

LABRADOR TRANSMISSION CORPORATION
CONDENSED INTERIM FINANCIAL STATEMENTS
March 31, 2026
(Unaudited)

LABRADOR TRANSMISSION CORPORATION
STATEMENT OF FINANCIAL POSITION
(Unaudited)

| <i>As at (thousands of Canadian dollars)</i> | Notes | March 31 2026 | December 31 2025 |
|--|-------|--------------------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Restricted cash | | 153,264 | 146,690 |
| Trade and other receivables | | 841 | 596 |
| Short-term investments | | 7,196 | 7,196 |
| Current portion of contract asset | 4 | 54,493 | 59,502 |
| Other current assets | | 2,957 | 1,803 |
| Total current assets | | 218,751 | 215,787 |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 946,744 | 948,080 |
| Investments | | 18,640 | 18,640 |
| Intangible assets | | 1,662 | 1,593 |
| Right-of-use asset | | 204 | 204 |
| Contract asset | 4 | 378,024 | 357,224 |
| Total assets | | 1,564,025 | 1,541,528 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Trade and other payables | 5 | 15,356 | 6,770 |
| Current portion of long-term debt | 6 | 7,196 | 7,196 |
| Current portion of lease liability | | 1 | 1 |
| Total current liabilities | | 22,553 | 13,967 |
| Non-current liabilities | | | |
| Long-term debt | 6 | 858,672 | 858,676 |
| Lease liability | | 224 | 224 |
| Total liabilities | | 881,449 | 872,867 |
| Shareholder's equity | | | |
| Share capital | | 90,147 | 90,147 |
| Shareholder contributions | | 274,877 | 274,877 |
| Reserves | | (8,246) | (8,394) |
| Retained earnings | | 325,798 | 312,031 |
| Total equity | | 682,576 | 668,661 |
| Total liabilities and equity | | 1,564,025 | 1,541,528 |

Commitments and contingencies (Note 12)

See accompanying notes

LABRADOR TRANSMISSION CORPORATION
STATEMENT OF PROFIT AND COMPREHENSIVE INCOME
(Unaudited)

| <i>For the period ended March 31 (thousands of Canadian dollars)</i> | Notes | Three months ended | |
|--|-------|---------------------------|--------|
| | | 2026 | 2025 |
| Revenue | 11 | 28,627 | 28,570 |
| Total revenue | | 28,627 | 28,570 |
| Operating costs | 8 | 1,190 | 1,182 |
| Depreciation and amortization | | 4,081 | 4,072 |
| Net finance expense | 9 | 6,179 | 5,863 |
| Other expense | | 150 | 160 |
| Total expenses | | 11,600 | 11,277 |
| Profit for the period | | 17,027 | 17,293 |
| Other comprehensive income | | | |
| Total items that may or have been reclassified to profit: | | | |
| Reclassification adjustments related to: | | | |
| Cash flow hedges recognized in profit | | 148 | 153 |
| Other comprehensive income for the period | | 148 | 153 |
| Total comprehensive income for the period | | 17,175 | 17,446 |

See accompanying notes

LABRADOR TRANSMISSION CORPORATION
STATEMENT OF CHANGES IN EQUITY
(Unaudited)

| <i>(thousands of Canadian dollars)</i> | Note | Share Capital | Shareholder Contributions | Reserves | Retained Earnings | Total |
|--|------|------------------|------------------------------|----------------|----------------------|----------------|
| Balance at January 1, 2026 | | 90,147 | 274,877 | (8,394) | 312,031 | 668,661 |
| Profit for the period | | - | - | - | 17,027 | 17,027 |
| Other comprehensive income | | - | - | 148 | - | 148 |
| Total comprehensive income for the period | | - | - | 148 | 17,027 | 17,175 |
| Dividends | 7 | - | - | - | (3,260) | (3,260) |
| Balance at March 31, 2026 | | 90,147 | 274,877 | (8,246) | 325,798 | 682,576 |
| Balance at January 1, 2025 | | 90,147 | 274,877 | (8,997) | 254,584 | 610,611 |
| Profit for the period | | - | - | - | 17,293 | 17,293 |
| Other comprehensive income | | - | - | 153 | - | 153 |
| Total comprehensive income for the period | | - | - | 153 | 17,293 | 17,446 |
| Dividends | 7 | - | - | - | (3,075) | (3,075) |
| Balance at March 31, 2025 | | 90,147 | 274,877 | (8,844) | 268,802 | 624,982 |

See accompanying notes

LABRADOR TRANSMISSION CORPORATION
STATEMENT OF CASH FLOWS
(Unaudited)

| <i>For the period ended March 31 (thousands of Canadian dollars)</i> | Notes | Three months ended | |
|---|-------|---------------------------|----------|
| | | 2026 | 2025 |
| Operating activities | | | |
| Profit for the period | | 17,027 | 17,293 |
| Adjustments to reconcile profit to cash provided from operating activities: | | | |
| Depreciation and amortization | | 4,081 | 4,072 |
| Reserves amortized to profit | | 148 | 153 |
| Finance income | 9 | (1,201) | (1,573) |
| Finance expense | 9 | 7,380 | 7,436 |
| | | 27,435 | 27,381 |
| Changes in non-cash working capital balances | 13 | 418 | (2,408) |
| Increase in contract asset | | (15,791) | (23,089) |
| Interest received | | 1,198 | 1,655 |
| Interest paid | | (82) | (105) |
| Net cash provided from operating activities | | 13,178 | 3,434 |
| Investing activities | | | |
| Additions to property, plant and equipment | 3 | (2,728) | (124) |
| Additions to intangible assets | | (86) | (1) |
| Changes in non-cash working capital balances | 13 | (530) | 72 |
| Net cash used in investing activities | | (3,344) | (53) |
| Financing activities | | | |
| Increase in restricted cash | | (6,574) | (306) |
| Dividends paid | 7 | (3,260) | (3,075) |
| Net cash used in financing activities | | (9,834) | (3,381) |
| Net increase (decrease) in cash | | - | - |
| Cash, beginning of the period | | - | - |
| Cash, end of the period | | - | - |

See accompanying notes

LABRADOR TRANSMISSION CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

1. DESCRIPTION OF BUSINESS

Labrador Transmission Corporation (Labrador Transco or the Company) was incorporated on November 13, 2013 under the laws of the Province of Newfoundland and Labrador (the Province). Labrador Transco is a 100% owned subsidiary of Newfoundland and Labrador Hydro (Hydro). Labrador Transco's head office is located at 500 Columbus Drive, St. John's, Newfoundland and Labrador, A1B 0M4, Canada.

Labrador Transco's principal activity is to operate and maintain the Labrador Transmission Assets (LTA), which includes two 315-kV High Voltage alternating current transmission lines connecting the Muskrat Falls hydroelectric generating facility (MF Plant), with the Labrador-Island Link, the Churchill Falls hydroelectric generating facility and Hydro's Labrador transmission assets.

Hydro, Muskrat Falls Corporation (Muskrat Falls), and Labrador Transco have entered into the Generator Interconnection Agreement (GIA), which provides transmission interconnection services using the LTA. Under the terms of the GIA, Labrador Transco will recover all costs associated with the LTA from Muskrat Falls, which in turn will recover all costs incurred under the GIA as part of a power purchase agreement (PPA) with Hydro.

2. MATERIAL ACCOUNTING POLICIES

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 financial statements for the year ended December 31, 2025.

These condensed interim financial statements do not include all of the disclosures normally found in Labrador Transco'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 with all values rounded to the nearest thousand, except when otherwise noted. The Board of Directors of Labrador Transco 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 13, 2026.

LABRADOR TRANSMISSION CORPORATION
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 |
|--|-------------------------------|---------------------------------|-----------------------------|------------------|
| Cost | | | | |
| Balance at January 1, 2025 | 971,843 | 16,991 | 6,215 | 995,049 |
| Additions | 694 | - | 8,604 | 9,298 |
| Other adjustments | - | (87) | - | (87) |
| Transfers | 1,538 | 441 | (1,979) | - |
| Balance at December 31, 2025 | 974,075 | 17,345 | 12,840 | 1,004,260 |
| Additions | - | - | 3,422 | 3,422 |
| Other adjustments | (694) | - | - | (694) |
| Balance at March 31, 2026 | 973,381 | 17,345 | 16,262 | 1,006,988 |
| Depreciation | | | | |
| Balance at January 1, 2025 | 27,919 | 12,039 | - | 39,958 |
| Depreciation | 15,946 | 276 | - | 16,222 |
| Balance at December 31, 2025 | 43,865 | 12,315 | - | 56,180 |
| Depreciation | 3,993 | 71 | - | 4,064 |
| Balance at March 31, 2026 | 47,858 | 12,386 | - | 60,244 |
| Carrying Value | | | | |
| Balance at January 1, 2025 | 943,924 | 4,952 | 6,215 | 955,091 |
| Balance at December 31, 2025 | 930,210 | 5,030 | 12,840 | 948,080 |
| Balance at March 31, 2026 | 925,523 | 4,959 | 16,262 | 946,744 |

4. CONTRACT ASSET

| <i>As at (thousands of Canadian dollars)</i> | Note | March 31 2026 | December 31 2025 |
|--|------|------------------|---------------------|
| Contract asset, beginning of the period | | 416,726 | 346,717 |
| Revenue recognized | | 28,627 | 115,204 |
| Payments | | (12,836) | (45,195) |
| Contract asset, end of the period | 11 | 432,517 | 416,726 |
| Less: current portion | | (54,493) | (59,502) |
| | | 378,024 | 357,224 |

The contract asset represents the timing difference between the satisfaction of performance obligations to Muskrat Falls under the GIA and the timing of commercial payments.

5. TRADE AND OTHER PAYABLES

| <i>As at (thousands of Canadian dollars)</i> | Note | March 31 2026 | December 31 2025 |
|--|------|------------------|---------------------|
| Accrued interest | | 9,731 | 2,433 |
| Trade payables and accruals | | 4,699 | 2,403 |
| Due to related parties | 11 | 926 | 1,934 |
| | | 15,356 | 6,770 |

LABRADOR TRANSMISSION CORPORATION
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 | March 31 2026 | December 31 2025 |
|--|----------------|---------------|---------------|------------------|----------------------|------------------|
| Tranche A | 107,713 | 3.63 | 2013 | 2029 | 107,721 | 107,721 |
| Tranche B | 111,856 | 3.83 | 2013 | 2037 | 111,864 | 111,864 |
| Tranche C | 211,283 | 3.86 | 2013 | 2048 | 211,310 | 211,311 |
| Tranche 12-20 | 33,604 | 1.90-2.37 | 2017 | 2026-2030 | 33,605 | 33,606 |
| Tranche 21-30 | 41,858 | 2.41-2.64 | 2017 | 2030-2035 | 41,868 | 41,868 |
| Tranche 31-40 | 47,756 | 2.66-2.80 | 2017 | 2035-2040 | 47,787 | 47,787 |
| Tranche 41-50 | 54,857 | 2.81-2.86 | 2017 | 2040-2045 | 54,898 | 54,899 |
| Tranche 51-60 | 63,150 | 2.84-2.86 | 2017 | 2045-2050 | 63,214 | 63,215 |
| Tranche 61-64 | 27,848 | 2.85 | 2017 | 2050-2052 | 27,889 | 27,889 |
| Tranche A-T | 82,856 | 3.35-3.38 | 2022 | 2037-2047 | 82,856 | 82,856 |
| Tranche U | 82,856 | 3.38 | 2022 | 2057 | 82,856 | 82,856 |
| Total | 865,637 | | | | 865,868 | 865,872 |
| Less: maturities of debt within one year | | | | | (7,196) | (7,196) |
| | | | | | 858,672 | 858,676 |

7. SHAREHOLDER'S EQUITY

Dividends

| <i>For the period ended March 31 (thousands of Canadian dollars)</i> | Three months ended | |
|--|---------------------------|-------------|
| | 2026 | 2025 |
| Declared and paid during the period | | |
| Preferred dividend for current period (3% coupon rate) | 667 | 667 |
| Common dividend for current period | 2,593 | 2,408 |
| | 3,260 | 3,075 |

8. OPERATING COSTS

| <i>For the period ended March 31 (thousands of Canadian dollars)</i> | Three months ended | |
|--|---------------------------|-------------|
| | 2026 | 2025 |
| Salaries and benefits | 746 | 726 |
| Maintenance and materials | 137 | 96 |
| Other operating costs | 307 | 360 |
| | 1,190 | 1,182 |

LABRADOR TRANSMISSION CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

9. NET FINANCE EXPENSE

| <i>For the period ended March 31 (thousands of Canadian dollars)</i> | Three months ended | |
|--|---------------------------|-------------|
| | 2026 | 2025 |
| Finance income | | |
| Interest on restricted cash | 958 | 1,265 |
| Interest on investments | 239 | 304 |
| Other interest | 4 | 4 |
| | 1,201 | 1,573 |
| Finance expense | | |
| Interest and fees on long-term debt | 7,299 | 7,330 |
| Other interest | 81 | 106 |
| | 7,380 | 7,436 |
| Net finance expense | 6,179 | 5,863 |

10. FINANCIAL INSTRUMENTS

Fair Value

The estimated fair values of financial instruments as at March 31, 2026 and December 31, 2025 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 Labrador Transco might receive or incur in actual market transactions.

As a significant number of Labrador Transco'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 Labrador Transco 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).

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, the Company 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, 2026 and the year ended December 31, 2025.

As at March 31, 2026 and December 31, 2025, the Company did not have any Level 3 instruments.

LABRADOR TRANSMISSION CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

| | Level | Carrying Value | Fair Value | Carrying Value | Fair Value |
|--|-------|----------------|------------|-------------------|------------|
| | | March 31, 2026 | | December 31, 2025 | |
| <i>(thousands of Canadian dollars)</i> | | | | | |
| Financial assets | | | | | |
| Investments, including short-term | 2 | 25,836 | 26,003 | 25,836 | 26,269 |
| Financial liabilities | | | | | |
| Long-term debt, including amount due within one year | 2 | 865,868 | 772,558 | 865,872 | 766,887 |

The fair values of restricted cash, trade and other receivables 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.

11. RELATED PARTY TRANSACTIONS

Labrador Transco 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 Labrador Transco transacts are as follows:

| Related Party | Relationship |
|--|---|
| Hydro | 100% shareholder of Labrador Transco |
| Muskrat Falls | Wholly-owned subsidiary of Hydro |
| Lower Churchill Management Corporation | Wholly-owned subsidiary of Hydro |
| Labrador-Island Link Operating Corporation | Wholly-owned subsidiary of Hydro |
| Labrador-Island Link Limited Partnership | Limited partnership between Labrador-Island Link Holding Corporation and KKR Island Link Incorporated |

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

| | | March 31 | December 31 |
|--|--------|---------------------------|-------------|
| | | 2026 | 2025 |
| <i>As at (thousands of Canadian dollars)</i> | | | |
| Contract asset (including current portion): | | | |
| Other related parties | Note 4 | 432,517 | 416,726 |
| Trade and other payables: | | | |
| Parent | Note 5 | 876 | 1,789 |
| Other related parties | | 50 | 145 |
| | | Three months ended | |
| | | 2026 | 2025 |
| <i>For the period ended March 31 (thousands of Canadian dollars)</i> | | | |
| Revenue: | | | |
| Other related parties | (a) | 28,627 | 28,570 |
| Operating costs: | | | |
| Parent | | 995 | 889 |
| Other related parties | | 30 | 30 |

LABRADOR TRANSMISSION CORPORATION
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

(a) Labrador Transco earned revenue from Muskrat Falls in relation to the GIA.

12. COMMITMENTS AND CONTINGENCIES

(a) Labrador Transco has entered into the GIA with Muskrat Falls and Hydro, whereby Labrador Transco has committed to provide interconnection services to ensure safe and reliable transmission of energy and capacity for a 50 year term. Revenue allocated to the remaining performance obligation related to interconnection services as at March 31, 2026 is \$116 million (December 31, 2025 - \$117 million) within one year and \$5,415 million (December 31, 2025 - \$5,443 million) in more than one year.

(b) Labrador Transco 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 the Company, they may have a significant adverse effect on the Company's financial position.

(c) Outstanding commitments for capital projects total approximately \$8.4 million as at March 31, 2026 (December 31, 2025 - \$11.7 million).

13. SUPPLEMENTARY CASH FLOW INFORMATION

| | Three months ended | |
|--|---------------------------|-------------|
| | 2026 | 2025 |
| <i>For the period ended March 31 (thousands of Canadian dollars)</i> | | |
| Trade and other receivables | (246) | 532 |
| Inventories | (1,231) | (10) |
| Prepayments | 77 | 83 |
| Trade and other payables | 1,288 | (2,941) |
| Changes in non-cash working capital balances | (112) | (2,336) |
| Related to: | | |
| Operating activities | 418 | (2,408) |
| Investing activities | (530) | 72 |
| | (112) | (2,336) |