ANNUAL REPORT
2025-2026





NTPC.COM

NORTHWEST TERRITORIES POWER CORPORATION
Empowering Communities

NORTHWEST TERRITORIES HYDRO CORPORATION
Power for Generations

NTPC Mission, Vision and Values

Mission

To generate, transmit and distribute clean, reliable and affordable energy to the Northwest Territories

Vision

To enrich the lives of Northerners by providing power that encourages living, working and investing in the NWT

Values



SAFETY

We make safety our first priority, a cornerstone in all decisions



PEOPLE

We consider the well-being and success of every employee in all decisions



COMMITMENT

We are determined, agile and know how to keep the lights on



COMMUNITY

We work with and for all Northerners

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Introduction

Throughout 2025-26, NTPC's focus continued to be on delivering safe, reliable and affordable electricity to customers while preparing for future growth, growing customer interest in renewable energy, and addressing infrastructure needs across the Northwest Territories.

A new Board of Directors for NT Hydro and the Northwest Territories Power Corporation was put in place, several new energy policy initiatives were introduced and an extensive public consultation process was launched to identify a preferred path forward for NWT's electricity sector.

On September 2, 2025, the Government of the Northwest Territories (GNWT) announced the appointment of a new hybrid Board of Directors for the Northwest Territories Power Corporation (NTPC) and





NT Hydro. Beginning in 2016, the Board had been fully comprised of senior public servants. The new Board structure includes seven members of the public and two GNWT officials.

A Ministerial letter was provided to the new Chair and the rest of the Board. This letter provided clear policy direction from the GNWT as the sole shareholder, outlining priorities and expectations to ensure strategic oversight and effective governance. It established the foundation for accountability, financial responsibility, and long-term planning while ensuring decisions align with the public interest.

While the Board guides strategy and operations, it does not set power rates, these remain regulated by the NWT Public Utilities Board. Through this modern, inclusive governance model, the GNWT aims to stabilize and strengthen the energy system, support economic growth, and create opportunities for northerners.

On April 16, 2025, new policy directions were issued by the GNWT to the Public Utilities Board (PUB) to modernize how electricity is regulated and delivered in the Northwest Territories. The changes are designed to support the growing pressure to transition to a lower-carbon economy, while maintaining an electricity system that is safe, secure, affordable, and reliable. Work to advance these policy directives began in 2025-26 and will continue into 2026-27.

A final PUB decision to approve NTPC's latest General Rate Application came in January 2026 with new rates coming into effect on February 1, 2026. Funding support from the GNWT limited bill increases to 15 percent or less.

The Department of National Defense (DND) contacted NTPC to discuss its future energy needs in Inuvik and Yellowknife related to significant new infrastructure being planned in both communities. NTPC will continue to work with DND, the GNWT, Indigenous governments/organizations and local communities to identify the best path forward for providing the power required while maintaining or improving reliability of the existing systems and maintaining rate stability.

On July 15, 2025, NTPC introduced a new website that focuses on the NWT's energy future. Powering the North (www.poweringnwt.ca) has become a hub for understanding how energy in the Northwest Territories is being transformed and exploring how sustainable, reliable, affordable electricity and grid innovation empower our communities and drive our economy. NTPC's corporate website (www.ntpc.com) continues to provide important information about current operations including customer service, safety, environmental and regulatory matters and community outreach activities.

Corporate Profile

NTPC was established in 1988 and is the leading electricity supplier in the Territory. Our mission is to generate, transmit and distribute clean, reliable and affordable energy to the Northwest Territories.

NTPC's team is made up of over 200 dedicated employees, located in 27 communities throughout the territory. We manage more than $650 million in assets including: three hydroelectric systems, 27 diesel plants, five solar arrays, one wind turbine, two battery storage systems, and one natural gas plant. Together these provide a total generating capacity of approximately 151 MW.

NTPC generates power for more than 43,000 residents, located across the Territory's 1.2 million square kilometers. This power is delivered to our customers through 565 kilometers of transmission lines and approximately 650 kilometers of distribution lines delivered over approximately 13,000 power poles.

The Northwest Territories Power Corporation is a subsidiary of NT Hydro, which is a Crown Corporation. The Government of the Northwest Territories is its' sole shareholder.

NTPC generates power for more than 43,000 residents, located across the Territory's 1.2 million square kilometers.

Minister's Message

As a focus on the North takes on a more significant role in Canada's economic, energy and security future, reliable and affordable energy across the NWT is more important than ever. A strong north with secure energy systems supports a strong, more secure and more prosperous Canada.

As Minister Responsible for the Northwest Territories Power Corporation (NTPC), I know the hard work that employees put in every day, helping to build and maintain more secure and more reliable energy systems across the Territory. This is a challenging space when factors such as aging infrastructure, severe weather, low water in the North Slave and wildlife and vegetation contacts on power lines cause challenges to both affordability and reliability.

For many years, there has not been a coordinated, long-term approach to planning our electricity system. We need to be in a stronger position moving forward, and we are taking steps to get there.

Better planning will help us understand where demand is going, make smarter infrastructure investment decisions, and identify practical opportunities for renewable and lower-emission energy sources.

This work is not just about planning infrastructure. It is about making sure Indigenous governments, communities, and Northerners have a meaningful role in shaping how our energy systems evolve. Better planning and clearer direction will help us manage costs and put the Northwest Territories in a stronger position to advance priority projects and secure federal investment.

Reliable and affordable energy is foundational to strong communities, economic opportunity, and long-term resilience across the Northwest Territories.

Sincerely,

Honourable Caroline Wawzonek

Minister Responsible for the Northwest Territories Power Corporation

Board of Directors

2025-26

CHAIR:	**Judy Goucher**
VICE-CHAIR:	**Leigh-Anne Palter**
DIRECTORS:	**Gaeleen MacPherson** **Russell Noksana** **Terence Courtoreille** **Danny Bayha** **Grace Nakimayak** **Kevin Hodgins** **Troy Bradbury**
CORPORATE SECRETARY:	**Christine Duggan**

Year in Review

New Board: The GNWT introduced governance reform to align NTPC's practices with national standards for Crown corporations and to build a Board that reflects the diversity and expertise of the Northwest Territories. The new Board oversees NTPC's business and strategic direction, ensuring alignment with the public interest. The Board's role is governance, not rate-setting. Any changes to power rates must be reviewed and approved by the NWT Public Utilities Board (PUB).

Board members were selected through a formal and inclusive appointment process. The Expression of Interest (EOI) process emphasized communication and teamwork skills, business competence, demonstrated leadership, and integrity. While expertise in governance, finance, utilities, or lived experience in NWT communities was considered, the primary qualification was the ability to provide effective strategic oversight. The process also prioritized Indigenous, regional, and gender-diverse representation to ensure the Board reflects the communities it serves.

The appointment of a new Chair and Vice-Chair and two GNWT representatives took effect in September 2025 with the remaining directors coming onboard in January 2026.

GNWT Policy Directives and PUB response: The Government of the Northwest Territories issued 11 policy directives to the Public Utilities Board aimed at strengthening and modernizing the territory's electricity system. The directives focus on matters such as improving and expanding net metering and independent power producer programs, implementing rate impact mitigation measures and mandating long-term integrated system planning.

The new Board oversees NTPC's business and strategic direction, ensuring alignment with the public interest.

An Integrated Power System Plan (IPSP), through a phased approach, will guide how electricity is supplied, generated, used, and managed in the NWT over the next 20+ years. This includes understanding future electricity needs, identifying opportunities for renewable energy, sequencing and planning for infrastructure investments, and exploring opportunities to reduce diesel reliance, all while keeping power reliable and affordable.

The PUB outlined a major, multi-year effort to advance those directives and to plan the future of electricity across the NWT. NTPC and Naka Power Utilities Inc., supported by the GNWT, launched public engagement on the IPSP in February 2026. The engagement continued into 2026-27 and will be ongoing as communities bring forward projects and initiatives.

Grid Modernization and Department of National Defense Investment: There have been increasing signs of load growth in several of the communities we serve. The expectation is that this growth will continue as new subdivisions and community infrastructure are planned. It is critical that NTPC is ready to meet the increased electricity demand. This will require significant capital investment in new generation as well as in transmission and distribution infrastructure.

On March 12, 2026 the Prime Minister announced that the Government of Canada would be investing in significant infrastructure upgrades at two Department of National Defense (DND) Forward Operating Locations in the NWT – Yellowknife and Inuvik.

Prior to this announcement, preliminary discussions had been held between NTPC and DND to discuss future energy needs in both communities. These discussions touched on future load growth as well as how additional power demand would be met, including the probable need for new generation, transmission and distribution infrastructure. Funding from the DND to support their power needs may benefit existing customers and replacement or upgrading of aging infrastructure will likely be necessary.

NTPC is in the early stages of developing modernization plans for the Inuvik and Snare electrical grids to support demand growth in communities as well as the DND initiatives. A working group within NTPC was established and coordination with DND, Indigenous and community leaders and the GNWT has begun to advance the grid modernization plans with completion of the plans expected in 2026-27.

The Snare plan will address future low water, reliability, and load growth. Options will consider technical solutions such as asset investment and policy solutions such as demand side management through time of use rates and regulatory accounts to fund future low water events.

The plan will consider the following inputs/ constraints:

- *Snare Resiliency Study, Jackfish backup study, North Slave Protection Study, GNWT Hydropower Assessment*
- *Medium & long-term load forecast scenarios (Department of National Defense, gold and critical mineral mining)*
- *PUB response to 2025 GNWT Electricity Policy Direction*
- *NTPC Board response to the 2025 Minister's Letter to the Board of Directors*
- *GNWT Energy & Climate Change Strategy Update*
- *Taltson Expansion Project*

The Inuvik plan will address increased integration of renewables, reliability, and load growth and will benefit from the existing renewable assets of wind, solar, battery storage and the microgrid control system. The plan will consider the following inputs/constraints:

- Medium & long-term load forecast scenarios (Department of National Defense)
- Indigenous Government energy projects
- GNWT Energy & Climate Change Strategy Update
- PUB response to 2025 GNWT Electricity Policy Direction

General Rate Application

On October 30, 2024, NTPC filed a General Rate Application (GRA) with the NWT Public Utilities Board (PUB) after being directed to do so by the PUB in an earlier regulatory proceeding related to the transfer of the Hay River franchise to NTPC. On January 26, 2026, the Public Utilities Board (PUB) issued a decision on NTPC's General Rate Application Compliance Filing following a year-long review process that included public hearings.

Recognizing that the cost of power was a challenge for all customers, the GNWT announced that it would be providing a new Cost of Living Subsidy to be applied directly to customer bills in zones where the rate increase exceeded a 15% increase. The new subsidy program along with the existing Territorial Power Support Program helps reduce the total bill impact on customers.

As a result of the PUB decision, residential customers in Yellowknife, the Snare and Thermal zones that use 1000 kWh in the winter experienced bill increases of nine dollars per month as of February 1. This represents 59% of all residential customers served by NTPC. Residential customers in the Taltson zone that use 1000 kWh saw a larger $23 bill increase. This is due to higher cost pressures than in other rate zones, including legacy cost of service issues in the Taltson Zone and the PUB's goal of ensuring that each rate zone covers its own costs as much as possible.

In this filing, NTPC addressed several directives issued by the PUB over the course of the GRA process including the creation of a new Sunk Costs Deferral Account (SCDA) to recover certain costs. The sunk costs are described as costs arising from extraordinary events, such as extreme low water in the Snare system and wildfires, that have already been incurred, but with no enduring value. Although the PUB determined that these costs were legitimately incurred, they also ruled that these costs should not be included in base rates. This includes approximately $34 million in fuel and operating costs.

As a result, several new riders, such as an SCDA rider, were added to electricity bills starting on February 1. A rate rider is a temporary charge or credit approved by the PUB to recover specific costs that were necessary to deliver electricity to customers. These costs are not part of regular electricity rates and may include items such as power purchases, infrastructure work, or past operating expenses.

Riders are applied for a set period and may vary by community.

There were four primary categories behind the increasing cost for NTPC to provide electricity service to its customers:

- *High Fuel Prices*
- *Large Capital Projects, such as the Taltson Overhaul*
- *Extraordinary Events, such as extreme low water in the Snare Zone and*
- *Normal Operations, which includes inflationary pressures while electricity sales remain flat*

Operations

There were several positive developments related to electricity generation in 2025-26. Water levels in the Snare system returned to normal after several years of extreme low water. When water levels are low, hydro generation is reduced and use of diesel generators increases. Over the past year, approximately 95% of electricity used to power Yellowknife came from hydro, marking a significant improvement over the previous several years. Starting in 2022, the percentage of hydro generation was considerably lower, and therefore the cost to provide power to customers was much higher.

NTPC has implemented a new process for estimating how much water will be available for hydro generation in the next year using HydroForecast, a data consolidation tool/software. This is a data modelling system that uses artificial intelligence to provide a probability inflow basis, i.e. how much water can we expect to be available for hydro generation through the summer and into the following. A pilot project was conducted in 2024-25, which provided a more accurate prediction of actual water levels than the process NTPC has used.

Taltson: As 2025-26 began, the Taltson hydro unit had recently returned to service following an extended shutdown while a major overhaul of key components was underway. Taltson provided power for approximately four months before a scheduled summer shutdown began in August during which outstanding items from the overhaul were to be resolved. This planned work was successfully completed.



External cladding and insulation had to be removed as part of the Surge Tank Remediation Project

During the shutdown, NTPC became aware that a corrosion issue in the surge tank was more extensive than expected and required extensive remediation work before it could safely be returned to service. Remediation or replacement of the 60-year-old surge tank was not included in the scope of the Taltson Overhaul Project but was included in NTPC's five-year capital plan.

As a result, Taltson remained offline until March 2026 which meant that Fort Smith, Fort Resolution, Hay River, Enterprise and Kátł'odeeche First Nation were powered by diesel while the surge tank remediation work was underway. Cost of the

surge tank remediation project was estimated at approximately $36 million, including fuel costs during the shutdown.

Norman Wells: On January 30, 2026, Imperial Oil Limited (IOL) announced that it was ceasing production at its facility in Norman Wells. For many years, NTPC has purchased electricity from IOL to power its customers in the community, providing only back up power from its local plant. Starting in August 2026, NTPC will provide primary power to Norman Wells. In addition to the two permanent generators already in the plant, a temporary mobile generator will be installed at the plant to ensure required capacity is available on site until the third generator is installed. Procurement of a new permanent generator will advance in 2026-27.

NTPC is training staff and reviewing support contracts and infrastructure to ensure that all auxiliary activities are in place to support prime power production in Norman Wells. NTPC is in regular contact with officials at IOL to ensure that it is kept apprised of operational plans going forward and that the transfer of electrical generation is coordinated and as seamless as possible for customers.



NTPC completed work on the local distribution system in advance of assuming responsibility for primary power production in Norman Wells

Other key generation activities include:

- Design work advanced on the new hybrid diesel/natural gas plant that will be built in Fort Simpson in the next several years
- Additional generation capacity was added to the Deline plant to meet the increase in electricity demand accompanying a second ice plant at the local arena
- Fire protection devices were put in place at power plants in Wrigley, Whati, Jean Marie River and at Snare Hydro when wildfires were in the area

Transmission and Distribution

Considerable work was completed in 2025-26 by NTPC's transmission and distribution team Among the highlights were:

- A total of 53 power poles were replaced in seven communities as part of an ongoing inspection and replacement program

Behchoko	11
Lutselke	3
Fort Smith	8
Jean Marie River	3
Inuvik	9
Fort Simpson	17
Nahanni Butte	2



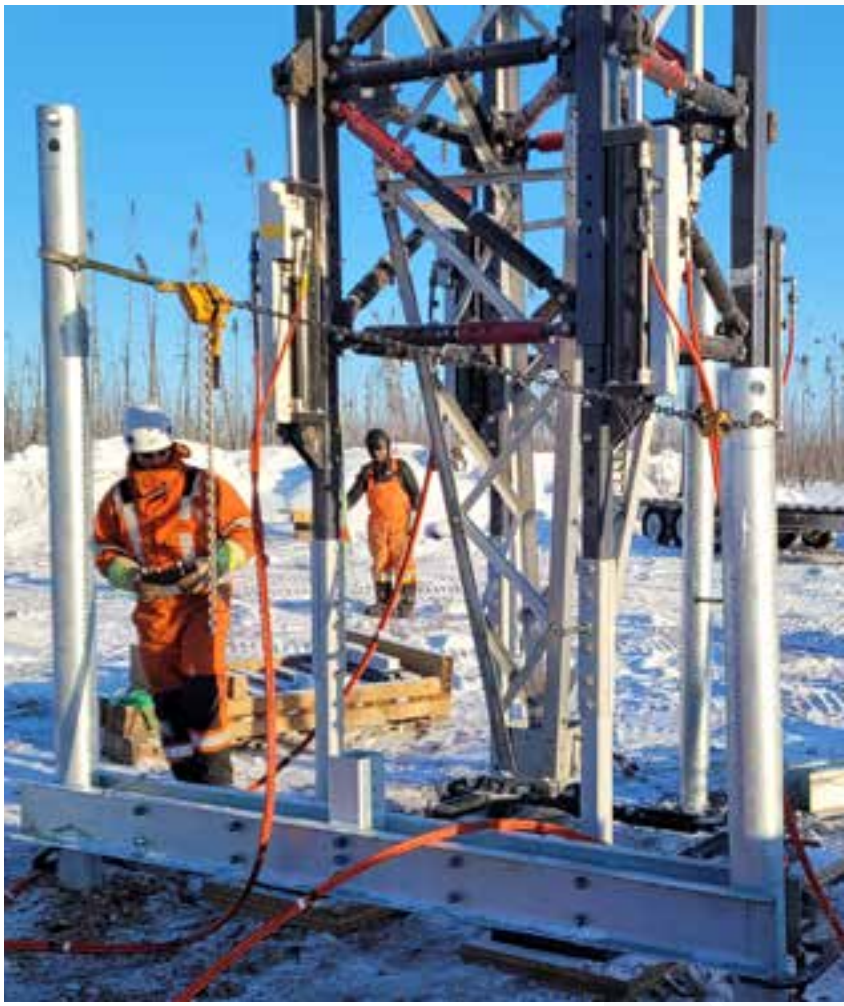
Sprinkler systems are placed on the roof of power plants when wildfires are approaching

- Replacement of six tower bases and anchors on the transmission line from Taltson
- Significant brushing (vegetation management) was completed on the transmission line from Taltson to Fort Smith, within Snare Hydro and in Hay River

It was another very active year for our service desk, which is responsible for processing requests for new connections, disconnections, line locates, reconnections and line lifts for high load moves. In 2025-26 alone, more than 220 projects were opened. The connection of new subdivisions to the electricity system in some of the communities we serve reflected the arrival of new housing units and this will likely continue in the coming years, based on the priorities of federal, territorial, community and Indigenous governments.



Tower with new foundation and anchors



New foundations and anchors were installed on six towers on the transmission line from Taltson.

Capital Projects

NTPC is continually improving reliability in the communities we serve, through maintenance, overhauls and capital projects.

Among the multi-year projects that were started, advanced or completed in 2025-26, are:

- Fort Smith voltage upgrade project
- Taltson transmission line replacement of tower anchors
- Snare 5B Bridge replacement
- Commissioning of new generator at Jackfish
- Hardening NTPC' s operational systems against cyber attacks

NTPC has focused considerable effort over the past couple of years in improving its capital and project planning and project delivery. In 2025-26, progress was made in the development of a new process for project management to ensure greater predictability of cost and schedule for major capital projects.

Moving forward, the new process will strengthen project scoping, refine capital planning and delivery structure, clarify roles and strengthen collaboration and improve capital budget flexibility to ensure that new and emerging issues can be addressed in a timely manner.

Hay River Franchise

NTPC successfully welcomed its new Hay River customers, following transfer of the distribution franchise from Naka Power Utilities in the fourth quarter of 2024-25. The transition went smoothly and was seamless for most customers.



NTPC hosted an open house for new Hay River customers in May 2025 to help familiarize them with its online customer portal -- www.MyNTPC.com

The Transmission Distribution Operations Division completed an inspection of more than 2800 power poles in the community to identify those that had reached or were approaching end of life. In 2026-27, a total of 74 poles will be replaced.

NTPC also began the process of upgrading and automating the aging Hay River diesel plant. This included completing a full plant asset inventory, assessment of genset maintenance history, setting up assets in NTPC's computerized maintenance management system (CMMS), development of plant operating procedures matching procedures in NTPC's other diesel plants, conversion of all gensets into load sharing capability (ISOCH) allowing for better reliability and less manual human intervention.

By 2027-28, the plant is expected to be fully automated.

Recruitment and Retention of Employees

Although some specific communities continued to pose a challenge for recruitment and retention, overall employee turnover and job vacancy have been stable,

NTPC turnover statistics shown below are representative of both voluntary and involuntary turnover for the identified period. Of note, voluntary turnover for 2025-26 was only 5.96%

Fiscal Year	Turnover (%)
2020-21	10.64%
2021-22	16.36%
2022-23	13.96%
2023-24	12.44%
2024-25	10.21%
2025-26	10.64%

The job vacancy rate remained steady over the past year at NTPC but still low compared to recent years. Statistics listed below are calculated using a snapshot of the number of positions vacant at the end of the fiscal year.

Fiscal Year	Turnover (%)
2020-21	13.01%
2021-22	15.02%
2022-23	13.19%
2023-24	15.00%
2024-25	8.94%
2025-26	10.15%

Safety

Safety is the number one Value at NTPC. Health, Safety, and Environment (HSE) performance remains a core priority in our operations and a fundamental measure of our organizational integrity.

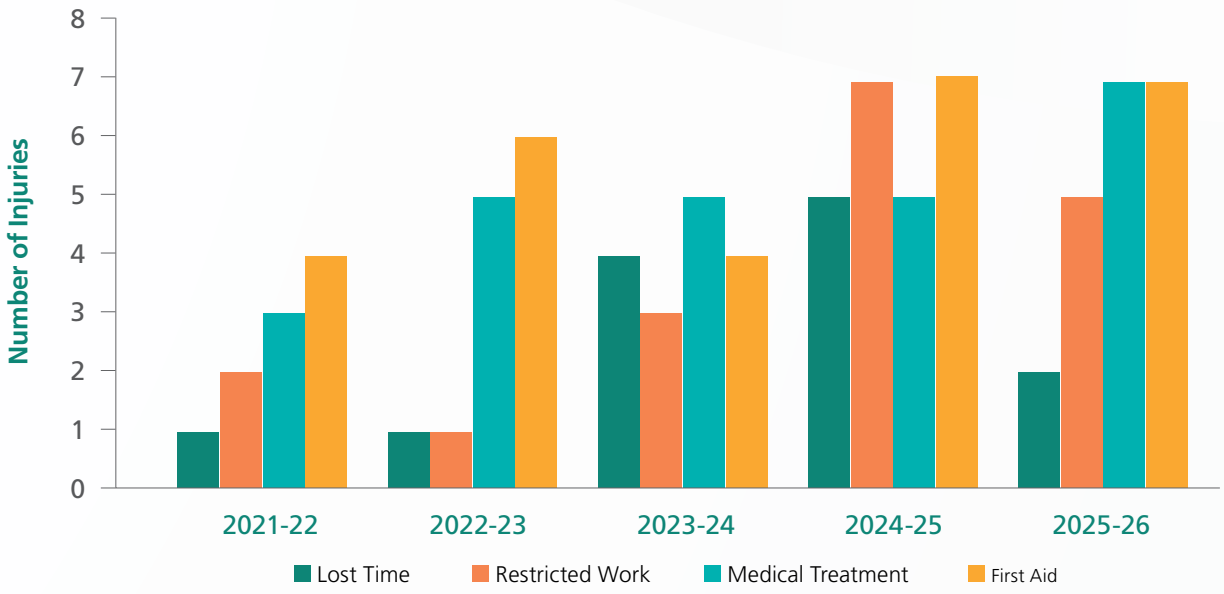
Over the past year, we have continued to strengthen our commitment to protecting our people, minimizing risk, and fostering a culture where safety is embedded in every activity. An example of this is the successful completion of an external Certificate of Recognition (COR) audit of our Health and Safety Management System. Retaining the COR demonstrates our commitment to safety and the high standard to which we hold our employees and contractors.

The following section presents an overview of our safety performance, supported by data and trends that provide transparency into how effectively we are managing hazards, preventing incidents, and responding to emerging risks across our operations.

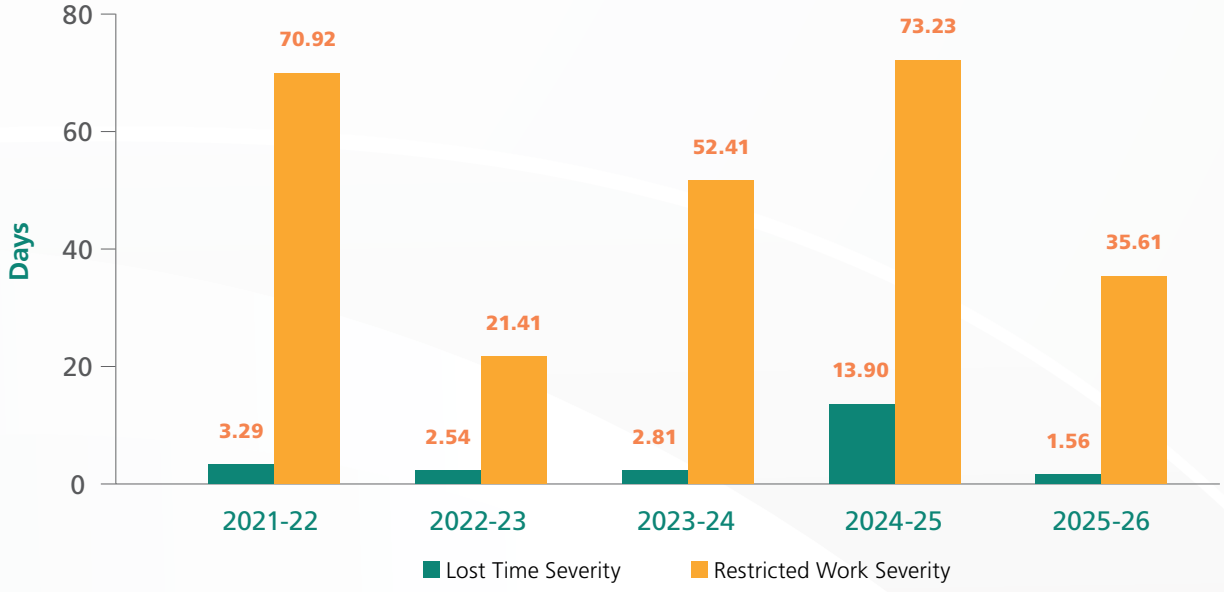
The accompanying figures illustrate key safety indicators, including injuries by classification and severity, enabling a clear view of both frequency and impact. By analyzing these trends, we are able to identify areas of progress, as well as opportunities for improvement, ensuring that lessons learned translate into meaningful action. This data-driven approach supports continuous improvement and reinforces accountability at all levels of the organization.

Over the past year, we have continued to strengthen our commitment to protecting our people, minimizing risk, and fostering a culture where safety is embedded in every activity.

Injuries by Class



Injury Severity



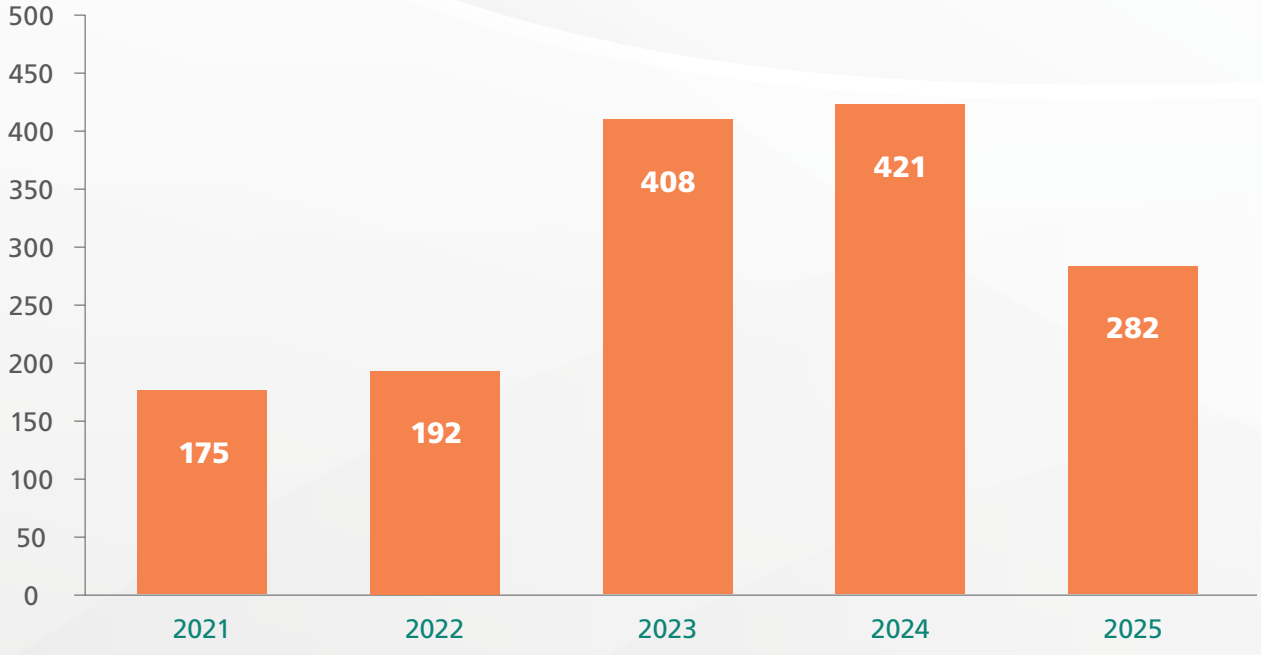
Environment

NTPC is committed to reducing its greenhouse gas emissions, primarily by using less diesel to generate electricity.

This data is tracked annually, using the calendar year rather than the fiscal year. The graph below illustrates our performance over the past five years. The volume of GHG emissions decreased in 2025 due to an increase in hydro generation in the North Slave, however emissions were higher compared to 2021 and 2022 due to a maintenance shutdown of Taltson Hydro for half of the year and the acquisition of the Hay River backup diesel generation plant.

NTPC has assets with known environmental impacts in 22 communities, including the newly acquired Hay River plant site. NTPC has an approximate on-site impacted soil volume of 49,696m3. The impacted soil volume for the Hay River plant site will be determined once a Phase III Environmental Site Assessment is completed.

Greenhouse Gas Emissions (tCO2e) Per GWh of Generation



The stewardship of water and the surrounding environment remains a central focus of our operations and long-term planning. While the current Taltson Type A Water License does not expire until 2027, proactive efforts to support its renewal were initiated in 2025-26. This work has included early internal engagement to define scope, identify key risks and opportunities, and align on technical priorities. In parallel, pre-application engagement has begun with community stakeholders, ensuring their perspectives are incorporated early in the process and that the renewal is advanced in a transparent, collaborative manner. These early actions reflect NTPC's commitment to responsible water management, strong relationships, and regulatory preparedness

NTPC has assets with known environmental impacts in 22 communities, including the newly acquired Hay River plant site. NTPC has an approximate on-site impacted soil volume of 49,696m3

Customer Service

Net Metering program

The Net Metering program has proven very popular since it was first introduced in 2014. The program is open to electricity customers who install solar panels on their property that does not exceed 15 kilowatts. Net Metering allows customers to accumulate energy credits monthly for any excess electricity they produce to be used against those months when their usage exceeds their production.

Currently, the amount of generation capacity is restricted to 20% of the average load in each eligible community to ensure the reliability of the local electricity system. Each eligible project is also restricted to a maximum rated capacity generally not exceeding 15 kilowatts. The percentage cap on renewables is expected to rise in the future and is included in the list of 11 policy directives that were sent to the Public Utilities Board by the GNWT.

As of March 31, 2026, there were a total of 94 approved and installed solar locations registered with the Net Metering Program with a total installed capacity of 756 kilowatts. Net metering customers supplied 284 megawatt hours in 2025-26, compared to 30 megawatt hours in 2018-19.

Reliability

The average electricity customer in the NWT experienced a higher frequency of outages in 2025 (calendar year) than the average Canadian customer. This increased frequency of outages is a common characteristic of remote electricity grids. However, the average length of outages experienced by the average NTPC customer is lower than what the average electricity customer faces across the rest of the country. The localized nature of NTPC's electricity systems normally allows power to be restored more quickly than is the case in southern provinces.

Average restoration time and total outage time for NTPC customers were higher in 2025 than in 2024

Source of Outages

Average number of outages per NTPC customer: **15.62**

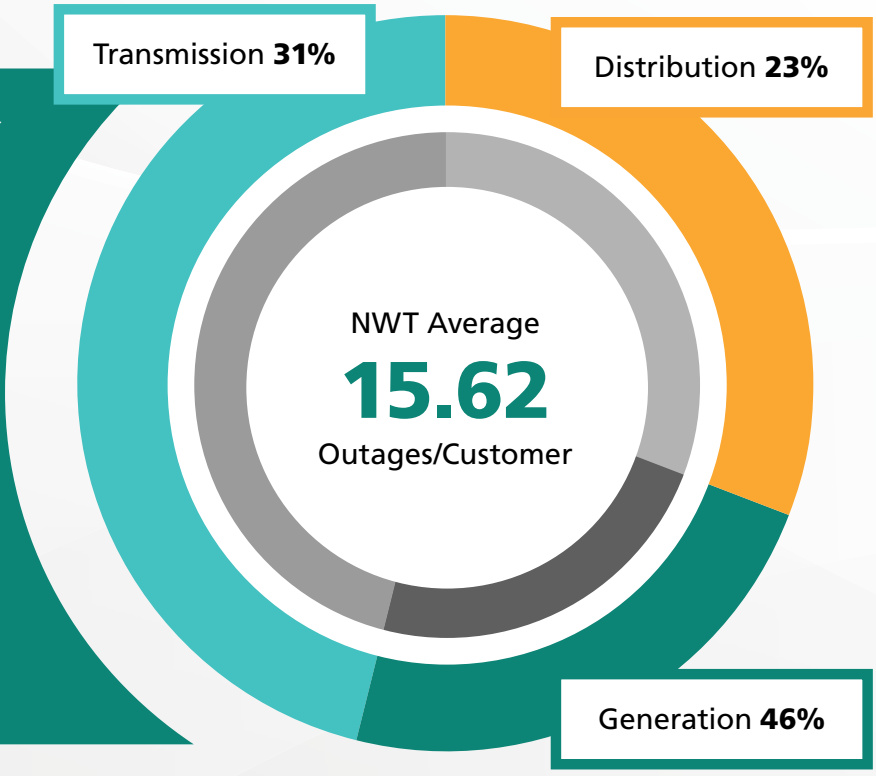
Average number of outages across Canada per customer: **2.69**

Average length of outage per NTPC customer: **38 minutes**

Average length of outages across Canada per customer: **3 hours and 38 minutes**

Total length of outages per NTPC customer: **9 hours and 49 minutes**

Total length of outages across Canada per customer: **9 hours and 46 minutes**



Empowering Communities

NTPC is proud to support organizations and events that enrich the lives of our customers in the communities we serve. Our community investment program focuses on four broad areas:



Education



Health and Wellness



Community



Environment

Our donations primarily focus on youth activities to help encourage development of a strong and well-rounded northern workforce and to support cultural and community development. However, we encourage non-profit organizations from all across the NWT to apply for funding through our program, whether they are primarily focused on youth or not. All applications that meet the criteria of the Community Investment Policy will be reviewed and considered for support.

Financial Statements

MANAGEMENT DISCUSSION AND ANALYSIS

The following is a discussion of the consolidated financial condition and results of the operations of the Northwest Territories Hydro Corporation (NT Hydro) and the Northwest Territories Power Corporation (NTPC) for the year ended March 31, 2026. It should be read in conjunction with the audited consolidated financial statements and accompanying notes.

The enclosed 2025-26 financial statements adhere to Public Sector Accounting Standards (PSAS). All financial information is expressed in Canadian dollars.

Management assumes full responsibility for the information provided in this Discussion and Analysis and confirms that appropriate information systems, procedures and controls are in place to ensure that the information provided is complete and reliable.

This report contains forward-looking statements, including statements regarding the business and anticipated financial performance of the Corporations. These statements are subject to a number of risks and uncertainties that may cause actual results to differ from those contemplated in the forward-looking statements.

NTPC has been proud to be a territorial owned provider of power to the second largest geographical jurisdiction in Canada since May 5, 1988, when the Government of the Northwest Territories (GNWT/Shareholder) acquired the NTPC as a Crown Corporation.

Either through direct distribution of power or wholesaling power to a third-party, NTPC serves most of the communities in the Northwest Territories (NWT). NTPC manages and maintains a system of generation, transmission and distribution assets over a territory-wide service area which includes communities that are only accessible by air, barge, or winter roads.

In 2007, GNWT passed the Northwest Territories Hydro Corporation Act, creating NT Hydro. As a result, NT Hydro owns 100% of NTPC, which is also a public agency established under the Northwest Territories Power Corporation Act. In addition to NTPC, NT Hydro owns 100% of the NWT Energy Corporation (03) Ltd. (NT Energy).

NT Hydro's main operations in 2025-26 were carried out by NTPC. NTPC is focused on its core business of providing reliable electricity services through generation of power by hydroelectric, diesel, natural gas, wind and solar power generation facilities, as well as transmitting and distributing this power to customers in an environment regulated by the Northwest Territories Public Utilities Board (PUB).

NT Energy is a non-regulated subsidiary which is used to complete higher risk projects than those completed within NTPC. NT Energy's core focus is on growth targets in NT Hydro's 20 Year Strategic Plan specifically planning and developing safe and environmentally responsible energy projects to serve existing and new energy requirements in the Territories.

A Year in Review

Change in Governance

On September 2, 2025, the Minister Responsible for the Northwest Territories Power Corporation appointed a new hybrid Board comprised of seven members of the public and two GNWT officials. This replaces the previous Board which was comprised of senior government officials.

The Minister provided the new NTPC Chair and Board with clear policy direction from the GNWT as the sole shareholder, outlining priorities and expectations to ensure strategic oversight and effective governance. It established the foundation for accountability, financial responsibility, and long-term planning while ensuring decisions align with the public interest.

Public Utilities Board Direction

On April 16, 2025, 11 new policy directives were issued by the GNWT to the Public Utilities Board (PUB) to modernize how electricity is regulated and delivered in the Northwest Territories. The changes are designed to support the growing pressure to transition to a lower-carbon economy, while maintaining an electricity system that is safe, secure, affordable, and reliable. Work to advance these policy directives began in 2025-26 and will continue into 2026-27.

General Rate Application

On January 26, 2026, NTPC's General Rate Application, initiated in October 2024, was concluded. Factors such as fuel price increases, major capital additions on top of inflationary pressures resulted in significant increases in the cost of providing electricity. The GNWT recognized that increasing electricity rates are a significant burden on consumers and limited bill increases to 15% through the application of a new Cost of Living Subsidy program.

The PUB further directed NTPC to complete a Phase II application and justification of Taltson overhaul cost by early 2027.

Snare Low Water Costs

Water flow on the Snare hydro system returned to near normal levels in 2025-26 and provided 95% of the Snare system generation.

Major Capital Projects

Inspection of the Taltson surge tank in July 2025, determined that the 60-year-old tank had significant pitting and was unsafe to continue to operate. Remediation efforts required that diesel generation was used for a significant period of time, resulting in $36 million in costs for remediation and generation costs.

2025-26 Financial Results

The majority of NT Hydro's operating results come from NTPC's operations. NT Energy's activities consist mostly of business development costs and of capital work in progress related to EV corridor.

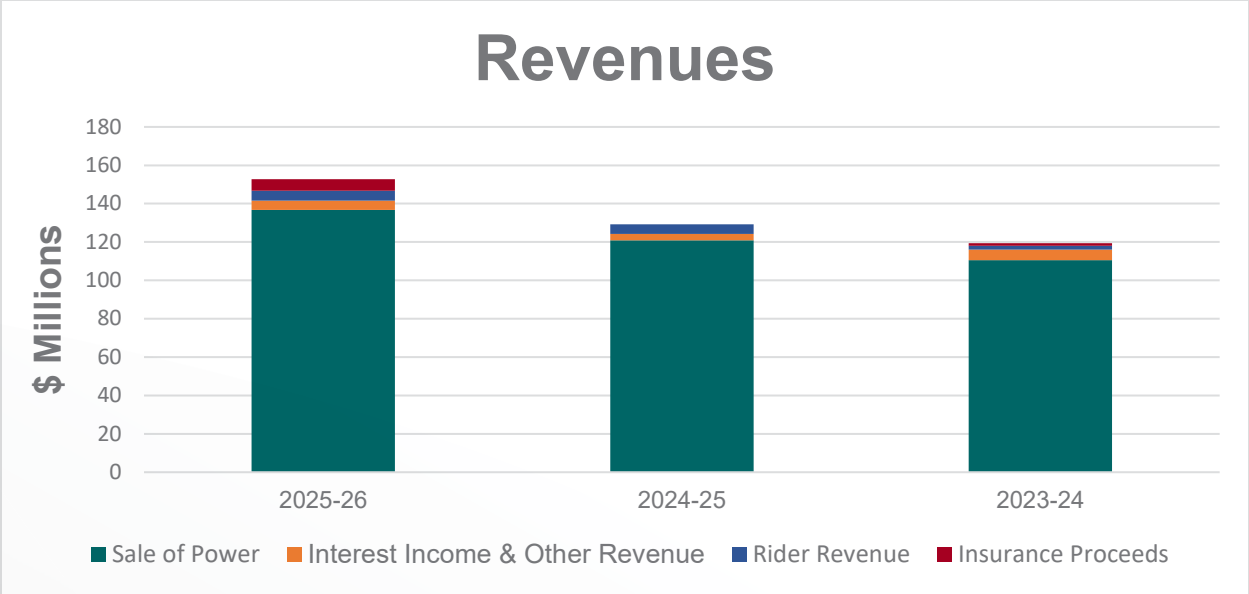
NTPC Results

NTPC reported a deficit of $2.1 million in 2025-26. This is primarily a result of two factors, a change in accounting treatment of the GRA shortfall and elevated fuel expenditures.

Revenues

NTPC Performance Indicator	2025-26 Results	2024-25 Results	2023-24 Results
Revenues: Current Year vs Prior Year	118%	109%	101%
Revenues: Actual vs Budget	102%	91%	95%

In 2025-26, NTPC had a 12.9% increase in electrical sales revenue due to increased electricity rates resulting from the General Rate Application. Income for the year also includes $12 million in funding related to the low water event, $6 million in funding for the Sunk Cost Deferral Account, and $6 million in insurance proceeds.

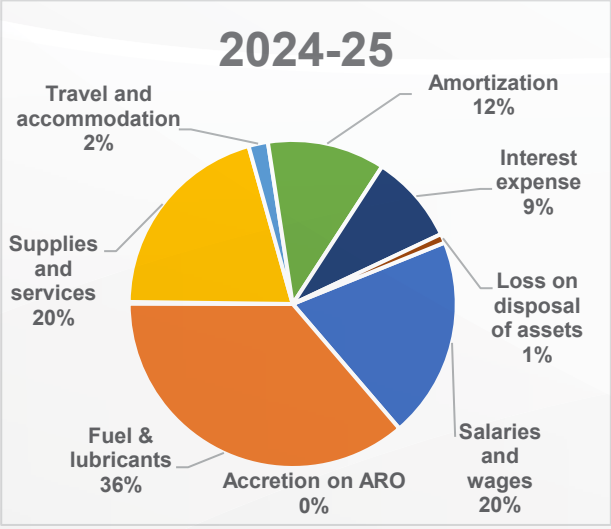


Expenses

NTPC Performance Indicator	2025-26 Results	2024-25 Results	2023-24 Results
Operating Expenses: Current Year vs Prior Year	101%	100%	125%
Operating Expenses: Actual vs Budget	111%	88%	112%

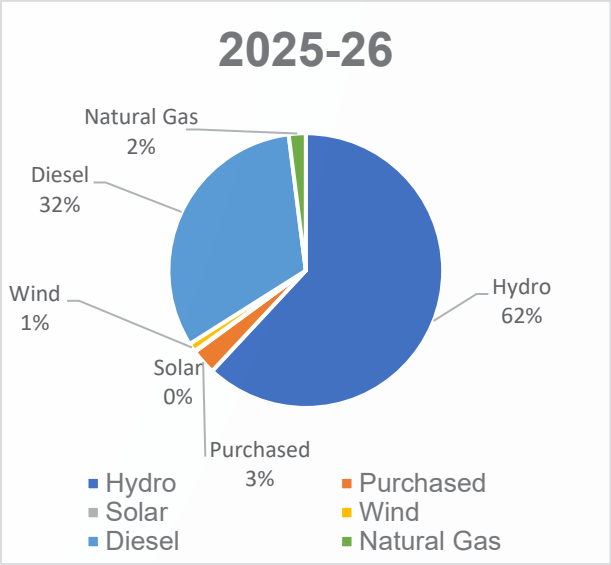
NTPC exceeded its budget primarily due to increased fuel usage resulting from the Taltson surge tank refurbishment.

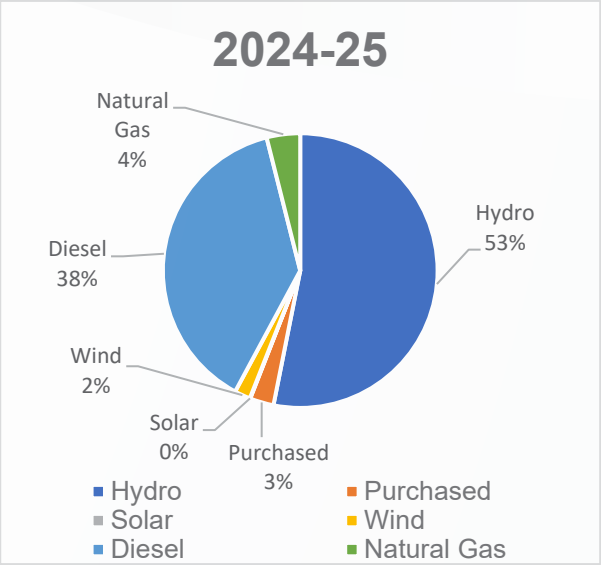




Generation by Source

Hydro has traditionally been NTPC's primary generation source, providing over 76% of all power generated. Due to the shutdown on the Taltson hydro site for surge tank remediation, hydro generation fell to 62% in 2025-26.





Performance Indicators and Financing

NTPC Performance Indicator	2025-26 Results	2024-25 Results	2023-24 Results
Net Income as % Total Revenues	-1%	62%	-29%
Net Income as % Total Assets	0%	11%	-7%
Debt to Equity	2.72	2.65	3.70

Look Ahead

Climate Change and Water Levels

The impact of climate change, including both high-and low-water levels and wildfires, remains one of the top risks for NTPC. The NWT is warming about three times the global rate, as highlighted in Canada's 2019 Changing Climate Report. To help mitigate climate change, NT Hydro's 2030 strategic plan is aligned with the GNWT's 2030 NWT Climate Change Strategic Framework and 2030 Energy Strategy, which aim to reduce GHG

emissions from electricity generation. NTPC is accessing government programs to fund GHG reduction and advancing climate change mitigation projects whenever possible.

Northern Development

The Federal Government has announced significant future investment in the north. The Department of National Defense (DND) is expanding the capabilities of two forward operating bases in the NWT – Inuvik and Yellowknife – both of which will add load to the electrical systems and require capital investment, primarily funded by DND, to meet the new demand.

The Federal Government's Major Projects Office has also engaged with the GNWT on advancement of the Taltson Expansion Project. This project is expected to add 60 MW of electrical generation capacity and connect the north and south NTPC electrical grids. This multi-year project will mitigate low water events on the Snare system and allow economic development in the critical mineral mining sector when completed.

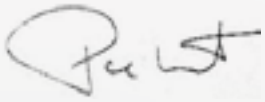
NTPC has undertaken Grid Modernization Studies in both Inuvik and in the Snare Zone to model future grid needs and generation options for the future.

Capital Expenditures

NT Hydro's strategic objectives include a focus on investing in core assets, increasing the distribution customer base, advancing GHG reduction projects and reducing fuel consumption. The 2025-26 NT Hydro capital program included projects to advance these strategic initiatives. The Fort Providence transmission line project will transfer two diesel communities to hydro generation, construction of an LNG power plant in Fort Simpson will significantly reduce GHG emissions in that community and will relocate the existing diesel power plant out of the center of Town. In addition, several overhauls or replacement of aging hydro infrastructure, representing significant investment in core assets, will be completed.

NT Hydro continues to work closely with the GNWT in securing federal and territorial funding and to advance these projects focused on GHG reductions or climate mitigation.

Respectfully submitted,



Paul Grant, CPA
Chief Financial Officer

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026

NORTHWEST TERRITORIES HYDRO CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, and are protected from loss or unauthorized use, and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.



Cory Strang
Chief Executive Officer



Paul Grant
Chief Financial Officer

Hay River, NT
August 14, 2026



Office of the Auditor General of Canada | Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Hydro Corporation and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows 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 Group as at 31 March 2026, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Group 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Hydro Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Hydro Corporation Act* and regulations, and the by-laws of the Northwest Territories Hydro Corporation.

In our opinion, the transactions of the Northwest Territories Hydro Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Hydro Corporation Act*, we report that, in our opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Hydro Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Hydro Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
14 August 2026

NORTHWEST TERRITORIES HYDRO CORPORATION

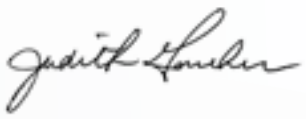
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2026	2025
Financial assets		
Cash	$ 2,510	$ 596
Revenues receivable (Note 4)	22,836	18,024
Government contributions receivable (Note 20)	595	518
Investment in Aadrii Ltd.	374	379
	26,315	**19,517**
Liabilities		
Operating line of credit (Note 5)	131,774	101,928
Accounts payable and accrued liabilities (Note 6)	84,768	49,010
Debenture debt owing to third parties (Note 7)	236,750	255,377
Debenture debt owing to the GNWT (Note 7)	34,532	35,577
Asset retirement obligations (Note 8)	7,443	6,997
Environmental liabilities (Note 9)	15,416	16,379
Capital lease obligation (Note 10)	14,329	14,734
Other employee future benefits (Note 11)	2,924	2,510
Deferred government contributions (Note 20)	2,448	59
	530,384	**482,571**
Net debt	**(504,069)**	**(463,054)**
Non-financial assets		
Tangible capital assets (Note 12)	661,753	623,668
Purchased intangible assets (Note 3)	14,575	15,173
Inventories (Note 13)	18,121	17,671
Prepaid expenses	3,117	2,355
	697,566	**658,867**
Accumulated surplus / equity (Note 14)	**$ 193,497**	**$ 195,813**

Contractual obligations, contractual rights, and contingent liabilities (Note 21)
Subsequent events (Note 23)

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

Approved on behalf of the Board:



Judith Goucher, Chair of the Board



Leigh-Anne Palter, Vice-Chair of the Board

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31
(in thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
Revenues			
Sale of power (Note 15)	$ 139,501	$ 136,667	$ 120,966
Rider revenue	6,979	5,057	5,040
Other revenue (Note 16)	3,733	4,551	2,581
Interest income (Note 18)	95	153	102
Insurance proceeds	-	6,000	-
Income (loss) from investment in Aadrii Ltd.	40	(5)	14
	150,348	**152,423**	**128,703**
Expenses (Note 17)			
Thermal generation	90,806	106,443	112,139
Hydro generation	25,314	26,131	21,541
Corporate services	18,309	16,906	16,919
Transmission, distribution and retail	14,955	16,784	13,621
Purchased power	2,305	3,999	3,490
Alternative power generation	4,749	2,322	2,459
	156,438	**172,585**	**170,169**
Deficit for the year before government contributions	**(6,090)**	**(20,162)**	**(41,466)**
Government contributions			
Contributions from the Government of the Northwest Territories (Note 19)	51,891	17,846	83,452
Surplus (Deficit) for the year	**$ 45,801**	**$ (2,316)**	**$ 41,986**
Accumulated surplus / equity, beginning of year	**195,813**	**195,813**	**153,827**
Accumulated surplus / equity, end of year	**$ 241,614**	**$ 193,497**	**$ 195,813**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
Surplus (deficit) for the year	$ 45,801	$ (2,316)	$ 41,986
Tangible capital assets			
Additions (Note 12)	(68,153)	(58,928)	(63,752)
Capitalized overhead	(3,200)	(4,820)	(6,239)
Capitalized interest (Note 18)	(2,760)	(1,432)	(1,942)
Disposals (Note 12)	2,192	2,064	958
Amortization (Note 12)	25,243	25,031	21,776
	(46,678)	**(38,085)**	**(49,199)**
Acquisition of purchased intangible assets	-	(158)	(15,236)
Amortization of purchased intangible assets	-	756	63
Acquisition of inventories	(9,600)	(24,389)	(20,379)
Use of inventories	9,600	23,939	19,866
Acquisition of prepaids	(3,300)	(4,815)	(3,625)
Use of prepaids	3,300	4,053	3,531
	-	**(614)**	**(15,780)**
Increase in net debt for the year	**$ (877)**	**$ (41,015)**	**$ (22,993)**
Net debt, beginning of year	(463,054)	(463,054)	(440,061)
Net debt, end of year	**$ (463,931)**	**$ (504,069)**	**$ (463,054)**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

	2026	2025
Cash (used) provided by operating activities		
Cash receipts from customers	$ 141,337	$ 124,307
Contributions from the Government of the Northwest Territories	27,156	81,248
Cash paid to suppliers	(66,456)	(127,001)
Cash paid to employees	(35,361)	(35,289)
Interest paid	(17,628)	(14,931)
Interest received	153	112
	49,201	**28,446**
Cash provided by investing activities		
Distribution from Aadrii Ltd.	-	50
	-	**50**
Cash (used) provided by capital activities		
Acquisition and development of tangible capital assets	(63,074)	(71,533)
Acquisition of purchased intangible assets	-	(15,236)
Proceeds on sale of tangible capital assets	67	12
Insurance proceeds	6,000	-
	(57,007)	**(86,757)**
Cash (used) provided by financing activities		
Repayment of capital lease obligation	(405)	(405)
Repayment of debenture debt	(19,721)	(4,566)
Proceeds from operating line of credit	29,846	62,962
	9,720	**57,991**
(Decrease) increase in cash	**$ 1,914**	**$ (270)**
Cash, beginning of year	596	866
Cash, end of year	**$ 2,510**	**$ 596**

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

NORTHWEST TERRITORIES HYDRO CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Hydro Corporation (NT Hydro) was established under the *Northwest Territories Hydro Corporation Act.* NT Hydro is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro (Note 14).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydroelectric facility.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NT Energy). NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations. NT Energy is responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the Public Utilities Act. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. The PUB approved a return on equity of 8% which will remain in effect until it is reassessed in the next General Rate Application (GRA) filing (Decision 10-2025). As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs. The PUB approved the rider effective May 1, 2019 (Decision 4-2019). NTPC filed with the PUB in February 2024 an application to increase the fuel rider charged to customers. PUB approved a rider increase of approximately 1.07 cents/kWh (1.01 cents to 1.12 cents) which came into effect May 1, 2024 (Decision 8-2024).

The PUB directed NTPC to file a GRA application by December 31, 2024 (Decision 1-2024). Due to this decision NTPC filed for interim rate increases on May 9, 2024. Two interim rates were approved by the PUB. The first was for increases of 0.5% in the Snare zone, 0.9% in the Taltson zone, and 12.7% in the Thermal zone effective July 1, 2024. The second was for increases of 5.5% in the Snare zone and 5.5% in the Taltson zone effective December 1, 2024 (Decisions 15 and 25-2024).

On February 7, 2025, NTPC filed for interim rates for Hay River effective March 1, 2025. The interim rates were approved by the PUB (Decision 6-2025). Non-government customers are to be billed at Taltson rates, and government customers are to be billed Fort Smith rates plus 1.96 cents/kWh.

The GRA process began in October 2024 and ended in January 2026. Various PUB decisions leading up to the final Decision 1 – 2026 approved NTPC's revenue requirement of $144.559, an average rate increase of 19.1% and riders.

The PUB directed specific rate increases by zone and by customer class. From current interim rates, Taltson zone would see an increase of 15%, and Thermal zone would see an increase of 8.3%. New rates were in effect February 1, 2026.

Four riders were approved through the GRA process to begin February 1, 2026:

The GRA Shortfall Rider recovers the revenue lost between rates customers paid and the final rates the PUB approved for the 2024–25 and 2025–26. This rider differs by zone, ranging from -0.69 cents/kwh to 10.4 cents/kWh, and is to be collected over 26 months.

The Sunk Cost Deferral Account (SCDA) Rider collects approved past system costs, such as additional costs for the Taltson overhaul, extreme low water, and wildfire related expenses, that were necessary to keep the system reliable. These costs are not included in base rates, but NTPC is approved to collect the costs through a rider. The rider is 0.42 cents/kWh and is applied to all NTPC customers until the balance has been reduced to zero, which is expected to be over 25 years.

NORTHWEST TERRITORIES HYDRO CORPORATION

The Deferral Miscellaneous Deferral Transfer (DMDT) rider recovers regulatory balances that transferred to NTPC when NTPC took over service in Hay River, including items like previous GRA shortfalls and wheeling charge adjustments that were owed to Naka Power Utilities (Naka). Because these costs directly relate to electricity service in Hay River before NTPC took over, the rider is only applied to Hay River customers. The rider is 0.18 cents/kWh and is applied until the balance has been reduced to zero, which is expected to be over 2 years.

The Global Adjustment Rider (GAR) recovers costs incurred by Naka for transitional costs incurred during the Hay River Franchise transfer. The PUB determined that NTPC should recover a portion of these costs on behalf of Naka so that they are shared across the NWT. The GAR is a short-term rider of 0.74 cents/kWh and is to be applied to all NTPC retail customers from February 1, 2026 to May 31, 2026.

c) Economic dependence

NT Hydro has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NT Hydro will depend on continued financial support from the GNWT.

NORTHWEST TERRITORIES HYDRO CORPORATION

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of NT Hydro consists of the transactions and balances of NT Hydro and its wholly-owned subsidiaries. Inter-entity transactions and balances with the wholly-owned subsidiaries are eliminated upon consolidation. NT Energy's investment in its government business partnership (GBP), Aadrii Ltd., is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful lives of tangible capital assets, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in a write-down to net realizable value.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligation.

Provisions for impairment of revenues receivable and government contributions receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivable are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2025-26 was 4.35% (2024-25 – 4.46%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

i) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability.

The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB (Decision 6-2023). The cost, less residual value, is amortized over an asset's useful life on a straight-line basis based on the average life of the group. Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2026 Rates (%)	2025 Rates (%)
Electric power plants	1.00 – 5.00	1.00 – 5.00
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse equipment, motor vehicles and general facilities	1.54 – 20.00	1.54 – 20.00
Electric power plant under capital lease	1.00 – 4.35	1.00 – 4.35

f) Purchased intangible assets

Purchased intangible assets represent non-monetary economic resources that are identifiable without physical substance acquired through an arm's length exchange transaction. Purchased intangible assets are recorded at cost less accumulated amortization and, if necessary, impairment losses. Purchased intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life of 20 years.

NORTHWEST TERRITORIES HYDRO CORPORATION

g) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and all eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability, in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

h) Contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from utility customers. These contributions are recorded as other revenues when all restrictions or stipulations imposed have been satisfied, generally when the resources are used for the purposes intended.

i) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (the Plan), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

j) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and is recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) Severance and ultimate removal benefits

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement, ultimate removal or death of an employee.

ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate, but do not vest and are not paid out to employees upon resignation, retirement, ultimate removal or death of an employee.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

k) Asset retirement obligations

An asset retirement obligation (ARO) liability is recognized at the financial reporting date, when all of the following criteria are met:

- NT Hydro has a legal obligation to incur retirement costs,
- The past transaction or event giving rise to the liability has occurred,
- NT Hydro expects that future economic benefits will be given up, and
- A reasonable estimate of the amount can be made.

The estimate of an ARO incorporates a present value technique. When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The liability is based on management's best estimate of retirement and/or abatement cost.

At each financial reporting date, the carrying amount of the liability is reviewed. NT Hydro recognizes period to period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. NT Hydro continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

l) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NT Hydro is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NT Hydro's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of environmental liabilities on an annual basis.

m) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

n) Revenues

Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. These revenues are recognised when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation.

Sales of power and rider revenue consist of a single performance obligation, the customer's utilization of power. Performance obligations are satisfied as electricity is delivered because of the continuous transfer of control to the customer. These revenues are measured based on cyclical meter readings. Sale of power revenues and rider revenues include accruals for electricity sale not yet billed.

Contract work revenue relates to construction contracts with customers. These revenues are recognized over time as performance obligations are fulfilled and are measured based on costs incurred.

Interest is recognized on an accrual basis.

o) Expenses

Expenses are recognized on an accrual basis.

p) Contractual obligations and contingent liabilities

The nature of NT Hydro's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NT Hydro to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NT Hydro are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

q) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

Note 2. Significant accounting policies (continued)

r) Future accounting changes

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt the new Conceptual Framework for Financial Reporting in the Public Sector. Earlier adoption of the new framework is permitted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt PS 1202 Financial Statement Presentation. The standard sets out general and specific requirements for the presentation of information in financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework. Earlier adoption is permitted if the Conceptual Framework for Financial Reporting in the Public Sector is early adopted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

3. Acquisition of Hay River Franchise

On March 1, 2025, NTPC completed the fair value acquisition of the Hay River franchise, including electricity distribution and backup generation assets and other related assets and liabilities. This transaction was executed through two sequential Asset Purchase Agreements (APA): first between Northland Utilities Limited (NUL, operating as Naka Power) and the Town of Hay River, and subsequently between the Town of Hay River and NTPC.

Under the second agreement, the purchase price was as follows:

Original purchase price	$ 28,255
Adjustments to purchase price	
Accounts receivable recorded in 2024-25	875
Accounts receivable recorded in 2025-26	(46)
Inventory recorded in 2024-25	(35)
Purchased intangible asset recorded in 2025-26	158
	952
Adjusted purchase price	$ 29,207

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 3. Acquisition of Hay River Franchise (continued)

The adjusted purchase price after subsequent adjustments is $29,207, (2024-25 $29,095). $28,255 was transferred on the closing date of March 1, 2025, the remaining portion is still owing to NUL at March 31, 2026.

NTPC acquired certain regulatory deferral accounts, which are not recognized under PSAS. These will be recovered in future rates as approved by the Northwest Territories Public Utility Board (PUB).

As a result of the acquisition, NTPC capitalized, within the tangible capital assets ($5,792 to electric power plants, $5,733 to transmission and distribution and $792 to general facilities), related overhead costs and transfer costs of $591 and increased the asset retirement obligation related to the purchased buildings for $212. It was determined on acquisition that there is no obligation related to environmental liabilities.

The portion allocated to purchased intangible asset includes NTPC's exclusive franchise right to distribute electricity within the Town of Hay River for 15 years with an automatic 5-year extension assuming neither party has provided notice of non-extension. The asset had an opening net book value of $15,173, increased by an adjustment of $158, less current year amortization of $756, resulting in an ending balance of $14,575.

The final consideration and associated asset values may be subject to further post-closing adjustments as outlined in the APA. These immaterial adjustments will be reflected in NTPC's 2026–27 fiscal year as necessary.

NORTHWEST TERRITORIES HYDRO CORPORATION

4. Revenues receivable

At March 31, 2026, the aging of revenues receivable was as follows:

	2026			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 19,035	$ 1,513	$ 324	$ 20,872
Non-utility	2,031	98	142	2,271
Allowance for doubtful accounts	-	-	(307)	(307)
	$ 21,066	$ 1,611	$ 159	$ 22,836

At March 31, 2025, the aging of revenues receivable was as follows:

	2025			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 14,685	$ 2,097	$ 464	$ 17,246
Non-utility	656	105	297	1,058
Allowance for doubtful accounts	-	-	(280)	(280)
	$ 15,341	$ 2,202	$ 481	$ 18,024

The changes in the allowance for doubtful accounts were as follows:

	2026	2025
Balance, beginning of the year	$ (280)	$ (254)
Receivables written off	47	51
Change to allowance	(74)	(77)
Balance, end of the year	$ (307)	$ (280)

Revenues receivable on utility and non-utility accounts are due in 28 and 30 days, respectively. Interest is charged after the due dates at rates in the terms of the service agreement. As at March 31, 2026, NT Hydro provided an allowance for doubtful accounts for the estimated portion of its revenues receivable accounts. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable is included in Note 22.

NORTHWEST TERRITORIES HYDRO CORPORATION

5. Operating line of credit

NT Hydro has a $150,000 (2024-25 - $150,000) operating line of credit with its bank with an interest rate of Prime less 0.5%. The operating line of credit allows NT Hydro to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2026, NT Hydro has borrowed $131,774 (2024-25 - $101,928) against the line of credit. NT Hydro has no outstanding letters of credit as of March 31, 2026 (2024-25 – nil).

6. Accounts payable and accrued liabilities

The following is a summary of NT Hydro's accounts payable and accrued liabilities:

	2026	2025
Trade payables and accrued liabilities	$ 25,654	$ 25,819
Payable to GNWT and its related entities (Note 20)	46,018	10,993
Payroll liabilities	5,255	5,023
Other payables	4,863	4,010
Interest payable	2,978	3,165
	$ 84,768	$ 49,010

NORTHWEST TERRITORIES HYDRO CORPORATION

7. Debenture debt

a) Owing to third parties

	2026	2025
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 48,709	$ 50,170
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	34,096	35,645
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually repaid July 11, 2025	-	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first semi-annual payment is interest only, the second semi-annual payment is interest plus $667 principal	4,667	5,333
4.344% debenture – interest payable semi-annually, principal is due April 14, 2053	75,000	75,000
	$ 237,472	$ 256,148
Less: unamortized premium, discount and issuance costs	(722)	(771)
	$ 236,750	$ 255,377

The GNWT guarantees all third-party debenture debt.

b) Owing to the GNWT

	2026	2025
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 34,532	$ 35,577

Principal repayments for future years on all debenture debt are as follows:

2027	2028	2029	2030	2031	Thereafter	Total
$ 4,885	$ 5,055	$ 30,235	$ 5,420	$ 5,614	$220,795	$272,004

NORTHWEST TERRITORIES HYDRO CORPORATION

8. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land. ARO also includes estimated remediation costs to remove asbestos from NTPC's buildings.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $14,180 (2024-25 - $13,311).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 93 years with a weighted average of 17 years.
- The discount rate is the year-end cost of borrowing of 4.10% (2024-25 – 3.94%) for those obligations to be settled in less than 10 years and 4.87% (2024-25 – 4.59%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2024-25 – 2%).

Following is a summary of the asset retirement obligations:

	2026	2025
Opening balance	$ 6,997	$ 6,440
Liabilities settled	(8)	-
Accretion expense	295	262
Valuation adjustment	114	74
Additions	45	221
Balance, end of year	$ 7,443	$ 6,997

The valuation adjustments relate to changes in discount rates, timing of cash flows and estimated costs to retire assets and remediate asbestos. The valuation adjustments are reflected as changes to the carrying value of the tangible capital assets.

NORTHWEST TERRITORIES HYDRO CORPORATION

9. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 22 geographic locations (2024-25 - 22 locations) with multiple sites at each location which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - $71,740 (2024-25 - $70,312).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 64 years with a weighted average of 31 years.
- The discount rate is the year-end cost of borrowing of 4.10% (2024-25 – 3.94%) for those obligations to be settled in less than 10 years and 4.87% (2024-25 – 4.59%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2024-25 – 2%).

Following is a summary of the estimated environmental liabilities:

		2026		2025
Opening balance	$	16,379	$	15,066
Liabilities settled		(139)		(43)
Valuation adjustment		(824)		1,356
Balance, end of year	$	15,416	$	16,379

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 17).

NORTHWEST TERRITORIES HYDRO CORPORATION

10. Capital lease obligation

In 1996, NTPC entered into a 65-year lease from the Dogrib Power Corporation for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The lease matures August 2061. The interest rate on the lease as of March 31, 2026 was 7.75% (2024-25 – 7.75%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 12).

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2027	$ 1,562
2028	1,530
2029	1,499
2030	1,467
2031	1,436
Thereafter	28,643
	36,137
Less: amounts representing imputed interest	(21,808)
Total capital lease obligation	**$ 14,329**

Additional disclosures on NTPC's exposure and management of risk associated with the capital lease obligation can be found in Note 22.

NORTHWEST TERRITORIES HYDRO CORPORATION

11. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2024-25 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2024-25 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $220 (2024-25 - $210) was 5.04 times (2024-25 – 5.09) the employee's contributions. Employer contributions of $2,865 (2024-25 - $2,802) were recognized as an expense in the current year. The employees' contribution to this plan was $2,645 (2024-25 - $2,621).

The Plan was amended during 2013 which raised the normal retirement age and other age-related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 11. Other employee future benefits (continued)

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2026			2025		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 3,544	$ 272	$ 3,816	$ 3,154	$ 242	$ 3,396
Benefits earned	369	23	392	260	18	278
Plan amendments	-	-	-	37	-	37
Interest	154	12	166	146	11	157
Benefits paid	(303)	(38)	(341)	(221)	(27)	(248)
Actuarial (gains) losses	(246)	(4)	(250)	168	28	196
Accrued benefit obligation, end of year	3,518	265	3,783	3,544	272	3,816
Unamortized net actuarial gain/(loss)	(739)	(120)	(859)	(1,135)	(171)	(1,306)
Net future obligation	$ 2,779	$ 145	$ 2,924	$ 2,409	$ 101	$ 2,510

NT Hydro provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 11. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	2026	2025
Current benefits earned	$ 392	$ 278
Plan amendments	-	37
Interest	166	157
Amortization of net actuarial loss	197	194
	$ 755	$ 666

The actuarial valuation reflects management's best estimate based upon a number of assumptions including:

	2026	2025
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	4.4%	4.2%
Expected average remaining service life of related employee groups (EARSL)	10.2 years	10.2 years

NORTHWEST TERRITORIES HYDRO CORPORATION

12. Tangible capital assets

	2026					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 542,254	$ 135,025	$ 171,178	$ 28,687	$ 53,395	$ 930,539
Additions	289	-	-	-	64,891	65,180
Transfers – completed projects	47,588	6,975	5,229	432	(60,224)	-
Disposals and adjustments	(2,544)	(595)	(4,039)	(93)	-	(7,271)
Closing balance	587,587	141,405	172,368	29,026	58,062	988,448
Accumulated amortization						
Opening balance	(187,312)	(50,589)	(56,943)	(12,027)	-	(306,871)
Amortization	(15,034)	(3,518)	(5,991)	(488)	-	(25,031)
Disposals and adjustments	1,639	454	3,075	39	-	5,207
Closing balance	(200,707)	(53,653)	(59,859)	(12,476)	-	(326,695)
Net book value	**$ 386,880**	**$ 87,752**	**$ 112,509**	**$ 16,550**	**$ 58,062**	**$ 661,753**

	2025					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 455,751	$ 122,256	$ 166,183	$ 28,687	$ 93,144	$ 866,021
Additions	6,393	6,021	832	-	58,687	71,933
Transfers – completed projects	85,541	7,181	5,714	-	(98,436)	-
Disposals and adjustments	(5,431)	(433)	(1,551)	-	-	(7,415)
Closing balance	542,254	135,025	171,178	28,687	53,395	930,539
Accumulated amortization						
Opening balance	(179,543)	(47,926)	(52,536)	(11,547)	-	(291,552)
Amortization	(12,393)	(3,018)	(5,884)	(481)	-	(21,776)
Disposals and adjustments	4,624	355	1,477	1	-	6,457
Closing balance	(187,312)	(50,589)	(56,943)	(12,027)	-	(306,871)
Net book value	**$ 354,942**	**$ 84,436**	**$ 114,235**	**$ 16,660**	**$ 53,395**	**$ 623,668**

The cost of land as of March 31, 2026 included in electric power plants cost is approximately $5,950 (2024-25 - $5,895). Amortization is not recorded on land.

NORTHWEST TERRITORIES HYDRO CORPORATION

13. Inventories

	2026	2025
Materials, supplies and lubricants	$ 10,892	$ 9,579
Critical spare parts	6,457	7,448
Fuel	772	644
	$ 18,121	$ 17,671

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. See also Note 21(a).

14. Accumulated surplus/equity

	2026	2025
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	150,368	152,684
	$ 193,497	$ 195,813

The authorized share capital of NT Hydro is comprised of one common share without par value and one preferred, non-cumulative share without par value. As at March 31, 2026, 1 common share (2024-25 – 1 common share), at $43,129 per share (2024-25 – $43,129 per share), has been issued and fully paid, and one preferred share at one dollar. NT Hydro may only issue its shares to the GNWT.

15. Sale of power

	2026	2025
Power sales to external customers	$ 99,722	$ 88,956
Power sales to GNWT and its related entities	22,103	19,239
GNWT TPSP payments	7,691	7,522
GNWT HSP payments	5,586	5,249
GNWT COL payments	1,565	-
	$ 136,667	$ 120,966

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Naka Power Utilities customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 15. Sale of power (continued)

The GNWT Cost of Living (COL) payments reduce the rate increase on non-government customers related to the 2024-26 GRA application, and serve to ease overall cost of living pressure.

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

16. Other revenue and insurance proceeds

	2026	2025
Contract work	$ 3,298	$ 1,446
Connection fees	388	329
Heat revenues	263	311
Pole rental	427	354
Other	175	141
	$4,551	$ 2,581

In August 2025, NTPC finalized the settlement of an outstanding insurance claim related to a hydro unit failure at Snare Forks that occurred in 2018-19. Under the terms of the settlement, NTPC received and recognized $6,000 of insurance proceeds revenues in 2025-26 and NTPC provided the insurers with a full release for the claim.

17. Expenses

The following is a summary of the expenses for the year by object:

	2026	2025
Fuel and lubricants (Notes 20, 21)	$ 56,551	$ 59,059
Salaries and wages	36,105	34,313
Supplies and services	29,958	34,930
Amortization of tangible capital assets (Note 12)	25,031	21,776
Amortization of purchased intangible assets	756	63
Interest expense (Note 18)	17,490	14,956
Travel and accommodation	3,580	3,291
Loss on disposal of assets	2,819	1,519
Accretion on ARO (Note 8)	295	262
	$ 172,585	$ 170,169

NORTHWEST TERRITORIES HYDRO CORPORATION

18. Interest expense and interest income

Interest expense

	2026	2025
Interest on debenture debt and capital leases (Notes 7,10)	$ 13,433	$ 14,201
Short-term debt financing costs	5,489	2,697
Capitalized interest during construction	(1,432)	(1,942)
	$ 17,490	$ 14,956

Interest income

	2026	2025
Income from overdue accounts and bank balances	$ 153	$ 102

19. Contributions from the Government of the Northwest Territories

In 2024-25 NTPC entered an agreement with the GNWT that included a contribution of $38,000 related to the Inuvik High Point Wind project that was completed in 2023-24 by NT Energy. The assets related to the Inuvik High Point Wind were acquired by NTPC from NT Energy in 2024-25.

In 2025-26, the GNWT contributed $12,000 (2024-25 - $30,000) towards increased fuel prices and additional fuel consumption incurred as a result of low water conditions.

In 2025-26, the GNWT authorized and paid a contribution to NTPC of $6,000 (2024-25 - $12,000) to assist in reducing utility rates. For regulatory purposes, this funding allowed NTPC to offset certain regulatory sunk costs which were previously incurred.

A new contribution agreement was entered into in 2025-26 to fund $31,300 towards construction of a new LNG plant in Fort Simpson. $1,500 of this was received in 2025-26 and is included in deferred government contributions as of March 31, 2026.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 19. Government contributions (continued)

	2026	2025
Inuvik High Point Wind Project	$ -	$ 38,000
Contribution towards fuel costs related to low water event	12,000	30,000
Contributions to reduce utility rates	6,000	12,000
Fort Providence/Kakisa Transmission Line Program	585	1,788
EV Charging Stations Program	16	1,290
Fort Simpson LNG Program	303	262
NT Energy Rent Program	-	98
Taltson site tour funding	67	-
Inuvik LNG Tank Program	-	14
Board funding	160	-
IPSP contribution	17	-
Repayable portion of Snare due to insurance proceeds	(1,302)	-
	$ 17,846	$ 83,452

In October 2018, the hydro unit at Snare Forks experienced a mechanical failure prior to the start of a planned overhaul. NTPC initiated an insurance claim related to the Unit 1 failure. In 2019-20, NTPC received $5,000 as a preliminary installment on the insurance claim and recognized this amount as revenue with a further installment recognized in 2023-24 of $1,260 and a final settlement in 2025-26 of $6,000 for total insurance proceeds of $12,260. The Unit 1 project, along with a capital overhaul on Unit 2, was partially funded by the Investing in Canada Infrastructure Program (ICIP) in previous years. Due to the additional insurance proceeds, as of March 31, 2026, NTPC owes $1,302 to the GNWT for costs previously claimed under the ICIP agreement that were subsequently funded with insurance claims.

NORTHWEST TERRITORIES HYDRO CORPORATION

20. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere (Note 7(b), 15, 19) in these consolidated financial statements are as follows:

Revenues	**2026**	**2025**
Other revenue	$ 646	$ 233
Rider revenue	547	573
	$ 1,193	$ 806
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 21)	$ 29,792	$ 32,277
Other operating expenses	1,160	1,243
	$ 30,952	$ 33,520
Financial assets		
Revenues receivable		
Utility	$ 2,809	$ 1,578
Non-utility	417	44
	$ 3,226	$ 1,622
Government contributions receivable	$ 595	$ 518
Liabilities		
Accounts payable and accrued liabilities		
Accounts payable to FSD for fuel (Note 21)	$ 33,407	$ 5,355
Repayable government contributions	12,510	5,511
Other accounts payable and accrued liabilities	101	127
	$ 46,018	$ 10,993
Deferred government contributions	$ 2,448	$ 59

The repayable government contributions represent contributions that were received in excess of the eligible expenditures that could be claimed under the agreement.

NORTHWEST TERRITORIES HYDRO CORPORATION

21. Contractual obligations, contractual rights, and contingent liabilities

a) Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2026.

	2027	2028 and subsequent
Operational and lease commitments	$ 6,752	$ 233

Capital projects

NT Hydro has contractual obligations of $12,285 related to capital projects, of which payments are expected to be made in 2026-27.

Fuel management services agreement

NTPC has a fuel management services agreement with GNWT's Fuel Service Division (FSD). Under this agreement, FSD provides fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC. The price of fuel under this agreement changes with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. There is an annual minimum purchase requirement of 13 million liters averaged over a 2 year period. The contract expires March 31, 2029.

b) Contractual rights

NTPC has entered into an agreement with the Government of the Northwest Territories to fund the construction of a new LNG plant in Fort Simpson, under which it is entitled to receive funding of $12,000 in 2026-27, $12,000 in 2027-28, and $5,813 in 2028-29.

c) Contingent liabilities

A contractor of NT Hydro has filed a lawsuit seeking recovery of $4,964 for payment under a capital contract. NT Hydro is in the process of filing a statement of defense and counterclaim to offset the amount claimed and losses in excess of the amounts claimed. NT Hydro is also seeking indemnity under a performance bond issued for the project. An assessment of the likelihood of success of the claim, counterclaim or indemnity cannot be made as of March 31, 2026.

Asset retirement obligations

NTPC has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which NTPC anticipates maintaining and operating for an indefinite period, making the date of retirement of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

22. Financial instruments and risk management

NT Hydro's financial instruments include cash, revenues receivable, government contributions receivable/payable, operating line of credit, accounts payable and accrued liabilities, debenture debts, and capital lease obligation.

NT Hydro is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NT Hydro manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	2026	2025
Revenues receivable	$ 22,836	$ 18,024
Government contributions receivable	595	518
Cash	2,510	596
	$ 25,941	$ 19,138

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Total customer deposits at March 31, 2026 are $1,724 (2024-25 – $1,583). Thirty-two percent (2024-25 - 34%) of NTPC's sales of power are to two other utilities. Twenty-seven percent (2024-25 - 26%) of sales of power, including HSP, TPSP, and COL are to the GNWT.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

Cash

NT Hydro minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 22. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that NT Hydro will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NT Hydro arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NT Hydro the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a $150,000 operating line of credit with a reputable financial institution. The accounts payable and accrued payables are expected to be settled within one year. The following table shows the maturities of the debenture debt, operating line of credit, and capital lease obligation:

	March 31, 2026				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$ 16,686	$ 103,027	$ 191,823	$ 142,382	$ 453,918
Operating line of credit	131,774	-	-	-	131,774
Capital lease obligation	1,562	7,337	16,365	10,873	36,137
	$ 150,022	$ 110,364	$ 208,188	$ 153,255	$ 621,829

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates. NT Hydro has exposure to interest rate risk on its debenture debt, capital lease obligation, and operating line of credit. Interest expense on the capital lease is not significant.

NT Hydro is primarily exposed to interest rate risk on its operating line of credit, which bears interest at a variable rate based on a benchmark lending rate minus a margin established for fixed short-term intervals. NT Hydro manages its risk on the line of credit by monitoring its borrowing requirements and, where appropriate, replacing line of credit borrowing used to finance capital activities with longer term fixed rate debenture debt. A one percent increase or decrease in the benchmark lending rate throughout the year would have increased or decreased interest expenses on the operating line of credit for the year by approximately $1,259.

NT Hydro manages its risks on long-term debt and by entering into borrowing agreements that have fixed interest rates so that the future cash outflows are predictable.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 22. Financial instruments and risk management (continued)

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to manage interest rate risk.

23. Subsequent events

a) Debenture Debt

Subsequent to year-end, in June 2026, the Corporation entered into a long-term debt agreement for proceeds of $100,000 payable to the GNWT. The loan bears interest at a fixed rate of 4.136% per annum, with interest payable semi-annually in arrears from the date of issuance until the loan is fully repaid. Principal repayments are also due semi-annually over the term of the agreement. The loan matures on June 30, 2056. Total annual cash outflows related to this agreement, including both principal and interest, are estimated to be $5,848.

As the agreement was executed after the reporting date, the related repayments are not included in notes 7(b) and 22(b), which disclose scheduled payments on long-term debt outstanding as at year-end.

NORTHWEST TERRITORIES POWER CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026

NORTHWEST TERRITORIES POWER CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Power Corporation (NTPC) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NTPC's objectives, and are protected from loss or unauthorized use, and that NTPC acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NTPC's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

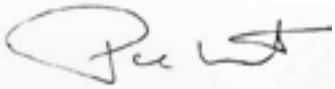
The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.



Cory Strang
Chief Executive Officer



Paul Grant
Chief Financial Officer

Hay River, NT
August 14, 2026

Office of the Auditor General of Canada | Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Power Corporation and its controlled entity (the Group), which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows 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 Group as at 31 March 2026, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Group 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.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for 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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Power Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Power Corporation Act* and regulations, and the by-laws of the Northwest Territories Power Corporation.

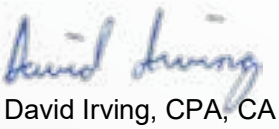
In our opinion, the transactions of the Northwest Territories Power Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Power Corporation Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by the Northwest Territories Power Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Power Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Power Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
14 August 2026

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31
(in thousands of dollars)

	2026	2025
Financial assets		
Cash	$ 856	$ 596
Revenues receivable (Note 4)	23,101	18,493
Government contributions receivable (Note 20)	218	58
Due from related parties (Note 20)	1,295	39,900
	25,470	**59,047**
Liabilities		
Operating line of credit (Note 5)	131,774	78,755
Accounts payable and accrued liabilities (Note 6)	80,720	45,771
Due to related party (Note 20)	-	62,681
Debenture debt owing to third parties (Note 7)	236,750	255,377
Debenture debt owing to the GNWT (Note 7)	34,532	35,577
Asset retirement obligations (Note 8)	7,443	6,997
Environmental liabilities (Note 9)	15,416	16,379
Capital lease obligation (Note 10)	14,329	14,734
Other employee future benefits (Note 11)	2,924	2,510
Deferred government contributions (Note 20)	1,521	21
	525,409	**518,802**
Net debt	**(499,939)**	**(459,755)**
Non-financial assets		
Tangible capital assets (Note 12)	657,422	619,918
Purchased intangible assets (Note 3)	14,575	15,173
Inventories (Note 13)	18,121	17,671
Prepaid expenses	3,117	2,355
	693,235	**655,117**
Accumulated surplus / equity (Note 14)	**$ 193,296**	**$ 195,362**

Contractual obligations, contractual rights, and contingent liabilities (Note 21)
Subsequent events (Note 23)

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

Approved on behalf of the Board:



Judith Goucher, Chair of the Board



Leigh-Anne Palter, Vice-Chair of the Board

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the year ended March 31
(in thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
Revenues			
Sale of power (Note 15)	$ 139,495	$ 136,667	$ 120,966
Rider revenue	6,979	5,057	5,040
Other revenue (Note 16)	3,733	4,550	2,581
Interest income (Note 18)	95	438	708
Insurance proceeds (Note 16)	-	6,000	-
	150,302	**152,712**	**129,295**
Expenses (Note 17)			
Thermal generation	90,806	106,443	112,139
Hydro generation	25,314	26,131	21,541
Corporate services	17,320	16,356	15,976
Transmission, distribution and retail	14,955	16,784	13,621
Purchased power	4,749	3,999	6,005
Alternative power generation	2,305	2,310	292
	155,449	**172,023**	**169,574**
Surplus / (Deficit) for the year before government contributions	**(5,147)**	**(19,311)**	**(40,279)**
Government contributions			
Contributions from Northwest Territories Hydro Corporation (Note 19)	-	-	39,900
Contributions from the Government of the Northwest Territories (Note 19)	29,500	17,245	80,276
Surplus / (Deficit) for the year	**$ 24,353**	**$ (2,066)**	**$ 79,897**
Accumulated surplus / equity, beginning of year	**195,362**	**195,362**	**115,465**
Accumulated surplus / equity, end of year	**$ 219,715**	**$ 193,296**	**$ 195,362**

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

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
Surplus (deficit) for the year	$ 24,353	$ (2,066)	$ 79,897
Tangible capital assets			
Additions (Note 12)	(46,195)	(58,323)	(140,696)
Capitalized overhead	(3,200)	(4,820)	(6,239)
Capitalized interest (Note 18)	(2,760)	(1,432)	(1,942)
Disposals (Note 12)	2,192	2,053	958
Amortization (Note 12)	25,243	25,018	19,608
	(24,720)	**(37,504)**	**(128,311)**
Acquisition of purchased intangible assets	-	(158)	(15,236)
Amortization of purchased intangible assets	-	756	63
Acquisition of inventories	(9,600)	(24,389)	(20,379)
Use of inventories	9,600	23,939	19,866
Acquisition of prepaids	(3,300)	(4,815)	(3,625)
Use of prepaids	3,300	4,053	3,531
	-	**(614)**	**(15,780)**
Increase in net debt for the year	**$ (367)**	**$ (40,184)**	**$ (64,194)**
Net debt, beginning of year	(459,755)	(459,755)	(395,561)
Net debt, end of year	**$ (460,122)**	**$ (499,939)**	**$ (459,755)**

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

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

	2026	2025
Cash (used) provided by operating activities		
Cash receipts from customers	$ 141,337	$ 124,307
Contributions from the Government of the Northwest Territories	25,583	80,000
Cash paid to suppliers	(67,702)	(128,677)
Cash paid to employees	(34,986)	(34,626)
Interest paid	(17,628)	(14,927)
Interest received	762	109
	47,366	**26,186**
Cash (used) provided by investing activities		
Advances to related party	(24,088)	(1,899)
	(24,088)	**(1,899)**
Cash (used) provided by capital activities		
Acquisition and development of tangible capital assets	(61,978)	(65,042)
Acquisition of purchased intangible assets	-	(15,236)
Proceeds on sale of tangible capital assets	67	12
Insurance proceeds	6,000	-
	(55,911)	**(80,266)**
Cash (used) provided by financing activities		
Repayment of capital lease obligation	(405)	(405)
Repayment of debenture debt	(19,721)	(4,566)
Proceeds from operating line of credit	53,019	60,680
	32,893	**55,709**
(Decrease) Increase in cash	**$ 260**	**$ (270)**
Cash, beginning of year	596	866
Cash, end of year	**$ 856**	**$ 596**

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

NORTHWEST TERRITORIES POWER CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Power Corporation (NTPC) was established under the *Northwest Territories Power Corporation Act.* NTPC is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Northwest Territories Hydro Corporation (NT Hydro) is the parent company and holds all of the common shares of NTPC. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro and owns one preferred share of NTPC (Note 14).

NTPC owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydroelectric facility.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NT Energy). NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations. Separate consolidated financial statements for NT Hydro are prepared each year.

NORTHWEST TERRITORIES POWER CORPORATION

Note 1. The Corporation (continued)

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the Public Utilities Act. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. The PUB approved a return on equity of 8% which will remain in effect until it is reassessed in the next General Rate Application (GRA) filing (Decision 10-2025). As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs. The PUB approved the rider effective May 1, 2019 (Decision 4-2019). NTPC filed with the PUB in February 2024 an application to increase the fuel rider charged to customers. PUB approved a rider increase of approximately 1.07 cents/kWh (1.01 cents to 1.12 cents) which came into effect May 1, 2024 (Decision 8-2024).

The PUB directed NTPC to file a GRA application by December 31, 2024 (Decision 1-2024). Due to this decision NTPC filed for interim rate increases on May 9, 2024. Two interim rates were approved by the PUB. The first was for increases of 0.5% in the Snare zone, 0.9% in the Taltson zone, and 12.7% in the Thermal zone effective July 1, 2024. The second was for increases of 5.5% in the Snare zone and 5.5% in the Taltson zone effective December 1, 2024 (Decisions 15 and 25-2024).

On February 7, 2025, NTPC filed for interim rates for Hay River effective March 1, 2025. The interim rates were approved by the PUB (Decision 6-2025). Non-government customers are to be billed at Taltson rates, and government customers are to be billed Fort Smith rates plus 1.96 cents/kWh.

The GRA process began in October 2024 and ended in January 2026. Various PUB decisions leading up to the final Decision 1 – 2026 approved NTPC's revenue requirement of $144.559, an average rate increase of 19.1% and riders.

The PUB directed specific rate increases by zone and by customer class. From current interim rates, Taltson zone would see an increase of 15%, and Thermal zone would see an increase of 8.3%. New rates were in effect February 1, 2026.

Four riders were approved through the GRA process to begin February 1, 2026:

The GRA Shortfall Rider recovers the revenue lost between rates customers paid and the final rates the PUB approved for the 2024–25 and 2025–26. This rider differs by zone, ranging from -0.69 cents/kwh to 10.4 cents/kWh, and is to be collected over 26 months.

The Sunk Cost Deferral Account (SCDA) Rider collects approved past system costs, such as additional costs for the Taltson overhaul, extreme low water, and wildfire related expenses, that were

necessary to keep the system reliable. These costs are not included in base rates, but NTPC is approved to collect the costs through a rider. The rider is 0.42 cents/kWh and is applied to all NTPC customers until the balance has been reduced to zero, which is expected to be over 25 years.

The Deferral Miscellaneous Deferral Transfer (DMDT) rider recovers regulatory balances that transferred to NTPC when NTPC took over service in Hay River, including items like previous GRA shortfalls and wheeling charge adjustments that were owed to Naka Power Utilities (Naka). Because these costs directly relate to electricity service in Hay River before NTPC took over, the rider is only applied to Hay River customers. The rider is 0.18 cents/kWh and is applied until the balance has been reduced to zero, which is expected to be over 2 years.

The Global Adjustment Rider (GAR) recovers costs incurred by Naka for transitional costs incurred during the Hay River Franchise transfer. The PUB determined that NTPC should recover a portion of these costs on behalf of Naka so that they are shared across the NWT. The GAR is a short-term rider of 0.74 cents/kWh and is to be applied to all NTPC retail customers from February 1, 2026 to May 31, 2026.

c) Economic dependence

NTPC has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NTPC will depend on continued financial support from the GNWT.

NORTHWEST TERRITORIES POWER CORPORATION

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of NTPC consist of the transactions and balances of NTPC and NWTEC. Inter-entity transactions and balances with the NWTEC are eliminated upon consolidation.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful lives of tangible capital assets, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in a write-down to net realizable value.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

d) Financial instruments

The financial instruments of NTPC are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, due to/from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligation.

Provisions for impairment of revenues receivable, government contributions receivable, and due from related party are established when there is objective evidence that NTPC will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivable are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2025-26 was 4.35% (2024-25 – 4.46%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

i) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability.

The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

Note 2. Significant accounting policies (continued)

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NTPC's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB (Decision 6-2023). The cost, less residual value, is amortized over an asset's useful life on a straight-line basis based on the average life of the group. Assets under construction are not amortized until they are ready for their intended productive use. NTPC uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2026 Rates (%)	2025 Rates (%)
Electric power plants	1.00 – 5.00	1.00 – 5.00
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse equipment, motor vehicles and general facilities	1.54 – 20.00	1.54 – 20.00
Electric power plant under capital lease	1.00 – 4.35	1.00 – 4.35

f) Purchased intangible assets

Purchased intangible assets represent non-monetary economic resources that are identifiable without physical substance acquired through an arm's length exchange transaction. Purchased intangible assets are recorded at cost less accumulated amortization and, if necessary, impairment losses. Purchased intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life of 20 years.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

g) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and all eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability, in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

h) Contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from utility customers. These contributions are recorded as other revenues when all restrictions or stipulations imposed have been satisfied, generally when the resources are used for the purposes intended.

i) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (the Plan), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NTPC's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NTPC is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

j) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and is recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) *Severance and ultimate removal benefits*

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement, ultimate removal or death of an employee.

Note 2. Significant accounting policies (continued)

ii) *Sick leave benefits*

NTPC provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate, do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

k) Asset retirement obligations

An asset retirement obligation (ARO) liability is recognized at the financial reporting date, when all of the following criteria are met:

- NTPC has a legal obligation to incur retirement costs,
- The past transaction or event giving rise to the liability has occurred,
- NTPC expects that future economic benefits will be given up, and
- A reasonable estimate of the amount can be made.

The estimate of an ARO incorporates a present value technique. When a liability for an ARO is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The liability is based on management's best estimate of retirement and/or abatement cost.

At each financial reporting date, the carrying amount of the liability is reviewed. NTPC recognizes period to period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. NTPC continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

l) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NTPC is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NTPC's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NTPC reviews its estimates of environmental liabilities on an annual basis.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

m) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

n) Revenues

Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. These revenues are recognised when control of the benefits associated with the goods or services have transferred and there is no unfulfilled performance obligation.

Sales of power and rider revenue consist of a single performance obligation, the customer's utilization of power. Performance obligations are satisfied as electricity is delivered because of the continuous transfer of control to the customer. These revenues are measured based on cyclical meter readings. Sale of power revenues and rider revenues include accruals for electricity sale not yet billed.

Contract work revenue relates to construction contracts with customers. These revenues are recognized over time as performance obligations are fulfilled and are measured based on costs incurred.

Interest is recognized on an accrual basis.

o) Expenses

Expenses are recognized on an accrual basis.

p) Contractual obligations and contingent liabilities

The nature of NTPC's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NTPC to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NTPC are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

NORTHWEST TERRITORIES POWER CORPORATION

Note 2. Significant accounting policies (continued)

q) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

r) Future accounting changes

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt the new Conceptual Framework for Financial Reporting in the Public Sector. Earlier adoption of the new framework is permitted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

Effective for periods beginning on or after April 1, 2026, NTPC will be required to adopt PS 1202 Financial Statement Presentation. The standard sets out general and specific requirements for the presentation of information in financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework. Earlier adoption is permitted if the Conceptual Framework for Financial Reporting in the Public Sector is early adopted. NTPC is currently assessing the impact of this standard on the consolidated financial statements.

NORTHWEST TERRITORIES POWER CORPORATION

3. Acquisition of Hay River Franchise

On March 1, 2025, NTPC completed the fair value acquisition of the Hay River franchise, including electricity distribution and backup generation assets and other related assets and liabilities. This transaction was executed through two sequential Asset Purchase Agreements (APA): first between Northland Utilities Limited (NUL, operating as Naka Power) and the Town of Hay River, and subsequently between the Town of Hay River and NTPC.

Under the second agreement, the purchase price was as follows:

Original purchase price	$ 28,255
Adjustments to purchase price	
Accounts receivable recorded in 2024-25	875
Accounts receivable recorded in 2025-26	(46)
Inventory recorded in 2024-25	(35)
Purchased intangible asset recorded in 2025-26	158
	952
Adjusted purchase price	$ 29,207

The adjusted purchase price after subsequent adjustments is $29,207, (2024-25 - $29,095). $28,255 was transferred on the closing date of March 1, 2025, the remaining portion is still owing to NUL at March 31, 2026.

NTPC acquired certain regulatory deferral accounts, which are not recognized under PSAS. These will be recovered in future rates as approved by the Northwest Territories Public Utility Board (PUB).

As a result of the acquisition, NTPC capitalized, within the tangible capital assets ($5,792 to electric power plants, $5,733 to transmission and distribution and $792 to general facilities), related overhead costs and transfer costs of $591 and increased the asset retirement obligation related to the purchased buildings for $212. It was determined on acquisition that there is no obligation related to environmental liabilities.

The portion allocated to purchased intangible asset includes NTPC's exclusive franchise right to distribute electricity within the Town of Hay River for 15 years with an automatic 5-year extension assuming neither party has provided notice of non-extension. The asset had an opening net book value of $15,173, increased by an adjustment of $158, less current year amortization of $756, resulting in an ending balance of $14,575.

The final consideration and associated asset values may be subject to further post-closing adjustments as outlined in the APA. These immaterial adjustments will be reflected in NTPC's 2026–27 fiscal year as necessary.

NORTHWEST TERRITORIES POWER CORPORATION

4. Revenues receivable

At March 31, 2026, the aging of revenues receivable was as follows:

	2026			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 19,035	$ 1,513	$ 324	$ 20,872
Non-utility	2,296	98	142	2,536
Allowance for doubtful accounts	-	-	(307)	(307)
	$ 21,331	$ 1,611	$ 159	$ 23,101

At March 31, 2025, the aging of revenues receivable was as follows:

	2025			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	$ 14,685	$ 2,097	$ 464	$ 17,246
Non-utility	677	279	571	1,527
Allowance for doubtful accounts	-	-	(280)	(280)
	$ 15,362	$ 2,376	$ 755	$ 18,493

The changes in the allowance for doubtful accounts were as follows:

	2026	2025
Balance, beginning of the year	$ (280)	$ (254)
Receivables written off	47	51
Change to allowance	(74)	(77)
Balance, end of the year	$ (307)	$ (280)

Revenues receivable on utility and non-utility accounts are due in 28 and 30 days, respectively. Interest is charged after the due dates at rates in the terms of the service agreement. As at March 31, 2026, NTPC provided an allowance for doubtful accounts for the estimated portion of its uncollectible revenues receivable accounts. Additional disclosures on NTPC's exposure and management of credit risk associated with revenues receivable is included in Note 22.

5. Operating line of credit

NTPC has access to a $150,000 (2024-25 - $150,000) operating line of credit with its bank with an interest rate of Prime less 0.5%. The operating line is shared with NTPC's related parties that consolidate into NTPC's parent company, NT Hydro. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2026, NTPC has borrowed $131,774 (2024-25 - $78,755) against the line of credit. Total utilization of the operating line of credit by the NT Hydro group at March 31, 2026 was $131,774 (2024-25 - $101,928). NTPC has no outstanding letters of credit as of March 31, 2026 (2024-25 – nil).

6. Accounts payable and accrued liabilities

The following is a summary of NTPC's accounts payable and accrued liabilities:

	2026	2025
Trade payables and accrued liabilities	$ 21,578	$ 20,915
Payable to GNWT and its related entities (Note 20)	46,018	12,726
Payroll liabilities	5,283	4,955
Interest payable	2,978	3,165
Other payables	4,863	4,010
	$ 80,720	$ 45,771

NORTHWEST TERRITORIES POWER CORPORATION

7. Debenture debt

a) Owing to third parties

	2026	2025
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of $1,722	$ 48,709	$ 50,170
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of $1,684	34,096	35,645
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually, repaid July 11, 2025	-	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first semi-annual payment is interest only, the second semi-annual payment is interest plus $667 principal	4,667	5,333
4.344% debenture – interest payable semi-annually, principal is due April 14, 2053	75,000	75,000
	$ 237,472	$ 256,148
Less: unamortized premium, discount and issuance costs	(722)	(771)
	$ 236,750	$ 255,377

The GNWT guarantees all third-party debenture debt.

b) Owing to the GNWT

	2026	2025
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of $922	$ 34,532	$ 35,577

Principal repayments for future years on all debenture debt are as follows:

2027	2028	2029	2030	2031	Thereafter	Total
$ 4,885	$ 5,055	$ 30,235	$ 5,420	$ 5,614	$220,795	$ 272,004

NORTHWEST TERRITORIES POWER CORPORATION

8. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land. ARO also includes estimated remediation cost to remove asbestos from NTPC's buildings.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - $14,180 (2024-25 - $13,311).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 93 years with a weighted average of 17 years.
- The discount rate is the year-end cost of borrowing of 4.10% (2024-25 – 3.94%) for those obligations to be settled in less than 10 years and 4.87% (2024-25 – 4.59%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2024-25 – 2%).

Following is a summary of the asset retirement obligations:

	2026	2025
Opening balance	$ 6,997	$ 6,440
Liabilities settled	(8)	-
Accretion expense	295	262
Valuation adjustment	114	74
Additions	45	221
Balance, end of year	$ 7,443	$ 6,997

The valuation adjustments relate to changes in discount rates, timing of cash flows and estimated costs to retire assets and remediate asbestos. The valuation adjustments are reflected as changes to the carrying value of the tangible capital assets.

9. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 22 geographic locations (2024-25 - 22 locations) with multiple sites at each location which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - $71,740 (2024-25 - $70,312).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 64 years with a weighted average of 31 years.
- The discount rate is the year-end cost of borrowing of 4.10% (2024-25 – 3.94%) for those obligations to be settled in less than 10 years and 4.87% (2024-25 – 4.59%) for those obligations to be settled in 10 years or longer.
- Inflation was assumed to be 2% (2024-25 – 2%).

Following is a summary of the estimated environmental liabilities:

		2026		2025
Opening balance	$	16,379	$	15,066
Liabilities settled		(139)		(43)
Valuation adjustment		(824)		1,356
Balance, end of year	$	15,416	$	16,379

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 17).

NORTHWEST TERRITORIES POWER CORPORATION

10. Capital lease obligation

In 1996, NTPC entered into a 65-year lease from the Dogrib Power Corporation for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The lease matures August 2061. The interest rate on the lease as of March 31, 2026 was 7.75% (2024-25 – 7.75%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 12).

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2027	$ 1,562
2028	1,530
2029	1,499
2030	1,467
2031	1,436
Thereafter	28,643
	36,137
Less: amounts representing imputed interest	(21,808)
Total capital lease obligation	**$ 14,329**

Additional disclosures on NTPC's exposure and management of risk associated with the capital lease obligation can be found in Note 22.

11. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2024-25 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2024-25 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above $220 (2024-25 - $210) was 5.04 times (2024-25 – 5.09) the employee's contributions. Employer contributions of $2,865 (2024-25 - $2,802) were recognized as an expense in the current year. The employees' contribution to this plan was $2,645 (2024-25 - $2,621).

NORTHWEST TERRITORIES POWER CORPORATION

Note 11. Other employee future benefits (continued)

The Plan was amended during 2013 which raised the normal retirement age and other age-related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2026			2025		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	$ 3,544	$ 272	$ 3,816	$ 3,154	$ 242	$ 3,396
Benefits earned	369	23	392	260	18	278
Plan amendments	-	-	-	37	-	37
Interest	154	12	166	146	11	157
Benefits paid	(303)	(38)	(341)	(221)	(27)	(248)
Actuarial (gains) losses	(246)	(4)	(250)	168	28	196
Accrued benefit obligation, end of year	3,518	265	3,783	3,544	272	3,816
Unamortized net actuarial gain/(loss)	(739)	(120)	(859)	(1,135)	(171)	(1,306)
Net future obligation	$ 2,779	$ 145	$ 2,924	$ 2,409	$ 101	$ 2,510

NTPC provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

NORTHWEST TERRITORIES POWER CORPORATION

Note 11. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	2026	2025
Current benefits earned	$ 392	$ 278
Plan amendments	-	37
Interest	166	157
Amortization of net actuarial loss	197	194
	$ 755	$ 666

The actuarial valuation reflects management's best estimate based upon a number of assumptions including:

	2026	2025
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	4.4%	4.2%
Expected average remaining service life of related employee groups (EARSL)	10.2 years	10.2 years

NORTHWEST TERRITORIES POWER CORPORATION

12. Tangible capital assets

	2026					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 541,940	$ 134,889	$ 169,175	$ 28,687	$ 48,800	$ 923,491
Additions	289	-	-	-	64,286	64,575
Transfers – completed projects	47,588	6,975	5,229	432	(60,224)	-
Disposals and adjustments	(2,544)	(595)	(4,039)	(93)	-	(7,271)
Closing balance	587,273	141,269	170,365	29,026	52,862	980,795
Accumulated amortization						
Opening balance	(186,990)	(50,460)	(54,096)	(12,027)	-	(303,573)
Amortization	(15,034)	(3,518)	(5,978)	(488)	-	(25,018)
Disposals and adjustments	1,639	454	3,086	39	-	5,218
Closing balance	(200,385)	(53,524)	(56,988)	(12,476)	-	(323,373)
Net book value	**$ 386,888**	**$ 87,745**	**$ 113,377**	**$ 16,550**	**$ 52,862**	**$ 657,422**

	2025					
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	$ 451,541	$ 117,685	$ 92,708	$ 28,687	$ 91,408	$ 782,029
Additions	10,289	10,457	72,101	-	53,030	148,877
Transfers – completed projects	85,541	7,180	5,917	-	(98,638)	-
Disposals and adjustments	(5,431)	(433)	(1,551)	-	-	(7,415)
Closing balance	541,940	134,889	169,175	28,687	48,800	923,491
Accumulated amortization						
Opening balance	(179,431)	(47,888)	(51,556)	(11,547)	-	(290,422)
Amortization	(12,183)	(2,972)	(4,017)	(481)	-	(19,608)
Disposals and adjustments	4,624	355	1,477	1	-	6,457
Closing balance	(186,990)	(50,460)	(54,096)	(12,027)	-	(303,573)
Net book value	**$ 354,950**	**$ 84,429**	**$ 115,079**	**$ 16,660**	**$ 48,800**	**$ 619,918**

The cost of land as of March 31, 2026 included in electric power plants cost is approximately $5,950 (2024-25 - $5,895). Amortization is not recorded on land.

NORTHWEST TERRITORIES POWER CORPORATION

13. Inventories

	2026	2025
Materials, supplies and lubricants	$ 10,892	$ 9,579
Critical spare parts	6,457	7,448
Fuel	772	644
	$ 18,121	$ 17,671

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. See also Note 21(a).

14. Accumulated surplus/equity

	2026	2025
Share capital, common and preferred shares	$ 43,129	$ 43,129
Accumulated operating surplus / equity	150,167	152,233
	$ 193,296	$ 195,362

The authorized share capital of NTPC is comprised of an unlimited number of common shares without par value and one preferred, non-cumulative share without par value. As at March 31, 2026, 431,288,000 common shares (2024-25 – 431,288,000 common shares) at ten cents per share (2024-25 – ten cents per share) have been issued and fully paid, and one preferred share at one dollar. NTPC may only issue its preferred shares to the GNWT.

15. Sale of power

	2026	2025
Power sales to external customers	$ 99,722	$ 88,956
Power sales to GNWT and its related entities	22,103	19,239
GNWT TPSP payments	7,691	7,522
GNWT HSP payments	5,586	5,249
GNWT COL payments	1,565	-
	$ 136,667	$ 120,966

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Naka Power Utilities customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

NORTHWEST TERRITORIES POWER CORPORATION

Note 15. Sale of power (continued)

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

The GNWT Cost of Living (COL) payments reduce the rate increase on non-government customers related to the 2024-26 GRA application, and serve to ease overall cost of living pressure.

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

16. Other revenue and insurance proceeds

	2026	2025
Contract work	$ 3,298	$ 1,446
Connection fees	388	329
Heat revenues	263	311
Pole rental	427	354
Other	174	141
	$ 4,550	$ 2,581

In August 2025, NTPC finalized the settlement of an outstanding insurance claim related to a hydro unit failure at Snare Forks that occurred in 2018-19. Under the terms of the settlement, NTPC received and recognized $6,000 of insurance proceeds revenues in 2025-26 and NTPC provided the insurers with a full release for the claim.

17. Expenses

The following is a summary of the expenses for the year by object:

	2026	2025
Fuel and lubricants (Notes 20, 21)	$ 56,551	$ 61,574
Salaries and wages	35,727	33,648
Supplies and services	29,800	34,704
Amortization of tangible capital assets (Note 12)	25,018	19,608
Amortization of purchased intangible assets (Note 3)	756	63
Interest expense (Note 18)	17,490	14,952
Travel and accommodation	3,566	3,244
Loss on disposal of assets	2,820	1,519
Accretion on ARO (Note 8)	295	262
	$ 172,023	$ 169,574

NORTHWEST TERRITORIES POWER CORPORATION

18. Interest expense and interest income

Interest expense

	2026	2025
Interest on debenture debt and capital leases (Notes 7, 10)	$ 13,433	$ 14,201
Short-term debt financing costs	5,489	2,693
Capitalized interest during construction	(1,432)	(1,924)
	$ 17,490	$ 14,952

Interest income

	2026	2025
Interest on due from related party (Note 20)	$ 285	$ 609
Income from overdue accounts and bank balances	153	99
	$ 438	$ 708

19. Government Contributions

a) Contributions from Northwest Territories Hydro Corporation

In 2025-26, NTPC recorded an inter-company contribution from NT Hydro to NTPC equal to $ nil (2024-25 - $39,900) to assist in the Inuvik High Point Wind purchase (Note 20).

b) Contributions from the Government of the Northwest Territories

In 2024-25, NTPC entered into an agreement with the GNWT that included a contribution of $38,000 related to the Inuvik High Point Wind project that was completed in 2023-24 by NT Energy. The assets related to the Inuvik High Point Wind were acquired by NTPC from NT Energy in 2024-25 (Note 20).

In 2025-26, the GNWT contributed $12,000 (2024-25 - $30,000) towards increased fuel prices and additional fuel consumption incurred as a result of low water conditions.

In 2025-26, the GNWT authorized and paid a contribution to NTPC of $6,000 (2024-25 - $12,000) to assist in reducing utility rates. For regulatory purposes, this funding allowed NTPC to offset certain regulatory sunk costs which were previously incurred.

NORTHWEST TERRITORIES POWER CORPORATION

Note 19. Government contributions (continued)

A new contribution agreement was entered into in 2025-26 to fund $31,300 towards construction of a new LNG plant in Fort Simpson. $1,500 of this was received in 2025-26 and is included in deferred government contributions as of March 31, 2026.

Following is a summary of funding revenue recognized during the year:

	2026	2025
Contribution towards fuel costs related to low water event	$ 12,000	$ 30,000
Contributions to reduce utility rates	6,000	12,000
Fort Simpson new LNG plant	303	262
Contributions towards Integrated Power Systems Plan	160	-
Contribution towards Taltson Site Tour	67	-
Contributions towards hiring new board members	17	-
Repayable Snare Funding due to insurance proceeds	(1,302)	-
Inuvik High Point Wind Project (Note 20)	-	38,000
Inuvik LNG Tank Program	-	14
	$ 17,245	$ 80,276

In October 2018, the hydro unit at Snare Forks experienced a mechanical failure prior to the start of a planned overhaul. NTPC initiated an insurance claim related to the Unit 1 failure. In 2019-20, NTPC received $5,000 as a preliminary installment on the insurance claim and recognized this amount as revenue with a further installment recognized in 2023-24 of $1,260 and a final settlement in 2025-26 of $6,000 for total insurance proceeds of $12,260. The Unit 1 project, along with a capital overhaul on Unit 2, was partially funded by the Investing in Canada Infrastructure Program (ICIP) in previous years. Due to the additional insurance proceeds, as of March 31, 2026, NTPC owes $1,302 to the GNWT for costs previously claimed under the ICIP agreement that were subsequently funded with insurance claims.

NORTHWEST TERRITORIES POWER CORPORATION

20. Related party transactions and balances

NTPC is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NTPC provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere (Notes 7(b), 15, 19, and 22(a)) in these consolidated financial statements are as follows:

Revenues	**2026**	**2025**
Other revenue	$ 646	$ 233
Interest income charged to NT Energy	285	609
Rider revenue	547	573
	$ 1,478	$ 1,415
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 21)	$ 29,792	$ 32,277
Purchased power from NT Energy	-	2,515
Other operating expenses	1,160	1,243
	$ 30,952	$ 36,035

Financial assets	**2026**	**2025**
Revenues receivable		
Utility	$ 2,809	$ 1,578
Non-utility	702	653
	$ 3,511	$ 2,231
Government contributions receivable	$ 218	$ 58
Liabilities		
Accounts payable and accrued liabilities		
Accounts payable to FSD for fuel (Note 21)	$ 33,407	$ 5,355
Repayable government contributions	12,510	5,511
Other accounts payable and accrued liabilities	101	1,860
	$ 46,018	$ 12,726
Deferred government contributions	$ 1,521	$ 21

Note 20. Related party transactions (continued)

The repayable government contributions represent contributions that were received in excess of the eligible expenditures that could be claimed under the agreement.

Prior to March 2025, NTPC assisted in financing NT Energy, through inter-company transactions, in the construction of the Inuvik High Point Wind assets which created a receivable from NT Energy to NTPC. In March 2025, NTPC acquired the Inuvik High Point Wind assets from NT Energy for $81,809 ($71,269 to general facilities, $4,436 to transmission and distribution, $3,895 to electric power plants and $2,209 to construction work in progress) at the carrying value of the assets (total cost less accumulated amortization up to the day the assets were purchased).

In 2025-26, NTPC settled the balance due to NT energy related to Inuvik High Point Wind for a total of $63,415. The $39,900 due from NT Hydro was applied against the balance (Note 22(a)) as approved by the respective Boards of Directors. The remaining balance was settled by issuing a cash payment of $23,515 to NT Energy.

Summary of the intercompany balance with NT Energy is as follows:

	2026	2025
Opening balance	$ (62,681)	$ 17,019
Transfer value of Inuvik High Point Wind assets	-	(81,809)
Settlement of balance related to Inuvik High Point Wind	63,415	-
Net inter-company advances	561	2,109
Balance, end of year	$ 1,295	$ (62,681)

All inter-company balances bear interest at a rate of bank prime minus .5%. The balances are due on demand with no specific terms of repayment.

NORTHWEST TERRITORIES POWER CORPORATION

21. Contractual obligations, contractual rights, and contingent liabilities

a) Contractual obligations

NTPC is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2026.

	2027	2028 and subsequent
Operational and lease commitments	$ 6,752	$ 232

Capital projects

NTPC has contractual obligations of $12,285 related to capital projects of which payments are expected to be made in 2026-27.

Fuel management services agreement

NTPC has a fuel management services agreement with GNWT's Fuel Service Division (FSD). Under this agreement, FSD provides fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC. The price of fuel under this agreement changes with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. There is an annual minimum purchase requirement of 13 million liters averaged over a 2-year period. The contract expires March 31, 2029.

b) Contractual rights

NTPC has entered into an agreement with the Government of the Northwest Territories to fund the construction of a new LNG plant in Fort Simpson, under which it is entitled to receive funding of $12,000 in 2026-27, $12,000 in 2027-28, and $5,813 in 2028-29.

c) Contingent liabilities

In the normal course of operations, NTPC is subject to legal claims and possible claims. NTPC's evaluation of known and possible claims is that the resolution of these matters is not expected to have a material financial effect.

Asset retirement obligations

NTPC has not recognized a provision for the closure and restoration obligations for certain generation, transmission and distribution assets which NTPC anticipates maintaining and operating for an indefinite period, making the date of retirement of these assets indeterminate. These significant uncertainties around the timing of any potential future cash outflows are such that a reliable estimate of the liability is not possible at this time. A provision will be recognized when the timing of the retirement of these assets can be reasonably estimated.

NORTHWEST TERRITORIES POWER CORPORATION

22. Financial instruments and risk management

NTPC's financial instruments include cash, revenues receivable, government contributions receivable/payable, due to/from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligation.

NTPC is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NTPC manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NTPC by failing to discharge its obligation. The following table sets out NTPC's maximum exposure to credit risk under a worst-case scenario and does not reflect results expected.

	2026	2025
Revenues receivable	$ 23,101	$ 18,493
Due from related parties	1,295	39,900
Government contributions receivable	218	58
Cash	856	596
	$ 25,470	$ 59,047

Revenues receivable

NTPC minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Total customer deposits at March 31, 2026 are $1,724 (2024-25 – $1,583). Thirty-two percent (2024-25 - 34%) of NTPC's sales of power are to two other utilities. Twenty-seven percent (2024-25 - 26%) of sales of power, including HSP, TPSP, and COL are to the GNWT.

Due from related parties

The balance due from NT Hydro of $ nil (2024-25 - $39,900), is due on demand with no specific terms of repayment. The balance was applied against the due to NT Energy balance (Note 20).

NT Energy has a borrowing capacity of up to $48,000 from NTPC. As at March 31, 2026, the balance outstanding was $1,295 (2024-25 - $ nil). The amount due bears interest at a rate of bank prime minus .5%. The balance due from related party is due on demand with no specific terms of payment (Note 20).

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

NORTHWEST TERRITORIES POWER CORPORATION

Note 22. Financial instruments and risk management (continued)

Cash

NTPC minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

b) Liquidity risk

Liquidity risk is the risk that NTPC will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NTPC arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NTPC the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a $150,000 operating line of credit with a reputable financial institution. The accounts payable and accrued payables are expected to be settled within one year. The following table shows the maturities of the operating line of credit, debenture debt, and capital lease obligation:

	March 31, 2026				
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	$16,686	$ 103,027	$ 191,823	$ 142,382	$ 453,918
Operating line of credit	131,774	-	-	-	131,774
Capital lease obligation	1,562	7,337	16,365	10,873	36,137
	$ 150,022	$ 110,364	$ 208,188	$ 153,255	$ 621,829

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates. NTPC has exposure to interest rate risk on its debenture debt, capital lease obligation, and operating line of credit. Interest expense on the capital lease is not significant.

Note 22. Financial instruments and risk management (continued)

NTPC is primarily exposed to interest rate risk on its operating line of credit, which bears interest at a variable rate based on a benchmark lending rate minus a margin established for fixed short-term intervals. NTPC manages its risk on the line of credit by monitoring its borrowing requirements and, where appropriate, replacing line of credit borrowing used to finance capital activities with longer term fixed rate debenture debt. A one percent increase or decrease in the benchmark lending rate throughout the year would have increased or decreased interest expenses on the operating line of credit for the year by approximately $1,141.

NTPC manages its risks on long-term debt and by entering into borrowing agreements that have fixed interest rates so that the future cash outflows are predictable.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to manage interest rate risk.

23. Subsequent events

a) Debenture Debt

Subsequent to year-end, in June 2026, the Corporation entered into a long-term debt agreement for proceeds of $100,000 payable to the GNWT. The loan bears interest at a fixed rate of 4.136% per annum, with interest payable semi-annually in arrears from the date of issuance until the loan is fully repaid. Principal repayments are also due semi-annually over the term of the agreement. The loan matures on June 30, 2056. Total annual cash outflows related to this agreement, including both principal and interest, are estimated to be $5,848.

As the agreement was executed after the reporting date, the related repayments are not included in notes 7(b) and 22(b), which disclose scheduled payments on long-term debt outstanding as at year-end.

NORTHWEST TERRITORIES POWER CORPORATION

RECONCILIATION FROM PSAS CONSOLIDATED FINANCIAL INFORMATION TO RATE REGULATED ACCOUNTING CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED MARCH 31, 2026

UNAUDITED

NORTHWEST TERRITORIES POWER CORPORATION

Notes to Reconciliation from PSAS Consolidated Financial Information to Rate Regulated Accounting Consolidated Financial Information
As at March 31, 2026
UNAUDITED

STATEMENT OF FINANCIAL POSITION	Audited PSAS Financial Statements	Reclassification Adjustments	Regulated Assets and Liabilities	TCA and ARO Adjustments	Other	Unaudited Rate Regulated Accounting
Assets						
Current assets						
Cash and short-term investments	$ 856	$ -	$ -	$ -	$ -	$ 856
Accounts receivables	23,101	-	20,529	-	-	43,630
Government contributions receivable	218	-				218
Net receivable from related parties	1,295	-	-	-	-	1,295
Inventories	18,121	(6,457)	-	-	(1)	11,663
Prepaid expenses	3,117	-	-	-	-	3,117
	46,708	(6,457)	20,529	-	(1)	60,779
Property, plant and equipment (net)	657,422	6,457	(27,968)	38,105	3	674,019
Other long term assets						
Other long term assets	14,575	-	(14,575)	-	-	-
Regulatory assets	-	-	69,147	-	1	69,148
	14,575	-	54,572	-	1	69,148
	$ 718,705	$ -	$ 47,133	$ 38,105	$ 3	$ 803,946
Liabilities and Shareholder's Equity						
Current liabilities						
Short-term debt	$ 131,774	$ -	$ -	$ -	$ -	$ 131,774
Accounts payable and accrued liabilities	80,720	-	-	-	-	80,720
Deferred government contributions	1,521	-	-	-	-	1,521
Current portion of long-term debt	-	4,885	-	-	-	4,885
	214,015	4,885	-	-	-	218,900
Long-term debt						
Long-term debt	271,282	(4,885)	-	-	(3,264)	263,133
Obligation under capital lease	14,329	-	-	-	-	14,329
	285,611	(4,885)	-	-	(3,264)	277,462
Other long term liabilities	-	-	-	-	-	-
Regulatory liabilities	-	22,859	44,449	(45,718)	-	21,590
Asset retirement obligations and environmental liabilities	22,859	(22,859)	-	22,859	-	22,859
Deferred government contributions	-	-	122,811	-	-	122,811
Employee Future Benefits	2,924	-	-	-	(145)	2,779
	25,783	-	167,260	(22,859)	(145)	170,039
Shareholder's equity	193,296	-	(120,127)	60,964	3,412	137,545
	$ 718,705	$ -	$ 47,133	$ 38,105	$ 3	$ 803,946

NORTHWEST TERRITORIES POWER CORPORATION

Notes to Reconciliation from PSAS Consolidated Financial Information to Rate Regulated Accounting Consolidated Financial Information
Year Ending March 31, 2026
UNAUDITED

STATEMENT OF OPERATIONS	Audited PSAS Financial Statements	Reclassification Adjustments	Regulated Assets and Liabilities	TCA and ARO Adjustments	Other	Unaudited Rate Regulated Accounting
Revenues						
Sale of power	$ 136,667	$ -	$ 11,145	$ -	$ -	$ 147,812
GNWT power sales contributions	-	-	-	-	-	-
Net investment income Aadrii	-	-	-	-	-	-
Contribution from NT Hydro	-	-	-	-	-	-
Other government contributions	17,245	(244)	(17,001)	-	-	-
Other revenue	4,550	244	(2,054)	-	(8)	2,732
	158,462	-	(7,910)	-	(8)	150,544
Expenses						
Salaries and wages	-	35,727	(1,705)	39	(37)	34,024
Fuel and lubricants	-	56,551	(4,845)	(13,602)	-	38,104
Supplies and services	-	29,800	(8,515)	790	(3)	22,072
Amortization	-	25,774	(2,853)	1,046	(2)	23,965
Travel and accommodation	-	3,566	(240)	-	(8)	3,318
Amortization of Deferred Charges	-	-	7,773	-	-	7,773
Net loss on disposal of assets	-	2,820	(1,114)	(1,706)	-	-
Dividend expense	-	-	-	-	-	-
Accretion on ARO	-	295	-	(295)	-	-
Thermal generation	106,443	(106,443)	-	-	-	-
Hydro generation	26,131	(26,131)	-	-	-	-
Corporate services	16,356	(16,356)	-	-	-	-
Transmission, distribution and retail	16,784	(16,784)	-	-	-	-
Purchased power	3,999	(3,999)	-	-	-	-
Alternative power generation	2,310	(2,310)	-	-	-	-
	172,023	(17,490)	(11,499)	(13,728)	(50)	129,256
Earnings from operations	(13,561)	17,490	3,589	13,728	42	21,288
Interest income	438	-	-	-	-	438
Earnings before interest expense	(13,123)	17,490	3,589	13,728	42	21,726
Interest expense	-	17,490	(2,649)	-	243	15,084
Net earnings before other	(13,123)	-	6,238	13,728	(201)	6,642
Rider revenue	5,057	-	(2,107)	-	12	2,962
Offset to Rider Revenue	-	-	(2,959)	-	(3)	(2,962)
Insurance proceeds revenue	6,000	-	-	(6,000)	-	-
	11,057	-	(5,066)	(6,000)	9	-
Net income for the year	(2,066)	-	1,172	7,728	(192)	6,642
Retained earnings, beginning of year	152,233	-	(121,299)	53,236	3,604	87,774
Retained earnings, end of year	150,167	-	(120,127)	60,964	3,412	94,416
Share capital	43,129	-	-	-	-	43,129
Shareholder's equity, end of year	$ 193,296	$ -	$ (120,127)	$ 60,964	$ 3,412	$ 137,545

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Reconciliation from PSAS Consolidated Financial Information to Rate Regulated Accounting Consolidated Financial Information
Year Ending March 31, 2026
UNAUDITED

Note 1 Under PSAS, expenses are classified by function - for Rate Regulated Accounting (RRA), they are classified by object (e.g. fuel, salaries etc.). To go from PSAS to RRA, expenses by function (e.g. Hydro Generation) are reduced and expenses by object are increased.

For RRA, assets and liabilities are classified between current (less than 1 year) and long term (longer than one year).

Under RRA, critical spare inventory is reclassified as property, plant and equipment (PPE).

Note 2 For RRA, regulatory assets and liabilities are recorded on the balance sheet.

To go from PSAS to RRA, regulatory expenses (e.g. overhaul costs), and opening equity are reduced and regulatory assets are increased. In addition, amortization expense is increased and regulatory assets are decreased to record amortization on regulatory assets in accordance with rates approved by the NWT Public Utilities Board (PUB).

Capital contribution revenue from the GNWT and customers are deferred under RRA but included in revenue for PSAS. To go from PSAS to RRA, revenue is reduced, opening equity is increased and regulatory liabilities are increased. The regulatory liabilities are amortized on the same basis as the related assets. To go from PSAS to RRA, amortization and regulatory liabilities are decreased for the amount of amortization on regulatory liabilities.

Note 3

Under PSAS, certain studies are not allowed to be recorded as capital assets and are expensed for PSAS purposes. To go from PSAS to RRA, expenses are reduced and PPE is increased. Amortization is also increased and net PPE is increased to record amortization expense on these study costs.

Net losses on disposal are recorded as an expense under PSAS in the year of disposal. For RRA, these net losses are deferred and netted with PPE. To go from PSAS to RRA, Net loss on disposal of assets is reduced and PPE is increased.

Asset retirement obligation costs are recorded as assets for PSAS and are not under RRA. To go from PSAS to RRA, PPE is reduced and opening equity is reduced. In addition, amortization expense and opening equity are reduced to eliminate the amortization expense on the asset retirement costs.

Insurance proceeds received for loss of capital assets are recorded as revenue under PSAS. For RRA, insurance proceeds are recorded as a credit to the capital assets and the credit is amortized over the life of the asset on the same basis as the asset is amortized.

Note 4 Other adjustments related to differences in how NTPC accounted for its long term debt swap costs and sick leave. To go from PSAS to RRA, salaries expense was increased and other employee future benefits were decreased to account for sick leave accruals. Interest expense was increased, and opening equity and long term debt were decreased to account for the deferred swap costs.

Fiscal 2025-26 Write Off List

Community	Updated Write-Off
Gameti	$4,493.91
Behchoko	$5,642.29
Dettah	$370.79
Lutsel K'e	$662.14
Fort Smith	$6,403.50
Fort Resolution	$1,293.87
Fort Simpson	$12,793.39
Fort Liard	$558.22
Jean Marie River	$253.12
Inuvik	$19,683.88
Norman Wells	$4,152.83
Tuktoyatuk	$2,489.50
Fort McPherson	$562.17
Aklavik	$1,237.03
Deline	$1,509.59
Fort Good Hope	$1,126.86
Paulatuk	$204.88
Sachs Harbour	$2,061.10
Ulukhaktok	$307.75
Total	**$65,806.82**