<b>143,114</b>	131,957
Total profit and comprehensive income for the period		<b>35,871</b>	33,990	<b>71,845</b>	74,552

*See accompanying notes*

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(Unaudited)

<i>(thousands of Canadian dollars)</i>	Note	Share Capital	Shareholder Contributions	Deficit	Total
<b>Balance at January 1, 2025</b>		<b>1,051,580</b>	<b>24,804</b>	<b>(845,262)</b>	<b>231,122</b>
<b>Total profit and comprehensive income for the period</b>		-	-	<b>71,845</b>	<b>71,845</b>
<b>Reduction of share capital</b>	7	<b>(76,063)</b>	-	-	<b>(76,063)</b>
<b>Shareholder contributions</b>		-	<b>5,928</b>	-	<b>5,928</b>
<b>Balance at June 30, 2025</b>		<b>975,517</b>	<b>30,732</b>	<b>(773,417)</b>	<b>232,832</b>
Balance at January 1, 2024		1,321,909	-	(994,173)	327,736
Total profit and comprehensive income for the period		-	-	74,552	74,552
Reduction of share capital		(189,866)	-	-	(189,866)
Shareholder contributions		-	15,508	-	15,508
Balance at June 30, 2024		1,132,043	15,508	(919,621)	227,930

*See accompanying notes*

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(Unaudited)

<i>For the period ended June 30 (thousands of Canadian dollars)</i>	<i>Notes</i>	<b>Three months ended 2025</b>	<b>2024</b>	<b>Six months ended 2025</b>	<b>2024</b>
Operating activities					
Profit for the period		<b>35,871</b>	33,990	<b>71,845</b>	74,552
Adjustments to reconcile profit to cash provided from operating activities:					
Depreciation and amortization		<b>23,310</b>	23,314	<b>46,621</b>	46,631
Loss on disposal of property, plant and equipment	3	<b>1,305</b>	5,737	<b>1,305</b>	5,737
Loss on disposal of intangible assets		<b>10</b>	-	<b>10</b>	-
Finance income	9	<b>(4,832)</b>	(4,399)	<b>(9,923)</b>	(9,722)
Finance expense	9	<b>52,739</b>	46,187	<b>105,214</b>	92,354
		<b>108,403</b>	104,829	<b>215,072</b>	209,552
Changes in non-cash working capital balances	13	<b>(1,312)</b>	(3,141)	<b>(2,536)</b>	891
Change in contract liability		<b>392</b>	(12,529)	<b>141</b>	(10,913)
Interest received		<b>4,884</b>	4,480	<b>10,004</b>	10,030
Interest paid		<b>(49,326)</b>	(49,434)	<b>(59,246)</b>	(59,375)
Net cash provided from operating activities		<b>63,041</b>	44,205	<b>163,435</b>	150,185
Investing activities					
Additions to property, plant and equipment	3	<b>(1,628)</b>	(4,713)	<b>(4,973)</b>	(8,222)
Additions to intangible assets		<b>(133)</b>	(91)	<b>(229)</b>	(132)
Decrease in related party receivable		<b>610</b>	408	<b>3,476</b>	3,041
Changes in non-cash working capital balances	13	<b>(8,333)</b>	91	<b>(7,820)</b>	(2,519)
Net cash used in investing activities		<b>(9,484)</b>	(4,305)	<b>(9,546)</b>	(7,832)
Financing activities					
Increase in restricted cash		<b>(8,277)</b>	(6,700)	<b>(25,803)</b>	(24,288)
Repayment of long-term debt		<b>(10,500)</b>	(10,500)	<b>(10,500)</b>	(10,500)
Distributions of Class B limited partnership units	6	<b>(15,391)</b>	(11,883)	<b>(47,800)</b>	(36,091)
Shareholder contributions		<b>5,928</b>	15,508	<b>5,928</b>	15,508
Reduction of share capital	7	<b>(25,981)</b>	(27,011)	<b>(76,063)</b>	(189,866)
Net cash used in financing activities		<b>(54,221)</b>	(40,586)	<b>(154,238)</b>	(245,237)
Net decrease in cash		<b>(664)</b>	(686)	<b>(349)</b>	(102,884)
Cash, beginning of the period		<b>234,511</b>	832	<b>234,196</b>	103,030
Cash, end of the period		<b>233,847</b>	146	<b>233,847</b>	146

See accompanying notes

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

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**1. DESCRIPTION OF BUSINESS**

Labrador-Island Link Holding (2021) Corporation (LIL Holdco (2021)) was incorporated on February 4, 2022 under the laws of the Province of Newfoundland and Labrador. LIL Holdco (2021)'s head office is located at 500 Columbus Drive, St. John's, Newfoundland and Labrador, A1B 0M4, Canada.

LIL Holdco (2021) is a 100% owned subsidiary of Newfoundland and Labrador Hydro (Hydro) and is a limited partner in the LIL (2021) Limited Partnership (LIL (2021) LP). LIL Holdco (2021), together with the Labrador-Island Link General Partner (2021) Corporation (LIL GP (2021)) represents Hydro's interests in LIL (2021) LP. LIL Holdco (2021) holds all of the Class A partnership units and LIL GP (2021) holds the only general partnership unit of LIL (2021) LP.

LIL (2021) LP holds 100% interest in Labrador-Island Link Holding Corporation (LIL Holdco). LIL Holdco, together with the Labrador-Island Link General Partner Corporation (LIL GP), represent Hydro's interests in Labrador-Island Link Limited Partnership (LIL LP). KKR Island Link Incorporated (KKR) is the remaining limited partner of LIL LP. 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 (2021) LP 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.

- 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 consolidated 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 consolidated interim financial statements do not include all of the disclosures normally found in LIL Holdco (2021)'s annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements.

These condensed consolidated 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 Holdco (2021) has delegated the authority to approve the condensed consolidated interim financial statements to the Audit Committee of the Board of Directors of Hydro, which approved the condensed consolidated interim financial statements on August 14, 2025.

**2.2 Basis of Consolidation**

These condensed consolidated interim financial statements include the financial statements of LIL Holdco (2021), LIL (2021) LP, LIL Holdco, and LIL LP. Intercompany transactions and balances have been eliminated upon consolidation.

# LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION

## NOTES TO THE CONDENSED CONSOLIDATED 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	5,014,193	50,344	7,108	5,071,645
Additions	-	-	22,072	22,072
Disposals	(10,747)	(112)	(1,279)	(12,138)
Transfers	7,607	515	(8,122)	-
Balance at December 31, 2024	5,011,053	50,747	19,779	5,081,579
<b>Additions</b>	-	-	<b>4,973</b>	<b>4,973</b>
<b>Disposals</b>	<b>(1,296)</b>	<b>(9)</b>	-	<b>(1,305)</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 June 30, 2025</b>	<b>5,014,238</b>	<b>50,717</b>	<b>20,490</b>	<b>5,085,445</b>
<b>Depreciation</b>				
Balance at January 1, 2024	64,461	9,549	-	74,010
Depreciation	86,042	2,368	-	88,410
Disposals	(61)	(103)	-	(164)
Balance at December 31, 2024	150,442	11,814	-	162,256
<b>Depreciation</b>	<b>42,984</b>	<b>1,176</b>	-	<b>44,160</b>
<b>Balance at June 30, 2025</b>	<b>193,426</b>	<b>12,990</b>	-	<b>206,416</b>
<b>Carrying value</b>				
Balance at January 1, 2024	4,949,732	40,795	7,108	4,997,635
Balance at December 31, 2024	4,860,611	38,933	19,779	4,919,323
<b>Balance at June 30, 2025</b>	<b>4,820,812</b>	<b>37,727</b>	<b>20,490</b>	<b>4,879,029</b>

### 4. TRADE AND OTHER PAYABLES

<i>As at (thousands of Canadian dollars)</i>	Note	June 30 2025	December 31 2024
Trade payables and accruals		15,351	23,488
Accrued interest		9,794	9,809
HST payable		5,524	5,391
Due to related parties	11	798	1,193
		<b>31,467</b>	<b>39,881</b>

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION**
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**
**5. 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	June 30 2025	December 31 2024
Tranche A	725,000	3.76	2013	2033	<b>725,124</b>	725,131
Tranche B	600,000	3.86	2013	2045	<b>600,073</b>	600,075
Tranche C	1,075,000	3.85	2013	2053	<b>1,075,161</b>	1,075,163
Tranche 10	-	1.75	2017	2025	-	10,500
Tranche 11-20	105,000	1.84-2.37	2017	2025-2030	<b>105,007</b>	105,009
Tranche 21-30	105,000	2.41-2.64	2017	2030-2035	<b>105,028</b>	105,030
Tranche 31-40	105,000	2.66-2.80	2017	2035-2040	<b>105,071</b>	105,074
Tranche 41-50	105,000	2.81-2.86	2017	2040-2045	<b>105,081</b>	105,083
Tranche 51-60	105,000	2.84-2.86	2017	2045-2050	<b>105,109</b>	105,111
Tranche 61-70	105,000	2.85	2017	2050-2055	<b>105,164</b>	105,167
Tranche 71-74	315,000	2.85	2017	2055-2057	<b>315,537</b>	315,547
Convertible debenture	294,658	3.03	2023	2071	<b>306,434</b>	301,983
<b>Total</b>	<b>3,639,658</b>				<b>3,652,789</b>	<b>3,658,873</b>
Less: maturities of debt within one year					<b>(21,000)</b>	<b>(21,000)</b>
					<b>3,631,789</b>	<b>3,637,873</b>

**6. CLASS B LIMITED PARTNERSHIP UNITS**

<i>As at (thousands of Canadian dollars)</i>	Units	June 30 2025	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>41,534</b>	-	66,577
Distributions	-	<b>(47,800)</b>	-	(77,044)
Tax adjustment amount	-	-	-	50
Class B limited partnership units, end of the period	<b>25</b>	<b>973,145</b>	25	979,411
Less: maturities within one year		<b>(95,145)</b>		<b>(94,664)</b>
		<b>878,000</b>		<b>884,747</b>

**7. SHAREHOLDER'S EQUITY**
**Share Capital**

<i>As at (thousands of Canadian dollars)</i>	June 30 2025	December 31 2024
Common shares without nominal or par value		
Authorized - unlimited		
Issued - fully paid and outstanding - 1,100 (2024 - 1,100)	<b>975,517</b>	<b>1,051,580</b>

During 2025 Hydro has resolved to reduce the stated capital of common shares of LIL Holdco (2021) in the amount of \$76.1 million (December 31, 2024 - \$270.3 million).



**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)****8. OPERATING COSTS**

	<b>Three months ended</b>		<b>Six months ended</b>	
<i>For the period ended June 30 (thousands of Canadian dollars)</i>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Salaries and benefits	<b>384</b>	430	<b>745</b>	818
Professional fees	<b>193</b>	331	<b>308</b>	583
Maintenance and materials	<b>88</b>	265	<b>123</b>	971
Other operating costs	<b>8</b>	165	<b>26</b>	322
	<b>673</b>	1,191	<b>1,202</b>	2,694

**9. NET FINANCE EXPENSE**

	<b>Three months ended</b>		<b>Six months ended</b>	
<i>For the period ended June 30 (thousands of Canadian dollars)</i>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Finance income				
Interest on restricted cash	<b>4,763</b>	4,294	<b>9,837</b>	9,599
Other interest	<b>69</b>	105	<b>86</b>	123
	<b>4,832</b>	4,399	<b>9,923</b>	9,722
Finance expense				
Interest and fees on long-term debt	<b>31,676</b>	30,595	<b>63,290</b>	61,111
Interest on Class B limited partnership units	<b>20,784</b>	15,349	<b>41,534</b>	30,897
Other interest	<b>279</b>	243	<b>390</b>	346
	<b>52,739</b>	46,187	<b>105,214</b>	92,354
Net finance expense	<b>47,907</b>	41,788	<b>95,291</b>	82,632

**10. FINANCIAL INSTRUMENTS****Fair Value**

The estimated fair values of financial instruments as at June 30, 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 Holdco (2021) might receive or incur in actual market transactions.

As a significant number of LIL Holdco (2021)'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 Holdco (2021) 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 HOLDING (2021) CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED 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 Holdco (2021) 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 June 30, 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>		June 30, 2025		December 31, 2024	
Financial liabilities					
Long-term debt, including amount due within one year	2	3,652,789	3,357,847	3,658,873	3,414,357
Related party promissory note	2	705,342	705,342	705,342	705,342
Class B limited partnership units, including amount due within one year	3	973,145	973,145	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 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 June 30, 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 Holdco (2021)'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 B limited partnership units	(72,882)	69,363

**11. RELATED PARTY TRANSACTIONS**

LIL Holdco (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.

# LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)

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

Related Party	Relationship
Hydro	100% shareholder of LIL Holdco (2021)
KKR	Limited Partner holding 25 Class B limited partnership units of LIL LP
Labrador Transmission Corporation	Wholly-owned subsidiary of Hydro
LIL GP	Wholly-owned subsidiary of Hydro, general partner of LIL LP
LIL GP (2021)	Wholly-owned subsidiary of Hydro, general partner of LIL (2021) 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 consolidated interim financial statements, are summarized below:

		June 30 2025	December 31 2024
<i>As at (thousands of Canadian dollars)</i>			
<b>Trade and other receivables:</b>			
Other related parties		-	40
<b>Related party receivable:</b>			
Other related parties	(a)	57,779	61,255
<b>Trade and other payables:</b>			
Parent	Note 4	531	653
Other related parties		267	540
<b>Contract liability:</b>			
Other related parties		2,312	2,171
<b>Related party promissory note:</b>			
Parent	(b)	705,342	705,342
		<b>Three months ended</b>	<b>Six months ended</b>
<i>For the period ended June 30 (thousands of Canadian dollars)</i>		<b>2025</b>	<b>2024</b>
		<b>2025</b>	<b>2024</b>
<b>Revenue:</b>			
Other related parties	(c)	107,214	106,683
<b>Operating costs:</b>			
Parent		159	95
		261	165

(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 Holdco (2021) has a non-interest bearing promissory note payable to Hydro in relation to the purchase of the shares of LIL Holdco which is payable upon demand.

(c) 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 Labrador-Island Link Limited Partnership Agreement (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.

**LABRADOR - ISLAND LINK HOLDING (2021) CORPORATION****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Unaudited)**

- (c) Under the terms and conditions of the Partnership Agreement and the Newfoundland and Labrador Development Agreement, LIL Holdco has committed to fund its share of the capital expenditures of the LIL.
- (d) 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 June 30, 2025 is \$428 million (December 31, 2024 - \$426 million) within one year and \$19,976 million (December 31, 2024 - \$20,088 million) in more than one year.
- (e) 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 Holdco (2021)'s financial position.
- (f) Outstanding commitments for capital projects total approximately \$18.2 million as at June 30, 2025 (December 31, 2024 - \$10.4 million).

**13. SUPPLEMENTARY CASH FLOW INFORMATION**

	<b>Three months ended</b>		<b>Six months ended</b>	
<i>For the period ended June 30 (thousands of Canadian dollars)</i>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Trade and other receivables	<b>753</b>	(2,625)	<b>363</b>	(1,604)
Prepayments	<b>15</b>	13	<b>30</b>	27
Inventories	<b>(1,388)</b>	302	<b>(2,350)</b>	117
Trade and other payables	<b>(9,025)</b>	(740)	<b>(8,399)</b>	(168)
Changes in non-cash working capital balances	<b>(9,645)</b>	(3,050)	<b>(10,356)</b>	(1,628)
Related to:				
Operating activities	<b>(1,312)</b>	(3,141)	<b>(2,536)</b>	891
Investing activities	<b>(8,333)</b>	91	<b>(7,820)</b>	(2,519)
	<b>(9,645)</b>	(3,050)	<b>(10,356)</b>	(1,628)