



2025

Second Quarter Report

Year-to-date results for the
period ended
September 30, 2025



Énergie NB Power

Message from the President

This period is a time of renewal and always brings a flurry of proactive activity to NB Power. With favourable weather conditions, it's prime time to tackle much-needed reliability projects that will bring benefit and value to customers for years to come. This past quarter was no different and we continued to make progress on a number of projects in different communities provincewide that will help keep the lights on during storms, reduce outages and ultimately build a stronger, more resilient grid.

From the Barkers Point substation to Eel River and Beechwood terminals, we're making major investments to modernize equipment and replace aging units. In Canterbury, we're doing life extension work on the transmission line by replacing aging structures and boosting long-term reliability. After nearly 36 years in service, the Loch Lomond/St. Martins transmission line is likewise getting a well-deserved upgrade. And in Woodstock, the town's transmission line is undergoing a life extension project, including steel structure repairs and re-galvanization.

From replacing aging equipment to rebuilding key transmission lines, projects like these, which were all advanced this past summer, help ensure our system meets the needs of homes, businesses and communities. They also speak to our ongoing efforts and commitment to provide reliable power for New Brunswickers.

Going hand in hand with our focus on reliability is the critical need to ensure energy security for our customers, and in July, we announced plans for the Renewable Integration and Grid Security (RIGS) project. Projects like RIGS are intended to help us ensure reliable and secure energy for New Brunswickers when they need it most. We have an urgent need for RIGS as New Brunswick is facing a critical electricity generation shortfall starting in 2028. In addition, the development of the dual fuel (natural gas and liquid fuel) combustion turbine generation facility will displace the use of heavier greenhouse gas emitting generators during times of peak demand. In addition, as biodiesel becomes more readily available, the dual-fuel technology provides us the flexibility to explore our options with respect to cleaner fuels.

Following a thorough Request for Expressions of Interest and resulting evaluation process that got underway in 2024, PROENERGY was selected as the contractor to build and operate this facility. This partnership also means PROENERGY will be responsible for any required maintenance down the line, alleviating financial pressure on our utility and minimizing rate pressure.

We know that some New Brunswickers have concerns about this facility, which is proposed to be constructed in Centre Village on NB Power-owned land. We're continuing to listen and want to be as transparent as possible going forward. We want this project to move forward safely, with respect for the local environment and community, and in a way that brings New Brunswickers value as well as energy security.

In order for this project to proceed, it requires oversight from a number of regulatory bodies. For example, both the New Brunswick Energy and Utilities Board (EUB), and the provincial government through the Environmental Impact Assessment process, are currently involved and reviewing different aspects of the project within their authority. We will continue to provide updates on the development of this project in the months ahead.

We're also continuing to ensure our existing stations will continue to provide power to our customers long into the future. On July 14, we began a planned, approximately five-month maintenance outage at the Point Lepreau Nuclear Generating Station. This work, part of our annual planned outage cycle, is an important investment in the Station's long-term reliability and in our ability to continue providing carbon-free, baseload electricity to New Brunswickers.

More than 23,000 tasks are planned during the maintenance, including replacing heat transport pump seals, performing motor and pump maintenance, and conducting testing on electrical systems and safety equipment. A generator rewind is also being conducted to help strengthen long-term reliability and reduce the need for future maintenance.

In recent years, we've been talking about the numerous challenges we're responding to as an industry as whole, with the impacts of climate change being one of them. For example, changing weather patterns have brought stronger storms to our region, impacting our operations, requiring us to improve our system resiliency and outage restoration response.

This summer saw unprecedented drought in our region, which unfortunately brought forest fires to some New Brunswick communities. Throughout the fire season, we worked closely with emergency management partners to help protect communities and the grid during this unprecedented weather. Record-breaking temperatures can also impact our lines. For the safety of our communities and to prevent a greater risk of fire, this summer we sometimes had to initiate temporary outages to safely complete critical repairs or maintenance. We know outages are disruptive, and we always work hard to keep them as short as possible.

The drought conditions we faced here in New Brunswick this summer also meant that river flows were lower than usual. We took proactive measures to ensure that Mactaquac Generating Station would be able to power our province nonetheless, but things looked a little different due to a smaller head pond than normal. To protect water levels, like keeping a battery charged, we adjusted how we operate. A small amount of water was released downstream through a spillgate, and all of the generating units were shut down, but available if needed. This ensured we could quickly produce power if needed, while keeping the head pond stable as a contingency for the province throughout the driest months.

We hit a major milestone in our grid modernization efforts in August with over 300,000 smart meters installed on homes and businesses across the province. At that point, nearly 80 per cent of the rollout was completed, and we're now in the final stretch of this transformational project. Smart meters are part of one of the most significant infrastructure upgrades in NB Power's history. By making our grid smarter, more efficient, and more resilient, we'll be ready to meet the needs of our customers today and in the years ahead. They also give customers an opportunity to track and manage their energy costs with user-friendly online tools, and provide faster service due to remote connections, disconnections and meter readings.

Efforts to make our grid smarter are also continuing in the Saint John area where we're advancing the Saint John Corridor Project and hosted two well-attended open houses in July. That project consists of a new 32 kilometre transmission line between the Coleson Cove terminal and existing transmission lines near the Glen Falls area of Saint John, and a five kilometre radial transmission line between the South Bay area and the west side of Saint John near Reversing Falls. The open houses gave local residents an opportunity to ask questions, learn timelines and hear firsthand how this additional line will accelerate grid modernization efforts, improve reliability and enable us to continue advancements towards the clean energy roadmap.

This summer we took an important opportunity to celebrate our staff. On July 10, we honoured the dedication and professionalism of the more than 200 hard-working and highly skilled New Brunswickers who work around the clock to keep the power on as part of National Lineworker Appreciation Day.

Thank you for taking the time to read this quarterly report and for your interest in the work our team has completed in recent months. Before I sign off, I want to highlight one more topic that I will have more to report on in our next quarter. On October 1, we submitted a General Rate Application to the New Brunswick Energy and Utilities Board for 2026/27 requesting a 4.75 per cent increase, which represents about \$10.90/month for the average home using 1,350 kWh. If approved, changes would take effect April 1, 2026. As a cost-of-service utility, we only charge what we need to cover the cost of delivering electricity to New Brunswickers. The EUB, as in previous years, will determine if the request is reasonable and if the costs are necessary.

We understand that any increase is difficult for our customers so we are working to help you manage your energy use and bills. With a shift to the fall, we are focusing our efforts to help New Brunswickers prepare for this year's winter heating season through our fall public education campaign, which has been designed to empower New Brunswickers to more effectively manage their energy use and bills, including our practical, energy-saving tips at www.saveenergynb.ca. We have established the Vulnerable Populations Committee to help us as an organization better understand and improve the experiences of customers who have trouble paying their bills, are facing energy poverty or are living with disabilities. And we continue to offer an array of energy efficiency programs.

We are committed to working with customers to best serve you through all the seasons and encourage you to reach out to us if you are struggling with your electricity bills. Our customer service team will work with you to help determine the best solution for your situation.



Lori Clark
President and CEO

Year-over-Year Financial Highlights¹

For the six months ended September 30, 2025, NB Power delivered improved operational performance despite net earnings being lower than last year. Stronger export margins helped offset challenges, while timing factors such as the Point Lepreau Nuclear Generating Station (PLNGS) outage and rate adjustments also positively influenced results. These results position NB Power to continue meeting customer needs while advancing initiatives that strengthen reliability.

On November 8, 2024, the EUB approved NB Power’s general rate application for the 2025/26 fiscal year. The rate adjustment supported stronger year-to-date results. Operating earnings reached \$141 million, driven by \$820 million in in-province electricity sales and \$400 million in out-of-province revenue from increased contract volumes and renewable energy credit sales. These results strengthen our ability to deliver reliable service and invest in a sustainable energy future for New Brunswick, ensuring long-term value for customers.

PLNGS operated effectively in the first quarter, helping to reduce supply costs before entering a planned maintenance outage on July 14. NB Power’s investment portfolio also performed well, with a year-to-date return of 6.14 per cent, exceeding long-term targets. Progress continued on the Strategic Plan – *Energizing Our Future*, including smart meter deployment, energy efficiency initiatives and grid modernization.

Electricity Operations

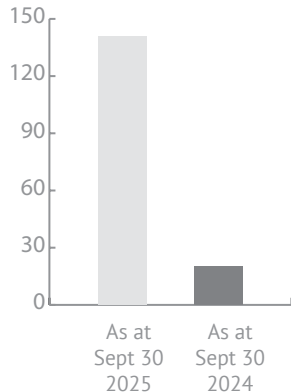
NB Power’s operating earnings for the six-month period ended September 30, 2025 were \$141 million which was \$121 million higher than the same period last year.

Revenue from electricity sales in New Brunswick was \$820 million, a \$53 million or seven per cent increase over the same period last year. The higher revenue was largely the result of increased sales prices resulting from the EUB-approved rate increase effective April 1, 2025. Lower demand from industrial customers partially offset the impact of rate increases.

Out-of-province revenue was \$400 million, a \$167 million or 72 per cent increase over the same period last year. The significant variance reflects the competitive nature of markets outside New Brunswick, where sales opportunities and service contracts fluctuate. These dynamics often lead to year-over-year swings in out-of-province results. Export sales volumes reached 3,170 GWh, up 1,029 GWh, driven by new contracts with customers in both the United States and Canada.

\$141

Operating earnings
(in millions of dollars)



¹ The financial information contained in the report includes abbreviated and condensed financial statements that have not been audited and contains financial estimates that are subject to change.

Fuel and purchased power costs were \$592 million, a \$79 million or 15 per cent increase over the same period last year. The increase was driven by higher purchased power volumes to meet increased out-of-province demand and elevated electricity prices driven by market conditions. These impacts were partially offset by the increased availability of PLNGS during the first quarter.

Miscellaneous revenue was \$59 million, an increase of \$8 million or 16 per cent compared to the same period last year. The increase was largely driven by market opportunities related to natural gas supply optimization at Bayside Generating Station.

Operation, maintenance, and administration costs were \$311 million, a \$16 million or five per cent increase over the same period last year. The increase reflects greater workforce demand and associated cost pressures, driven by storm response, a rise in trouble calls and other operational activities.

Depreciation and amortization expense was \$211 million, a \$12 million or six per cent increase over the same period last year. The increase reflects ongoing infrastructure investments to enhance reliability and modernize the grid. These investments include major maintenance outages at the generating stations and reinforcement of transmission and distribution networks. Adjustments to the useful lives of certain assets also contributed to the increase.

Finance Costs

Finance costs were \$126 million, a \$3 million or two per cent decrease as compared to the same period last year. This is mainly due to changes in foreign exchange rates on US transactions.

Accretion on Decommissioning Liabilities

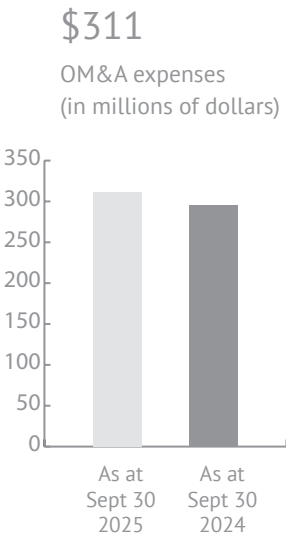
Accretion on decommissioning liabilities was \$28 million, an increase of \$3 million or 12 per cent as compared to the same period last year. The increase reflects higher projected costs for future asset retirements, which raised the overall liability balance.

Sinking Fund and Other Investment Income

Sinking fund and other investment income totalled \$9 million, which is consistent with earnings from the same period last year.

Unrealized Gains on Investments

Unrealized gains on investments were \$30 million, a \$28 million or 48 per cent decrease from the same period last year. Market returns in the first two quarters of the year were influenced by several external factors including economic uncertainty, tariffs concerns and slower growth.



Net Changes in Regulatory Balances

Net changes in regulatory balances reduced net earnings by \$12 million, a \$152 million decrease compared to the same period last year. The change mainly reflects reductions in the accounts used to spread outage costs and smooth customer rates, which were unique to our previous two-year EUB rate application, along with adjustments for margin variances. These were partly offset by additions to accounts for meter replacements and enterprise resource planning system upgrades.

Net Earnings

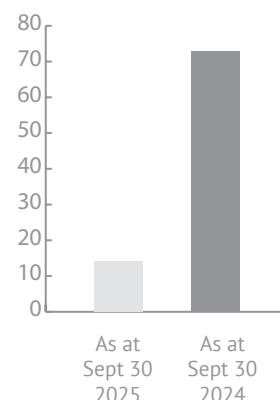
Net earnings for the period ended September 30, 2025 were \$14 million compared to \$73 million in the same period last year, a \$59 million unfavourable variance. While core operations delivered positive results, the decline was largely driven by significant changes in regulatory balances, which offset operational improvements.

Debt Management

NB Power has entered a period of significant capital investment required to address an infrastructure deficit, which will result in higher debt levels. Net debt was \$5,912 million as at September 30, 2025, up \$57 million since March 31, 2025. Cash provided by operating activities generated \$282 million of cash flow enabling NB Power to pay 84 per cent of its \$334 million of capital investments through operating cash flow.

\$14

Net earnings
(in millions of dollars)



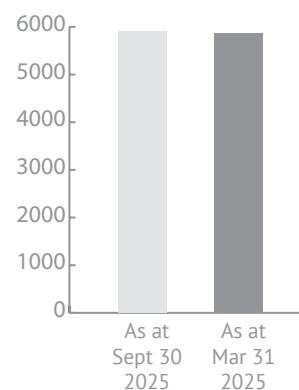
Consolidated Net Debt

In millions of dollars (Unaudited)

	As at Sept 30, 2025	As at Mar 31, 2025	Variance
Total debt	\$6,518	\$6,430	\$88
Cash	2	9	(7)
Sinking fund receivable	604	566	38
Total net debt	\$5,912	\$5,855	\$57
Retained earnings	\$546	\$532	\$14
Accumulated other comprehensive (loss) (AOCI)	(90)	(48)	(42)
Total capital	6,368	6,339	29
Percentage of net in debt capital structure	92.8%	92.4%	0.4%

\$5,912

Total net debt
(in millions of dollars)



Consolidated Statement of Financial Position

In millions of dollars (Unaudited)

	As at Sept 30, 2025	As at Sept 30, 2024	As at Mar 31, 2025
Assets			
Current			
Cash	\$2	\$9	\$9
Accounts receivable	380	321	520
Materials, supplies and fuel	315	302	230
Prepaid expenses	52	31	23
Derivative assets	41	31	86
Total current assets	790	694	868
Non-current assets			
Property, plant and equipment	5,157	4,970	5,028
Intangible assets	50	45	55
Nuclear decommissioning and used fuel management funds	1,047	998	1,017
Sinking fund receivable	604	538	566
Derivative assets	13	37	30
Other non-current assets	19	18	17
Total non-current assets	6,890	6,606	6,713
Total assets	7,680	7,300	7,581
Regulatory balances	1,137	1,047	1,150
Total assets and regulatory balances	\$8,817	\$8,347	\$8,731

	As at Sept 30, 2025	As at Sept 30, 2024	As at Mar 31, 2025
Liabilities and equity			
Current liabilities			
Short-term indebtedness	\$1,041	\$862	\$954
Accounts payable and accrued interest	418	364	425
Accrued interest on short and long-term debt	33	31	30
Current portion of long-term debt	0	200	200
Current portion of lease liabilities	7	7	7
Derivative liabilities	28	27	20
Total current liabilities	1,527	1,491	1,636
Non-current liabilities			
Long-term debt	5,397	5,042	5,196
Lease liabilities	38	38	38
Decommissioning and used fuel management liability	1,171	1,080	1,150
Post-employment benefits	100	98	101
Finance liability	35	35	35
Derivative liabilities	15	4	20
Other non-current liabilities	78	67	71
Total non-current liabilities	6,834	6,364	6,611
Total liabilities	8,361	7,855	8,247
Accumulated other comprehensive (loss)	(90)	(90)	(48)
Retained earnings	546	582	532
Total equity	456	492	484
Total liabilities and equity	\$8,817	\$8,347	\$8,731

Consolidated Statement of Earnings

In millions of dollars (Unaudited)

Period ended September 30

	2025	2024	Variance
Revenue			
Sales of electricity			
In-province	\$820	\$767	\$53
Out-of-province	400	233	167
Miscellaneous	59	51	8
Total revenue	1,279	1,051	228
Expenses			
Fuel and purchased power	592	513	79
Operation, maintenance and administration expenses	311	295	16
Depreciation and amortization	211	199	12
Property/utility taxes	24	24	0
Total operating expenses	1,138	1,031	107
Operating earnings	141	20	121
Finance costs and investment income			
Finance costs	(126)	(129)	3
Accretion on decommissioning liabilities	(28)	(25)	(3)
Unrealized gains on investments	30	58	(28)
Sinking fund and other investment income	9	9	0
Total finance costs and investment income	(115)	(87)	(28)
Net earnings (losses) before changes in regulatory balances	26	(67)	93
Net changes in regulatory balances	(12)	140	(152)
Net earnings	\$14	\$73	\$(59)

Operating Statistics

(Unaudited)

Period ended September 30

	2025	2024	Variance
Operating highlights			
In-province sales (GWh)	5,626	5,800	(174)
Heating degree days	887	763	124
Export sales (GWh)	3,170	2,141	1,029
Hydro flows below long-term average %	(7.0%)	(16.0%)	9.0%
PLNGS net capacity factor (%)	56.8%	2.0%	54.8%
Return on nuclear investment funds (%)	5.7%	12.2%	(6.5%)
Return on nuclear investment funds (\$)	30	58	(28)

Consolidated Statement of Cash Flows

In millions of dollars (Unaudited)

Period ended September 30

	2025	2024
Operating activities		
Net Earnings	\$14	\$73
Depreciation and amortization, net of gain and loss on disposal	211	199
Finance charges	126	129
Change in regulatory balances	12	(140)
Unrealized investment income	(39)	(67)
Accretion on decommissioning liabilities	28	25
Other amounts charged to operations not requiring a cash payment	26	(4)
Net change in non-cash working capital balances	37	80
	415	295
Interest paid	(135)	(147)
Customer contributions	8	3
Post-employment benefit payments	(4)	(2)
Long-term prepayments	(2)	(1)
Cash provided by operating activities	\$282	\$148
Investing activities		
Expenditures on property, plant and equipment and intangibles, net of proceeds	\$(334)	\$(346)
Cash expenditures on decommissioning	(10)	(15)
Cash used in investing activities	\$(344)	\$(361)
Financing activities		
Proceeds from long-term debt issuances	\$199	\$-
Debt retirements	(200)	(50)
Increase in short-term indebtedness	87	292
Sinking fund installments	(35)	(32)
Sinking fund withdrawals	6	5
Principle repayment of lease obligation	(2)	(3)
Cash (used in) provided by financing activities	\$55	\$212
Net cash (outflow)	\$(7)	\$(1)
Cash, beginning of period	9	10
Cash, end of period	\$2	\$9