

NSP MARITIME LINK INC.

Consolidated Financial Statements

December 31, 2025

Independent auditor's report

To the Directors of
NSP Maritime Link Inc.

Opinion

We have audited the consolidated financial statements of NSP Maritime Link Inc. [the "Company"], which comprise the consolidated balance sheet as at December 31, 2025, and the consolidated statement of income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with United States generally accepted accounting standards ["USGAAP"].

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 consolidated financial statements

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

In preparing the consolidated 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

Halifax, Canada
March 27, 2026

Ernst & Young LLP

Chartered Professional Accountants



NSP Maritime Link Inc.
Consolidated Statement of Income
For the year ended December 31

millions of Canadian dollars	2025	2024
Operating revenues		
Regulated electric (note 4)	\$ 198.4	\$ 161.6
Operating expenses		
Operating, maintenance and general ("OM&G") (note 7)	20.0	20.5
Depreciation and amortization (note 7)	76.5	57.9
Total operating expenses	96.5	78.4
Income from operations	101.9	83.2
Interest expense, net (note 12)	61.2	38.8
Income before provision for income taxes	40.7	44.4
Income tax recovery (note 13)	(0.4)	(0.3)
Net income	\$ 41.1	\$ 44.7

The accompanying notes are an integral part of these consolidated financial statements.

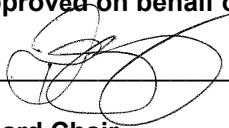
NSP Maritime Link Inc.
Consolidated Balance Sheet
As at December 31

millions of Canadian dollars	2025	2024
Assets		
Current assets		
Cash	\$ 15.3	\$ 6.1
Restricted cash (note 1)	0.3	13.5
Due from related parties (note 10)	19.4	14.6
Regulatory assets (note 7)	19.2	-
Receivables and other current assets (note 5)	4.6	2.6
Total current assets	58.8	36.8
Property, plant and equipment ("PP&E"), net of accumulated depreciation of \$396.2 and \$344.1 respectively (note 6)	1,380.5	1,425.1
Other assets		
Regulatory assets (note 7)	763.3	778.0
Other long-term assets (note 8)	26.8	27.3
Total other assets	790.1	805.3
Total assets	\$ 2,229.4	\$ 2,267.2
Liabilities and Equity		
Current liabilities		
Current portion of long-term debt (note 12)	\$ 57.9	\$ 57.1
Accounts payable and accrued liabilities (note 9)	3.1	4.1
Due to related parties (note 10)	17.4	3.7
Other current liabilities (note 11)	8.5	6.9
Total current liabilities	86.9	71.8
Long-term liabilities		
Long-term debt (note 12)	1,495.1	1,552.6
Deferred income taxes (note 13)	183.4	166.3
Other long-term liabilities	1.8	1.3
Total long-term liabilities	1,680.3	1,720.2
Equity		
Common stock (note 15)	358.2	375.3
Retained earnings	104.0	99.9
Total equity	462.2	475.2
Total liabilities and equity	\$ 2,229.4	\$ 2,267.2

Commitments and contingencies (note 14)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board of Directors


Board Chair


President

NSP Maritime Link Inc.
Consolidated Statement of Cash Flows
Year Ended December 31

millions of Canadian dollars	2025	2024
Operating activities		
Net income	\$ 41.1	\$ 44.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76.5	57.9
Net change in regulatory assets and liabilities (note 7)	(10.0)	(491.3)
Deferred income tax, net	(0.4)	(0.3)
Net change in non-cash working capital	7.5	1.4
Net cash provided by (used in) operating activities	114.7	(387.6)
Investing activities		
Additions to PP&E	(7.5)	(3.8)
Net cash (used in) investing activities	(7.5)	(3.8)
Financing activities		
Proceeds from long-term debt (note 12)	-	500.0
Repayment of long-term debt (note 12)	(57.1)	(40.0)
Reduction of stated capital of common stock (note 15)	(17.1)	(17.1)
Dividends on common stock	(37.0)	(41.0)
Net cash (used in) provided by financing activities	(111.2)	401.9
Net (decrease) increase in cash and restricted cash	(4.0)	10.5
Cash and restricted cash beginning of year	19.6	9.1
Cash and restricted cash end of year	\$ 15.6	\$ 19.6

The accompanying notes are an integral part of these consolidated financial statements.

NSP Maritime Link Inc.
Consolidated Statement of Changes in Equity

millions of Canadian dollars	Common Stock		Retained Earnings		Total Equity
Balance December 31, 2024	\$	375.3	\$	99.9	\$ 475.2
Net income		-		41.1	41.1
Reduction of stated capital of common stock (note 15)		(17.1)		-	(17.1)
Dividends declared on common stock (note 15)		-		(37.0)	(37.0)
Balance, December 31, 2025	\$	358.2	\$	104.0	\$ 462.2
Balance December 31, 2023	\$	392.4	\$	96.2	\$ 488.6
Net income		-		44.7	44.7
Reduction of stated capital of common stock (note 15)		(17.1)		-	(17.1)
Dividends declared on common stock (note 15)		-		(41.0)	(41.0)
Balance, December 31, 2024	\$	375.3	\$	99.9	\$ 475.2

The accompanying notes are an integral part of these consolidated financial statements

NSP Maritime Link Inc.
Notes to the Consolidated Financial Statements
As at December 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

NSP Maritime Link Inc. ("NSPML" or the "Company"), is indirectly wholly owned by Emera Inc. ("Emera"). Emera is an energy and services company headquartered in Halifax, Nova Scotia, whose shares are publicly traded on the Toronto Stock Exchange and, as of May 28, 2025, the New York Stock Exchange. The Company is an affiliate company of Nova Scotia Power Inc. ("NSPI"), a public utility as defined under the Public Utilities Act of Nova Scotia based in Halifax, Nova Scotia. The Company is also deemed a related party of Newfoundland and Labrador Hydro ("NLH"), a provincial energy company headquartered in St. John's Newfoundland and Labrador, which has authority over the majority of the direct activities that are expected to most significantly impact the performance of the Company.

NSPML is a public utility by virtue of the *Maritime Link Act*. The Company is subject to regulation under the *Maritime Link Act* and the *Public Utilities Act of Nova Scotia* by the Nova Scotia Energy Board ("NSEB"), formerly the Nova Scotia Utility and Review Board. The Company is not subject to a general annual rate review process, but rather participates in hearings held from time to time at the Company's or the NSEB's request. The Company is regulated under a cost-of-service model, with the assessment set to recover prudently incurred costs of developing and operating the Maritime Link Project ("the Project" or "the Maritime Link") and provide an appropriate return to investors. NSPML's approved target regulated return on equity ("ROE") range for 2025 and 2024 was 8.75 per cent to 9.25 per cent based on an actual five-quarter average regulated common equity of up to 30 per cent, with rates set at 9.0 per cent.

NSPML was formed to develop and operate the Maritime Link as per the terms set out in the commercial agreements between NSPML and NLH. As part of the agreements, NSPML has designed, engineered, constructed, commissioned and operates the Maritime Link, which is a \$1.8 billion (including allowance for funds used during construction ("AFUDC")) transmission project that involved building 170 kilometers of subsea high-voltage direct current transmission cables under the Cabot Strait and overhead transmission in Newfoundland and Labrador and Nova Scotia. The Maritime Link was developed to transmit electricity, including the Nova Scotia Block ("NS Block"), generated by the Muskrat Falls hydroelectric project ("Muskrat Falls") in Labrador from the island of Newfoundland to Nova Scotia.

The Maritime Link entered service on January 15, 2018 enabling the transmission of energy between Newfoundland and Nova Scotia, improved reliability and ancillary benefits, supporting the efficiency and reliability of energy in both provinces. Construction of the Labrador Island Link ("LIL") is complete and the Newfoundland Electrical System Operator confirmed the asset to be operating suitably to support reliable system operation and full functionality at 700MW, which was validated by the Government of Canada's Independent Engineer issuing its Commissioning Certificate on April 13, 2023. NLH's NS Block delivery obligations commenced on August 15, 2021, and the NS Block will be delivered over a 35 year term pursuant to the project agreements.

The Maritime Link Financing Trust ("MLFT" or the "Trust") is a special purpose funding vehicle created for the purpose of obtaining financing for the Project. The net proceeds from the financing were used to fund the development of the Project. As it is the primary beneficiary of the Trust, NSPML consolidates the assets, liabilities, and results from operations of MLFT as discussed in note 16.

The Company's accounting policies are subject to examination and approval of the NSEB. The NSEB has determined that the Company shall comply with NSPI's accounting policies in the same manner as NSPI, unless the NSEB approves otherwise.

Basis of Presentation

These consolidated financial statements are prepared and presented in accordance with United States Generally Accepted Accounting Principles ("USGAAP"). In the opinion of management, these consolidated financial statements include all adjustments that are of a recurring nature and necessary to fairly state the financial position of NSPML.

All dollar amounts are presented in Canadian dollars.

Principles of Consolidation

The consolidated financial statements of NSPML include the accounts of the Company and its variable interest entity ("VIE"), MLFT. All balances and transactions between NSPML and MLFT have been eliminated on consolidation.

Use of Management Estimates

The preparation of consolidated financial statements in accordance with USGAAP requires management to make estimates and assumptions. These may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Management evaluates the Company's estimates on an on-going basis based upon historical experience, current and expected conditions and assumptions believed to be reasonable at the time the assumption is made, with any adjustments recognized in income in the year they arise.

Regulatory Matters

Regulatory accounting applies where rates are established by, or subject to approval by, an independent third-party regulator. The rates are designed to recover prudently incurred costs of providing the regulated products or services and it is reasonable to assume rates are set at levels such that the costs can be charged to and collected from customers. Regulatory assets represent incurred costs that have been deferred because it is probable that they will be recovered through future rates collected from customers. Management believes that existing regulatory assets are probable of recovery due to regulatory precedent set for similar circumstances. If management no longer considers it probable that an asset will be recovered, the deferred costs are charged to income.

Refer to note 7 for additional information on regulatory matters.

Foreign Currency Translation

Any monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at rates of exchange prevailing at the balance sheet date.

Revenue Recognition

NSPML's sole source of revenue is from NSPI. Revenues are recorded by NSPML as the performance obligation under the terms of its contract with NSPI are satisfied, which is providing transmission service to NSPI over time. Revenues are recorded ratably throughout the year based on approved NSEB assessments. NSPML invoices NSPI monthly, with payment due upon receipt.

PP&E

PP&E is recorded at original cost, AFUDC and amortization of debt financing costs incurred during construction. Costs incurred to develop the Project include the original cost of materials, contracted services, direct labour, overhead and AFUDC. Overhead includes corporate costs such as finance, information technology and management, along with other costs related to support functions. PP&E is depreciated over approximately 38 years, from the in-service date of the Maritime Link assets to 2056.

Cash and Restricted Cash

Pursuant to the amended Federal Loan Guarantee ("FLG"), restricted cash is held in accounts administered by the collateral agent for the purpose of funding construction and operating costs and servicing debt payments related to the Maritime Link Project. NSPML draws funds on a periodic basis in accordance with procedures set out in the Maritime Link Credit Agreement. This cash is intended for use within the near term.

Asset Impairment

Long-lived assets are periodically reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. NSPML bases its evaluation of long-lived assets on the presence of impairment indicators such as the future economic benefit of the assets, any historical or future profitability measurements and other external market conditions or factors. If the sum of the undiscounted cash flows expected from an asset is less than the carrying value of the asset, the asset is written down to fair value.

There were no asset impairments for the years ended December 31, 2025 and 2024.

Debt Financing Costs

The Company has capitalized interest rate derivative contracts, used to protect against a rise in interest rates in advance of the issuance of long-term debt, as "Other long-term assets" on the Consolidated Balance Sheets.

The Company has also capitalized the external costs of obtaining debt financing and includes them as a deduction from the carrying amount of the related long-term debt.

The Company amortizes interest rate derivative contracts and debt issue costs over the life of the related debt as a component of "Interest expense, net" on the Consolidated Statements of Income.

Income Taxes and Investment Tax Credits

NSPML recognizes deferred income tax assets and liabilities for the future tax consequences of events that have been included in the consolidated financial statements or income tax returns. Deferred income tax assets and liabilities are determined based on the difference between the carrying value of assets and liabilities on the Consolidated Balance Sheets and their respective tax bases using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in income tax rates on deferred income tax assets and liabilities is recognized in the period when the change is enacted. NSPML recognizes the effect of income tax positions only when it is more likely than not that they will be realized.

Management reviews all readily available current and historical information, including forward-looking information, and the likelihood that deferred tax assets will be recovered from future taxable income is assessed and assumptions about the expected timing of the reversal of deferred tax assets and liabilities are made. If management subsequently determines that it is likely that some or all of a deferred income tax asset will not be realized, then a valuation allowance is recorded to reflect the amount of the deferred income tax asset expected to be realized.

Investment tax credits arise as a result of incurring qualifying scientific research and development expenditures and are recorded as a reduction to income tax expense in the current or future periods to the extent that realization of such benefit is more likely than not.

NSPML collects income taxes from customers based on income tax that is currently payable. NSPML recognizes regulatory assets or liabilities where the deferred income taxes are expected to be recovered from or returned to customers in future years. These regulated assets or liabilities are grossed up using the respective income tax rate to reflect the income tax associated with future revenues that are required to fund these deferred income tax liabilities, and the income tax benefits associated with reduced revenues resulting from the realization of deferred income tax assets.

Fair Value Measurements

The Company is required to determine the fair value of all derivatives and uses a market approach to do so. The three levels of the fair value hierarchy are defined as follows:

Level 1 - Where possible, the Company bases the fair valuation of its financial assets and liabilities on quoted prices in active markets ("quoted prices") for identical assets and liabilities.

Level 2 - Where quoted prices for identical assets and liabilities are not available, the valuation of certain contracts must be based on quoted prices for similar assets and liabilities with an adjustment related to location differences. Also, certain derivatives are valued using quotes from over-the-counter clearing houses.

Level 3 - Where the information required for a Level 1 or Level 2 valuation is not available, derivatives must be valued using unobservable or internally developed inputs.

The primary reasons for a Level 3 classification are as follows:

- While valuations were based on quoted prices, significant assumptions were necessary to reflect seasonal or monthly shaping and locational basis differentials.
- The term of certain transactions extends beyond the period when quoted prices are available, and accordingly, assumptions were made to extrapolate prices from the last quoted period through the end of the transaction term.
- The valuations of certain transactions were based on internal models, although quoted prices were utilized in the valuations.

Financial instruments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The fair value of long-term debt is approximated by the indicated market value of the bonds. The fair value is a level 2 measurement.

All other financial assets and liabilities, such as cash, restricted cash, accounts receivable, and accounts payable, are carried at cost. The carrying value approximates fair value due to the short-term nature of these financial instruments.

Cybersecurity Incident

On April 25, 2025, Emera and NSPI discovered a cybersecurity incident (the "Cybersecurity Incident") involving unauthorized access into certain parts of its Canadian information technology ("IT") network and servers supporting portions of its business applications. There was no disruption to NSPML's physical operations.

Emera implemented business continuity processes for certain impacted business and administrative functions at its Canadian affiliates, including NSPML. The systematic restoration of affected IT systems and corresponding transition away from business continuity processes continues to progress in a planned, controlled and phased approach.

2. CHANGE IN ACCOUNTING POLICY

Improvements to Income Tax Disclosures

The Company adopted Accounting Standard Update (“ASU”) 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures, effective December 31, 2025. The standard enhances the transparency, decision usefulness and effectiveness of income tax disclosures by requiring consistent categories and greater disaggregation of information in the reconciliation of income taxes computed using the enacted statutory income tax rate to the actual income tax provision and effective income tax rate, as well as the disaggregation of income taxes paid (refunded) by jurisdiction. Adoption of the standard resulted in additional disclosures provided in note 13.

3. CHANGE IN ACCOUNTING POLICY

Accounting for Government Grants Received by Business Entities

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832) – Accounting for Government Grants Received by Business Entities. The ASU adds guidance to ASC 832 on the recognition, measurement, and presentation of government grants. The guidance will be effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The standard updates are to be applied using either a modified prospective, modified retrospective, or full retrospective approach, as detailed in the ASU. The Company is currently evaluating the impact of adoption of the standard update on its consolidated financial statements.

Targeted Improvements to the Accounting for Internal-Use Software

In September 2025, the FASB issued ASU 2025-06, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The standard update modernizes accounting for internal-use software by eliminating references to project stages and clarifying the threshold to begin capitalizing costs. The standard update also specifies that the disclosure requirements under ASC 360, Property, Plant and Equipment, apply to capitalized software costs accounted under ASC 350-40. The guidance will be effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The standard updates are to be applied using either a prospective, retrospective, or modified transition approach. The Company is currently evaluating the impact of adoption of the standard update on its consolidated financial statements.

4. REVENUE

Revenue is subject to regulatory approval through NSEB assessments whereby NSPI is ordered to pay the assessment to NSPML. Revenue of up to \$197.2 million was approved for 2025 (2024 - \$163.5 million). Approved assessment payments are subject to a holdback of up to \$4.0 million per month. There was no holdback recorded for 2025.

For the year ended December 31, 2025, NSPML recorded \$198.4 million in revenue (2024 - \$161.6 million) and collected \$178.2 million (2024– \$160.4 million) in cash. During the year, the Company recorded net revenue of \$2.6 million relating to the accrual for interest associated with the amended FLG; please refer to note 7 for detail. Additionally, NSPML recorded an adjustment of \$1.2 million as a reduction of revenue related to unspent operating costs, which was returned to NSPI; and a reduction of \$0.2 million as a true-up of holdback relating to 2023.

5. RECEIVABLES AND OTHER CURRENT ASSETS

Other current assets consisted of the following:

As at millions of Canadian dollars	December 31 2025	December 31 2024
Accounts receivable (1)	\$ 3.5	\$ 0.8
Prepaid expense	0.8	0.8
HST receivable	0.2	0.8
Other	0.1	0.2
	\$ 4.6	\$ 2.6

(1) Accounts receivable balance relates to interest in accordance with the amended FLG. Please refer to note 7 for additional detail.

6. PROPERTY, PLANT AND EQUIPMENT

PP&E consisted of the following:

As at millions of Canadian dollars	December 31 2025	December 31 2024
Capital cost balance at January 1	\$ 1,769.2	\$ 1,765.4
Additions	7.5	3.8
Capital cost balance at December 31	1,776.7	1,769.2
Accumulated depreciation	(396.2)	(344.1)
Net balance at December 31	\$ 1,380.5	\$ 1,425.1

7. REGULATORY MATTERS

Regulatory assets consisted of the following:

As at millions of Canadian dollars	December 31 2025	December 31 2024
Deferred income tax regulatory asset	\$ 188.3	\$ 170.7
Refund of prior year assessments to NSPI	481.4	488.7
Other regulatory assets	112.8	118.6
	\$ 782.5	\$ 778.0
Current	\$ 19.2	\$ -
Long-term	763.3	778.0
Total regulatory assets	\$ 782.5	\$ 778.0

Deferred Income Tax Regulatory Asset

NSPML recognizes deferred income tax assets and liabilities for the future tax consequences of events that have been included in the consolidated financial statements or income tax returns, in accordance with NSPML's rate-regulated accounting policy as approved by the NSEB. To the extent deferred income taxes are expected to be recovered from or returned to customers in future years, NSPML recognizes a net deferred income tax regulatory asset or liability as appropriate.

Refund of prior year assessments to NSPI

On November 29, 2024, the NSEB approved NSPML's application for the creation of a \$500 million regulatory asset relating to a refund to NSPI for a portion of previous NSPML assessment payments to help Nova Scotia customers manage unrecovered costs of replacement energy resulting from the delayed Muskrat Falls hydroelectricity project. In 2024, \$488.7 million was recorded as a regulatory asset, with the

remaining \$11.3 million being recorded in 2025. Amortization of the regulatory asset commenced in 2025 and will be recovered over a 28 year period to align with the repayment of the \$500 million in additional debt issued to NSPML as an amendment to the FLG. In 2025, \$18.6 million has been amortized from the regulatory asset and recognized in depreciation expense. The unamortized balance as at December 31, 2025 was \$481.4 million. Please see further details below.

Other Regulatory Assets

Deferral of Marine Survey Costs

On December 21, 2023, the NSEB approved NSPML's request to defer the cost of the 2024 marine survey over a 3 year period for customers. In 2024, a regulatory asset was created to defer the collection of this expense, with the regulatory asset being fully amortized by December 31, 2026. The unamortized balance as at December 31, 2025 is \$1.3 million. In 2025, \$1.3 million was amortized from the regulatory asset and recognized in "OM&G".

Deferral of Depreciation and Amortization

In response to the delayed timing of energy delivery from Muskrat Falls, the NSEB approved NSPML's proposal to defer the recovery of depreciation and amortization expense in 2018 and 2019; as well as a reduction in depreciation and amortization expense in 2020 and 2021. A regulatory asset has been recorded to reflect the difference between depreciation under USGAAP and the regulatory decisions. In 2022, amortization of deferred costs to the regulatory asset commenced. Depreciation of the Maritime Link assets is being recovered from customers beginning with the delivery of the NS Block and will be fully recovered in 2056. NSPML did not defer any depreciation or amortization of deferred financing charges in 2025 or 2024.

The unamortized balance as at December 31, 2025 is \$111.5 million. In 2025, \$4.5 million has been amortized from the regulatory asset and recognized in depreciation expense (2024 – \$4.5 million).

Regulatory Matters

On November 29, 2024, NSPML received NSEB approval to collect up to \$197.2 million (2024 - \$163.5 million) from NSPI for the recovery of costs associated with the Maritime Link in 2025, subject to a monthly holdback of \$4 million per month.

On September 24, 2024, the Government of Canada finalized an agreement with NSPI, NSPML and the Province of Nova Scotia (the "Province") on terms and conditions for a FLG of \$500 million in debt to be issued by NSPML to help Nova Scotia customers manage unrecovered costs of the replacement energy that was required during the several years of delay in the Muskrat Falls hydroelectricity project. On September 25, 2024, NSPI and NSPML filed applications with the NSEB related to the FLG. On November 29, 2024, the NSEB approved NSPML's application to issue the debt, transfer the proceeds to NSPI as a refund of a portion of previous NSPML assessment payments, the creation of a regulatory asset, and to increase its annual assessment charge to NSPI to recover the refund and related financing costs over a 28-year period. On December 16, 2024, the net proceeds of the NSPML debt issuance were transferred to NSPI.

On December 23, 2025, NSPML received an interim order from the NSEB to collect up to \$199 million from NSPI for recovery of costs associated with the Maritime Link in 2026, subject to a holdback of up to \$4 million per month.

On February 4, 2026, NSPML filed an application to terminate the holdback mechanism. A decision is expected in Q3 2026.

8. OTHER LONG-TERM ASSETS

Other long-term assets consisted of the following:

As at millions of Canadian dollars	December 31 2025	December 31 2024
Deferred debt financing costs ("DFC") (1)	\$ 25.4	\$ 26.3
Right-of-use assets for operating leases	1.4	1.0
	\$ 26.8	\$ 27.3

(1) Unamortized DFC that have been capitalized related to interest rate derivative contracts used to protect against a rise in interest rates in advance of the issuance of the Company's long-term debt in 2014 (note 12). The DFC are to be amortized over the life of the related debt.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following:

As at millions of Canadian dollars	December 31 2025	December 31 2024
Accounts payable	\$ -	\$ 0.3
Accrued liabilities	3.1	3.8
	\$ 3.1	\$ 4.1

10. RELATED PARTY TRANSACTIONS

The Company enters into transactions with related parties in the normal course of operations. All related party transactions are recorded at the exchange amounts, being the amounts agreed upon by the two parties, which are governed by an Affiliate Code of Conduct that is approved by the NSEB.

NSPML is wholly owned by Emera Newfoundland and Labrador Holdings ("ENL"). ENL and NSPI are wholly owned subsidiaries of Emera.

If transactions are eliminated on consolidation, they are not disclosed as related party transactions. Below are transactions between NSPML and its related parties that are not eliminated on consolidation:

For the millions of Canadian dollars			Year ended December 31	
	Nature of Service	Presentation	2025	2024
Purchases:				
Emera and affiliates	Corporate support & shared services	OM&G	\$ 1.8	\$ 2.1

Note 15 provides detail of changes in common stock with related parties.

NLH (including its wholly owned subsidiaries) is deemed to be a related party as it has authority over the majority of the direct activities that are expected to most significantly impact the economic performance of the Project. During the year ended December 31, 2025, NSPML paid \$0.3 million (2024 – \$0.4 million) of costs included in "OM&G" to NLH (including its wholly-owned subsidiaries) pursuant to commercial agreements between NSPML and NLH.

As at December 31, amounts due from related parties are summarized in the following table:

millions of Canadian dollars	2025	2024
Due from related parties:		
NSPI	\$ 19.4	\$ 13.8
Emera	-	0.8
Total due from related parties	\$ 19.4	\$ 14.6

As at December 31, amounts due to related parties are summarized in the following table:

millions of Canadian dollars	2025	2024
Due to related parties:		
NSPI	\$ 2.3	\$ 2.7
Emera	15.1	1.0
Total due to related parties	\$ 17.4	\$ 3.7

11. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

As at millions of Canadian dollars	December 31 2025	December 31 2024
Accrued interest on long term debt (1)	\$ 5.2	\$ 4.1
Other	3.3	2.8
	\$ 8.5	\$ 6.9

(1) Accrued interest on long term debt is comprised of the accrued interest on bonds as at December 31. Bondholders receive interest payments every 6 months (first business day of June and December) in accordance with the Maritime Link Credit Agreement.

12. LONG-TERM DEBT

Long-term debt as at December 31 consisted of the following:

millions of Canadian dollars	Stated Interest Rate	Maturity	December 31 2025	December 31 2024
Series A Bond	3.5%	2052	\$ 1,080.0	1,120.0
Series B Bond	4.048%	2052	482.9	500.0
			\$	
Adjustments				
Debt issuance costs			(9.9)	(10.3)
Amount due within one year			(57.9)	(57.1)
Long-term debt			\$ 1,495.1	1,552.6

On April 23, 2014, MLFT, a special purpose funding vehicle formed by Emera, completed its offering of \$1.3 billion aggregate principal amount of 3.5 per cent amortizing bonds at a price of \$999.57 per \$1,000 principal amount of bonds for aggregate gross proceeds of approximately \$1.3 billion. The bonds will be repaid through \$20 million semi-annual payments beginning December 1, 2020 and ending December 1, 2052. The net proceeds were used to fund the construction of the Maritime Link Project.

On December 16, 2024 the MLFT amended the original FLG and completed an additional offering of \$500 million aggregate principal amount of 4.048 per cent at a price of \$999.57 per \$1,000 principal amount of bonds for aggregate proceeds of approximately \$500 million. The bonds will be repaid through semi-annual payments with the first payment of \$8.2 million beginning June 1, 2025 and \$8.9 million thereafter, ending December 1, 2052. The net proceeds were used to refund NSPI for a portion of NSPML

Assessment payments relating to unrecovered replacement energy costs borne by NSPI resulting from the delayed Muskrat Falls hydroelectricity project. Refer to Note 7 for more information.

The total debt repayment obligation for 2026 of \$57.9 million (2025 - \$57.1 million) is classified as "Current portion of long-term debt" on the Consolidated Balance Sheets. The bonds are guaranteed by the Government of Canada under the FLG and have been assigned a rating of "AAA" by Standard & Poor's and Dominion Bond Rating Service Limited.

The role of the collateral agent is to act on behalf of the lending parties, including MLFT and the Government of Canada. The collateral agent oversees the lending and security arrangements, the various project accounts and compliance with covenants, including maintaining a debt-to-equity ratio and minimum debt service coverage ratio.

Covenant requirements have been amended to reflect the additional FLG, and the Company is in compliance with covenant requirements.

MLFT and the Company have granted first ranking liens on all of their present and future assets, which serve to secure obligations to the Government of Canada that would arise if MLFT defaulted on its payment obligations to bondholders and the Government of Canada was required to make payment to bondholders under the FLG.

The fair value of long-term debt is approximated by the indicated market value of the bonds. As at December 31, 2025, the fair value was \$1,490.0 million (2024 - \$1,546.7 million). The Company's long-term debt was classified as Level 2 for fair value measurement under the fair value hierarchy in 2025 and 2024.

As at December 31, 2025, \$9.9 million (2024 - \$10.3 million) of unamortized debt issuance costs associated with the bond issuance were presented as a reduction to the carrying amount of long-term debt. For the year ended December 31, 2025, \$0.4 million (2024 - \$0.4 million) were included in "Depreciation and amortization" on the Consolidated Statements of Income.

13. INCOME TAXES

The income tax provision, for the years ended December 31, differs from that computed using the enacted Canadian federal statutory income tax rate for the following reasons:

millions of Canadian dollars	2025		2024	
Income before provision for income taxes	\$	40.7	\$	44.4
Income taxes, at statutory income tax rate	6.1	15%	6.7	15%
Deferred income taxes on regulated income recorded as regulatory assets and regulatory liabilities	(6.4)	(16)%	(6.9)	(16)%
Other	0.1	-%	-	-%
Provincial income taxes (1)	(0.2)	-%	(0.1)	-%
Income tax recovery	\$	(0.4)	\$	(0.3)

(1) Provincial income taxes relate to Newfoundland and Nova Scotia

The following table reflects the composition of taxes on income from continuing operations presented in the Consolidated Statements of Income for the years ended December 31:

millions of Canadian dollars	Canada (Federal)	Canada (Provincial)	Total
2025			
Deferred income taxes – exclusive of components listed below	\$ -	\$ -	\$ -
Operating loss carryforwards	(0.2)	(0.2)	(0.4)

Income tax recovery	\$ (0.2)	\$ (0.2)	\$ (0.4)
2024			
Deferred income taxes – exclusive of components listed below	\$ (0.1)	\$ -	\$ (0.1)
Operating loss carryforwards	(0.1)	(0.1)	(0.2)
Income tax recovery	\$ (0.2)	\$ (0.1)	\$ (0.3)

The deferred income tax assets and liabilities presented in the Consolidated Balance Sheets as at December 31 consisted of the following:

millions of Canadian dollars	2025	2024
Deferred income tax assets:		
Tax loss carryforwards	\$ 316.6	\$ 355.8
Denied interest and financing expenses	20.7	-
Other	1.9	1.6
Total deferred income tax assets before valuation allowance	339.2	357.4
Valuation allowance	(0.4)	(0.4)
Total deferred income tax assets after valuation allowance	\$ 338.8	\$ 357.0
Deferred income tax liabilities:		
PP&E	\$ (273.4)	\$ (269.2)
Other regulatory assets	(245.3)	(250.6)
Other	(3.5)	(3.5)
Total deferred income tax liabilities	\$ (522.2)	\$ (523.3)
Consolidated Balance Sheet presentation:		
Long-term deferred income tax liabilities	\$ (183.4)	\$ (166.3)

As at December 31, 2025, NSPML had a net operating loss carryforward of \$770.2 million (2024 - \$865.3 million) which expires between 2036 and 2044, investment tax credits of \$0.4 million (2024 - \$0.4 million) which expire between 2036 and 2043 and a gross capital loss carryforward of \$2.1 million (2024 - \$2.1 million) with an indefinite carryforward period. NSPML has a deferred tax asset of \$316.2 million relating to the net operating loss carryforward (2024 - \$355.4 million), a deferred tax asset of \$0.4 million (2024 - \$0.4 million) relating to the investment tax credits and a \$0.4 million deferred tax asset relating to the capital loss carryforward (2024 - \$0.4 million). A valuation allowance of \$0.4 million has been recorded as at December 31, 2025 (2024 - \$0.4 million) related to the capital loss carryforward as realization is uncertain.

Considering all evidence regarding the utilization of the Company's deferred income tax assets, it has been determined that NSPML is more likely than not to realize all recorded deferred income tax assets, except for the capital loss carryforward noted above. The only valuation allowance recorded as at December 31, 2025 is related to the capital loss carryforward.

NSPML files a Canadian federal income tax return, which includes its Newfoundland and Labrador and Nova Scotia provincial income tax. MLFT files a Canadian federal income tax return, which includes its Nova Scotia provincial income tax. As at December 31, 2025, NSPML and MLFT's tax years still open to examination by taxing authorities include 2011 and subsequent years.

14. COMMITMENTS AND CONTINGENCIES

A. Commitments

As at December 31, 2025, contractual commitments (excluding long-term debt) for each of the next five years consisted of the following:

millions of Canadian dollars	2026	2027	2028	2029	2030	Total
OM&G	\$ 7.7	\$ 6.3	\$ 6.3	\$ 6.2	\$ 6.2	\$ 32.7
Capital	\$ 13.4	\$ -	\$ -	\$ -	\$ -	\$ 13.4

B. Legal Proceedings

The Company may, from time to time, be involved in legal proceedings, claims and litigations that arise in the ordinary course of business which the Company believes would not reasonably be expected to have a material adverse effect on the financial condition of the Company.

C. Principal Risks and Uncertainties

NSPML believes the following principal financial risks could materially affect the Company in the normal course of business. Risks associated with fair value measurements are discussed in note 1.

Sound risk management is an essential discipline for running the business efficiently and pursuing the Company's strategy successfully. NSPML has a business-wide risk management process, monitored by the Board of Directors, to ensure a consistent and coherent approach to risk management.

Counterparty Risk

The Company is exposed to risk related to its reliance on certain key partners, suppliers, and contractors any of which may endure financial challenges. The Company manages this counterparty risk through contractual rights and remedies and by monitoring significant developments with its partners, suppliers and contractors.

Regulatory Risk

The Company faces risk with respect to the recovery of costs in a timely manner. As a regulated cost-of-service utility, NSPML must obtain regulatory approval to set an assessment against NSPI to recover the costs of the Maritime Link.

During a public hearing process to establish an assessment, consultants and customer representatives review the Company's costs, actions, and plans. The NSEB sets the assessment based upon NSPML's evidence and any contrary evidence from other hearing participants. The Company manages this regulatory risk through transparent regulatory disclosure, ongoing stakeholder and government consultation and multi-party engagement. The Company employs a collaborative regulatory approach, including negotiated settlements where appropriate.

15. COMMON STOCK

Authorized: Unlimited number of non-par value common shares.

	millions of shares	2025 millions of Canadian dollars	millions of shares	2024 millions of Canadian dollars
Issued and outstanding:				
Balance, January 1	452.3	\$ 375.3	452.3	\$ 392.4
Reduction of stated capital of common stock	-	(17.1)	-	(17.1)
Balance, December 31	452.3	\$ 358.2	452.3	\$ 375.3

During the years ended December 31, 2025 and 2024 no additional common stock was issued to ENL. For the year ended December 31, 2025, \$17.1 million (2024 – \$17.1 million) was returned to the shareholder (Emera Inc.) as a reduction of stated capital.

NSPML paid \$37.0 million in dividends to common shareholders during year ended December 31, 2025 (2024 - \$41.0 million).

16. VARIABLE INTEREST ENTITY

The Company performs ongoing analysis to assess whether it holds any VIEs or whether any reconsideration events have arisen with respect to existing VIEs. To identify potential VIEs, management reviews contracts and other commercial agreements.

VIEs of which the Company is deemed the primary beneficiary must be consolidated. The primary beneficiary of a VIE has both the authority to direct the activities of the entity that most significantly impact its economic performance and the obligation to absorb losses of the entity that could potentially be significant to the entity. In circumstances where NSPML is not deemed the primary beneficiary, the VIE is not recorded in the Company's consolidated financial statements.

NSPML is deemed to be the primary beneficiary of MLFT. It has authority to direct the activities that are expected to impact the economic performance of MLFT most significantly, and it is exposed to the variability in the return earned on the invested assets. These activities make up the majority of the overall activities of MLFT. Therefore, MLFT must be consolidated by NSPML.

The following table provides information about NSPML's consolidated VIE, MLFT:

As at	December 31, 2025		December 31, 2024	
	Carrying amount	Maximum exposure to loss	Carrying amount	Maximum exposure to loss
millions of Canadian dollars				
VIE Liabilities:				
Other current liabilities	\$ 5.2	-	\$ 4.1	-
Long-term debt	1,562.9	-	1,620.0	-
Total VIE Liabilities	\$ 1,568.1	\$ 1,568.1	\$ 1,624.1	\$ 1,624.1

MLFT is a special purpose funding vehicle created for the purpose of obtaining financing for the Project. The net proceeds from the financing are included in the VIE assets above. As disclosed in note 1, the assets were used for the purpose of funding construction costs related to the Project pursuant to the FLG. Additionally, as disclosed in note 7, the MLFT amended its original FLG in the amount of \$500 million to refund NSPI for a portion of previous NSPML assessment payments.

The Company is committed to repay long-term debt through the MLFT. Project funds in the amount of \$1,562.9 million (2024 – \$1,620.0 million) are recognized as a long-term receivable from NSPML within the MLFT, which will be used to repay the long-term debt. As disclosed in note 10, this long-term receivable is eliminated upon consolidation.

17. SUBSEQUENT EVENTS

These consolidated financial statements and notes reflect the Company's evaluation of events occurring subsequent to the balance sheet date through March 27, 2026, the date the consolidated financial statements were issued.