Énergie NB Power

2026/27

First Quarter Report

Year-to-date results for the
period ended
June 30, 2026

Message from the President and CEO

There is a lot of important work underway across NB Power. From reliability improvements and major infrastructure projects to planning for New Brunswick's future energy needs, our teams continue to make progress on priorities that matter to customers and communities across the province.

We know rising costs continue to be a concern for households and businesses. Our role is to operate efficiently, manage costs responsibly and help customers better understand and manage their energy use, while continuing to invest in the infrastructure needed to provide reliable service.

Following decisions by the New Brunswick Energy and Utilities Board (EUB), customers experienced rate changes this quarter. While rate increases are always a last resort, New Brunswick customers continue to pay among the lowest electricity rates in Atlantic Canada and northeastern North America.

The EUB was involved in several other important matters this quarter as well. We filed the next phase of our Rate Design Plan to help ensure the costs of serving different customer groups are reflected fairly and equitably.

In May 2026, the EUB approved our proposed Renewables Integration Grid Security (RIGS) project, including a 100 MW expansion tolling agreement with the Independent Energy System Operator (IESO) Nova Scotia. This was an important milestone as we continue planning for New Brunswick's future energy needs and strengthening the reliability and resiliency of our electrical system.

We know there are still questions about this project and that's understandable. We remain committed to sharing information, listening to feedback and engaging with communities as the project moves through the remaining regulatory and environmental review processes.

This quarter, we also appeared before the provincial legislature's Public Accounts Committee following the release of the Auditor General's report on the RIGS project. We respect the regulatory processes that govern our utility and welcome opportunities to answer questions and explain the decisions we make on behalf of the customers we serve.

Connecting with customers and communities continues to be important to us. I was pleased to see NB Power featured in the newest season of Jimmy Saves the World on Bell Fibe TV1. In the second episode, our team highlighted Shediac's grid-connected solar farm and its role within the Shediac Smart Energy Community Project.

I also had the opportunity to participate in several podcasts this quarter, including East Coast Sun with Rudi Fowler, where we discussed potential changes to the net metering program and the future of energy generation in New Brunswick.

Helping customers better understand and manage their energy use remains a priority. We continue promoting the resources available at www.nbpower.com/takecharge, which provide practical information to help customers reduce consumption and lower electricity costs where possible.

Our mobile unit also continued travelling throughout the province this quarter, connecting customers directly with our energy efficiency experts at community events and home shows in locations including St. Stephen and Fredericton.

Reliability continues to be one of our most important priorities.

Point Lepreau Generating Station began a planned maintenance outage on April 10, 2026. More than 20,000 tasks are scheduled during the outage, which is expected to last until early August 2026. This work will help ensure the station continues to operate safely and reliably for years to come. We are also advancing work related to potential medical isotope production at Point Lepreau during this outage.

Elsewhere in the province, we continued investing in reliability improvements.

Following recent unplanned outages affecting customers in the Edmundston and Haut-Madawaska region, we met with the local mayors and developed a plan to improve reliability in the area.

In June, we hosted public information sessions in the region to discuss the local electrical system, outages and restoration processes, vegetation management and our ongoing efforts to improve reliability. These conversations are important and I appreciate everyone who took the time to attend, ask questions and share their perspectives.

We're also continuing to invest in infrastructure that will strengthen reliability and support growing electricity demand across the province. One example is the Static Synchronous Compensator (STATCOM) project in the Salisbury area. This project will help the grid operate more efficiently and reliably as demand continues to grow.

As we look to the future, we're focused on ensuring New Brunswick is well-positioned for the significant changes taking place across the energy sector.

This quarter, I participated in several speaking engagements focused on the future of energy. At the Pioneering New Nuclear in Atlantic Canada event in Saint John, I had the opportunity to discuss NB Power's role as the operator of Atlantic Canada's only nuclear generating station and explore future nuclear opportunities for our region.

I also spoke at the Energy That Shapes Our Future Conference in Fredericton, where leaders from across Atlantic Canada came together to discuss the region's evolving energy landscape. We talked about the challenges and opportunities associated with reducing emissions, meeting growing electricity demand, maintaining reliability and managing costs responsibly. I also highlighted the important role energy efficiency programs continue to play in helping New Brunswickers lower costs and improve comfort in their homes and businesses.

Another highlight of the quarter was our annual Energizing Efficiency Conference. This event brings together leaders, innovators and practitioners to explore the technologies, policies and ideas shaping the future of energy. The conversations that take place through events like this help inform our thinking as we continue transforming how we power New Brunswick.

This quarter, I was honoured to be named one of Atlantic Business Magazine's Top 50 CEOs for 2026 and to receive the award in the Crown Corporation/Post-Secondary Institution category. I see this recognition as a reflection of our team and the dedicated people I have the privilege of working alongside every day.

We continue focusing on attracting experienced leaders who will help guide our utility into the future. This quarter, we welcomed Chong Kiat (CK) Ng as our new Chief Operating Officer and also welcomed four new members to our Board of Directors. Together, these additions bring valuable experience across the electricity sector, business and governance.

This year also marked the completion of the Government of New Brunswick's independent review of our utility. The resulting report, Fit for the Future, incorporated significant customer and stakeholder input and provided 50 recommendations for strengthening NB Power.

The message from our customers was clear. New Brunswickers want reliable service, fair and manageable costs, clearer communication and greater control over how they use energy.

In May, we released our formal response and action plan.

Our path forward remains focused on maintaining reliable service, managing costs responsibly, helping customers better understand and manage their bills, providing greater choice and control over energy use and communicating more clearly and proactively.

Customers can expect to see continued improvements over time, including more reliable service, clearer information about bills and costs and better tools and options to help manage energy use.

I am proud of the work our team continues to do across New Brunswick. Every day, our employees are focused on serving customers, maintaining reliable service and preparing for the future.

We still have important work ahead, but I am encouraged by the progress we're making and the partnerships we're building along the way. I look forward to continuing that work together with our customers, communities and partners in the months ahead.

President and Chief Executive Officer
Lori Clark

Year-over-Year Financial Highlights[1]

NB Power continued to deliver reliable service during the first quarter of 2026/27, supported by generation fleet reliability and favourable export margins. These results allow NB Power to continue investing in critical infrastructure while meeting customer needs and maintaining system reliability.

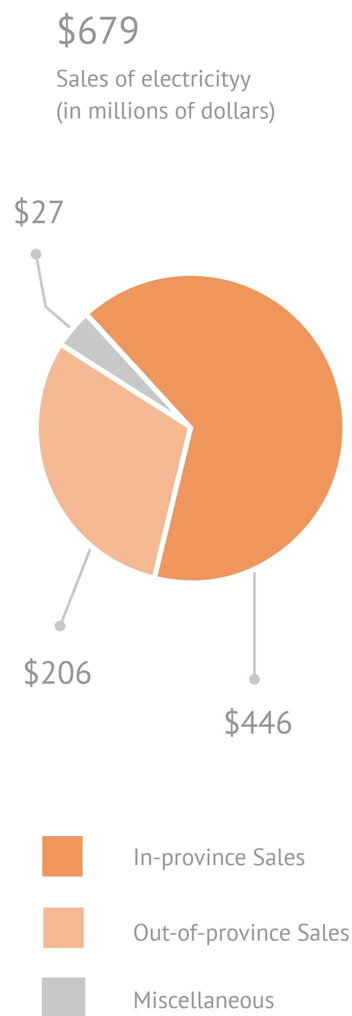
The New Brunswick Energy and Utilities Board (EUB) approved NB Power's general rate application for the 2026/27 fiscal year, with new rates taking effect on April 14, 2026. While the EUB-approved rate increase contributed to higher revenues, much of this benefit was offset by additional fuel and purchased power costs incurred during the planned maintenance outage of the Point Lepreau Nuclear Generating Station (PLNGS).

Despite the planned outage at PLNGS, NB Power maintained reliable service for customers through continued reliability across the generating fleet. PLNGS operated reliably in the final quarter of last year and entered its planned maintenance outage on April 10, 2026.

During the outage, NB Power's remaining generating fleet continued to perform reliably. The hydro fleet experienced minimal forced outages during the spring freshet and achieved production equivalent to 99 per cent of its long-term average. The Belledune Generating Station continued its strong performance, operating without an outage since July 9, 2025, while the Bayside Generating Station remained available to support system requirements following the successful completion of its planned outage last winter.

Although reliance on imported electricity increased compared with the prior year due to the PLNGS outage, strong generating fleet reliability helped mitigate the impact, contain costs and ensure customers continued to receive safe and reliable service.

Progress also continued on NB Power's strategic plan, Energizing Our Future, including the completion of smart meter deployment, advancement of energy efficiency initiatives and continued grid modernization efforts that support long-term reliability and customer service.

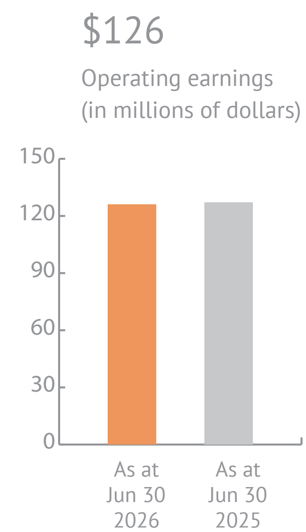


[1] *The financial information contained in the report includes abbreviated and condensed financial statements that have not been audited and contains financial estimates that are subject to change.*

Electricity Operations

Despite the planned maintenance outage at PLNGS, NB Power continued to provide safe and reliable service throughout the first quarter. Reliable operation of the remainder of the generating fleet helped offset the impact of the outage while supporting customer needs and system reliability.

NB Power's operating earnings for the three-month period ended June 30, 2026, were $126 million, $1 million lower than the same period last year.



Revenue from electricity sales in New Brunswick was $446 million, a $20 million, or five per cent, increase from the same period last year. The increase was primarily due to higher rates approved by the EUB that took effect in April 2026. Lower demand from residential and industrial customers partially offset the benefit of the rate increase.

Out-of-province revenue was $206 million, a $30 million, or 17 per cent, increase over the same period last year. The increase reflects higher export prices and favourable market opportunities in competitive Canadian and U.S. electricity markets. Results from out-of-province sales can vary significantly from year to year based on market conditions, export opportunities and service contracts.

Fuel and purchased power costs were $275 million, a $51 million, or 23 per cent, increase over the same period last year. The increase reflects higher purchased power volumes, fuel costs and carbon taxes incurred to meet customer demand during the planned maintenance outage of PLNGS. No comparable outage occurred during the same period last year.

Miscellaneous revenue was $27 million, a decrease of $2 million, or six per cent, compared with the same period last year. The decrease was primarily due to fewer opportunities to optimize natural gas supply at Bayside Generating Station.

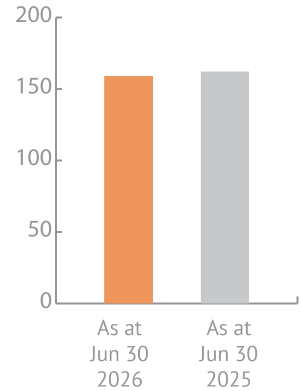
Overall, fleet reliability and favourable export market conditions helped support results during a period that included the planned outage of PLNGS.

Operation, Maintenance and Administration

Operation, maintenance and administration costs were $159 million, a $3 million, or two per cent, decrease from the same period last year. The decrease was primarily due to the planned maintenance outage at PLNGS during the first quarter, which resulted in more outage-related work being treated as a capital investment rather than a current-period operating expense. No comparable outage occurred during the same period last year.

$159

OM&A expenses
(in millions of dollars)



Depreciation and Amortization

Depreciation and amortization expense was $111 million, a $5 million, or five per cent, increase over the same period last year. The increase reflects NB Power's continued investment in infrastructure to maintain reliability, modernize the electricity system and support long-term service for customers. These investments include major maintenance activities at generating stations and ongoing upgrades to transmission and distribution networks.

Finance Costs

Finance costs were $68 million, an $8 million, or 13 per cent, increase compared with the same period last year. The increase was primarily due to lower foreign exchange gains on U.S. transactions and higher interest costs associated with increased long-term debt balances. Higher debt levels reflect NB Power's ongoing investment in infrastructure to maintain reliability and support future system needs.

Accretion on Decommissioning Liabilities

Accretion on decommissioning liabilities was $16 million, a $2 million, or 14 per cent, increase compared with the same period last year. The increase reflects updated estimates of the future costs associated with safely retiring and decommissioning certain assets at the end of their useful lives.

Nuclear Funds Investment Income

Unrealized gains on investments were $26 million, a $23 million, 767 per cent increase from the same period last year. While investment markets remain subject to volatility, market performance improved during the current period, resulting in higher investment returns compared with the prior year.

Sinking Fund and Other Investment Income

Sinking fund and other investment income was $7 million, a $3 million, or 75 per cent, increase compared with the same period last year. The increase was primarily due to a higher sinking fund balance, which generated additional investment income during the period.

Net Changes in Regulatory Balances

Net changes in regulatory balances decreased net earnings by $39 million. The year-over-year impact was lower because several regulatory accounts used to manage outage-related costs and customer rate impacts are no longer in effect. These impacts were partially offset by adjustments related to margin variances.

Net Earnings

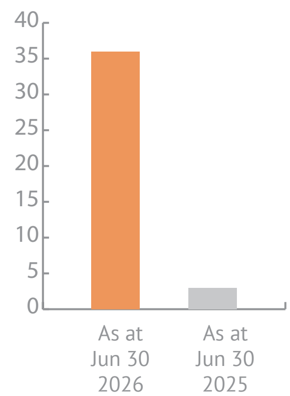
Net earnings for the period ended June 30, 2026 were $36 million compared with $3 million in the same period last year, an increase of $33 million. Core operations continued to deliver positive results despite the planned maintenance outage at PLNGS.

Higher financing costs were more than offset by stronger investment performance within the Nuclear Investment Fund and Sinking Fund, as well as lower impacts from regulatory balance adjustments following the conclusion of accounts used in the previous rate application.

Overall, net earnings improved compared with the prior year, reflecting continued operational performance, stronger investment returns and lower regulatory balance impacts.

$36

Net earnings
(in millions of dollars)



Debt Management

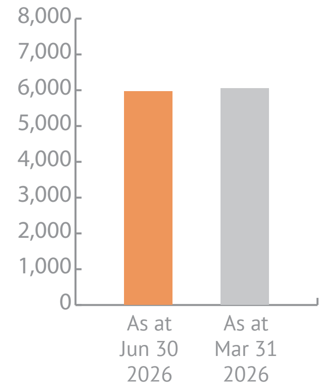
NB Power is undertaking significant capital investments to improve reliability, sustain operational performance and address aging infrastructure. These investments support long-term system reliability and help prepare the electricity system for future customer needs. As a result, debt levels are expected to increase over time.

Net debt was $5,972 million as at June 30, 2026, a decrease of $78 million from March 31, 2026. During the quarter, NB Power invested $213 million in capital projects, funded through positive operating cash flows of $290 million.

At period end, NB Power had $116 million in cash reserved for early works activities associated with the Mactaquac Life Achievement Project (MLAP).

$5,972

Total net debt
(in millions of dollars)



Consolidated Net Debt

In millions of dollars (Unaudited)

	As at Jun 30, 2026	As at Mar 31, 2026	Variance
Lease liabilities	$46	$45	$1
Finance liability	35	35	-
Short-term debt	599	662	(63)
Long-term debt	6,076	6,074	2
Cash	6	6	-
Restricted cash	116	123	(7)
Sinking fund receivable	662	637	25
Total net debt	$5,972	$6,050	$(78)
Retained earnings	$581	$545	$36
Accumulated other comprehensive (loss) (AOCI)	(47)	(41)	(6)
Total capital	6,506	6,554	(48)
Percentage of net debt in capital structure	91.8%	92.3%	(0.5%)

	12-Monts ended Jun 30, 2026	12-Monts ended Mar 31, 2026	Variance
Interest coverage ratio (12 months rolling)	0.7	0.7	-
Leverage ratio (12 months rolling)	9.0	9.2	(0.2)

Consolidated Statement of Financial Position

In millions of dollars (Unaudited)

Assets	As at Jun 30, 2026	As at Jun 30, 2025	As at Mar 31, 2026
Current assets			
Cash	$6	$4	$6
Restricted Cash	116	-	123
Accounts receivable	378	354	505
Materials, supplies and fuel	302	314	289
Prepaid expenses	59	50	33
Derivative assets	73	20	56
Total current assets	934	742	1,012
Non-current assets			
Property, plant and equipment	5,377	5,074	5,275
Intangible assets	44	52	46
Nuclear decommissioning and used fuel management funds	1,083	1,021	1,057
Sinking fund receivable	662	588	637
Derivative assets	16	18	21
Non-current prepaid expenses	19	19	19
Total non-current assets	7,201	6,772	7,055
Total assets	8,135	7,514	8,067
Regulatory balances	1,143	1,092	1,182
Total assets and regulatory balances	$9,278	$8,606	$9,249

Liabilities and equity	As at Jun 30, 2026	As at Jun 30, 2025	As at Mar 31, 2026
Current liabilities			
Short-term indebtedness	$599	$872	$662
Accounts payable and accrued interest	480	384	467
Deferred revenue	-	-	12
Accrued interest on short and long-term debt	63	60	33
Current portion of long-term debt	-	200	-
Current portion of lease liabilities	7	7	8
Derivative liabilities	24	26	18
Total current liabilities	1,173	1,549	1,200
Non-current liabilities			
Long-term debt	6,076	5,197	6,074
Lease liabilities	39	38	37
Decommissioning and used fuel management liability	1,216	1,162	1,204
Post-employment benefits	102	101	102
Provisions for other liabilities and charges	97	73	87
Finance liability	35	35	35
Derivative liabilities	6	21	6
Total non-current liabilities	7,571	6,627	7,545
Total liabilities	8,744	8,176	8,745
Accumulated other comprehensive loss	(47)	(105)	(41)
Retained earnings	581	535	545
Total equity	534	430	504
Total liabilities and equity	$9,278	$8,606	$9,249

Consolidated Statement of Earnings

In millions of dollars (Unaudited) Period ended June 30

	2026	2025	Variance
Revenue			
Sales of electricity			
In-province	$446	$426	$20
Out-of-province	206	176	30
Miscellaneous	27	29	(2)
Total revenue	679	631	48
Expenses			
Fuel and purchased power	275	224	51
Operation, maintenance and administration expenses	159	162	(3)
Depreciation and amortization	111	106	5
Property/utility taxes	8	12	(4)
Total operating expenses	553	504	49
Operating earnings	126	127	(1)
Finance costs	(68)	(60)	(8)
Accretion on decommissioning liabilities	(16)	(14)	(2)
Nuclear funds investment income	26	3	23
Sinking fund and other investment income	7	4	3
Net earnings before changes in regulatory balances	75	60	15
Net changes in regulatory balances	(39)	(57)	18
Net earnings	$36	$3	$33

Operating Statistics

(Unaudited) Period ended June 30

	2026	2025	Variance
Operating highlights			
In-province sales (GWh)	2,890	2,951	(61)
Heating degree days	740	734	6
Export sales (GWh)	1,434	1,523	(89)
Hydro flows below long-term average (%)	(1.0%)	0.0%	(1.0%)
PLNGS net capacity factor (%)	10.3%	100.4%	(90.1%)
Return on nuclear investment funds (%)	9.8%	1.2%	8.6%
Return on nuclear investment funds ($)	26	3	23

Consolidated Statement of Cash Flows

In millions of dollars (Unaudited)

	Period ended June 30	
	2026	2025
Net Earnings	$36	$3
Operating activities		
Depreciation and amortization	111	106
Finance charges	68	60
Net change in regulatory balances	39	57
Investment income	(33)	(7)
Accretion on decommissioning liabilities	16	14
Other amounts charged to operations not requiring a cash payment	(10)	29
Net change in non-cash working capital balances	82	5
	(24)	267
Interest paid	8	(18)
Customer contributions	(2)	3
Post-employment benefit payments	(1)	(2)
Long-term prepayments	(1)	(1)
Net cash flows from operating activities	$290	$249
Investing activities		
Expenditures on property, plant, equipment and intangible assets, net of proceeds and government grants	$(209)	$(150)
Cash expenditures on decommissioning	(4)	(4)
Net cash used in investing activities	$(213)	$(154)
Financing activities		
Repayment of short-term indebtedness	$(63)	$(82)
Sinking fund installments	(19)	(17)
Principal repayment of lease liabilities	(2)	(1)
Net cash used in financing activities	$(84)	$(100)
Net cash (outflow)	$(7)	$(5)
Cash and cash equivalents, beginning of period	129	9
Cash and cash equivalents, end of period	$122	$4
Cash	$6	$4
Restricted cash	116	-
Total cash and cash equivalents	$122	$4