

Province of
Newfoundland and Labrador



Public Accounts Consolidated Summary Financial Statements

FOR THE YEAR ENDED
MARCH 31, 2026





Province of Newfoundland and Labrador

Public Accounts

Consolidated Summary Financial Statements

**For The Year Ended
31 March 2026**

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Message from the Minister

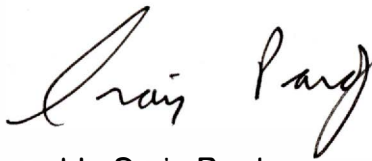
As the Minister of Finance and President of Treasury Board, I am pleased to present Newfoundland and Labrador's Public Accounts for the fiscal year ended March 31, 2026.

The Public Accounts provide a transparent and accountable record of government's financial results and demonstrate our ongoing commitment to responsible stewardship of public resources. These accounts have, once again, received a clean, unqualified audit opinion from the Auditor General.

In 2025-26, continued economic growth, strong offshore revenues, and increased taxation revenues helped support important investments in health care, education, public infrastructure, affordability measures, and other services that Newfoundlanders and Labradorians rely on every day.

At the same time, our government remained focused on strengthening the Provincial Government's financial position through disciplined fiscal management, active debt management, and strategic investments that support long-term sustainability. These efforts have helped improve our financial outlook while ensuring we continue to meet the needs of residents.

Our Government remains committed to making responsible decisions to support a strong economy and provide quality public services. In doing so, we are creating a brighter future for Newfoundland and Labrador.

A handwritten signature in black ink, reading "Craig Pardy". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Honourable Craig Pardy
Minister of Finance and President of Treasury Board
Government of Newfoundland and Labrador

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Understanding the Financial Health of the Province of Newfoundland and Labrador

For the Fiscal Year Ended 31 March 2026

INTRODUCTION

This financial statement discussion and analysis report precedes the Public Accounts to provide an overview of changes in government's financial position and highlight key figures and comparatives. The report is prepared by the Office of the Comptroller General and is not subject to an audit opinion; however, the information analyzed in the report is based on what is reported in the audited Public Accounts.

FINANCIAL REPORTS

The Public Accounts are the audited consolidated summary financial statements of the Province. They are prepared using the **accrual basis** of accounting in accordance with standards established by the Public Sector Accounting Board (PSAB) and audited by the Auditor General. The financial statements contain Original Budget figures for comparison purposes, where applicable.

Within the annual Original Budget Speech is a series of statements which are comparable to the Public Accounts as both are prepared using the accrual basis of accounting and both consolidate the financial statements of core government departments with that of various Crown Corporations, Boards and Authorities, as approved by Treasury Board. These organizations are controlled by government and are accountable to either a Minister of the government department or directly to the Legislature for the administration of their financial affairs and resources.

The Public Accounts also contain supplemental financial information of the Consolidated Revenue Fund. The Consolidated Revenue Fund is comprised of all public money that is controlled by government. This financial information is essentially the unaudited financial statements of the aggregate core government departments. These statements are prepared on an accrual basis in accordance with standards established by the PSAB and can be found as an appendix within the Public Accounts.

The Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund is an additional annual financial report prepared during the Public Accounts process. It is prepared using the modified **cash basis** of accounting. It presents the details of the actual revenues and expenditures of core government departments that were receipted and disbursed in the fiscal year. It is the companion document to the Estimates as it portrays actual cash revenues received and compares amounts spent against the amounts appropriated. This report is not subject to an audit opinion, but is tabled in the House of Assembly and is published on the Executive Council website.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the **Financial Administration Act**.

All of these, as well as other financial reports can be found on the Executive Council website at:

<https://www.gov.nl.ca/exec/tbs/home/publications/public-accounts/>

WHAT TO EXPECT IN THIS REPORT

In this report you can expect to find variance analysis between the Original Budget deficit as per the Original Budget Speech and the actual deficit as per the Statement of Operations found in the Public Accounts. The Original Budget Speech represents government's forecast for the fiscal year while the Public Accounts report the financial results of that fiscal year. The comparison of Original Budget to actual promotes accountability and provides explanations of significant variances.

A comparison of current and previous year financial results and trend analysis is included to illustrate how the financial results of the current year relate to the results of prior years. It demonstrates government's position and highlights any significant changes that have occurred.

A summary of risks that may impact the financial position of the Province is presented to highlight potential changes and government's plans to mitigate them.

The financial statement discussion and analysis report will also summarize an outlook on 2026 by providing available information on what can be expected to impact government's financial position in the future.

Refer to the glossary of terms on page 55 for definitions and explanations of key terms that have been bolded throughout the document.

FINANCIAL HIGHLIGHTS

The Public Accounts contains six financial statements. Each statement includes important information that is necessary to obtain a complete understanding of the Province's financial position. The financial statements present prior year results and Original Budget figures, where possible, for comparative purposes. Certain comparative figures have been reclassified to conform to the basis of presentation adopted during the current reporting period. This section provides a summary of key financial statement highlights of the Public Accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- Presents **financial assets**, liabilities and **non-financial assets** at a point in time. The statement calculates **net debt**, the difference between financial assets and liabilities, and **accumulated deficit**, the net financial position of government from all years of operations at a point in time. The statement discloses separately the two components comprising the accumulated deficit: the accumulated operating deficit and the accumulated remeasurement gains.
- Net debt for the 2025-26 fiscal year is \$19.0 billion. The accumulated deficit is \$12.4 billion, consisting of an accumulated operating deficit of \$12.7 billion and accumulated remeasurement gains of \$244.4 million.
- As at 31 March 2026, both net debt and accumulated deficit are in line with Original Budget and higher than they were at the end of the previous fiscal year. This is due to an increase in liabilities, primarily related to borrowings, which increased \$2.5 billion; offset by an increase in financial assets of \$1.4 billion, largely due to a \$1.1 billion increase in cash and temporary investments, and a decrease in the unfunded pension liability of \$482.9 million, which includes the change in promissory notes. Non-financial assets increased by \$310.5 million compared to fiscal 2024-25 which had a positive impact on the accumulated deficit, resulting in the increase in the accumulated deficit being less than the increase in net debt.

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

- Highlights the changes in net debt from the previous fiscal year and provides a comparison to Original Budget figures. The statement also discloses the impact of net remeasurement gains on net debt.
- This statement shows that net debt totaled \$19.0 billion in the 2025-26 fiscal year. This is an increase of 3.3% in comparison to the prior year (31 March 2025 - \$18.4 billion), however 2.1% lower than expected in the Original Budget (31 March 2025 – \$19.4 billion).
- The assets and liabilities contributing to the change in net debt are presented in the Consolidated Statement of Financial Position. The intent of this statement is to report the extent the operating deficit and net remeasurement gains have impacted net debt after removing the effects of changes to non-financial assets (i.e. **tangible capital assets**) from the operating deficit. As well, any changes in accounting policy or restatements of prior year's results are also reflected on this statement.

CONSOLIDATED STATEMENT OF OPERATIONS

- Reports the revenues and expenses from operations in a fiscal year, the resulting operating deficit, and provides a comparison to Original Budget figures and previous year actuals.
- The **annual deficit** in 2025-26 was \$377.6 million. This was an increase of \$81.0 million from the prior year's deficit (31 March 2025 - \$296.6 million) and an increase of \$5.8 million compared to the \$371.8 million deficit originally budgeted for 2025-26.
- For the fiscal year ended 31 March 2026, total revenue was \$11.1 billion (31 March 2025 - \$10.4 billion) and total expenses were \$11.5 billion (31 March 2025 - \$10.7 billion).
- Revenues increased by 7.0% from the prior year, primarily due to an increase in taxation revenue, net profits interest, and offshore royalties. This was partially offset by decreased net income of government business enterprises and partnership. Revenues increased by 3.9% from the Original Budget, mainly due to higher than expected taxation revenue, net profits interest, and offshore royalties, partially offset by lower than expected tobacco settlement revenue.
- Expenses increased by 7.6% from the prior year, primarily due to increased operating costs, grants and subsidies, salaries and employee benefits, and professional services. Expenses increased from the Original Budget by 3.9%, primarily due to greater than expected salaries and employee benefits, professional services, and operating costs.
- In comparison to both the prior year and the Original Budget, the increase in expenses exceeded the increase in revenues resulting in a higher deficit for 2025-26.

CONSOLIDATED STATEMENT OF CHANGE IN ACCUMULATED DEFICIT

- Highlights the changes in accumulated deficit from the Original Budget and the previous fiscal year. The statement also distinguishes the accumulated deficit components, the accumulated operating deficit and the accumulated remeasurement gains, disclosing both.
- The main increase in accumulated deficit in 2025-26 is due to the deficit for the current year.
- The accumulated deficit of \$12.4 billion for 2025-26 increased by \$0.2 billion in comparison to the 2024-25 accumulated deficit of \$12.2 billion.

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

- Reports unrealized changes in the value of certain financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value.
- The government's proportionate share of other comprehensive income of the government business enterprises and partnership is also reported in the statement of remeasurement gains and losses.
- There were net remeasurement gains for fiscal year 2025-26 of \$117.5 million (31 March 2025 - \$28.5 million), resulting in accumulated remeasurement gains of \$244.4 million at March 31, 2026 (31 March 2025 - \$126.9 million).

CONSOLIDATED STATEMENT OF CASH FLOWS

- Explains the change in cash and temporary investments from the previous fiscal year to the government generated and disbursed cash in the current fiscal year.
- Cash and temporary investments increased by 58.6% from the previous fiscal year. Cash flows increased due largely to debt issuances and collections of accounts receivable; partially offset by capital spending, debt retirement demands, and expenditures exceeding revenues as represented in the annual deficit.

UNDERSTANDING THE FINANCIAL HEALTH OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

KEY FINANCIAL HIGHLIGHTS

For the fiscal year ended 31 March 2026

(In \$ millions)

	Original Budget 2025-26 ¹	Actual Results 2025-26	Actual Results 2024-25	Change from Original Budget			Change from Prior Year Actual Results		
				\$	%	↕	\$	%	↕
REVENUE									
Provincial									
Taxation	4,651.8	5,198.6	4,793.3	546.8	11.8	↑	405.3	8.5	↑
Investment	163.7	233.9	236.9	70.2	42.9	↑	(3.0)	(1.3)	↓
Fees and fines	585.7	623.1	590.3	37.4	6.4	↑	32.8	5.6	↑
Offshore royalties	1,591.4	1,710.1	1,360.4	118.7	7.5	↑	349.7	25.7	↑
Other	1,068.8	643.5	655.8	(425.3)	(39.8)	↓	(12.3)	(1.9)	↓
Total Provincial	8,061.4	8,409.2	7,636.7	347.8	4.3	↑	772.5	10.1	↑
Federal	2,134.2	2,217.0	1,886.6	82.8	3.9	↑	330.4	17.5	↑
Net income of government business enterprises and partnership	474.6	464.8	842.0	(9.8)	(2.1)	↓	(377.2)	(44.8)	↓
Total Revenue	10,670.2	11,091.0	10,365.3	420.8	3.9	↑	725.7	7.0	↑
EXPENSE									
Salaries and employee benefits	4,100.5	4,208.2	4,015.8	107.7	2.6	↑	192.4	4.8	↑
Grants and subsidies	2,698.5	2,637.4	2,427.8	(61.1)	(2.3)	↓	209.6	8.6	↑
Operating costs	1,900.7	1,973.1	1,731.9	72.4	3.8	↑	241.2	13.9	↑
Debt expenses	1,139.1	1,185.5	1,172.6	46.4	4.1	↑	12.9	1.1	↑
Professional services	742.1	841.7	685.2	99.6	13.4	↑	156.5	22.8	↑
Other	461.1	622.7	628.6	161.6	35.0	↑	(5.9)	(0.9)	↓
Total Expense	11,042.0	11,468.6	10,661.9	426.6	3.9	↑	806.7	7.6	↑
ANNUAL OPERATING DEFICIT	(371.8)	(377.6)	(296.6)	(5.8)	1.6	↑	(81.0)	27.3	↑

¹ The Budget figures are from pages 14 and 18 of the Budget 2025 Statements and Schedules and certain figures have been restated as consistent with the Public Accounts.

HISTORICAL DATA

For the past 5 fiscal years
(\$ thousands)

	2022	2023	2024	2025	2026	5 Year Trend
Total Revenue	8,589,429	10,190,199	9,630,208	10,365,302	11,091,027	↑
Total Expense	8,866,699	9,868,832	10,089,182	10,661,939	11,468,574	↑
(Deficit) Surplus	(277,270)	321,367	(458,974)	(296,637)	(377,547)	↑
Financial Assets	13,446,264	13,818,747	14,236,770	15,941,235	17,304,389	↑
Liabilities:						
Borrowings	18,345,310	18,107,086	19,341,169	22,026,661	24,484,976	↑
Group Health/ Life Insurance	3,353,621	3,461,738	3,520,700	3,530,455	3,508,898	↑
Pension	4,629,673	4,371,159	4,150,931	3,773,743	3,290,846	↓
Other Liabilities	4,032,715	4,382,481	4,890,490	5,046,290	5,034,813	↑
Net Debt	16,915,055	16,503,717	17,666,520	18,435,914	19,015,144	↑
Non-Financial Assets	5,027,638	5,060,712	5,780,112	6,282,443	6,592,902	↑
Accumulated Deficit	11,887,417	11,443,005	11,886,408	12,153,471	12,422,242	↑

CONSOLIDATED FINANCIAL RESULTS

The largest revenue variances between actual results and the Original Budget figures relate to taxation and miscellaneous revenues. Taxation revenue was \$546.8 million higher than the Original Budget mainly due to higher than expected corporate income taxes and personal income taxes, partially offset by lower than anticipated sales taxes. Miscellaneous revenue was \$425.3 million lower than the Original Budget mainly due to lower than expected tobacco settlement revenues.

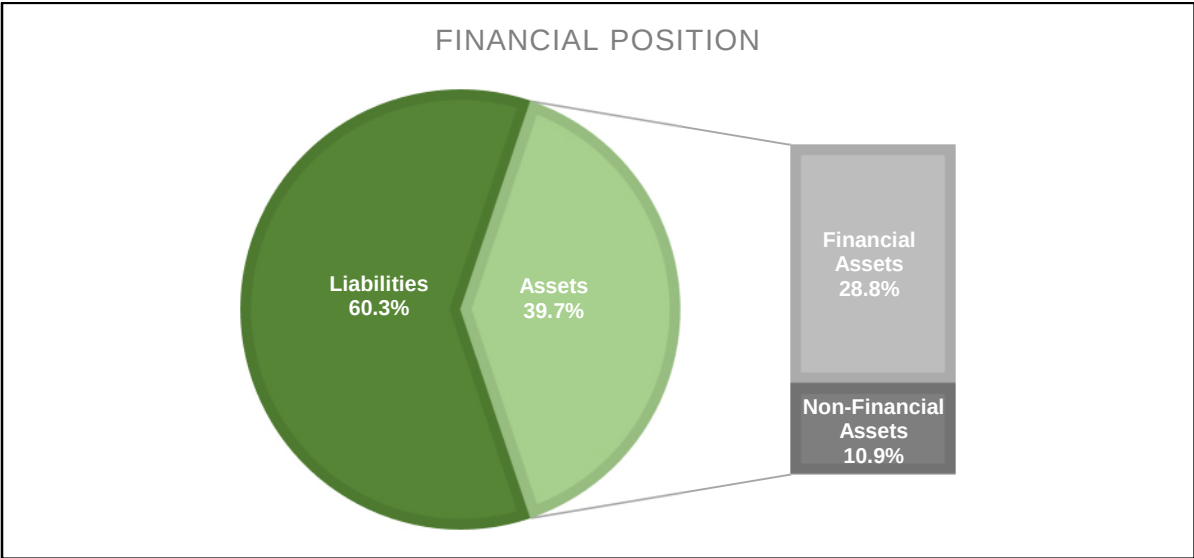
Taxation, net income of government business enterprises and partnership, net profits interest, and offshore royalties revenues were the largest revenue variances between 2025-26 actuals and 2024-25 actuals. Net income of government business enterprises and partnership decreased \$377.2 million from 2024-25 actuals, primarily due to lower net income from Newfoundland and Labrador Hydro (NL Hydro). Taxation revenue was \$405.3 million higher than 2024-25 actuals primarily due to increases in corporate income taxes and personal income taxes. Net profits interest was \$360.4 million higher compared to 2024-25 actuals. Offshore royalties increased \$349.7 million from 2024-25 actuals.

Operating costs expense was the largest expense variance between 2025-26 actuals and 2024-25 actuals. Operating costs expense increased \$241.2 million from 2024-25. Salaries and employee benefits expense was the largest expense variance between 2025-26 actuals and the Original Budget. Salaries and employee benefits expense increased \$107.7 million from the Original Budget.

Further details regarding these and other significant variances can be found later in this report.

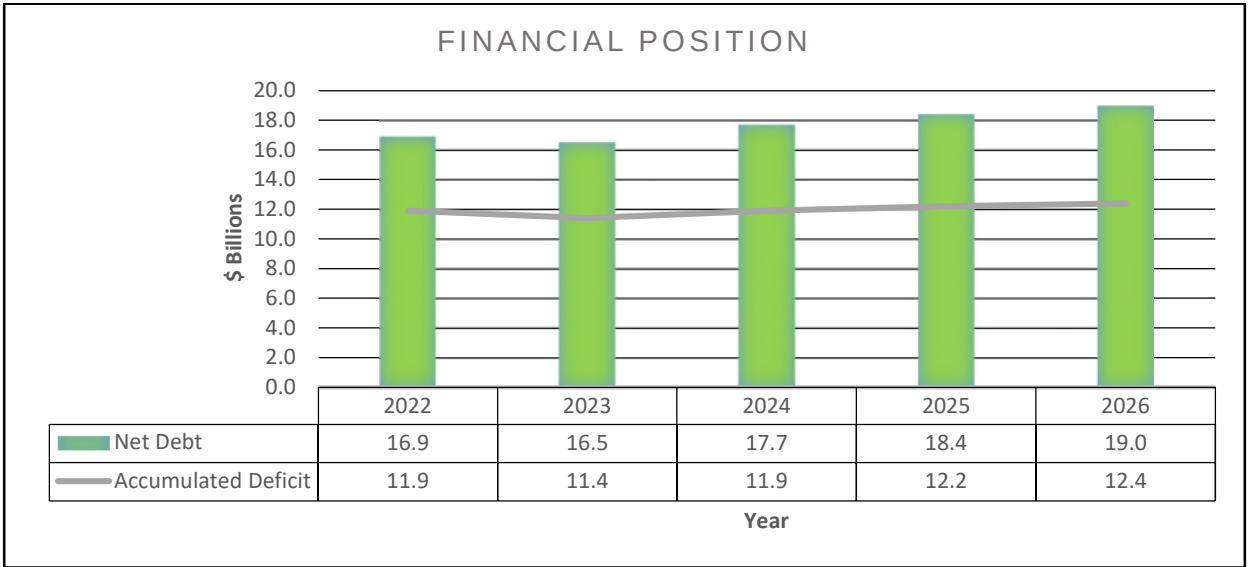
FINANCIAL POSITION

Newfoundland and Labrador's economy showed continued growth in 2025-26. It is expected to remain resilient despite the persistence of global uncertainty, with significant growth forecast in real gross domestic product in 2026-27. The Government of Newfoundland and Labrador is focused on strategic treasury management which includes a foreign borrowing program and a focus on repayment of debt maturities. Liquidity has been strengthened so that cash reserves are available to meet obligations. Sinking funds are attached to bonds to ensure the funds are available when the principal comes due. The bond rating agencies, DBRS Morningstar, S&P Global Ratings (S&P), and Moody's Investors Services (Moody's), have confirmed the Province's long-term debt ratings at A/A1. DBRS Morningstar continues to assign a stable outlook, while S&P and Moody's have revised the Province's outlook from stable to negative following the fiscal forecast presented in Budget 2026. The Government of Newfoundland and Labrador is focused on making forward-thinking, responsible spending decisions that will help right the Province's fiscal path, while also realizing its tremendous potential.



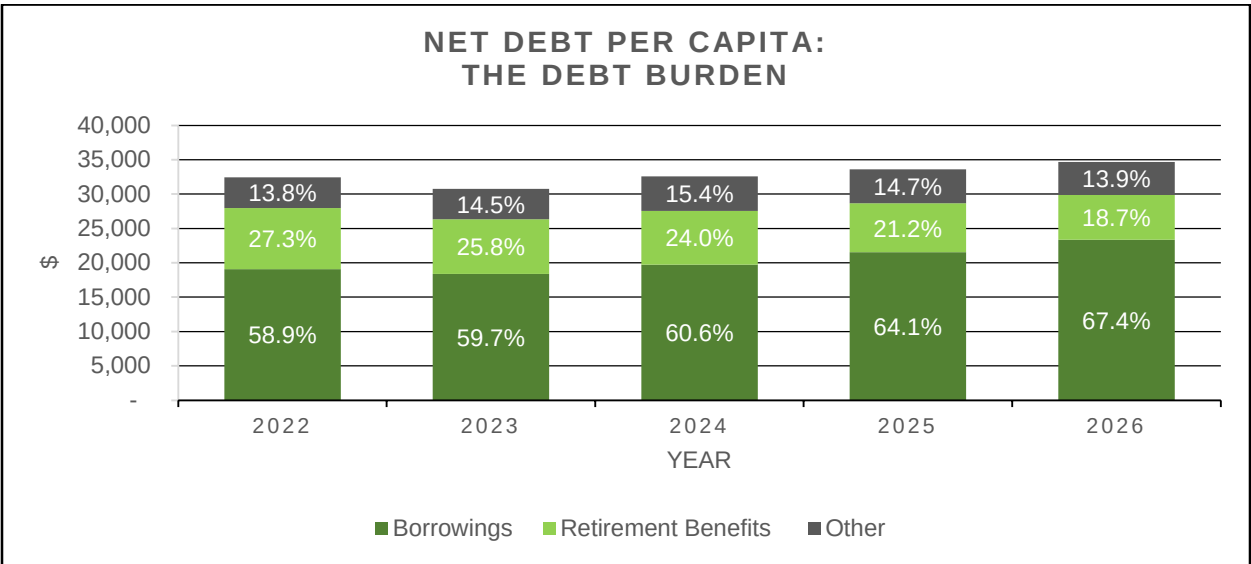
The Province’s accumulated deficit position and net debt as at 31 March 2026 is presented in the following chart. The Province’s net debt totals \$19.0 billion and represents the amount needed to be funded from future generations to pay for past activities.

Net debt increased by \$0.6 billion and accumulated deficit increased by \$0.2 billion from the previous year mainly due to the annual deficit. Details of the annual deficit will be discussed later in this report.



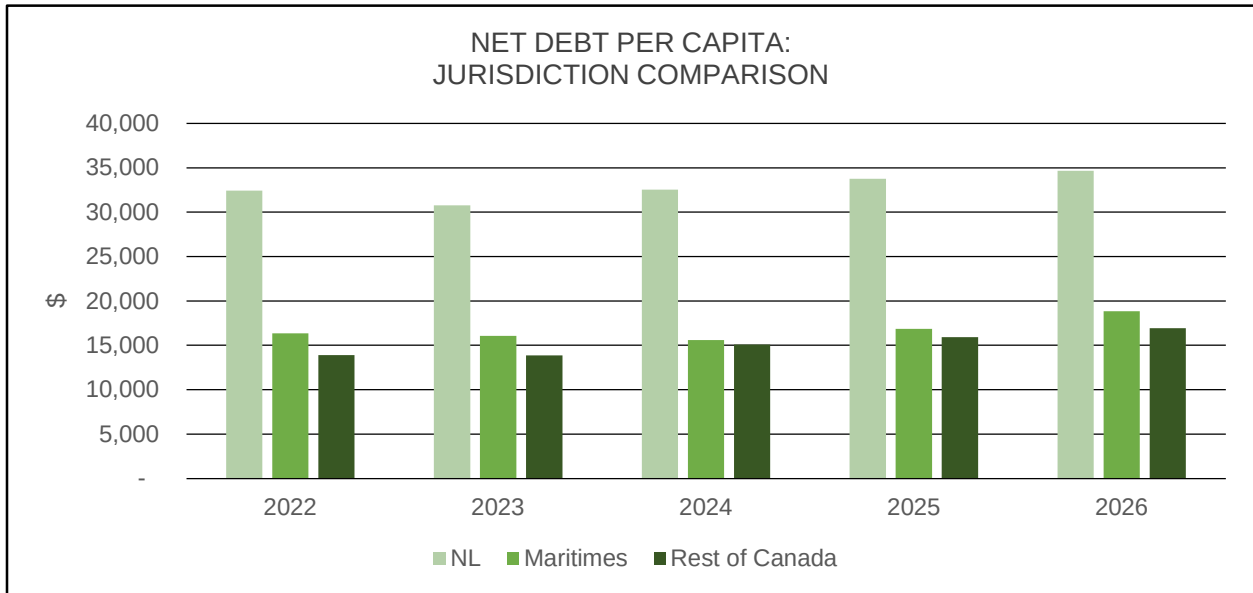
NET DEBT PER CAPITA

Net debt per capita indicates the average amount of the Province’s net debt attributed to each citizen of the Province and is calculated by dividing the net debt by the Province’s population. As presented in the chart that follows, net debt per capita increased from \$33,591 in 2024-25 to \$34,664 in 2025-26. This increase of \$1,073 per person is primarily the result of the increase in the Province’s net debt and a population decline of 285 individuals between March 31, 2025 and March 31, 2026. The following graph also indicates the portion of each type of debt that makes up the net debt per capita.



UNDERSTANDING THE FINANCIAL HEALTH OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

The following chart presents the Province's net debt per capita in comparison to the Maritime Provinces and the rest of Canada.



*Note: Original Budget figures were used where the Public Accounts actual results were not available.

Newfoundland and Labrador's net debt per capita has been greater than the average of the other jurisdictions for the past five years and is greater than it was in 2021-22. Net debt per capita for the Maritimes and the rest of Canada has increased from 2024-25.

The Province has a smaller population to carry the net debt burden. The average population for the last five years for the Province, and the Maritimes and the rest of Canada per jurisdiction is presented below. As shown, the average population for the country has grown steadily.

Average Population per jurisdiction (in 000's)	2022	2023	2024	2025	2026 ^[1]	5 Year Change
NL	529.0	536.7	543.1	548.8	548.6	19.6
Maritimes	657.8	677.0	697.2	711.9	713.2	55.4
Rest of Canada	4,007.3	4,103.6	4,237.5	4,321.1	4,309.3	302.0

^[1] Source: Statistics Canada, Centre for Demography

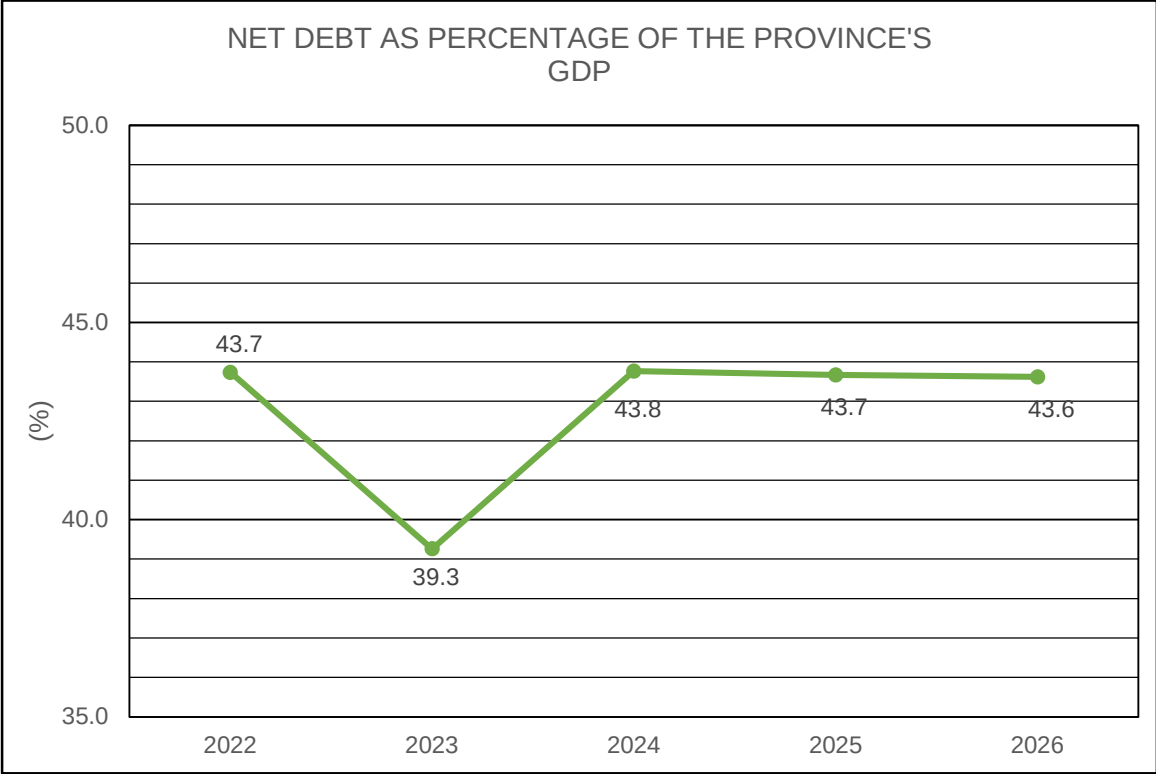
NET DEBT AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT (GDP)

This ratio measures the level of debt that the Province carries as a percentage of its **GDP**.

As presented in the following graph, there has been a minimal decrease in net debt as a percentage of GDP in the current year. The ratio had previously been trending downwards between 2021-22 and 2022-23 as a result of the economic recovery subsequent to the Covid-19 pandemic. In 2023-24, the ratio grew sharply due to falling GDP as a result of a decline in oil prices and production. The ratio has remained consistent in subsequent periods despite growing net debt due to recoveries in the oil and gas sector improving GDP.

On a five-year basis, the relationship implies that the rate of increase in GDP has been slightly lower than the rate of increase in net debt, indicating that Government has been fairly consistent in its demands on the provincial economy during this time.

The 2025-26 ratio is 43.6%, which is 0.1 percentage points lower than the 2024-25 ratio and 0.2 percentage points lower than the highest point of the last five years. The average of this ratio over the past five years is 42.8%. Since 2021-22, the ratio has remained relatively consistent.



Note: Figures shown in the above graph use the GDP figures from Newfoundland and Labrador Statistics Agency's website (Selected Economic Indicators Forecast 2016-2030f published as of April 29, 2026). The GDP figures have been restated based on the real GDP for 2022-2025.

NET DEBT AND ACCUMULATED DEFICIT

For the fiscal year ended 31 March 2026, net debt of \$19.0 billion included borrowings of \$24.5 billion. Net debt for the fiscal year ended 31 March 2026 increased from the previous year by \$0.6 billion or 3.3% and borrowings increased by \$2.5 billion which represents an 11.4% increase.

The net debt is the difference between total financial assets of \$17.3 billion and liabilities of \$36.3 billion. The Province's net debt, less non-financial assets of \$6.6 billion, results in an accumulated deficit of approximately \$12.4 billion.

Net debt and accumulated deficit are comprised of the following components:

(\$ billions)	2022	2023	2024	2025	2026
Borrowings	18.3	18.1	19.3	22.0	24.5
Unfunded Pension Liability	4.6	4.3	4.2	3.8	3.3
Group Health and Life Insurance Retirement Benefits	3.4	3.5	3.5	3.5	3.5
Other Liabilities	4.0	4.4	4.9	5.0	5.0
Less: Total Financial Assets	(13.4)	(13.8)	(14.2)	(15.9)	(17.3)
Net Debt	16.9	16.5	17.7	18.4	19.0
Less: Tangible Capital Assets	(4.8)	(4.8)	(5.6)	(6.0)	(6.4)
Less: Other Non-financial Assets	(0.2)	(0.3)	(0.2)	(0.2)	(0.2)
Accumulated Deficit	11.9	11.4	11.9	12.2	12.4

As shown in the above table, the accumulated deficit and net debt increased in each of the last five years, with the exception of 2022-23, attributable primarily due to additional borrowings by the Province during these years. In 2025-26, the accumulated deficit and net debt increased compared to 2024-25. While financial and non-financial assets increased \$1.8 billion, liabilities increased more by \$2.0 billion, with borrowings increasing by \$2.5 billion from 2024-25, partially offset by the unfunded pension liability decreasing by \$0.5 billion from 2024-25.

BORROWINGS

For the fiscal year ended 31 March 2026, net borrowings totaled \$23.2 billion and increased by \$2.3 billion from 2024-25.

DEBT RELATED RISK

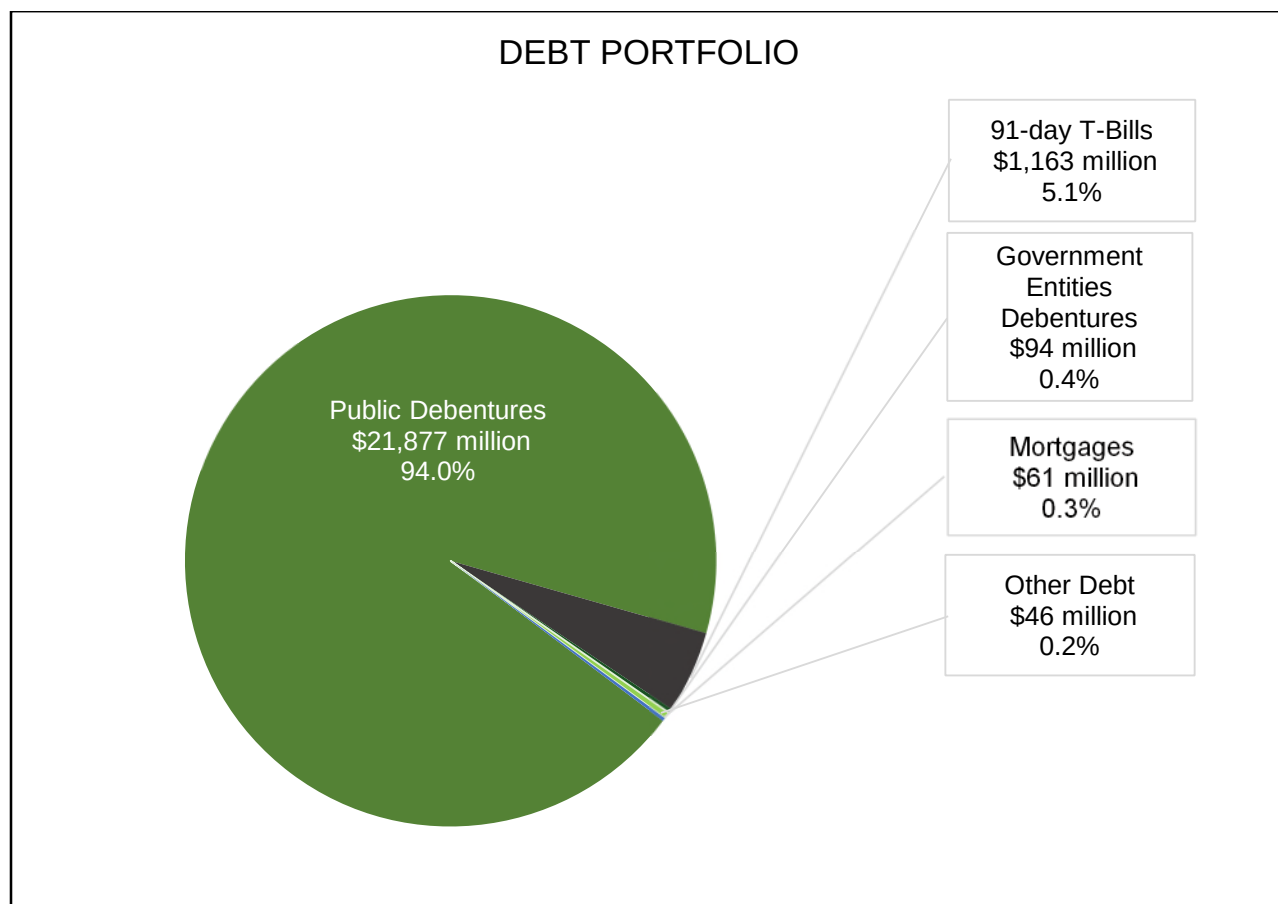
The practice of borrowing in both domestic and foreign currencies may potentially give rise to a number of risks including foreign exchange risk, liquidity risk, interest rate risk, and credit risk.

- **Foreign exchange risk:** Foreign exchange risk exists when a financial transaction is denominated in a currency other than that of the base currency of the Province (CAD). A majority of the Province's debt is domestic in nature. The Province introduced the European borrowing program in 2024-25 and has since opened four new outstanding debentures. Two of these contracts are denoted in Euros and two are denoted in Swiss Francs. All four have been hedged for risk through cross-currency basis swaps with counterparties to effectively convert the debt into Canadian dollars.
- **Liquidity risk:** Liquidity risk is the risk that a party cannot meet its short-term debt obligations. Exposure to liquidity risk is managed by distributing debt maturities over several years, maintaining sinking funds for the repayment of certain long-term debt issues and, based on cash flow monitoring and forecasting, holding adequate cash reserves or short-term borrowings as contingent sources of liquidity.
- **Interest rate and credit risk:** Interest rate risk is the risk that debt-servicing costs will increase due to changes in interest rates. Credit risk is the risk that a loss may occur from the failure of another party to meet its obligations under a financial instrument contract. To mitigate these risks, the Province's debt portfolio is structured such that a high degree of its debt is long-term with fixed interest rates and fixed repayment terms, with limited exposure to floating rate debt obligations. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. Additionally, the Province attempts to manage its exposure to these risks and minimize volatility in its debt expenses by following a conservative debt and risk management strategy.

DEBT PORTFOLIO

The Province's debt portfolio is comprised of the following:

- \$21.9 billion in public debentures, net of \$1.7 billion in sinking fund assets, of which 15% are due in 25 years or more, pertaining to the Consolidated Revenue Fund. 97.5% is Canadian debt, with the remaining 2.5% foreign debt.
- \$1.2 billion of 91-day T-bills (floating-rate revolving debt).
- \$94.4 million in debenture debt, net of \$35.6 million in sinking fund assets, held by government entities.
- \$61.2 million in various mortgages and debt assumed relating to electricity generating assets. Mortgages pertaining to Canada Mortgage and Housing Corporation (CMHC) represents 74% of total mortgages.
- \$46.2 million in various other debt.



CREDIT RATING

The Province's long-term and short-term credit ratings have remained the same for S&P, Moody's, and DBRS Morningstar. This indicates the Province is expected to maintain its ability to meet repayment obligations as they come due. However, S&P and Moody's have changed their outlook rating from stable to negative following the fiscal forecast presented in Budget 2026.

Moody's has rated the Province's long-term debt at A1. The outlook has changed to negative from stable in June 2026. The reason for this change relates to elevated debt and interest burdens, as well as the Province's limitation on revenue growth when compared to larger economies. It also relates to the Province's reliance on revenue from the offshore oil sector and its volatile nature.

S&P confirmed its rating on the Province's long-term debt at A and short-term debt at A-1. The outlook changed from stable to negative. Despite healthy economic activity, S&P expects continued fiscal challenges, including higher deficits, liquidity pressures, and debt exceeding 300% of operating revenues by 2029. S&P's analysis does not consider the potential impacts of the Definitive Cooperation and Implementation Agreement between NL Hydro, Hydro-Québec, and Churchill Falls (Labrador) Corporation Limited, but notes it would have a positive impact on the Province's outlook.

DBRS Morningstar has maintained the Province's long-term debt at A and the outlook on all long-term debt ratings as stable. Factors in this included an expected improvement in real GDP growth, high oil prices and strong economic growth prospects, including the Definitive Cooperation and Implementation Agreement between NL Hydro, Hydro-Québec and Churchill Falls (Labrador) Corporation Limited, and the development of the Bay du Nord project. However, DBRS Morningstar has expressed some uncertainty surrounding unpredictable continued deficits and rising debt levels and will continue to monitor the Province's financial situation.

The Province's long-term and short-term ratings were recently affirmed as follows:

	Long-Term	Short-Term	Outlook	Date
S&P	A	A-1	Negative	June 9, 2026
Moody's	A1	Not rated	Negative	June 17, 2026
DBRS Morningstar	A	R-1 (low)	Stable	July 17, 2026

NON-FINANCIAL ASSETS

The total non-financial assets of \$6.6 billion in 2025-26 included prepaid and deferred charges of \$78.6 million; inventory of supplies of \$108.3 million; purchased intangibles of \$29.7 million; and tangible capital assets of \$6.4 billion, the most significant component.

Tangible Capital Assets

Tangible capital assets are capitalized on the Consolidated Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets.

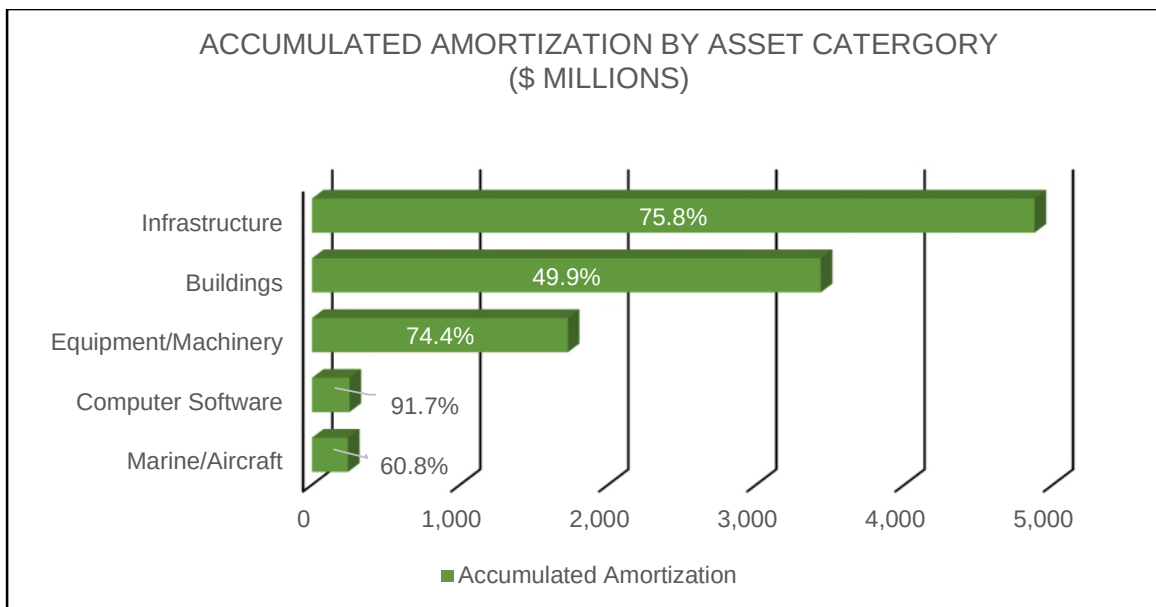
Accumulated Amortization

Total accumulated amortization of tangible capital assets (excluding work in progress assets) represents 64.6% of the cost of tangible capital assets. The most significant of the asset categories that are amortized are computer software, infrastructure, and equipment and machinery where 91.7%, 75.8% and 74.4% of the original cost has been amortized, respectively.

The Province's infrastructure, such as bridges and roads, has less than one quarter of its useful life remaining. Computer software, as well as equipment and machinery have a relatively short useful life. It is expected that these assets will be replaced more frequently due primarily to changing technologies.

The Province currently has a number of projects under construction or development. Work in progress assets consists of \$591.0 million as at 31 March 2026 which is a \$112.3 million or a 16.0% decrease from 2024-25. This was primarily driven by the new Adult Mental Health and Addictions Facility being placed into service during 2025-26 in April 2025. Work in progress is considered to be a tangible capital asset; however, it is not subject to amortization as it is not currently available for use.

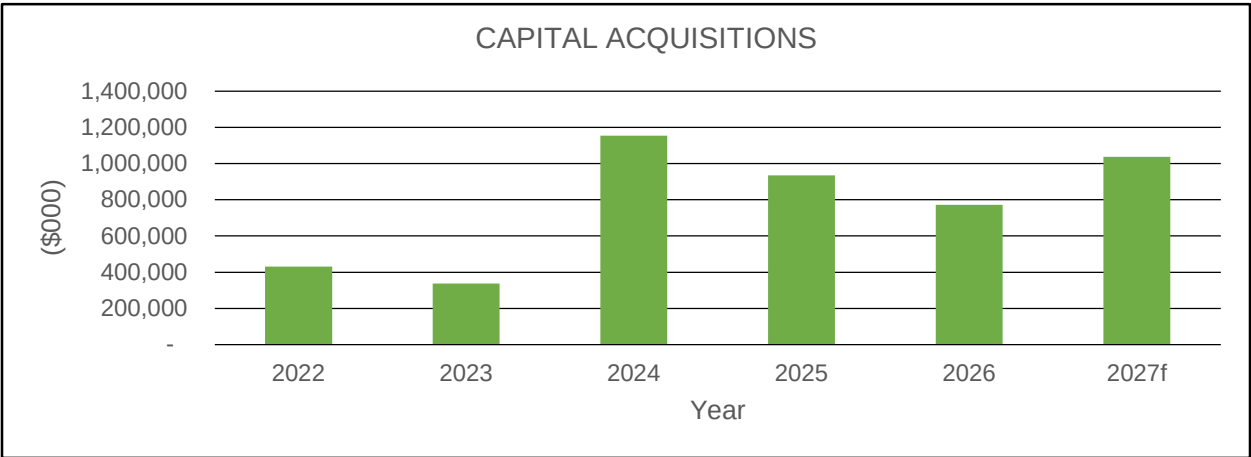
The following chart presents the tangible capital asset cost (excluding work in progress) and accumulated amortization by category at 31 March 2026.



Capital Acquisitions

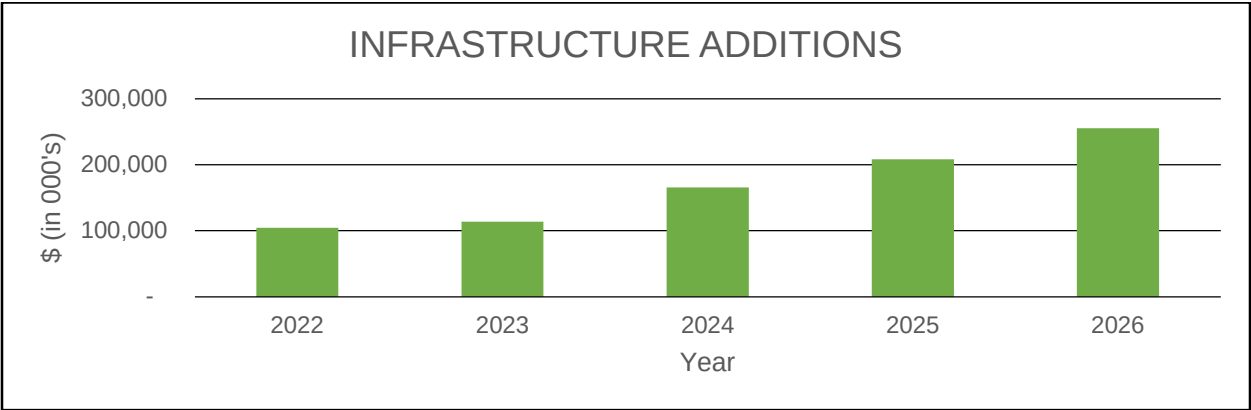
Capital acquisitions in the current year totaled approximately \$774.5 million and includes capital additions of \$880.0 million and net additions to work in progress assets of \$512.1 million, less \$617.6 million of work in progress assets capitalized in the year. Acquisitions decreased in 2025-26 by \$161.0 million from 2024-25 (\$935.5 million). The Province continues to invest in capital assets and is forecasting capital acquisitions of \$1.0 billion in 2026-27.

Original Budget for fiscal 2026-27 invests more than \$1.1 billion (both capital acquisitions and repairs and maintenance costs) in key infrastructure projects, including \$434.6 million in transportation infrastructure improvements, \$253.0 million in municipal capital projects, including \$142.0 million from the Federal Government as part of the Canada Community-Building Fund, to help municipalities build and maintain essential local infrastructure, \$69.6 million in health care facility and equipment improvements, \$125.0 million to support housing initiatives, and \$19.0 million for early learning and education infrastructure. Acquisitions to tangible capital assets for the past five years were reported as follows:



Infrastructure Additions

Although infrastructure is reported as 75.8% amortized, this does not necessarily describe the age of this asset category. The Province continues to invest in roads, bridges, waterways and dams. The following graph presents reported infrastructure additions for the last five fiscal years. Note that this graph does not include work-in-progress infrastructure.



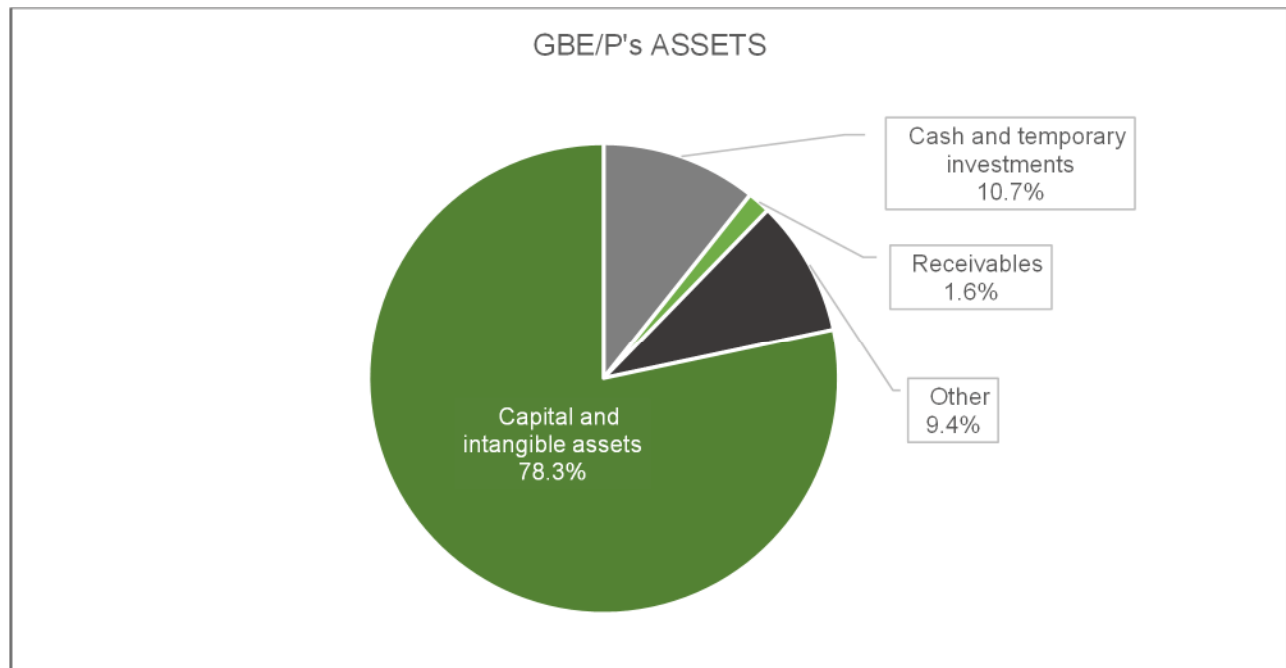
GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIP

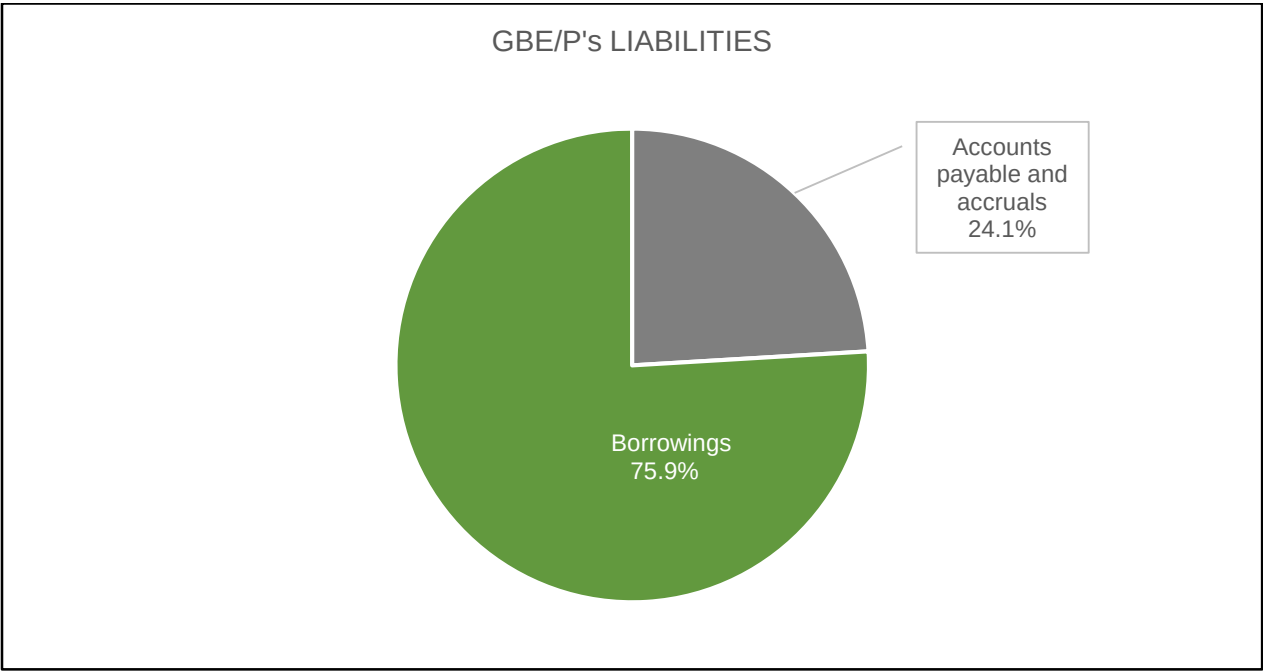
The Province has two Government Business Enterprises (GBEs), Newfoundland and Labrador Liquor Corporation (NLC) and NL Hydro; and one Government Business Partnership (GBP), Atlantic Lottery Corporation Inc. (ALC). NLC is a provincial crown corporation responsible for managing the importation, sale and distribution of alcohol beverages and cannabis throughout the Province. NL Hydro is incorporated as a crown corporation and its business includes the development, generation, transmission and sale of electricity, oil and gas, industrial fabrication and energy marketing. ALC has been appointed to undertake, conduct and manage lotteries by and on behalf of the Provinces of Newfoundland and Labrador, New Brunswick, Nova Scotia and Prince Edward Island.

Equity In Government Business Enterprises and Partnership

Equity in GBEs and GBP accounts for almost half of the Province's consolidated financial assets in 2025-26. Financial figures for ALC, NLC, and NL Hydro can be found in Schedules 3 and 4 of the Consolidated Summary Financial Statements.

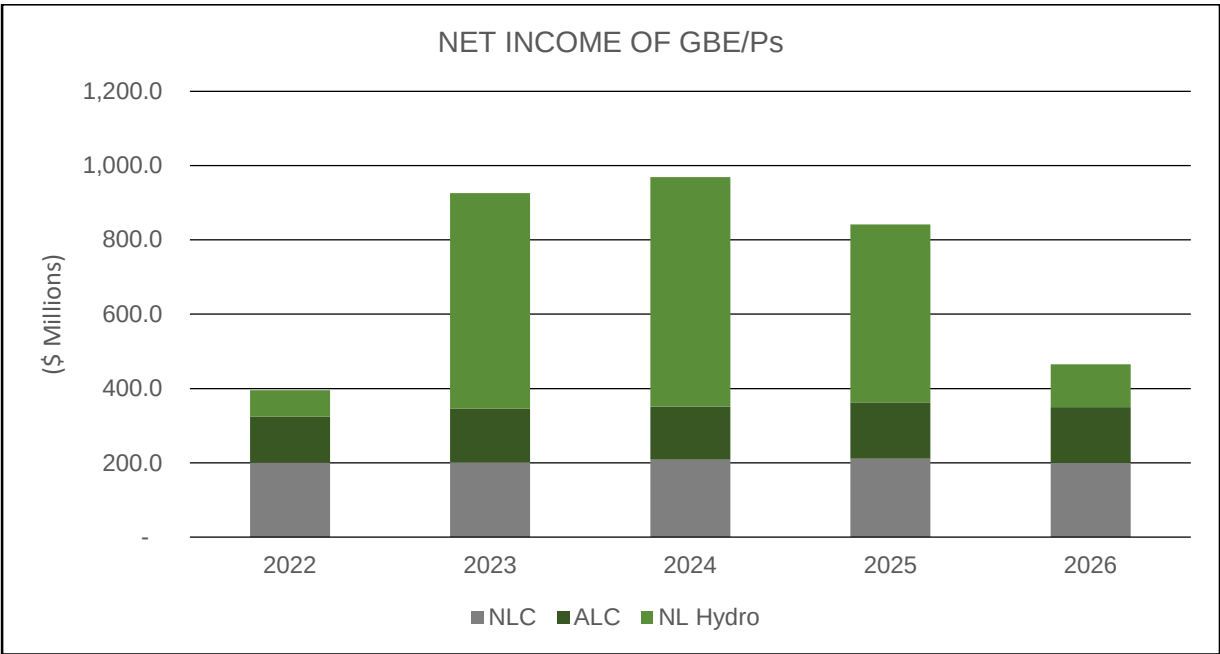
GBEs and GBP are considered investments therefore their assets and liabilities are not combined with the assets and liabilities of other government entities; they are recorded in one line as 'Equity in government business enterprises and partnership' on the Consolidated Statement of Financial Position. To provide further information on the financial position of these organizations the following provides an overview of their asset and liability components. A significant portion of these components pertain to NL Hydro. In fact, 99.8% of GBE/GBP borrowings relate to NL Hydro, as does 99.6% of the GBE/GBP capital and intangible assets.





Net Income of Government Business Enterprises and Partnership

The following graph shows the five-year trend in GBEs and GBP net income. Total net income for the current year from GBE/GBPs was \$464.8 million. This is a decrease of \$377.2 million, or 44.8%, from 2024-25 (\$842.0 million). The decrease in net income is mainly due to the financial results of NL Hydro. NL Hydro's net income decreased by \$364.0 million, from \$479.0 million at December 2024 to \$115.0 million at December 2025.



Key drivers relating to the decrease of \$364.0 million in net income for NL Hydro relate to the following:

- Revenue increased by approximately \$60.0 million primarily due to:
 - o \$68.0 million increase in petroleum and natural gas sales relating to higher oil and gas prices.
 - o \$56.0 million increase in electricity sales relating to higher consumption and energy prices.
 - o \$11.0 million decrease in other revenues, primarily relating to lower renewable energy certificate sales and greenhouse gas performance credit sales.
 - o \$53.0 million decrease due to an increase in royalty expense netted against revenue as a result of unfavourable foreign exchange.

- Expenses increased by approximately \$424.0 million primarily relating to:
 - o \$464.0 million increase in rate mitigation expense, primarily due to the first full year impact of rate mitigation being reported.
 - o \$50.0 million increase in net finance expenses relating to higher interest expense on long-term debt and lower interest revenue on restricted cash and investments netted against interest expense.
 - o \$15.0 million increase in depreciation, depletion, amortization and impairment expense due to an increased balance of depreciable property, plant and equipment assets.
 - o \$13.0 million increase in various other expenses.
 - o \$8.0 million decrease in production, marketing, and non-operational transportation costs.
 - o \$10.0 million decrease in operating costs, primarily due to amendments to employee benefits agreements and decreased travel and transportation costs.
 - o \$100.0 million decrease due to regulatory adjustments.

Investment in Government Business Enterprises and Partnership

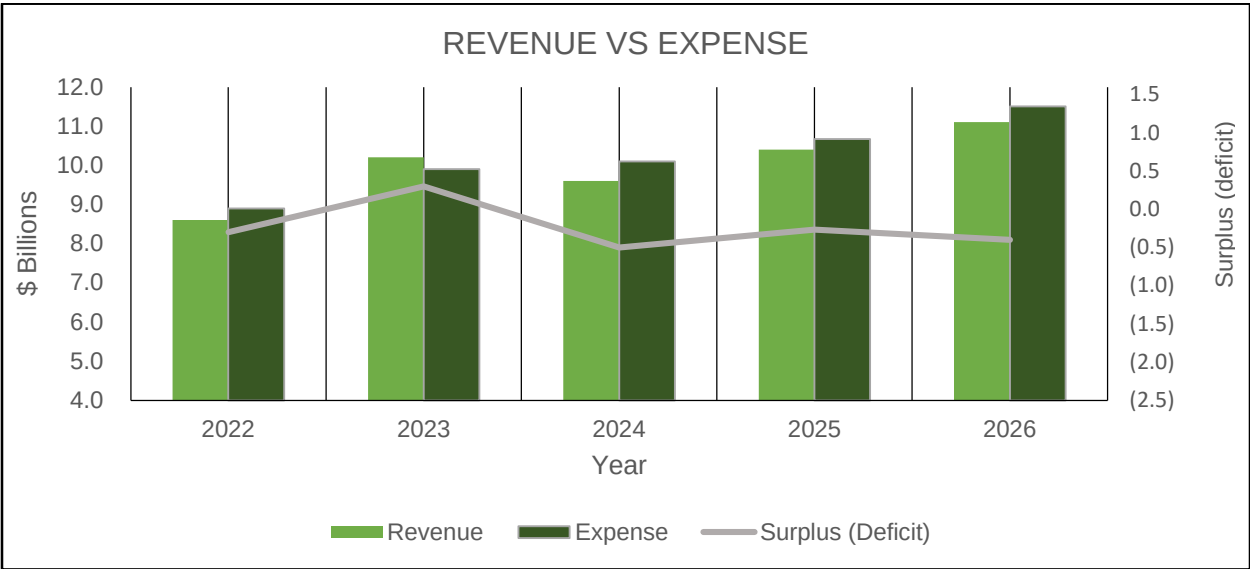
During 2025-26, ALC and NLC transferred a combined total of \$352.2 million in dividends to the Province. There were no dividends paid to the Province by NL Hydro during 2025-26. Equity contributions to NL Hydro have decreased over the last 5 years. For 2025-26, capital transfers from the Province to NL Hydro were nil.

Capital Transactions

	2022	2023	2024	2025	2026
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Equity Contributions from the Province:					
NL Hydro	250,000	-	-	-	-
NLC	-	-	-	-	-
ALC	-	-	-	-	-
Total	250,000	-	-	-	-
Dividends Received by the Province:					
NL Hydro	-	-	300,000	-	-
NLC	210,000	208,000	203,000	214,545	202,000
ALC	123,111	144,590	143,485	152,305	150,217
Total	333,111	352,590	646,485	366,850	352,217

CONSOLIDATED FINANCIAL OPERATIONS

For the fiscal year ended 31 March 2026, total revenue was \$11.1 billion (31 March 2025 - \$10.4 billion) and total expenses were \$11.5 billion (31 March 2025 - \$10.7 billion), resulting in a provincial deficit of \$0.4 billion (31 March 2025 – \$0.3 billion). The Province reported revenues and expenses for the previous five years as follows:



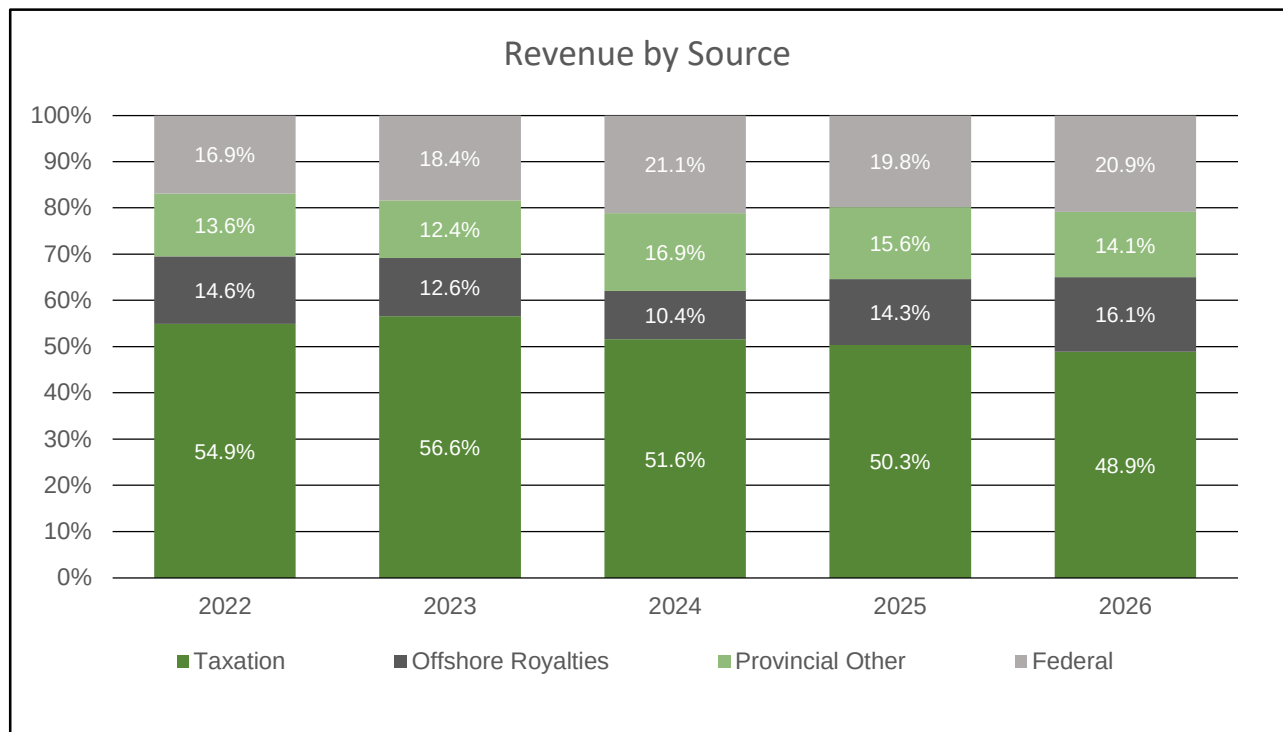
In the graph above, the five-year trend in (deficit) surplus is shown in relation to revenues and expenses. The Province has incurred deficits in four of the last five years. There was a surplus of \$0.3 billion in 2022-23. The annual deficit for 2025-26 has increased to \$0.4 billion, the second highest reported deficit over the 5-year period, increasing from a \$0.3 billion deficit in 2024-25.

Revenue Highlights

Revenues of \$11.1 billion for 2025-26 were \$420.8 million higher than the Original Budget of \$10.7 billion, largely due to higher than expected taxation revenue, net profits interest, and offshore royalties. This was partially offset by lower than expected tobacco settlement revenue. Reported revenues in 2024-25 were \$10.4 billion. Compared to the prior year, revenues increased by \$725.7 million, primarily due to increased taxation revenue, net profits interest, and offshore royalties. This was partially offset by decreased net income of government business enterprises and partnership compared to 2024-25.

Revenues by Source – Five Year Trend

The Province and federal sources that constitute total revenues for the past five fiscal periods are presented in the following graph:



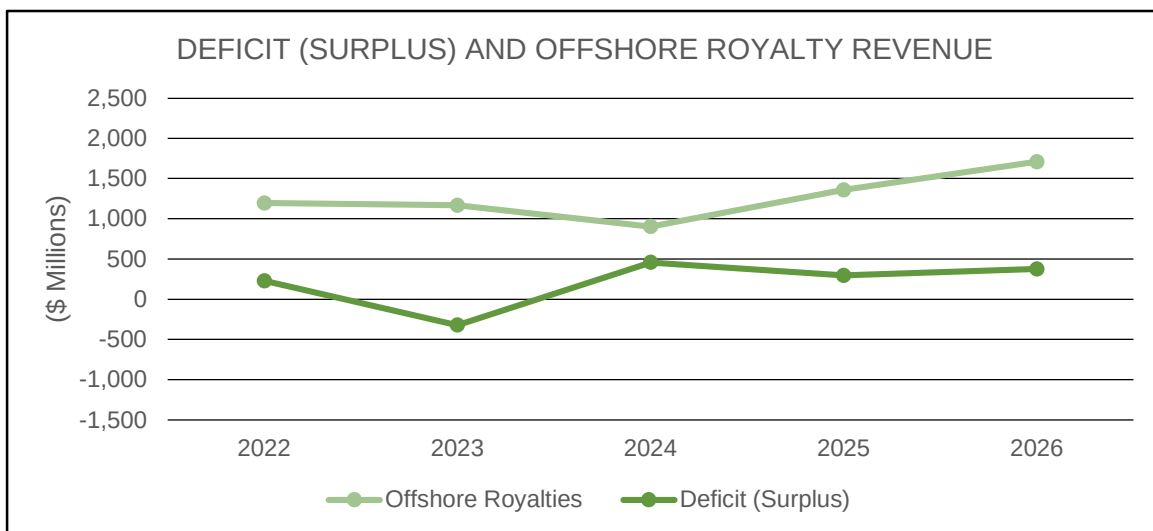
Offshore Royalties

Oil royalties, which were forecasted at Original Budget to be \$1.6 billion, resulted in actuals of \$1.7 billion. There was a \$0.1 billion increase in offshore royalties compared to Original Budget mainly due to higher than anticipated production for Hebron, Hibernia, Terra Nova, and White Rose. This was partially offset by lower than budgeted oil prices and higher CAD/USD exchange rates.

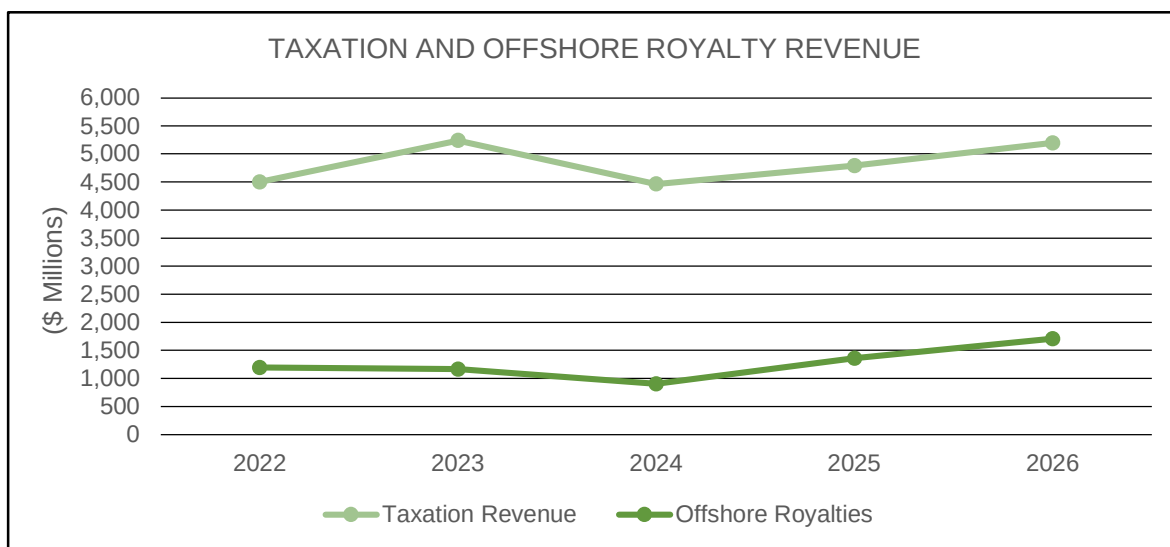
Total oil production was 9.7 million barrels higher than projected due to higher Hebron, Hibernia, Terra Nova, and White Rose production than forecasted.

Offshore Oil Royalties, Actuals and Original Budget For Fiscal year ended 31 March 2026			
	Actuals	Budget	Variance
Royalties (\$M)	\$1,710.1	\$1,591.4	\$118.7
Average oil price per barrel (\$US)	\$70.35	\$73.00	\$(2.65)
Average exchange rate (\$US/\$CA)	0.724	0.697	0.027
Production (millions of barrels):			
Hebron	53.7	45.7	8.0
Hibernia	27.3	26.5	0.8
Terra Nova	8.0	7.3	0.7
White Rose	4.6	4.4	0.2
Total Oil Production	93.6	83.9	9.7

Notes: Figures shown are for fiscal year 2025-26 and will differ from the calendar year figures presented in *The Economy* publications. Variances and totals may not calculate, due to rounding.



Offshore Royalty and Taxation Revenue – Five Year Trend



Taxation Revenue

- Actual results for fiscal 2025-26 in comparison to the prior year resulted in increased revenues of \$405.3 million, primarily attributed to:
 - o \$210.1 million increase in corporate income tax, primarily due to higher tax assessments related to offshore oil and gas corporations.
 - o \$152.6 million increase in personal income tax, primarily due to higher tax assessments, increasing entitlements, and prior year adjustments.
 - o \$38.8 million increase in sales tax, primarily due to consumer expenditure growth increasing entitlements.

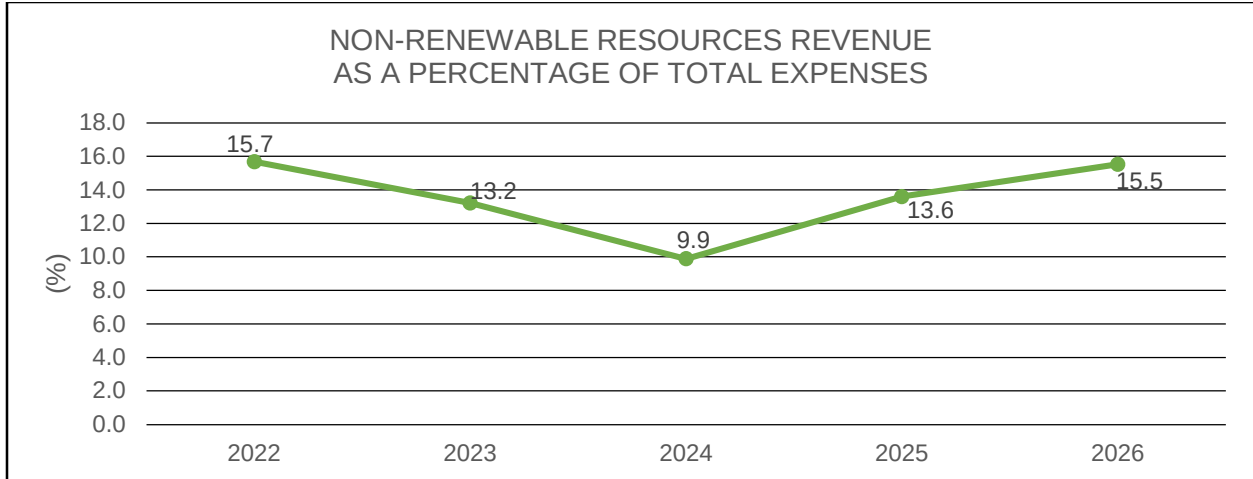
- Actual results for fiscal 2025-26 in comparison to the Original Budget resulted in an increase of \$546.8 million, primarily relating to:
 - o \$431.1 million increase in corporate income tax, primarily due to higher than expected tax assessments related to offshore oil and gas corporations and higher than expected 2024 tax assessments, increasing entitlements, and prior year adjustments.
 - o \$282.2 million increase in personal income tax due to higher than expected tax assessments for prior years, increasing entitlements, and prior year adjustments.
 - o \$171.0 million decrease in sales tax, primarily due to actual prior year adjustments being lower than forecasted.

Federal Source Revenue

- There was an increase of \$330.4 million in 2025-26 federal source revenue in comparison to the prior year, primarily due to a \$360.4 million increase in net profits interest resulting from the timing of payment approval.
- Actual revenue from federal sources for 2025-26 was \$82.8 million higher than the Original Budget. This is mainly due to a \$189.5 million increase in net profits interest due to the timing of payment approval. This was partially offset by a \$95.1 million decrease in cost-shared programs, largely due to the lower than expected federal revenues related to early learning and child development and municipal infrastructure programs.

NON-RENEWABLE RESOURCES REVENUE AS A PERCENTAGE OF TOTAL EXPENSES

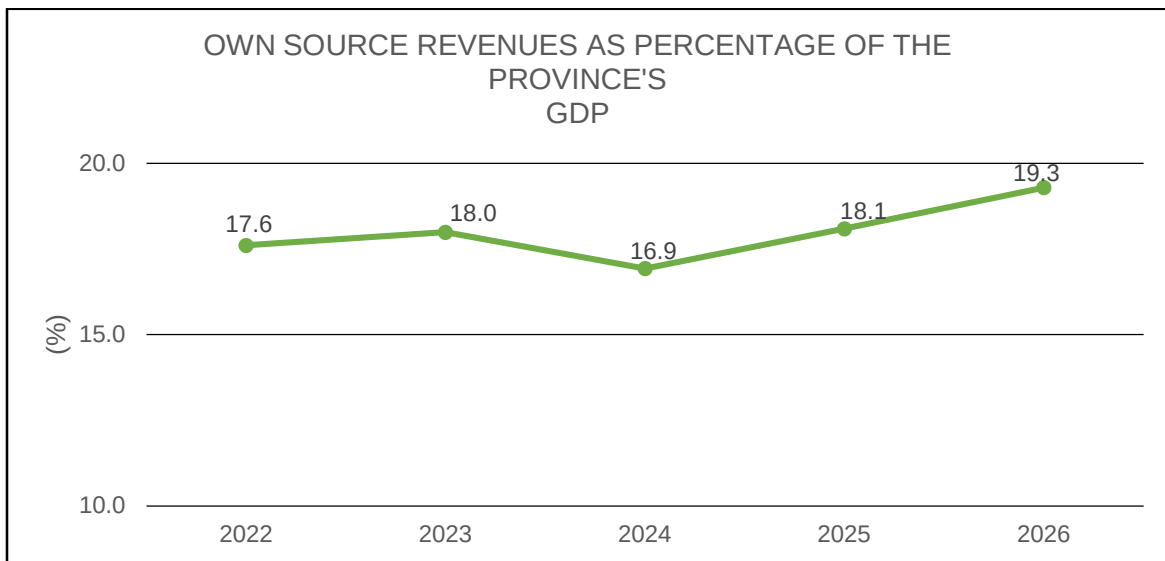
- Non-renewable resources revenue is affected by price, sales and other factors that are often beyond the Province's direct control. Non-renewable resources revenue as a percentage of total expenses is an indicator of how vulnerable the Province is as a result of its dependence on non-renewable resources revenue to fund its expenses.
- The following graph indicates that the Province's non-renewable resources revenue as a percentage of total expenses had decreased from its peak of 15.7% in 2022 to 9.9% in 2024, but has since increased to 15.5% in 2026.



Note: Figures shown in the above graph include revenues for offshore royalties and mining and mineral rights tax.

PROVINCIAL REVENUES AS A PERCENTAGE OF GDP

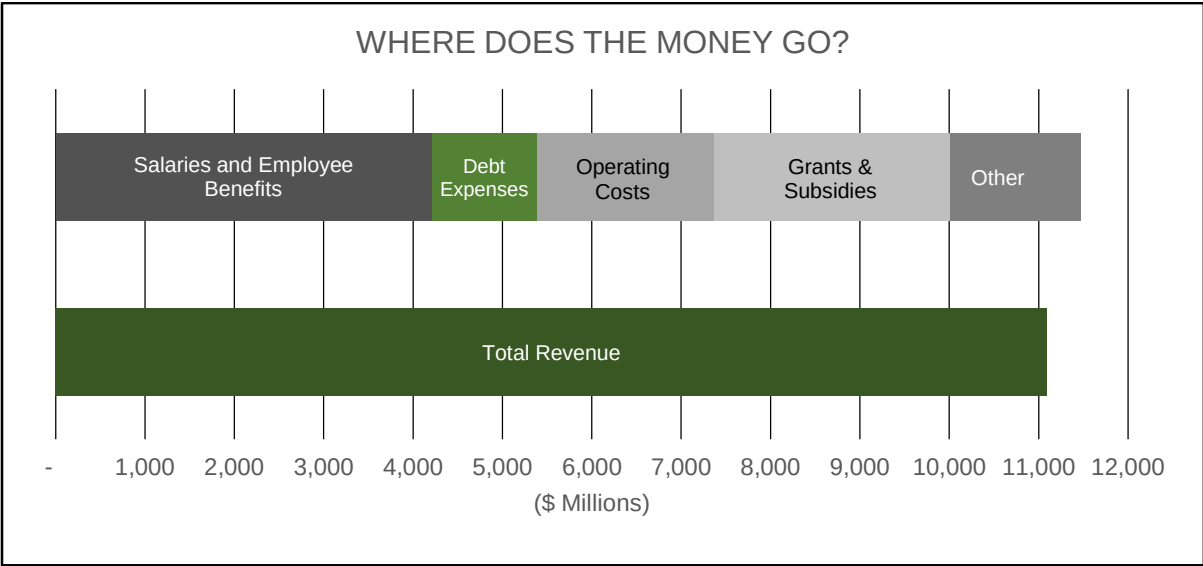
- The purpose of this indicator is to show the extent to which a government is taking income out of the economy in its jurisdiction, through both taxation and user charges.
- The following graph indicates that provincial revenues as a percentage of GDP in the current year increased from 2024-25. Both the Province's GDP and provincial source revenue increased in 2025-26, however the rate of increase for provincial source revenue exceeded GDP growth.
- The 2025-26 own source revenues as percentage of the Province's GDP ratio is 19.3%. The percentage increased 1.2 percentage points from 18.1% in 2024-25. The 2025-26 ratio is the highest of the last five years and higher than the five-year average of 18.0%.



Note: Figures shown in the above graph use the GDP figures from Newfoundland and Labrador Statistics Agency's website (Selected Economic Indicators Forecast 2016-2030f published as of April 29, 2026). The GDP figures have been restated based on the real GDP for 2022-2025.

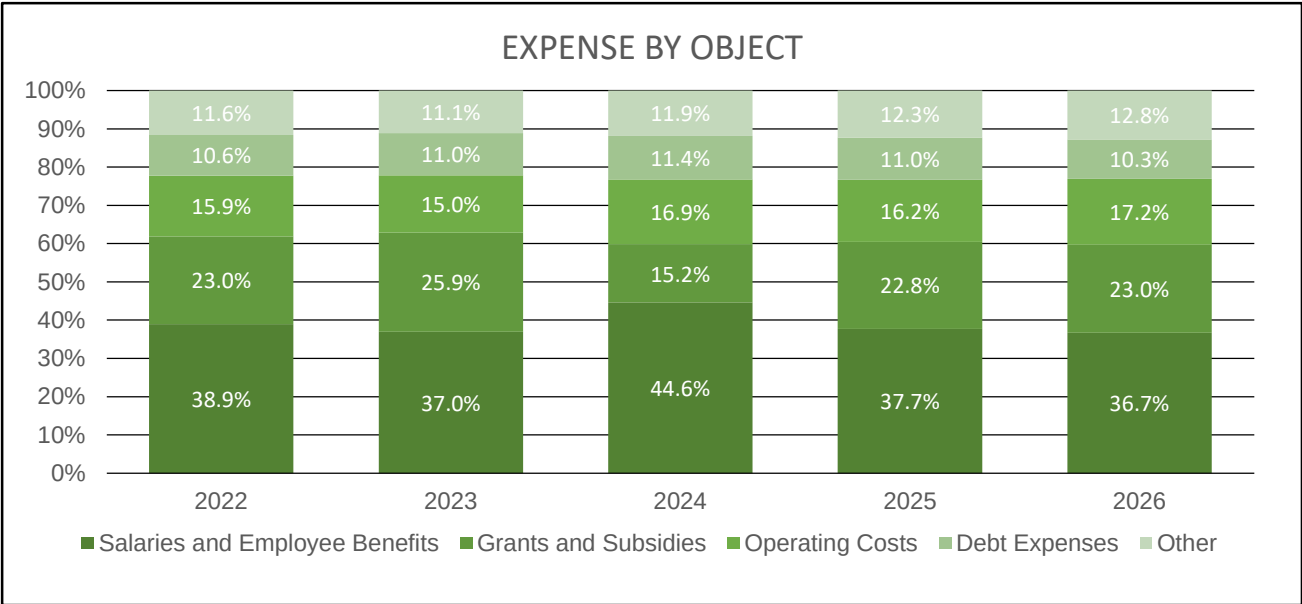
EXPENSE HIGHLIGHTS

The Province's expenses are classified into the following: salaries and employee benefits; grants and subsidies; operating costs; debt expenses; and other expenses including professional services; amortization and (gain)/loss on the sale of tangible capital assets; property, furnishings and equipment; and valuation allowances (recovery). Total expenses of \$11.5 billion were \$426.6 million higher than the Original Budget (\$11.0 billion) and increased by \$806.7 million from the previous year (\$10.7 billion).



Expenses by Object

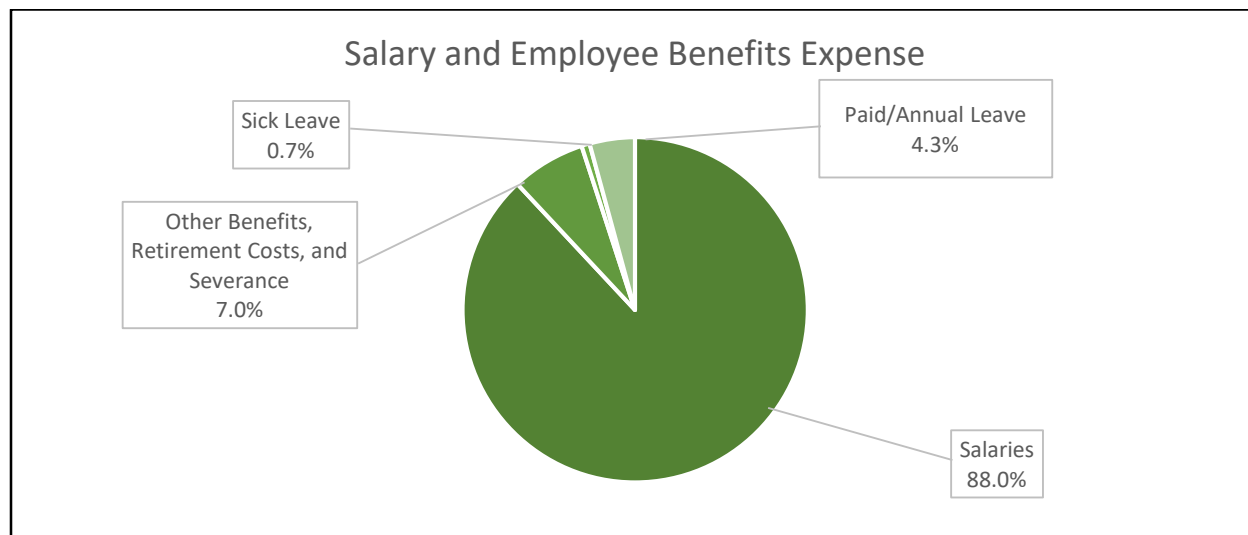
The following graph presents the percentage of expenses by object for the previous 5-year period. Salaries and employee benefits were the Province's most significant expense type in each of the last five years, reflecting the nature of government in providing services to the Province. Salaries and employee benefits expense as a percentage of total expenses decreased 1.0 percentage point over the prior year, primarily due to actuarial adjustments in 2025-26 related to pension valuations and extrapolations.



Salaries and Employee Benefits

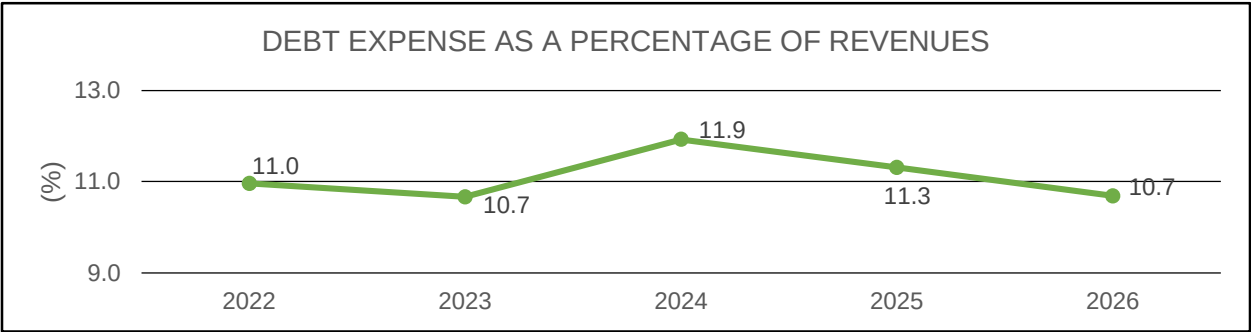
Salaries and employee benefits consists of the following:

	2025 (\$mil)	2026 (\$mil)
Salaries	3,504.0	3,703.4
Retirement costs	42.8	(9.7)
Other benefits	280.6	301.6
Paid and annual leave	173.0	179.7
Sick leave	12.9	32.0
Severance	2.5	1.2
Total	4,015.8	4,208.2



Debt Expense

The following graph presents the percentages of revenue used to pay debt expenses for the past five years. In 2025-26, the Province spent 10.7 cents of each revenue dollar on interest (11.3 cents in 2024-25). This ratio has decreased by 2.7% over the five-year period. The decrease in this ratio for 2025-26 is primarily driven by higher revenue compared to the prior year.



Compared to Previous Year

The increase in total expenses of \$806.7 million from 2024-25 to 2025-26 can be attributed to the following:

- Increase of \$241.2 million in operating costs, mainly for healthcare, road maintenance and improvements, and wildfire response.
- Increase of \$209.6 million in grants and subsidies, mainly for healthcare, education, the new Disability Benefit program, and other funding programs, including the Canada Community-Building Fund, wildfire response, and child and youth services.
- Increase of \$192.4 million in salaries and employee benefits, mainly reflecting healthcare recruitment, retention, and service demands and K-12 education initiatives, partially offset by lower retirement costs due to actuarial adjustments arising from the 2025-26 pension valuations and extrapolations.
- Increase of \$156.5 million in professional services, mainly for physician services and legal fees.
- \$7.0 million net increase in other expenses, including valuation allowances (recovery), debt expenses, property, furnishings and equipment expense, and amortization and (gain)/loss on the sale of tangible capital assets.

Compared to Original Budget

The increase in total expenses of \$426.6 million for 2025-26 compared to Original Budget can be attributed to the following:

- Increase of \$107.7 million in salaries and employee benefits, mainly for healthcare recruitment, retention, and service demands, partially offset by lower than anticipated retirement costs resulting from actuarial adjustments arising from the 2025-26 pension valuations and extrapolations.
- Professional services expenditures increased by \$99.6 million, primarily for physician services.
- Operating costs increased by \$72.4 million, mainly for healthcare, transportation and infrastructure, and wildfire response, partially offset by lower spending in the education sector.
- Increase of \$58.3 million in property, furnishings and equipment mainly due to higher than anticipated spending in the healthcare and education sectors.
- Increase of \$52.9 million in valuation allowances (recovery), primarily resulting from higher than anticipated collection provisions.
- \$50.4 million increase in amortization and (gain)/loss on the sale of tangible capital assets due to higher than anticipated annual amortization and disposals of tangible capital assets.
- \$46.4 million increase in debt expense, primarily due to higher than expected financing costs.
- Decrease of \$61.1 million in grants and subsidies mainly due to the timing of municipal infrastructure projects, particularly the Canada Community-Building Fund, partially offset by increased spending for healthcare and education initiatives.

RISK ANALYSIS

The Province is subject to various forms of risk inherent in the nature of certain financial statement elements and financial markets.

Exposure to risk from the use of accounting and other estimates in recording certain transactions is discussed in Note 23 – Measurement Uncertainty, of the consolidated financial statements of this publication.

Debt related risk including foreign exchange risk, interest rate risk, credit risk, and liquidity risk was discussed previously in the consolidated financial results section, page 16, of this publication.

In terms of Government Business Enterprises and Partnership risk, ALC and NL Hydro operate in an environment with various forms of financial risk including changes in interest rates, and fluctuation in foreign currency exchange rates and commodity prices. A combination of financial instruments and portfolio management tools and techniques are utilized to manage these risks.

OPPORTUNITIES

While there is uncertainty regarding the medium-term economic outlook for the Province due to world events, including the conflicts in Ukraine and the Middle East, the United States' (U.S.'s) tariff increases and high global inflation rates that remain above pre-pandemic levels, there is reason to be optimistic in the longer term. Various opportunities in the economic forecast exist for oil and gas, wind-powered green hydrogen production, electricity generation, mining, aquaculture, aerospace and defence, technology, and manufacturing industries.

Oil and Gas

- Hibernia oil production resumed in 2022 following drill rig upgrades. These upgrades will unlock resources currently not reachable and enable an additional 10+ years of future drilling. As of July 31, 2026, Hibernia has an estimated 478 million barrels of recoverable reserves remaining.
- In the first half of 2026, the Hebron Project produced at around 160,000 barrels per day. As of July 31, 2026, Hebron has an estimated 435 million barrels of recoverable reserves remaining.
- Both Hibernia and Hebron have substantial remaining undeveloped potential, including 2.3 trillion cubic feet of gas for Hibernia and 276 million barrels of oil for Hebron. Both these fields are anticipated to continue producing beyond 2040.
- The Terra Nova Floating Production, Storage and Offloading (FPSO) vessel is currently experiencing subsurface valve issues that have resulted in 13 wells being shut in, with only three wells remaining on production. As a result, the project's long-term production outlook remains uncertain. To address these challenges, the operator has contracted the semi-submersible drilling rig Hercules, with work scheduled to begin in 2027. The rig program will support well interventions, workovers, and reliability improvements intended to restore production, maximize resource recovery, and extend the productive life of the field. The Terra Nova project has an estimated 58 million barrels of recoverable reserves remaining.
- White Rose and North Amethyst have 164 million barrels and 8 million barrels of recoverable reserves remaining respectively.

- In 2025, the West White Rose gravity-based structure and topsides were successfully installed offshore, marking a major milestone for the project. Construction and installation activities are now substantially complete, with commissioning and preparation for startup underway. First oil remains targeted for 2026, with peak production expected to reach approximately 80,000 barrels per day by 2029. The project is anticipated to extend the life of the White Rose field by approximately 14 years. As of June 2026, there were 400 Newfoundland and Labrador residents working on the West White Rose Project.
- Equinor's Bay du Nord project received environmental approval from the Government of Canada in April 2022. This project is expected to generate significant economic benefits for the Province. Recent discoveries of oil resources have brought the total estimate to be greater than 500 million barrels of recoverable oil. In May 2023, Equinor announced that it would be postponing the Bay du Nord offshore oil and gas project for up to three years. The company indicated that they would utilize this postponement to continue to actively mature Bay du Nord towards a successful development. In October 2023, Equinor established a new Bay du Nord project team to oversee the Project's execution strategy. In May 2024, Equinor selected SLB's Subsea Integration Alliance (SIA), made up of OneSubsea and Subsea7, for a new long-term collaboration agreement for pre-feed studies with engineering, procurement, construction, and installation (EPCI) option for subsea scopes of work. Equinor has completed its concept selection and selected a lease and operate model for the FPSO. Equinor announced on September 1, 2025, they have selected BW Offshore (BWO) as the FPSO contractor. In March 2026, the Provincial Government reached a landmark agreement with project partners on life-of-field benefits, royalties, and an equity option. Equinor are now proposing a project with the initial focus on the Bay du Nord and Cambriol fields based on 430 million barrels of recoverable oil with an expected life of 25 years and 15 thousand person years of in-Province employment. Following this agreement, Equinor formally submitted its comprehensive Development Plan Application (DPA) to the regulator on May 5, 2026, which moved into an official public review process launched by the C-NLOER on June 1, 2026. Furthermore, in July 2026 Equinor announced they reached a definitive agreement with BP to acquire its entire remaining interest in the project, granting Equinor 100% sole ownership and providing maximum flexibility to advance the development. According to Equinor, a final investment decision is expected in 2027 with first oil in 2031.
- Exploration drilling programs have the potential to create significant activity in the Newfoundland and Labrador offshore area. On June 2, 2026, the C-NLOER officially announced the 2026 Calls for Bids, featuring 16 exploration parcels across the Eastern Newfoundland (13 parcels) and Southeastern Newfoundland (3 parcels) regions. Bids are due by November 4, 2026. A new condition in this round requires prospective operators to engage with the Provincial Government regarding its \$90-million Offshore Exploration Fund, designed to minimize investment risk and accelerate exploration drilling timelines.
- Newfoundland and Labrador is actively exploring options to commercialize its offshore natural gas resources. The Jeanne d'Arc Basin holds an estimated 27.6 trillion cubic feet of recoverable natural gas.

Wind-Hydrogen Energy

- Wind reserves on Crown lands were established to provide select companies with exclusive rights to advance project development activities. These rights enable proponents to undertake necessary assessments, advance engineering and design work, secure financing and investment, negotiate commercial arrangements, and complete regulatory and approval processes. Reserves provide the certainty needed to support significant upfront investment while project feasibility and commercial

viability are assessed. Following government review of project advancement and compliance with reserve requirements, Exploits Valley Renewable Energy Corporation (EVREC) and North Atlantic Refining Limited (NARL) continue to advance their projects through engineering, environmental, commercial, and financing activities.

- The global market for low-emission hydrogen and hydrogen-derived products continues to develop as jurisdictions work toward decarbonization objectives and energy security goals. While commercial deployment has generally proceeded at a slower pace than initially anticipated, project proponents continue to advance development activities while working to secure long-term customers, financing arrangements, and supporting infrastructure in target export markets.
- In 2026, the International Energy Agency concluded that annual demand for low-emission hydrogen is projected to exceed 5 million tonnes by 2030 under existing policies, increasing significantly under global net-zero scenarios. The agency also projects that North America and Australia could emerge as leading export regions, with Europe, Japan, and Korea representing key import markets. Europe remains a significant potential market for renewable energy products produced in Newfoundland and Labrador.
- Newfoundland and Labrador continues to possess several advantages for renewable energy development, including a strong wind resource, proximity to European markets, deep-water port infrastructure, and the potential to produce green hydrogen and ammonia at globally competitive costs. Independent market assessments continue to identify Newfoundland and Labrador projects among the most competitive potential suppliers to key international markets.
- Canada and Germany have jointly committed up to \$600 million to support the development of a bilateral clean hydrogen market and facilitate future trade opportunities. In January 2026, the European Commission approved the proposed support mechanism under European Union State aid rules, representing another step toward implementation of the initiative.
- NARL continues to advance plans to expand terminal infrastructure in support of future hydrogen exports. Over the past year, NARL has made significant progress, including completion of pre-FEED activities, release from Environmental Assessment (EA) requirements for the first phase of the project, advancement of EA activities for the second phase, signed offtake agreements and made significant progress towards financial commitments. NARL's anticipated Final Investment Decision is currently Q2 2027. As of November 2025, local project spending totaled approximately \$9.2 million.
- EVREC continues to advance project development activities, including environmental review processes and commercial discussions with potential customers. However, EVREC faces delays in securing project financing, as well as a required amendment to its Environmental Impact Statement within the EA process, resulting in the company's Final Investment Decision (FID) being moved from Q2 2027 to the second half of 2027. As of July 2025, local project spending totaled approximately \$11.9 million.
- Since Crown lands reserve letters were issued to wind-hydrogen proponents, Government has invoiced approximately \$61.0 million in reserve fees across all projects and collected \$22.2 million as of September 10, 2026. EVREC and NARL have continued to meet their reserve fee obligations and advance project development activities. Due to limited project advancement and non-payment of

reserve fees, Crown lands reserves held by other proponents were not extended beyond February 28, 2026. Government collection efforts related to outstanding balances remain ongoing.

- While timelines have shifted in response to evolving global market conditions, both EVREC and NARL continue to advance project development activities and maintain their Crown lands reserve obligations.

Electricity

- On August 17, 2026, the Government of Newfoundland and Labrador announced a new agreement with Québec, together with related commitments from the Government of Canada, to replace the framework established under the December 2024 Memorandum of Understanding and advance the next phase of development of the Churchill River hydroelectric resources. The underlying Definitive Cooperation and Implementation Agreement was entered into by Newfoundland and Labrador Hydro, Hydro-Québec and Churchill Falls (Labrador) Corporation Limited. It establishes a framework to terminate and replace the 1969 Churchill Falls Power Contract and undertake new generation and transmission projects.
- The arrangements are projected to provide Newfoundland and Labrador with financial benefits valued at approximately \$49.0 billion on a 2026 net-present-value basis, or approximately \$273.0 billion in nominal cash flows over the life of the arrangements. This includes an immediate increase in the price paid for Churchill Falls power and approximately \$18.4 billion in estimated nominal cash flows before the existing power contract would otherwise expire in 2041. These amounts are long-term projections and will depend on the final agreements, project execution and other financial and operating assumptions.
- The proposed developments include construction of the 2,700 MW Gull Island Generating Station, upgrades to the existing Churchill Falls Generating Station to add approximately 1,275 MW of capacity, and associated transmission infrastructure. Related federal commitments also contemplate development of a 2,000 MW wind project in Labrador and transmission infrastructure to support industrial and critical mineral development.
- The combined generation and transmission developments are expected to involve significant long-term capital investment. Together, these generation and transmission developments would represent one of the largest energy infrastructure programs in the Province's history. The projects are expected to create significant opportunities to support domestic electricity requirements, industrial growth, critical minerals development, and long-term energy exports.
- Newfoundland and Labrador would have access to up to 2,350 MW of electricity from Churchill Falls and Gull Island, with the flexibility to use available power to meet provincial demand, support industrial development, or sell eligible surplus electricity into external markets. The proposed wind project could provide access to an additional 400 MW, subject to further study, approvals, and final agreements.
- The proposed developments would significantly increase the Province's future electricity supply and help position Newfoundland and Labrador to meet growing demand associated with electrification, industrial development, and emerging energy opportunities.

Mining

- Newfoundland and Labrador is home to 12 producing mines. Mineral shipments were valued at \$4.66 billion in 2025 and are estimated to reach \$5.57 billion in 2026, driven primarily by new gold production and increased production of nickel and iron ore.
- Mineral exploration remains an important source of investment and future mineral development in Newfoundland and Labrador. The Province recorded 26,897 new claims staked to date in 2026 and has over 140,000 active exploration claims. Natural Resources Canada reported exploration spending of \$248.8 million in 2025, with expected spending of \$283.3 million in 2026.
- Exploration activity remains diverse in 2026, with active gold, copper, base-metal, rare earth element, tungsten and antimony programs across Newfoundland, and uranium, rare earth element and iron ore programs in Labrador. Newfoundland and Labrador was the highest-ranked jurisdiction in Atlantic Canada for mining investment attractiveness in the Fraser Institute's 2025 Annual Survey of Mining Companies, ranking 14th among 68 jurisdictions worldwide and third among Canadian jurisdictions.
- Mining and quarrying generated approximately \$1.7 billion in real GDP in 2025, representing 8.8% of Newfoundland and Labrador's total real economic output.
- Interest in the 2026 Junior Exploration Assistance program remained similar to 2025, including critical mineral exploration. The Department of Energy and Mines received proposed exploration expenditures of \$103 million, requesting \$8.2 million in funding. Of these requests, 33 were for critical minerals as the primary exploration target.
- As part of Government's commitment to advancing the development of Exempt Mineral Lands (EML), an Expression of Interest was issued for the Julianne Lake high-purity iron ore EML in 2024. The Julianne Lake Iron Ore Deposit is a provincially-owned, undeveloped resource near Labrador City and Wabush, with substantial identified iron resources and potential to support a long-life, high-purity iron ore operation. Detailed proposals for its possible development are currently under evaluation.
- Iron ore is estimated to have a total production value of \$3.19 billion for 2026, demonstrating the continued strength and importance of our iron ore industry. Newfoundland and Labrador accounted for two-fifths (40%) of Canada's iron ore shipments in 2024.
- Newfoundland and Labrador's nickel, copper and cobalt operations span mining and downstream processing that strengthens regional and Indigenous economic participation, supports provincial revenues and local supply chains.
- Vale's integrated Voisey's Bay and Long Harbour operations demonstrate the Province's important role in the critical minerals industry, connecting a major nickel-copper-cobalt mine with value-added processing that produces high-quality, low-carbon products here in the Province. The company's ongoing exploration program at Reid Brook and Eastern Deeps continues to support resource growth, mine plan optimization and underground expansion. Exploration has expanded the operations' mineral resource base and contributed to extending the mine life to approximately 2039. Continued drilling indicates potential for additional resources across key ore bodies. Eastern Deeps is expected to achieve nameplate capacity in late 2026, supporting forecasted higher production of nickel in 2026 and throughout the forecast period.

- This Province is advancing projects through permitting into operations. Recent milestones include:
 - o Equinox Gold poured first gold at Valentine Gold Mine in late 2025 and the processing plant has been consistently exceeding nameplate capacity. Construction of the Valentine Phase 2 expansion project was recently approved, with construction expected to be completed in late 2028. The mine is expected to produce 180,000 ounces of gold annually over a 14-year mine life. The expected employment is 704-720 person years from 2026 to 2031.
 - o New Found Gold's Hammerdown project poured first gold in November 2025. Commercial production is expected in second half of 2026, with mining and milling continuing to ramp up toward steady-state operations.
 - o Canada Fluorspar has restarted operations at the historic St. Lawrence Fluorspar mine, positioning Newfoundland as the only active fluorspar producer in North America.
- Newfoundland and Labrador has a pipeline of projects including those in the development stage that will maintain the mineral industry's contribution to Province including:
 - o FireFly Metals Green Bay Copper-Gold Project's latest economic assessment and resource update highlights the Green Bay Copper-Gold Project's emergence as a significant, long-life critical minerals opportunity, with substantially increased copper, gold, and silver resources, strong economic potential, ongoing early development activities, and a feasibility study targeted for completion in early 2027.
 - o New Found Gold's Queensway Project is a district-scale, high-grade gold exploration and development property advancing through development, permitting, engineering, and financing stage, with the company targeting first gold production in late 2027.
 - o Kami is the Province's most advanced iron ore development opportunity, supported by strategic participation from Nippon Steel, one of the world's largest steel producers and Sojitz, a major Japanese trading company. A feasibility study and environmental assessment work remain underway.
 - o The Great Atlantic Salt Project represents a significant opportunity to establish a new large-scale mineral industry in Newfoundland and Labrador. With early works underway, more than \$300 million in potential financing announced, planned annual production of four million tonnes and employment expected to peak at over 600 person-years, the project could deliver substantial investment, jobs and long-term economic activity for the Province.

Aquaculture

- In 2025, total aquaculture production reached 37,480 tonnes, compared to 25,371 tonnes in 2024, representing an increase of 47.7 per cent. The corresponding market value increased by 56.7 per cent to \$453 million, up from \$289 million in 2024.
- Direct employment associated with aquaculture hatchery and grow-out operations reached 584 persons in 2025. Employment levels are expected to remain relatively stable over the near term, with future growth dependent on production expansion, new species development, processing activity, and investment in new infrastructure and sites.
- Industry diversification continues to advance through the licensing of new species. In 2025, the Department of Fisheries and Aquaculture approved its first commercial seaweed operation, representing an important step toward broadening the Province's aquaculture portfolio and reducing reliance on traditional finfish and shellfish sectors.

- The long-term outlook for Newfoundland and Labrador's aquaculture industry remains positive. Growth is expected to be driven by continued investment from established operators, improvements in fish health management, technological advancements, and increasing global demand for seafood protein. Atlantic salmon is expected to remain the primary contributor to production volume and value, while steelhead trout production is anticipated to continue expanding in response to strong biological performance and growing market acceptance.
- Shellfish production is expected to remain relatively stable, with opportunities for moderate growth through productivity improvements, market development, and potential expansion of oyster and mussel operations. Emerging sectors such as seaweed cultivation may contribute modestly to production and value growth over time as markets and processing capacity develop.
- In 2026, the Department of Jobs, Growth and Rural Development supported the establishment of the HATCH Blue Aquaculture Innovation Studio in Newfoundland and Labrador, a global innovation platform designed to accelerate the development and commercialization of technologies and solutions for the aquaculture industry. The initiative helps mitigate sector risks associated with limited commercialization capacity, access to investment and markets, and the adoption of sustainable technologies by providing early-stage companies, entrepreneurs and researchers with mentorship, industry connections and access to a global aquaculture network. The Studio also strengthens collaboration between industry and the Province's post-secondary and research institutions, helping translate research and innovation into practical applications. By supporting the development and scale-up of environmentally responsible technologies, the initiative contributes to the long-term competitiveness, sustainability and resilience of Newfoundland and Labrador's aquaculture sector.

Aerospace and Defense

- The Government of Canada has committed to the NATO Defense Investment Pledge of investing 5% of GDP annually in defense and security-related expenditures by 2035. This includes 3.5% of GDP for core defense capabilities and 1.5% for broader defense and security-related investments, including infrastructure and dual-use capabilities. The Government of Canada has indicated that approximately \$500 billion in defense investment will be delivered over the next decade. This sustained increase in defense spending presents significant opportunities for Newfoundland and Labrador; however, competition among jurisdictions and firms to secure federal procurement and infrastructure investments is expected to increase.
- Newfoundland and Labrador's defense opportunity has strengthened significantly in 2026 with the Government of Canada's announcement of up to \$8 billion in long-term investment at 5 Wing Goose Bay as part of the NORAD Northern Basing Infrastructure initiative. The investment will support upgrades to airfields, operational facilities and support infrastructure and is intended to increase Canada's ability to mobilize forces rapidly to the Arctic and North. This represents a substantial opportunity for provincial firms involved in construction, engineering, energy, transportation, logistics, technology and defense-related services. However, there is a risk that Newfoundland and Labrador firms may not capture a proportionate share of this investment if local supply-chain capacity, procurement readiness and workforce availability are insufficient.
- In July 2026, the Government of Canada selected Thyssenkrupp Marine Systems (TKMS) as the preferred supplier for the Canadian Patrol Submarine Project (CPSP), which will acquire up to 12 conventionally powered, under-ice-capable submarines. Contracting is expected to be completed by the end of 2027, with the first four submarines expected to be delivered in 2034. The program represents a significant long-term opportunity for Newfoundland and Labrador given its strategic location on the North Atlantic, deep-water and ice-free ports, marine expertise, and proximity to Arctic

operating areas. Opportunities may include in-service support, maintenance, repair, training, marine systems, autonomous underwater technologies, sensors and other elements of the submarine supply chain. However, the Province faces significant competition from established defense and shipbuilding centres, and the location of major sustainment and procurement activities will ultimately depend on federal procurement decisions and the requirements of the selected supplier.

- Bull Arm Fabrication Site represents a significant potential asset for Newfoundland and Labrador's defense and marine industrial strategy. The site is Atlantic Canada's largest fabrication site, encompassing more than 25 square kilometers and including extensive fabrication, marine and industrial infrastructure. In March 2026, the Provincial Government cancelled the previous non-binding MOU with North Atlantic and confirmed that it would retain ownership and control of the site, with the marine and industrial facilities remaining under the management and control of Bull Arm Fabrication. This provides the Province with greater flexibility to explore defense, marine industrial and infrastructure opportunities at the site. However, realizing this potential will require investment, suitable anchor tenants or projects, and alignment with federal defense procurement and naval sustainment requirements.
- Canada's 2026 Defense Industrial Strategy creates additional opportunities for Newfoundland and Labrador by prioritizing Canadian industrial capacity, domestic supply chains, innovation and sovereign capabilities. Several of the Strategy's priority areas align closely with existing provincial capabilities, including aerospace, marine systems, sensors, digital technologies, space, in-service support and autonomous systems. The Strategy also places greater emphasis on Canadian suppliers and strengthening small and medium-sized enterprises within defense supply chains. The principal risk is that provincial firms may not have sufficient scale, capital, certifications, procurement expertise or established relationships with prime contractors to compete successfully for larger federal contracts.
- Newfoundland and Labrador's emerging defense industrial base is already demonstrating its ability to secure federal investment. In March 2026, the Government of Canada announced \$16 million through the Regional Defense Investment Initiative to support five Newfoundland and Labrador companies and more than 115 highly skilled jobs. The investments support capabilities including Arctic surveillance, marine simulation, wireless power and data, artificial intelligence, and naval and Arctic radar technologies. These investments demonstrate the potential for Newfoundland and Labrador's existing technology and ocean-sector capabilities to transition into defense applications and participate in national and international defense supply chains. A key risk is that the Province's relatively small industrial base may limit its ability to scale rapidly enough to take advantage of the projected growth in defense procurement. Access to capital, specialized talent, certification, intellectual property protection, security requirements and relationships with major defense primes will be important determinants of whether local firms can convert emerging opportunities into sustained defense revenues.
- The Atlantic Spaceport Complex (ASX) in St. Lawrence is positioning Newfoundland and Labrador to play a role in Canada's emerging sovereign space-launch capability. The project is being developed by NordSpace and is intended to support Canadian-built commercial space-launch vehicles and defense, scientific and commercial payloads. In 2026, the Province committed \$4 million toward continued development of the project, supported by a further \$1 million from ACOA and \$5 million from NordSpace. The project is expected to create 100 new permanent positions by 2033. Space launch has also been identified as a key sovereign capability under Canada's Defense Industrial Strategy. The opportunity is significant, but the project remains subject to the development of the commercial space market, regulatory and launch-authorization requirements, technical execution and the ability to attract sufficient launch demand and private investment.

- The principal risk for Newfoundland and Labrador is not the absence of defense-related opportunities, but the Province's ability to convert its strategic advantages into sustained economic activity. Federal defense procurement is highly competitive and often structured around large national and international prime contractors. Newfoundland and Labrador's relatively small industrial base may face challenges related to scale, access to capital, workforce availability, security requirements, certification, procurement expertise and integration into established defense supply chains.
- There is therefore a risk that major federal defense investments will generate significant activity in Newfoundland and Labrador without resulting in a proportionate share of high-value economic benefits for provincial businesses and workers. Strategic coordination among government, industry, academia, Indigenous governments and communities, together with targeted efforts to strengthen infrastructure, workforce capacity, supply-chain participation and business readiness, will be important to mitigate this risk.

Technology

- The Province has made significant investments in the technology ecosystem. Newfoundland and Labrador's technology sector continues to be one of the fastest-growing sectors of the provincial economy, generating more than \$1.87 billion in GDP in 2024 and employing nearly 10,000 people. The sector has set a goal of reaching \$2.5 billion in annual GDP contribution by 2030, reflecting the strong momentum created by local success stories and continued investment. Startups that, several years ago, were raising \$500,000 in venture capital are now raising \$20.0 million and more, and the sector's momentum is only increasing.
- The Province, along with IBM Canada Memorial University and partners, and the Government of Canada, have committed more than \$39.0 million investment for the Centre for Analytics, Informatics and Research (CAIR) over five years. The collaboration will provide the Province access to high-performance computing and more opportunities for researchers, industry partnerships, and start-up entrepreneurs in the technology sector.
- The Province's technology sector is seeing growth and increasing international recognition and trade in several industries, including health tech, ocean tech, clean tech, aerospace and defense, information technology, and software as a service. In response, the Department of Jobs, Growth and Rural Development is increasing both trade promotion and investment attraction efforts to help these industries capitalize upon opportunities.
- With the success of local companies there has been significant increase in investment and growth. In 2025, Newfoundland and Labrador tech companies accounted for nearly 80 per cent of all investment deals across Atlantic Canada, raising \$295.5 million. Kraken Robotics, now a unicorn, broke the \$1 billion valuation mark with its recent \$115 million sale of shares. CoLab Software announced \$72 million in a Series C funding round, the largest venture capital financing in Atlantic Canada in the past two years. Spellbook closed a \$70 million Series B round and Sparrow BioAcoustics secured \$10 million to support the next phase of growth.
- CGI Inc. (CGI) is the largest independent information and communications technology (ICT) and business consulting services company in Canada, and fifth largest in the world. CGI is currently preparing to set up operations in Newfoundland and Labrador by creating 60 new positions in the next three years, at a total project cost of more than \$14.3 million. The company was the first approved to receive support from the Province under its Job Accelerator and Growth Program, with a maximum amount of approximately \$1.4 million.

- The Co. Innovation Centre (COIC) opened in June 2024, fostering industry, business, and ecosystem collisions across multiple sectors with a focus on support for Remote Operations. This dynamic space serves as an innovation hub for some of the Province's greatest homegrown technology talent, capabilities, and companies. In 2026, COIC was established as a not-for-profit entity, with a Board of Directors.
- The Department of Jobs, Growth and Rural Development supports a strong tech start-up entrepreneurial support network through which research, ideas, business innovation, and ecosystem support can be resourced effectively to maximize opportunities for innovators and advance provincial economic growth. Since technology presents significant employment and business growth opportunities for the Province, the Province has increased support to incubators and accelerators, such as the Genesis Centre, Memorial Centre for Entrepreneurship (MCE), Student Design Hub, Propel, and Navigate to support the creation and growth of innovation-driven companies.

Manufacturing

- Manufacturing shipments were approximately \$3.9 billion in 2025, down 11.8% from 2024. Non-durable manufacturing accounted for \$2.4 billion and declined 22.9%, while durable manufacturing increased 14.5% to \$1.5 billion.
- Manufacturing employment averaged approximately 9,500 people in 2025, down 4.0% from 2024. However, the composition shifted considerably: non-durable manufacturing employment fell 13.2%, while durable manufacturing employment increased 16.7%.
- There has been a substantial improvement in 2026 manufacturing activity. June 2026 manufacturing shipments were \$676.2 million, up 36.4% year-over-year.
- Statistics Canada's seasonally adjusted manufacturing sales show the same volatility: NL sales reached \$519 million in June 2026, up 53% from June 2025.
- Approximately \$3.6 billion of manufactured goods were exported internationally in 2025, an increase of 15.9%. This means the sector is heavily dependent on external markets rather than domestic demand.
- Braya Renewable Fuels represents a significant diversification of Newfoundland and Labrador's refined-fuels manufacturing capacity, and the conversion of the Come By Chance petroleum refinery into a renewable fuel facility demonstrates the potential to repurpose existing industrial infrastructure for emerging markets. The facility commenced commercial operations in February 2024 with production capacity of up to 18,000 barrels per day of renewable diesel and had approximately 240 full-time employees as of September 2025. However, the project also illustrates the exposure of large-scale manufacturing investments to international market conditions and government policy. Braya temporarily suspended operations from January to June 2025 due to lower-than-normal margins and market disruptions associated with the expiry of a U.S. renewable fuel tax credit. In September 2025, the Provincial Government announced a five-year, \$25 million repayable loan to support the workforce and other direct facility costs as the company pursued facility upgrades, feedstock expansion and market diversification. Continued uncertainty surrounding renewable fuel markets, carbon policies, tax incentives and competitiveness in export markets represents a material risk to the stability of this manufacturing investment and its associated employment and supply chains.

- Boeing invested \$10.3 million in Newfoundland and Labrador-based Solace Power (Solace) in January 2025 as part of its Industrial and Technological Benefits commitments associated with Canada's acquisition of the P-8A Poseidon. The investment is supporting the establishment of a Surface Mount Technology (SMT) Production facility in the province and is expected to nearly double the company's local workforce while expanding its aerospace, defense, automotive and telecommunications markets. Solace subsequently secured a US\$3.8 million contract with Boeing in November 2025, its largest aerospace contract to that point, and received a further \$4 million repayable contribution from the Atlantic Canada Opportunities Agency in January 2026 to enhance its capabilities in wireless power and data solutions for harsh environments. These developments demonstrate the potential for Newfoundland and Labrador manufacturers to leverage global aerospace and defense supply chains; however, they also highlight risks associated with dependence on major customers, federal procurement and Industrial and Technological Benefits programs, and the ability of locally based firms to scale production and maintain international competitiveness.
- Corvus Tactical Aircraft Corporation (Corvus), headquartered in Mount Pearl, is developing the Raven, a multi-use, dual-purpose utility aircraft designed for precision aerial agriculture and rapid-response forest firefighting. The company is seeking to transition the aircraft from development toward production and has received federal support for product design, development and commercialization activities, including a \$400,000 Atlantic Canada Opportunities Agency contribution in 2025. Corvus represents an opportunity to establish new aerospace manufacturing capability in Newfoundland and Labrador and to develop export-oriented advanced manufacturing capacity. However, the project remains subject to the risks associated with aircraft certification, commercialization, production scaling, access to capital, development of supply-chain capacity and securing sufficient international market demand.
- Newfoundland and Labrador's manufacturing sector remains an important contributor to the provincial economy, but its relatively small scale and concentration in resource-based, export-oriented and specialized manufacturing activities create exposure to external market conditions. Manufacturing shipments totaled approximately \$3.9 billion in 2025, while manufacturing employment averaged approximately 9,500 workers. Although manufacturing activity strengthened considerably in 2026, with June shipments reaching approximately \$676 million, the sector has demonstrated significant year-to-year volatility. The high proportion of manufactured goods destined for international markets also exposes provincial manufacturers to changes in global demand, trade policy, transportation costs, exchange rates and regulatory requirements. Additional risks include access to skilled labour, limited local supply-chain depth, access to capital for scaling, and the ability of small and medium-sized manufacturers to adopt new technologies and compete in global markets.

RISKS

The Province's financial position and fiscal forecast are also subject to various risks in the economic forecast. These risks have the potential to significantly impact the provincial economy and, in turn, the Province's fiscal position. These risks pertain to such items as the commodity market, tariffs, and demographic factors.

Market Conditions

- The Canadian economic outlook remains uncertain as the economy adjusts to ongoing trade tensions with the United States, changing tariff measures and broader geopolitical uncertainty. The Bank of Canada forecasts modest Canadian economic growth, with real GDP growth projected at 0.7 per cent in 2026 before strengthening to 1.8 per cent in 2027. Economic growth has remained weak and volatile, while businesses continue to face uncertainty regarding trade policy, investment decisions and export markets.
- Newfoundland and Labrador's economic outlook is comparatively strong, with Budget 2026 forecasting real GDP growth of 5.5 per cent in 2026, the highest forecast among Canadian Provinces. Growth is expected to be driven primarily by increased oil and mineral production. Offshore oil production has also increased significantly in 2026, with year-to-date production through July up 23.5 per cent compared with the same period in 2025. However, the Province's reliance on resource production and exports leaves the economy exposed to fluctuations in global commodity prices, international demand and trade policy.
- Inflation remains a significant risk for businesses and consumers. While inflation had moderated considerably following the post-pandemic period, price pressures increased again in 2026. In July 2026, consumer prices in Newfoundland and Labrador were 4.1 per cent higher than a year earlier, compared with 2.9 per cent nationally. The Province forecasts average consumer inflation of 2.7 per cent for 2026, reflecting continued upward pressure from energy prices. Higher input, transportation, labour and operating costs can affect business margins and increase the cost of investment and major projects.
- The Bank of Canada has reduced its policy interest rate to 2.25 per cent as economic growth has weakened; however, the outlook for interest rates remains uncertain. Inflationary pressures arising from energy prices, tariffs and supply-chain disruptions may limit the scope for further rate reductions. For businesses, this creates uncertainty regarding financing costs and the timing of investment decisions. Higher borrowing costs can constrain expansion and capital investment, while renewed inflation can increase operating and project costs.
- Labour availability remains a significant structural constraint on economic growth in Newfoundland and Labrador. The Province's latest occupational projections, released in August 2026, identify labour demand, attrition and job openings across 187 occupational groups through 2035. The Province also continues to face demographic pressures, with the population declining to approximately 548,000 in April 2026 and slower migration contributing to a more limited growth in the available workforce. These conditions may constrain the ability of businesses to expand and could create challenges in delivering large, complex investment and infrastructure projects.
- Although the Province's overall economic growth outlook is strong, labour-market conditions remain uneven. Employment in July 2026 was 0.7 per cent below the previous year, while the unemployment

rate was 8.1 per cent. This reflects, in part, the structural and seasonal characteristics of the provincial labour market and highlights the potential mismatch between available workers and the specialized skills required by growing industries.

- Access to capital remains a potential constraint, particularly for startups, small and medium-sized enterprises and businesses seeking to commercialize new technologies or enter new markets. Continued uncertainty surrounding trade, input costs, economic conditions and investment returns may cause investors and financial institutions to adopt more conservative approaches. This can make it more difficult for smaller firms to secure the equity and debt financing required for expansion, innovation and commercialization. The Province has responded through initiatives including venture capital, business investment and investment-attraction programs, but access to private capital remains an important consideration for business growth.

Tariffs

- Ongoing trade tensions with major trading partners continue to present risks to Newfoundland and Labrador's export-oriented sectors. The primary risk is not limited to the direct cost of tariffs, but includes uncertainty regarding market access, changing trade policy, compliance requirements, supply-chain costs, pricing, and the potential diversion of trade into alternative markets. While the Canada-United States-Mexico Agreement (CUSMA) continues to provide preferential access for qualifying Canadian goods, sector-specific U.S. tariffs and rapidly evolving trade measures create continued uncertainty for exporters.
- The United States remains Newfoundland and Labrador's largest individual export market. During January to June 2026, approximately \$2.87 billion, or 30 per cent of the Province's international merchandise exports, were destined for the United States. Exposure is particularly concentrated in certain sectors. In 2025, approximately 72 per cent of Newfoundland and Labrador's seafood exports were destined for the United States, illustrating the sector's sensitivity to changes in U.S. market access. Other major provincial exports, including iron ore, crude oil and nickel, have different market concentrations and therefore face varying levels of direct tariff exposure.
- The U.S. tariff environment has evolved significantly during 2026. Following the invalidation of the U.S. International Emergency Economic Powers Act (IEEPA) tariffs, a broader 10 per cent Section 122 tariff regime was introduced while CUSMA-compliant Canadian goods continued to receive preferential treatment. More recently, effective August 22, 2026, the United States imposed 50 per cent tariffs on \$27.6 billion of Canadian goods under Section 338 and Section 232 authorities. These measures, together with the potential for further sector-specific trade actions, increase uncertainty for Canadian and Newfoundland and Labrador exporters. Canada has announced corresponding counter-tariffs on selected U.S. imports effective September 8, 2026.
- Canadian countermeasures may have indirect impacts on Newfoundland and Labrador businesses that rely on U.S.-origin machinery, equipment, parts, packaging, and other production inputs.
- Newfoundland and Labrador's fishery is particularly exposed given ongoing uncertainty in the U.S., its largest seafood market, alongside continued tariff barriers in China, its second largest. While these markets serve different products and are not direct substitutes, simultaneous pressures in both amplify risk across the sector and reinforce the importance of developing commercially viable alternative markets.

- China remains an important but evolving market for Newfoundland and Labrador exporters. China was the Province's second-largest seafood market in 2025, with approximately \$221 million in seafood exports. China suspended its additional tariffs on Canadian lobster and crab effective March 1, 2026, through the end of 2026; however, additional tariffs remain on other Canadian fish and seafood products. The temporary nature of these measures continues to create uncertainty for exporters and reinforces the importance of market diversification.
- The Province's export data indicates that diversification is already occurring. During January to June 2026, exports to the United Kingdom, Germany and France increased substantially compared with the same period in 2025, while exports to China declined. Although these changes reflect a range of market and commodity factors, they demonstrate the potential for Newfoundland and Labrador businesses to expand their international market reach and reduce reliance on individual trading partners.
- The Government of Newfoundland and Labrador is working with industry and federal and Atlantic partners to mitigate these risks through export market diversification, trade promotion, supply-chain support and assistance with tariff and customs compliance. Initiatives include support for participation in international trade events, efforts to establish new export channels for local seafood products, enhanced travel support for non-U.S. markets, and participation in the Tariff and Customs Advisory Program (TCAP). These measures are intended to help businesses identify new markets, manage compliance requirements, strengthen supply-chain resilience and reduce exposure to disruptions in individual export markets.

Demographic Factors

- Aging of the population is one of the most important demographic challenges confronting the Province because of its significant implications for program delivery of many public services, in particular, health care. On March 31, 2026, the Province had the highest median age of 47.8 years and highest average age of 46.1 years across Canada.
- Overall, the Canadian population shrunk by 102,436 individuals from March 2025 to March 2026 to a total of 41,472,081 individuals, a decrease of 0.2% from the prior year population of 41,574,517 individuals. The Province saw a lower population decline at 0.1% over the same period, predominantly due to the number of deaths exceeding births, with 0.5 births per death, and a decline in non-permanent residents. This was offset by net gains from permanent international immigration and interprovincial migration.

Muskrat Falls Project

- On March 31, 2023, as one of the steps to implement rate mitigation, the Province announced the provision of \$190.4 million of rate mitigation funding to offset increases in supply costs primarily associated with the Lower Churchill Project (LCP) that had accumulated in the Supply Cost Variance Deferral Account (SCVDA). The SCVDA was established through the Public Utilities Board in Fall 2021 in order to defer payments under the Muskrat Falls Project agreements, rate mitigation funding, project cost recovery from customers and supply cost variances primarily associated with the LCP.
- In July 2023, LIL (2021) Limited Partnership (LIL (2021) LP) and the Government of Canada executed an agreement which allows LIL (2021) LP access to a \$1.0 billion unsecured convertible debenture with compounding interest at 3.03 per cent, maturing on December 31, 2071, with payments of principal and accrued interest starting in January 2042. Under the terms of the

agreement, the debenture is convertible into Class B limited partnership units of LIL (2021) LP at the option of the holder at the earlier of the date in which the debentures are fully drawn and December 31, 2041. In August 2023, the first drawing on the convertible debenture of \$145.0 million was received by LIL (2021) LP, and the funds were transferred to NL Hydro Regulated for the purpose of rate mitigation in order to pay down the balance that has accumulated in the SCVDA.

- In May 2024, the Province finalized its rate mitigation plan, formalizing the Province's plan to maintain NL Hydro's increase in domestic electricity rates at an annual target of 2.25 per cent through to 2030. The plan will ensure domestic residential rate increases, for customers subject to Island Interconnected System rates, attributable to NL Hydro's costs, are targeted at 2.25 per cent annually up to and including 2030. The rate mitigation plan also requires that any additional funding required to reduce the balance in the SCVDA and achieve the 2.25 per cent targeted rate increase come from NL Hydro's own sources to the extent possible, and for NL Hydro to retire the 2023 ending SCVDA balance of \$271.0 million over the 2024–2026 period.
- In February 2025, NL Hydro applied \$441.0 million to the SCVDA accounts. This included \$90.6 million of rate mitigation relating to the retirement of the 2023 SCVDA and the remaining \$350.4 million was applied to the 2024 SCVDA. As of December 31, 2024, the balance of the SCVDA was \$531.7 million and as of May 31, 2025, the balance in the SCVDA was \$337.3 million. The balance in the SCVDA currently (as at July 31, 2026) is 342.6 million.
- On May 27, 2026, Newfoundland and Labrador Hydro filed its 2026 General Rate Application with the Board of Commissioners of Public Utilities. The application includes a full review of Hydro's forecast 2027 costs, including the costs of purchasing power associated with the Muskrat Falls Project, and proposes a cost-of-service methodology reflecting the inclusion of Muskrat Falls Project costs. The application also proposes customer rates consistent with the Province's rate mitigation plan, including a targeted 2.25 per cent increase effective July 1, 2027, for domestic customers on the Island Interconnected System. The application and proposed rates remain subject to review and approval by the Board.
- As of December 31, 2025, long-term debt outstanding on the Lower Churchill Project is \$8.5 billion. Future electricity rates and rate mitigation requirements will continue to be influenced by project financing costs, regulatory decisions, electricity supply costs, and the management of project-related debt and deferral account balances.

Definitive Cooperation and Implementation Agreement for the Churchill River

- The projected benefits associated with the Churchill River agreement are based on long-term assumptions regarding electricity prices, financing costs, project schedules, and successful execution of the proposed developments. The generation and transmission projects will require significant capital investment and remain subject to regulatory approvals, environmental assessment processes, Indigenous engagement, and final commercial arrangements. Future project costs, financing requirements, construction schedules, and market conditions could affect the timing and magnitude of projected benefits. The realization of anticipated benefits will also depend on future electricity demand, industrial development opportunities, and the Province's ability to optimize the use and sale of available electricity resources.

Wind-Hydrogen Development

- While Newfoundland and Labrador continues to possess competitive advantages for renewable energy development, the timing and pace of wind-hydrogen project advancement remain dependent on global market conditions, including growth in demand for low-emission hydrogen and ammonia, long-term offtake agreements, project financing, and the development of supporting infrastructure in key export markets. These factors may influence the timing of investment decisions and the realization of potential economic benefits associated with proposed projects. Current proponents continue to advance project development activities despite these uncertainties.

ECONOMIC OUTLOOK AND OVERVIEW

In advance of receiving results of actual revenues collected, the Province relies on its economic and demographic forecasts and known relationships with administrative data to estimate revenues. Some components of nominal Gross Domestic Product (GDP), such as consumer expenditure, are used to forecast growth in specific tax bases. Other indicators such as household income (including earned income), consumer inflation and population are also used in the projection and estimation of certain revenues.

The following discussion provides an overview of the economic and demographic performance of Newfoundland and Labrador in 2025, as well as an estimate on the expected performance for 2026. Given the use of estimates and Statistics Canada revisions, this data is subject to change as updated information becomes available. It should also be noted that all data discussed in this section are reported on a calendar year basis.

ECONOMIC PERFORMANCE IN 2025

Newfoundland and Labrador's economy showed continued growth in 2025. Real GDP is estimated to have increased by 4.8 per cent, supported by higher crude oil and nickel production and increased export volumes. Other contributors included lower inflation, a strong tourism sector, and increased consumer spending. There was also growth in residential real estate market activity, with higher home sales despite ongoing housing supply constraints and higher average prices.

On an industry basis, the oil and gas industry saw growth in 2025 as overall crude oil production increased supported by the resumption of production at the White Rose field in March 2025 and a notable increase in production at the Hebron field. In the mining industry, nickel production increased as production ramped up at the Voisey's Bay underground mines and Equinox Gold's Valentine Gold Mine announced its first gold production in November 2025. In the fishery and aquaculture sector, the wild fishery benefitted from higher market prices for key species, particularly snow crab, and production in the aquaculture industry reached an all-time high.

International exports from the Province totaled \$14.0 billion in 2025, an increase of 1.4 per cent compared to 2024. The growth was driven by higher export values of both seafood products and nickel, partly offset by declines in iron ore and renewable fuel exports. As in recent years, fluctuations in global commodity prices were a key factor influencing export values in 2025.

Capital investment in Newfoundland and Labrador is estimated to have totaled \$7.5 billion in 2025, a decline of 14.2 per cent from 2024. Investment fell across most categories, mainly reflecting the completion of major construction activities at the Voisey's Bay underground mines and the Valentine Gold Mine.

UNDERSTANDING THE FINANCIAL HEALTH OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR

Economic Indicators

Newfoundland and Labrador

	<u>2024</u>	<u>2025e</u>	<u>2026f</u>
GDP at Market Prices (\$ Millions)	42,219	43,593	47,963
% Change	4.6	3.3	10.0
% Change, Real	2.7	4.8	5.5
Household Income (\$ Millions)	33,378	34,205	34,985
% Change	6.6	2.5	2.3
% Change, Real	4.7	1.0	-0.5
Household Disposable Income (\$ Millions)	22,638	23,193	23,793
% Change	6.9	2.5	2.6
% Change, Real	5.0	1.0	-0.2
Retail Sales (\$ Millions)	12,202	12,490	12,873
% Change	6.7	2.4	3.1
% Change, Real	6.5	2.8	0.3
Consumer Price Index (2002=100)	161.9	164.2	168.7
% Change	1.8	1.4	2.7
Investment, Gross Fixed Capital Formation (\$ Millions)	8,745	7,507	7,309
% Change	-0.2	-14.2	-2.6
% Change Real	-2.1	-17.1	-3.8
Housing Starts	1,672	1,568	1,629
% Change	71.0	-6.2	3.9
Employment ('000s)	245.0	244.8	245.2
% Change	2.8	-0.1	0.2
Labour Force ('000s)	272.0	272.3	272.2
% Change	2.8	0.1	0.0
Unemployment Rate (%)	10.0	10.1	9.9
Participation Rate (%)	58.3	57.8	57.6
Population ('000s)	546.9	549.9	549.9
% Change	1.5	0.6	0.0

Updated April 29, 2026

f: forecast

e: estimate

Source: Economics Division, Department of Finance

Consumer spending consists of expenditures on all goods and services within an economy. As inflation eased and wage growth remained strong, households were able to increase spending. Consumer spending was estimated at \$22.9 billion in 2025, an increase of 2.3 per cent compared with 2024, supported by increased retail sales and sales at food services and drinking places.

Retail sales generally account for just over 50 per cent of consumer spending in the Province, and in 2025 it totaled \$12.5 billion, an increase of 2.4 per cent compared to 2024. There was notable growth in sales for 'Health and personal care retailers', which recorded the largest year-over-year gain among major categories at 16.2 per cent, followed by 'Motor vehicle and parts dealers' (+9.5 per cent), which includes sales of both new and used vehicles, as well as associated parts and service labour. In contrast, retail sales in the 'Gasoline stations and fuel vendors' category declined by 15.9 per cent, reflecting lower gasoline and fuel prices in 2025 relative to the previous year. Data availability for the broader service sector remains limited; however, sales in 'Food services and drinking places' reached \$1.1 billion in 2025, an increase of 5.3 per cent compared with the previous year.

Newfoundland and Labrador's labour market remained stable in 2025, with monthly employment holding near the record-highs reached in 2024. Employment averaged 244,800 persons for the year, relatively unchanged from 2024 (-200 persons, -0.1 per cent). The unemployment rate averaged 10.1 per cent, up 0.1 percentage points from 2024, but still near historic lows.

On an industry basis, employment gains in the services-producing sector (+3,100 persons) were offset by losses in the goods-producing sector (-3,300 persons). Gains in service sector employment were driven by increased employment in 'Other services' (+1,500 persons), 'Public administration' (+1,100 persons), 'Business, building and other support services' (+1,100 persons), and 'Information, culture and recreation' (+700 persons). In the goods-producing sector, the largest employment losses were in 'Mining, quarrying and oil and gas extraction' (-2,400 persons) and 'Construction' (-1,600 persons). Meanwhile, employment gains were concentrated in 'Fishing, hunting and trapping' (+900 persons).

The Province's labour force increased by 0.1 per cent in 2025, due to an increase in the working age population (those 15 years of age and older) of 1.0 per cent. The participation rate declined by 0.5 percentage points.

Wages continued to grow in the Province in 2025, driven by general salary increases in both the public and private sectors and increases to the minimum wage. Household income increased by 2.5 per cent, reflecting higher weekly earnings, which averaged \$1,282.39 in 2025, compared to the Canadian average of \$1,302.86.

Newfoundland and Labrador's population stood at 548,557 as of March 31, 2026, a decrease of 285 persons, or 0.1 per cent, compared to March 31, 2025. This marked the first year of population decline for the province since 2020. The decline was largely the result of the number of deaths exceeding the number of births and a decline in non-permanent residents. This was predominantly offset by positive international immigration, supplemented by a modest net inflow of migrants from other provinces, which together mitigated ongoing natural population losses.

Net international migration reached 2,747 persons during 2025-26. This was due to an increase of 5,071 immigrants and 125 returning immigrants, offset by 2,181 fewer non-permanent residents and 268 emigrants. Net interprovincial migration was positive, with 6,407 gains from other provinces, offset by 6,382 inter-provincial losses, resulting in a net gain of 25 persons. Losses from natural population changes totaled 3,057 and has remained at a consistent decline over the last ten consecutive years, reflecting an aging population.

ECONOMIC OUTLOOK

At the time of Budget 2026, Newfoundland and Labrador's real GDP was forecast to increase by 5.5 per cent to \$35.8 billion in 2026, primarily due to higher oil and mineral production. Since then, the Province's economy has remained resilient despite the persistence of global uncertainty. Developments in the Middle East have caused volatility in the price of oil and boosted inflation, while year-to-date investment in the residential housing sector has grown.

Retail sales have been faring well so far in 2026, increasing 2.7 per cent in the January to June period, with a notable increase in sales for 'Health and personal care retailers' (+36.5 per cent).

At budget time, housing starts in the Province were expected to increase by 3.9 per cent in 2026. Year-to-date data for January to June indicates total housing starts have increased by 17.2 per cent, with strong gains in urban areas of the Province offsetting a decline in rural areas.

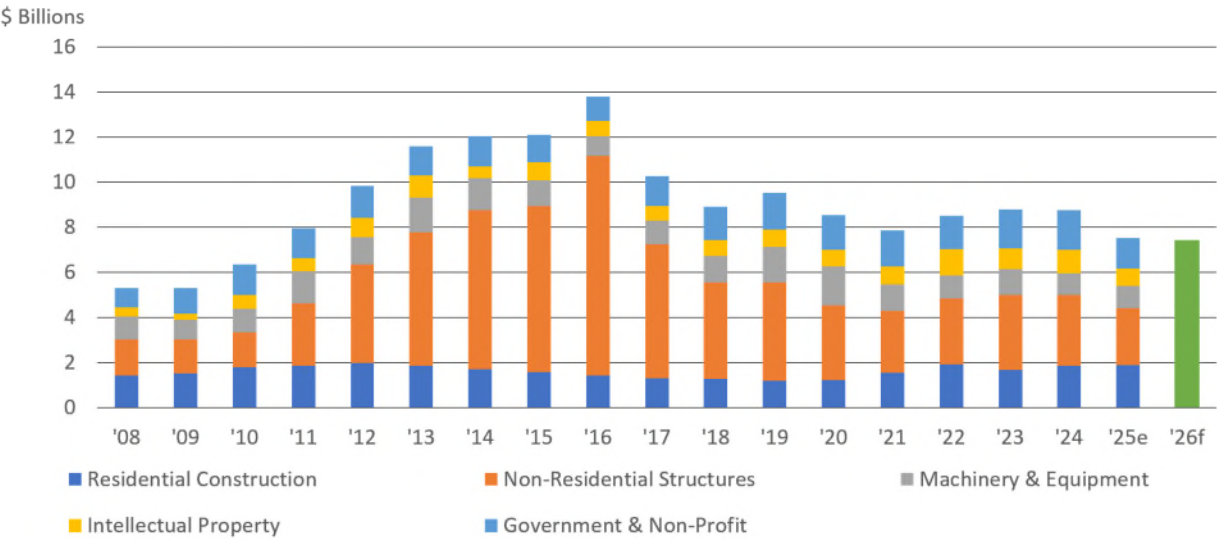
The Province's population is forecast to remain relatively stable in 2026, with net natural losses being offset by international and interprovincial immigration.

Employment has been slightly weaker than expected in the Province through July, decreasing by 0.1 per cent, compared to a forecast increase of 0.2 per cent at budget time. The unemployment rate, however, has been lower than expected so far this year, decreasing by 0.8 percentage points through July to average 9.7 per cent, compared to an annual average of 9.9 per cent forecast at budget time.

Year-to-date inflation for the Province has averaged 3.2 per cent in the first seven months of 2026, higher than the 2.7 per cent annual forecast in Budget 2026. This can be attributed to a significant increase in the energy index, resulting from the conflict in the Middle East.

In the medium-term, employment and capital investment are forecast to strengthen as construction activity begins on wind-hydrogen projects, the Bay du Nord oil development, and the Upper Churchill project. This is expected to result in significant real GDP growth over the period and a tightening of local labour markets.

Capital Investment
Newfoundland and Labrador, 2008-2026f



RISKS AND ADJUSTMENTS

Although these economic indicators for 2025 and 2026 form the basis for the final revenues presented in the 2025-26 Public Accounts, they are still projections and are subject to change. Further economic and administrative data relating to 2025 and 2026 are expected in the future. New data may result in adjusted revenues with respect to the taxation years reported in this document. Such differences will be reflected in subsequent fiscal years as prior year adjustments. As a result, differences may arise between estimated and actual revenues reported in these Public Accounts.

There are risks to the short-term outlook for the Province related to the conflict in the Middle East and tariffs, as well as counter tariffs, resulting from trade disputes between Canada and the United States. As a result, Newfoundland and Labrador may see negative impacts on economic growth, employment and inflation.

GLOSSARY OF TERMS

To assist in understanding the discussion and analysis in this report, definitions of the various terms used are provided below:

<i>Accrual Basis:</i>	A method of accounting whereby revenues are recorded when earned and expenses are recorded when liabilities are incurred.
<i>Accumulated Deficit:</i>	Liabilities less total assets. This equals the net accumulation of all annual surpluses and deficits experienced by the Province.
<i>Annual Surplus/ (Deficit):</i>	The excess of annual revenues (expenses) over annual expenses (revenues).
<i>Original budgetary Contribution/ (Requirement):</i>	The difference between revenues and expenditure cash flows of the Consolidated Revenue Fund generated as a result of the operations of government departments during the year.
<i>Cash Basis:</i>	A method of accounting whereby revenues are recorded when received and expenditures are recorded when paid.
<i>Deferred Revenue:</i>	Represents funding received in advance of revenue recognition criteria being met.
<i>Derivative Asset:</i>	A financial contract whose value is derived from a related asset, index, or rate.
<i>Financial Assets:</i>	Assets (such as cash, receivables and investments) to be used to reduce existing or future liabilities.
<i>GDP:</i>	Gross Domestic Product (at market prices) of the Province.
<i>Interest Cost:</i>	Interest on the Province's debt (e.g. borrowings, unfunded pension liability), as well as, other debt related expenses.
<i>Net Borrowings:</i>	Total borrowings (debentures, treasury bills, etc.) less sinking funds. Also referred to as provincial debt in this report.

<i>Net Debt:</i>	Liabilities less financial assets.
<i>Non-Financial Assets:</i>	Assets consumed in the delivery of government services, but not intended to reduce existing or future liabilities. Non-financial assets are primarily comprised of tangible capital assets.
<i>Purchased Intangibles:</i>	Non-financial assets which are non-physical assets acquired through an arm's length exchange transaction.
<i>Remeasurement Gains (Losses):</i>	Unrealized gains (losses) in relation to fair market value changes in investments and foreign exchange which are recognized in the Statement of Remeasurement Gains and Losses until realized.
<i>Tangible Capital Assets:</i>	Non-financial assets which are held for use in the production or supply of goods and services and have useful economic lives extending beyond an accounting period. Examples include buildings, roads, infrastructure, marine vessels, heavy equipment and machinery.
<i>Unfunded Pension Liability:</i>	The total unpaid pension benefits earned by existing/former employees and retirees less the value of assets set aside to fund the benefits. Also included is the outstanding balance of the promissory notes as issued from the pension reform.



Province of Newfoundland and Labrador

Consolidated Summary Financial Statements

**For The Year Ended
31 March 2026**

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1 October 2026

STATEMENT OF RESPONSIBILITY

Responsibility for the integrity, objectivity and fair presentation of the consolidated summary financial statements of the Province of Newfoundland and Labrador rests with the Government. As required under Section 59 of the **Financial Administration Act**, these consolidated summary financial statements are prepared by the Comptroller General, Office of the Executive Council in accordance with the applicable legislation and in accordance with the accounting policies as disclosed in Note 1 to these consolidated summary financial statements. These consolidated summary financial statements are prepared based upon information provided by the various Government departments and the noted Crown corporations, boards and authorities pursuant to Section 19 of the **Transparency and Accountability Act** and Section 20 of the **Financial Administration Act**.

The Government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

The consolidated summary financial statements in this volume include a Consolidated Statement of Financial Position, a Consolidated Statement of Change in Net Debt, a Consolidated Statement of Operations, a Consolidated Statement of Change in Accumulated Deficit, a Consolidated Statement of Cash Flows, a Consolidated Statement of Remeasurement Gains and Losses, and notes. Other schedules and notes that are included also form an integral part of these statements.

Pursuant to Section 16 of the **Auditor General Act, 2021**, the Auditor General of Newfoundland and Labrador provides an independent opinion on the consolidated summary financial statements.

**CRAIG PARDY**President of Treasury Board
District of Bonavista**Patrick Morrissey, CPA, CA**
Comptroller General
Treasury Board Secretariat

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OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

Independent Auditor's Report

To the House of Assembly
Province of Newfoundland and Labrador

Report on the Audit of the Consolidated Summary Financial Statements

Opinion

I have audited the consolidated summary financial statements of the Province of Newfoundland and Labrador, which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statements of change in net debt, operations, change in accumulated deficit, remeasurement gains and losses and cash flows for the year then ended, and notes to the consolidated summary financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated summary financial statements present fairly, in all material respects, the consolidated financial position of the Province of Newfoundland and Labrador as at March 31, 2026, and its consolidated results of operations, change in its net debt, change in its accumulated deficit, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Summary Financial Statements section of my report. I am independent of the Province of Newfoundland and Labrador in accordance with the ethical requirements that are relevant to my audit of the consolidated summary financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information in the Public Accounts of Newfoundland and Labrador, but does not include the consolidated summary financial statements and my auditor's report thereon.

Independent Auditor's Report (cont.)

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

In connection with my audit of the consolidated summary financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated summary financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated summary 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 the consolidated summary financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated summary financial statements, management is responsible for assessing the Province of Newfoundland and Labrador'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 an intention exists to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Province of Newfoundland and Labrador's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Summary Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated summary 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 my 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 summary financial statements.

Independent Auditor's Report (cont.)

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

- Identify and assess the risks of material misstatement of the consolidated summary 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 my 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 Province of Newfoundland and Labrador'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 Province of Newfoundland and Labrador's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated summary financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Province of Newfoundland and Labrador to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated summary financial statements, including the disclosures, and whether the consolidated summary financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated summary financial statements to express an opinion on the consolidated summary financial statements. I am responsible for the direction, supervision, and performance of the group audit. I remain solely responsible for my audit opinion.

Independent Auditor's Report (cont.)

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



DENISE HANRAHAN, CPA, MBA, ICD.D
Auditor General

October 2, 2026

St. John's, Newfoundland and Labrador

SUMMARY FINANCIAL STATEMENTS

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Financial Position
As at 31 March 2026
with comparative figures for 2025

		Actuals 2026 (\$000)	Actuals 2025 (\$000)
FINANCIAL ASSETS			
	Cash and temporary investments - note 2	2,997,916	1,890,208
Sch. 1	Receivables (net of valuation allowances)	3,390,283	3,657,333
	Inventories held for resale - note 3	3,530	3,422
Sch. 2	Loans, advances and investments (net of valuation allowances) - note 4 and 24	1,015,572	818,343
Sch. 6	Sinking fund assets	1,724,468	1,550,629
	Derivative asset - note 4	24,184	6,217
Sch. 3	Equity in government business enterprises and partnership - note 1(b)	8,148,436	8,015,083
	Total Financial Assets	<u>17,304,389</u>	<u>15,941,235</u>
LIABILITIES			
Sch. 5	Payables, accrued and other liabilities - note 5,13 and 14	4,565,699	4,502,009
	Deferred revenue - note 6	469,114	544,281
Sch. 6	Borrowings	24,966,297	22,497,835
	Plus: Unamortized premiums (discounts) and issuance fees - note 7	<u>(481,321)</u>	<u>(471,174)</u>
		24,484,976	22,026,661
	Group health and life insurance retirement benefits - note 8	3,508,898	3,530,455
	Unfunded pension liability - note 9	(389,534)	(7,229)
	Plus: Promissory notes - note 9	<u>3,680,380</u>	<u>3,780,972</u>
		<u>3,290,846</u>	<u>3,773,743</u>
	Total Liabilities	<u>36,319,533</u>	<u>34,377,149</u>
	NET DEBT	<u>19,015,144</u>	<u>18,435,914</u>
NON-FINANCIAL ASSETS			
Sch. 10	Tangible capital assets	6,376,360	6,056,736
	Prepaid and deferred charges - note 10	78,583	75,703
	Inventories of supplies - note 3	108,285	109,888
	Purchased intangibles - note 11	<u>29,674</u>	<u>40,116</u>
	Total Non-Financial Assets	<u>6,592,902</u>	<u>6,282,443</u>
	ACCUMULATED DEFICIT	<u>12,422,242</u>	<u>12,153,471</u>
	Accumulated deficit is comprised of:		
	Accumulated operating deficit	12,666,615	12,280,395
	Accumulated remeasurement gains	<u>244,373</u>	<u>126,924</u>
		<u>12,422,242</u>	<u>12,153,471</u>
	Contractual Rights - note 20		Contingent Assets - note 21
	Externally Restricted Assets - note 16		Contingent Liabilities - note 12
Sch. 7	Guaranteed Debt - notes 12(a) and 17		Contractual Obligations - note 15
Sch. 9	Trust Accounts - note 12(c)(i)		

The accompanying notes and supporting schedules form an integral part of the financial statements.

SUMMARY FINANCIAL STATEMENTS

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Net Debt
For the year ended 31 March 2026
with comparative figures for 2025

	Actuals 2026 (\$000)	Original Budget 2026 Unaudited (Note 26) (\$000)	Actuals 2025 (Note 18) (\$000)
NET DEBT - beginning of period	18,435,914	18,483,889	17,666,520
Add (Deduct):			
Adjustments - note 18			
Government organization changes	8,673	-	(1,096)
ADJUSTED NET DEBT - beginning of period	<u>18,444,587</u>	<u>18,483,889</u>	<u>17,665,424</u>
Operating Deficit for the period	<u>(377,547)</u>	<u>(371,754)</u>	<u>(296,637)</u>
Changes in tangible capital assets			
Acquisition of tangible capital assets	772,456	994,443	935,163
Net book value of tangible capital asset disposals/adjustments	(24,482)	-	(29,567)
Amortization of tangible capital assets	<u>(428,350)</u>	<u>(400,952)</u>	<u>(397,216)</u>
Increase (Decrease) in net book value of tangible capital assets	<u>319,624</u>	<u>593,491</u>	<u>508,380</u>
Changes in other non-financial assets			
Acquisition of purchased intangibles	953	-	14,151
Amortization of purchased intangibles	(11,395)	-	(10,551)
Acquisition of prepaid and deferred charges (net of usage)	2,880	-	(12,937)
Acquisition of inventories of supplies (net of consumption)	<u>(1,603)</u>	<u>-</u>	<u>3,288</u>
Increase (Decrease) in other non-financial assets	<u>(9,165)</u>	<u>-</u>	<u>(6,049)</u>
Increase (Decrease) in net debt excluding net remeasurement gains	<u>688,006</u>	<u>965,245</u>	<u>798,968</u>
Net remeasurement gains			
Net remeasurement gains for the year	<u>117,449</u>	<u>-</u>	<u>28,478</u>
Increase (Decrease) in net debt	<u>570,557</u>	<u>965,245</u>	<u>770,490</u>
NET DEBT - end of period	<u><u>19,015,144</u></u>	<u><u>19,449,134</u></u>	<u><u>18,435,914</u></u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

SUMMARY FINANCIAL STATEMENTS

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Operations
For the year ended 31 March 2026
with comparative figures for 2025

	Actuals 2026 (\$000)	Original Budget 2026 Unaudited (Note 26, 29) (\$000)	Actuals 2025 (Note 28, 29) (\$000)
REVENUE			
Sch. 11 Provincial			
Sch. 11 Taxation	5,198,583	4,651,832	4,793,259
Sch. 11 Investment	233,940	163,717	236,893
Sch. 11 Fees and fines	623,072	585,661	590,303
Sch. 11 Offshore royalties	1,710,076	1,591,364	1,360,410
Sch. 11 Miscellaneous	643,513	1,068,746	655,796
Sch. 11 Federal	<u>2,217,006</u>	<u>2,134,218</u>	<u>1,886,603</u>
	10,626,190	10,195,538	9,523,264
Sch. 4 Net income of government business enterprises and partnership	<u>464,837</u>	<u>474,619</u>	<u>842,038</u>
Total Revenue	<u>11,091,027</u>	<u>10,670,157</u>	<u>10,365,302</u>
EXPENSE			
Sch. 12 General Government Sector and Legislative Branch	2,641,711	2,788,942	2,576,057
Sch. 12 Resource Sector	721,683	731,861	692,041
Sch. 12 Social Sector	<u>8,105,180</u>	<u>7,521,108</u>	<u>7,393,841</u>
Sch. 13 Total Expense	<u>11,468,574</u>	<u>11,041,911</u>	<u>10,661,939</u>
ANNUAL OPERATING DEFICIT	<u>(377,547)</u>	<u>(371,754)</u>	<u>(296,637)</u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Change in Accumulated Deficit For the year ended 31 March 2026 with comparative figures for 2025

	Actuals 2026 (\$000)	Original Budget 2026 Unaudited (Note 26) (\$000)	Actuals 2025 (Note 18) (\$000)
ACCUMULATED OPERATING DEFICIT - beginning of period	12,280,395		11,984,854
Add (Deduct):			
Adjustments - note 18			
Government organization changes	8,673		(1,096)
ADJUSTED ACCUMULATED OPERATING DEFICIT - beginning of period	12,289,068		11,983,758
Operating Deficit for the period	(377,547)	(371,754)	(296,637)
Accumulated operating deficit – end of period	12,666,615		12,280,395
Accumulated remeasurement gains – end of period	244,373		126,924
ACCUMULATED DEFICIT - end of period	<u>12,422,242</u>		<u>12,153,471</u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

SUMMARY FINANCIAL STATEMENTS

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Remeasurement Gains and Losses
For the year ended 31 March 2026
with comparative figures for 2025

	Actuals 2026 (\$000)	Actuals 2025 (\$000)
ACCUMULATED REMEASUREMENT GAINS - beginning of period	126,924	98,446
UNREALIZED GAINS (LOSSES) ATTRIBUTABLE TO:		
Foreign exchange	(12,652)	(5,285)
Derivatives	17,999	6,124
Portfolio investments	85,614	21,550
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Foreign exchange	(428)	(14)
Portfolio investments	6,183	2,196
Sch.3 Other comprehensive income	20,733	3,907
Net remeasurement gains for the period	117,449	28,478
ACCUMULATED REMEASUREMENT GAINS – end of period	<u>244,373</u>	<u>126,924</u>
Accumulated remeasurement gains is comprised of:		
Foreign exchange	(18,403)	(5,323)
Derivatives	24,245	6,246
Portfolio investments	160,510	68,713
Sch.3 Accumulated other comprehensive income	78,021	57,288
Total accumulated remeasurement gains	<u>244,373</u>	<u>126,924</u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

SUMMARY FINANCIAL STATEMENTS

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Consolidated Statement of Cash Flows
For the year ended 31 March 2026
with comparative figures for 2025

	Actuals 2026 (\$000)	Actuals 2025 (\$000)
Funds provided from (applied to):		
OPERATIONS		
Annual operating deficit	(377,547)	(296,637)
Add (Deduct) non-cash items:		
Accounts receivable	222,410	86,555
Accounts payable	63,690	132,142
Amortization of (premiums)/discounts and issuance fees	21,151	18,241
Amortization of tangible capital assets	428,350	397,216
Retirement costs	(403,862)	(270,558)
Valuation allowances	57,269	44,624
Unremitted net income of government business enterprises and partnership	(112,620)	(475,188)
Sinking fund earnings	(64,148)	(77,433)
Deferred revenue	(75,167)	23,658
Other	4,640	(41,017)
Special purpose funds/contractors' holdback funds	10,841	7,635
Net cash provided from (applied to) operating transactions	<u>(224,993)</u>	<u>(450,762)</u>
CAPITAL		
Acquisitions	(772,456)	(935,163)
Disposals	1,710	269
Net cash provided from (applied to) capital transactions	<u>(770,746)</u>	<u>(934,894)</u>
FINANCING		
Debt issued	3,799,851	2,839,332
Debt retirement	(1,344,323)	(74,940)
Retirement of pension liabilities	-	(1,976)
Retirement of promissory notes	(100,592)	(94,899)
Sinking fund contributions	(166,518)	(114,225)
Sinking fund proceeds	130,318	-
Treasury bills purchased	5,468,123	7,390,427
Treasury bills redeemed	(5,466,387)	(7,384,169)
Net cash provided from (applied to) financing transactions	<u>2,320,472</u>	<u>2,559,550</u>
INVESTING		
Loan repayments	35,507	46,646
Loan advances	(99,432)	(69,095)
Investments	(153,100)	(147,896)
Net cash provided from (applied to) investing transactions	<u>(217,025)</u>	<u>(170,345)</u>
Net cash provided (applied)	1,107,708	1,003,549
Cash and temporary investments - beginning of period	1,890,208	886,659
CASH AND TEMPORARY INVESTMENTS - end of period - note 2	<u>2,997,916</u>	<u>1,890,208</u>

The accompanying notes and supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Notes to the Consolidated Financial Statements For the year ended 31 March 2026

1. Summary of Significant Accounting Policies

(a) The Reporting Entity

The Reporting Entity includes the accounts and financial activities of organizations, as approved by Treasury Board, which are controlled by Government. These organizations are accountable for the administration of their financial affairs and resources either to a Minister of the Government or directly to the Legislature.

A listing of organizations included in these financial statements is provided in Schedule 15 - Government Reporting Entity.

(b) Method of Consolidation

The accounts of government organizations, except those designated as government business enterprises and government business partnership, are consolidated after adjusting them to a basis consistent with the accounting policies described below. Inter-organizational transactions and balances are eliminated.

Government business enterprises are organizations, included in the reporting entity, that have the financial and operating authority to carry on a business and sell goods and services to individuals and non-government organizations as its principal activity and source of revenue.

A government partnership exists when the Government has entered into a contractual arrangement with one or more partners outside the government reporting entity where these partners cooperate to achieve clearly defined common goals and share on an equitable basis, the significant risks and benefits associated with operating a government partnership.

A government business partnership is a government partnership that has the financial and operating authority to carry on a business and sell goods and services to individuals and organizations other than the partners as its principal activity and source of revenue.

Government business enterprises and government business partnerships are recorded on the modified equity method. Under this method, the Government's proportionate share of equity in these organizations are adjusted annually to reflect the net income/loss and other net equity changes of the organizations without adjusting the organization's financial statements to conform with the accounting policies described below. Inter-organizational transactions and balances are not eliminated.

Adjustments are not made to the financial results of government organizations because of fiscal year-ends different than that used for the consolidated entity, unless it would have a significant impact on the consolidated operating results.

(c) Basis of Accounting

(i) Method

These financial statements are prepared on the accrual basis of accounting, revenues being recorded when earned and expenses being recorded when liabilities are incurred, with exceptions made in accordance with the applicable significant accounting policies.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(ii) Revenues

Revenues from the Government of Canada under the federal-provincial fiscal arrangements, health and social transfers and tax collection agreements are based on regular entitlements received for the current year and adjusted against future years' revenues when known. Government transfers are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recorded as deferred revenue and are recognized as revenue when the funds are used as intended.

Revenues from provincial tax sources are accrued in the year earned based upon estimates using statistical models and prior year actuals. Tax revenues are recorded at the amount estimated, after considering certain adjustments for non-refundable tax credits and other adjustments from the federal government. Refundable tax credits are not recognized as a reduction of tax revenues. Tax revenues are recorded net of any tax concessions or expenditures that reduce the amount of tax payable. Transfers made through the tax system that do not affect the amount of tax payable are recorded as expenses.

Other revenues are recorded on an accrual basis. Revenue from transactions with no performance obligations is recognized at their realizable value when the authority to claim or retain an inflow of economic resources exists, and the transactions or events giving rise to the revenue have occurred. Revenue from transactions with performance obligations, such as fees or sales of goods, services, licenses, or permits is recognized when those performance obligations have been satisfied. Typical revenue streams and performance obligations of the Province are as follows: (i) licenses or permits revenue are recognized at the point of sale upon issuance of the licenses or permits when the right is provided, (ii) tuition fees are recognized as instruction is provided, and (iii) fines do not have performance obligations and are recognized when collectible under the applicable legislation.

There is no significant revenue from non-recurring activities presented in these financial statements.

(iii) Expenses

Expenses are recorded on an accrual basis.

Retirement related costs are determined as the cost of benefits and interest on the liabilities accrued, as well as amortization of experience gains and losses.

(iv) Assets

Cash and temporary investments represent the cash position including bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash. Temporary investments are recorded at cost or market value, whichever is lower.

Accounts receivable are recorded for all amounts due for work performed and goods or services supplied. Taxes receivable are recorded for all amounts due for levies that are authorized and for which the taxable event has occurred. Valuation allowances are provided when collection is considered doubtful.

Inventories held for resale are recorded at the lower of cost or net realizable value.

Inventories of supplies are comprised of items which are held for consumption that will be used by the Province in the course of its operations.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Loans, advances, and mortgages receivable are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the loan and are accounted as expenses on the Consolidated Statement of Operations. Valuation allowances are recorded to reflect assets at the lower of cost or net recoverable value. If recovery of a loan is subsequently assessed as likely, the valuation allowance is reduced. When a loss is known with significant precision, and there is no feasible prospect of recovery, the loan is written down to reflect that loss. Once all or part of a loan has been written off, the write-off is not reversed. Write-downs and write-offs are approved by an authorized official. Loans made by the Province that are expected to be recovered from future appropriations are accounted for as expenses by providing valuation allowances. Interest revenue on loans receivable is recognized when earned and ceases when collection is not reasonably assured.

Investments in equity instruments that are quoted in an active market are measured at fair value. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized and then transferred to the Consolidated Statement of Operations. Other investments administered by Memorial University of Newfoundland which includes its bond portfolio have been recorded at fair value as the university manages and reports performance of it on a fair value basis. Sinking fund investments in fixed income securities are recorded at amortized cost using the effective interest method. Other investments are recorded at cost, less any concessionary terms. Concessionary terms represent the difference between the face value and the present value of the investment and are accounted as expenses on the Consolidated Statement of Operations. Investments are written down when there is a loss in value that is other than a temporary decline.

Derivative financial instrument assets are recorded at fair value. Derivative financial instrument assets include cross-currency basis and interest swaps. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized and then are transferred to the Consolidated Statement of Operations. Any fees associated with the derivative are expensed in the period the derivative is acquired. Interest rate swaps and cross currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates.

For financial instruments recorded at fair value, fair value is the estimated amount for which a financial instrument could be exchanged based on current market conditions in an arm's length transaction between a willing buyer and seller. Fair value measurements are classified using the following fair value hierarchy that reflects the inputs used to determine the valuation:

Level 1 – Unadjusted quoted prices from active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices used in Level 1 that are observable either directly as prices or indirectly as derived from prices.

Level 3 – Valuation for the financial instrument is not based on observable market data.

Financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is recorded in the Consolidated Statement of Operations, and any applicable unrealized gain and loss is adjusted through the Consolidated Statement of Remeasurement Gains and Losses.

(v) *Liabilities*

Payables, accrued and other liabilities are recorded for all amounts due for work performed, goods or services received or for charges incurred in accordance with the terms of a contract.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

A liability for asset retirement obligations is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be required to be given up, and a reasonable estimate of the amount can be made. These liabilities include the costs directly attributable to asset retirement activities and are measured based on the best estimate of expenditures required to complete the retirement activities as at year-end. Asset retirement costs are capitalized by increasing the carrying value of the related tangible capital assets by the same amount as the liability and amortized on the same basis as the related tangible capital assets. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed. The carrying value of asset retirement obligations are reviewed at each financial reporting date for any new information and the appropriateness of assumptions used with any changes recognized as an increase or decrease to the carrying value of the related tangible capital assets.

A liability for remediation of contaminated sites is recognized when an environmental standard exists, contamination exceeds the environmental standard, the government 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. An obligation is not recognized unless all criteria above are satisfied.

A liability recognized in relation to a P3 arrangement is initially measured at the same amount as the related infrastructure asset reduced for any consideration previously provided to the private sector partner. Subsequent measurement of a liability is done at amortized cost using the effective interest method.

Derivative financial instrument liabilities are recorded at fair value. Derivative financial instrument liabilities included cross-currency basis and interest swaps. Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses until they are realized and then are transferred to the Consolidated Statement of Operations. Any fees associated with the derivative are expensed in the period the derivative is acquired. Interest rate swaps and cross currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates.

Deferred revenue represents amounts received but not earned.

Borrowings, except treasury bills, are recorded at amortized cost using the effective interest method. Treasury bills are recorded at net proceeds. The Province records foreign-denominated debt in Canadian dollars translated at the exchange rate on the transaction date which is considered to be the issue date; except for the proceeds of hedged transactions which are recorded at the rate as established by the terms of that hedge. Foreign-denominated sinking fund assets are also recorded in Canadian dollars and transactions are translated at the exchange rate used in recording the related debt. At 31 March, foreign debt and sinking funds are adjusted to reflect the exchange rate in effect at that date and the amount is recognized as unrealized foreign exchange gains and losses in the Consolidated Statement of Remeasurement Gains and Losses. Premiums and discounts relating to the issuance of debentures as well as issuance fees are measured using the effective interest method and are deferred and amortized over the term of the related debt. Amortization and realized foreign exchange gains and losses, premiums and discounts and issuance fees are charged to debt expense.

(vi) *Government Transfers*

Government transfers are recognized by the Province as revenues or expenses in the period during which both the payment is authorized and any eligibility criteria and stipulations are met. The recognition of transfer revenues is only deferred when and to the extent that the transfer

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

gives rise to an obligation that meets the definition of a liability. Receivables are established for transfers to which the Province is entitled under government legislation, regulation or agreement.

Liabilities are established for any transfers due at 31 March for which the intended recipients have met the eligibility criteria and the transfer is authorized.

(vii) *Loan Guarantees*

The Province has guaranteed the repayment of principal and interest on certain debentures and bank loans on behalf of Crown corporations, municipalities, private sector companies and certain individuals. A provision for losses on these guarantees is established when it is determined that a loss is likely.

(d) Generally Accepted Accounting Principles

The accounting policies followed in the preparation of these financial statements have been applied consistently with generally accepted accounting principles for senior governments as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(e) Changes in Accounting Policies

The Province did not adopt any changes in accounting policies for the year ended 31 March 2026.

(f) Future Changes in Accounting Policies

There are several new standards and amendments to standards issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada that are not yet effective and have not been applied in these financial statements. These standards and the corresponding effective dates are as follows:

Effective 1 April 2026:

The Conceptual Framework of Financial Reporting in the Public Sector

A new framework establishing the concepts underlying the accounting and financial reporting standards and prescribing the nature, function and limits of financial accounting and reporting. This new standard will replace the existing conceptual frameworks contained in *PS 1000 Financial Statement Concepts* and *PS 1100 Financial Statement Objectives*.

PS 1202 Financial Statement Presentation

A new standard establishing the general and specific requirements for the presentation of information in public sector financial statements, based on the concepts within the *Conceptual Framework*. This new standard will replace the existing *PS 1201 Financial Statement Presentation*.

Effective 1 April 2029:

PS 3251 Employee Benefits

A new standard establishing the recognition, measurement, presentation and disclosure requirements for employee benefits, including pensions, post-employment benefits, compensated absences, and termination benefits. This new standard will replace the

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

existing *PS 3250 Retirement Benefits* and *PS 3255 Post-Employment Benefits, Compensated Absences and Termination Benefits*.

Effective 1 April 2030:

PS 3150 Tangible Capital Assets Amendment

Existing *PS 3150 Tangible Capital Assets* was amended introducing revised recognition, measurement and disclosure requirements, including guidance on contributed materials and labour, tangible capital assets acquired at substantially below fair value, and expanded disclosures for works of art, historical treasures, and collections. This amendment will replace existing *PS 4230 Capital Assets Held by Not-for-Profit Organizations* and *PS 4240 Collections Held by Not-for-Profit Organizations*.

These new and amended standards are planned to be adopted on the effective dates. The Province is currently analyzing the impact these standards will have on the financial statements.

2. Cash and Temporary Investments

Cash and temporary investments consist of:

	31 March 2026 (\$mil)	31 March 2025 (\$mil)
Cash and temporary investments – Consolidated Revenue Fund (CRF):		
Cash balance (overdraft)	3,129.2	1,969.1
Temporary investments	0.4	0.4
Total cash and temporary investments – CRF	3,129.6	1,969.5
Cash and temporary investments – Other Entities:		
Cash balance (overdraft)	(173.0)	(137.2)
Temporary investments	41.3	57.9
Total cash and temporary investments – Other Entities	(131.7)	(79.3)
Total: Cash and Temporary Investments (CRF and Other Entities)	2,997.9	1,890.2

Cash includes \$70.1 million (31 March 2025 - \$32.1 million) for the Newfoundland and Labrador Future Fund established under the **Future Fund Act**. Withdrawals from this fund can only be used to service public debt, pay certain expenses related to the sale of Crown assets, pay amounts related to abandonment and decommissioning activities under an oil lease or license, fund strategic priorities, or pay amounts due to extraordinary circumstances. Withdrawals are also subject to approvals and additional restrictions as outlined in the **Future Fund Act**.

Temporary investments consist of investments with financial institutions. As at 31 March 2026, these investments are on call or have maturity dates ranging from 1 May 2026 to 22 May 2026 at an interest rate ranging from 2.25% to 3.00%.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Inventories

Inventories consist of:

	31 March 2026	31 March 2025
	(\$mil)	(\$mil)
Inventories Held for Resale		
University and college textbooks, stockroom and food supplies	2.9	2.7
Other miscellaneous inventories	0.6	0.7
Total: Inventories Held for Resale	<u>3.5</u>	<u>3.4</u>
Inventories of Supplies		
Medical and drug supplies	62.3	52.0
Textbooks and stockroom supplies held within the CRF	44.5	56.3
Other miscellaneous supplies	1.5	1.6
Total: Inventories of Supplies	<u>108.3</u>	<u>109.9</u>

4. Financial Instrument Classification

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table presents the fair value of financial instruments recorded at fair value at 31 March 2026 classified using the fair value hierarchy described in Note 1(c)(iv).

	Level 1 (\$mil)	Level 2 (\$mil)	Level 3 (\$mil)	Fair Value Total (\$mil)	Cost/ Amortized Cost (\$mil)	31 March 2026 (\$mil)	31 March 2025 (\$mil)
Publicly traded equity investments	628.7	-	-	628.7	-	628.7	458.7
Derivative asset – note 24	-	24.2	-	24.2	-	24.2	6.2
Other investments	-	75.6	36.8	112.4	1,261.5	1,373.9	1,390.4
Total	<u>628.7</u>	<u>99.8</u>	<u>36.8</u>	<u>765.3</u>	<u>1,261.5</u>	<u>2,026.8</u>	<u>1,855.3</u>

During the year, there have been no transfers of amounts between Level 1, Level 2, and Level 3.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The reconciliation of investments classified as Level 3 is as follows:

	31 March 2026	31 March 2025
	(\$mil)	(\$mil)
Balance at beginning of year	36.6	36.1
Adjustment for adoption of financial instrument related standards	-	-
Purchases	-	-
Cost of investments sold	-	-
Realized gains (losses)	-	-
Unrealized gains (losses)	0.2	0.5
Balance at end of year	36.8	36.6

5. Payables - Sick Leave

The Province accrues a liability for employees entitled to accumulating, non-vesting sick leave benefits based on anticipated future sick leave utilization. The rate at which benefits accumulate vary depending on the terms of employment. Generally, bargaining unit employees have the ability to accumulate sick leave benefits for each year of service up to a defined maximum benefit. Non-bargaining unit employees do not accumulate sick leave benefits, but may avail of previously accumulated sick leave should such benefits still exist.

Actuarial Valuations

The actuarial valuations which are prepared by the Province's or the individual entities' actuaries were based on management's best assumptions about future events such as probability of use of accrued sick leave, future salary and wage changes, employees' ages, probability of departure, retirement ages, and discount rate. Actuarial valuations are generally completed every three years. The latest actuarial valuation dates are as follows.

Sick Leave Plan	Valuation Date	Discount Rate
Consolidated Revenue Fund	31 March 2026	4.83%
NL Schools	30 June 2024	4.00%
Newfoundland and Labrador Health Services	31 March 2024	4.83%
College of the North Atlantic	31 March 2024	4.48%
Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador	30 June 2024	4.00%
Newfoundland and Labrador Housing Corporation	31 March 2024	4.83%
Provincial Information and Library Resources Board	31 March 2024	4.83%

The sick leave liability and expenses for the Consolidated Revenue Fund include amounts from the actuarial valuation prepared for NL Schools.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Sick Leave Liability

Details of the sick leave liability are outlined in the table below:

Sick Leave Plan	Estimated Accrued Benefit Obligation	Unamortized Experience Gains (Losses)	Net Liability 2026	Net Liability 2025	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Consolidated Revenue Fund	97.7	2.3	100.0	102.5	(2.5)
Other	131.1	1.7	132.8	132.0	0.8
Total	228.8	4.0	232.8	234.5	(1.7)

Sick Leave Expense

The change in the liability for the current period is comprised of the following amounts:

Sick Leave Plan	Current Period Benefit Costs	Interest Expense on the Liability	Actuarial Value of Benefits Provided	Current Period Amortization of Experience Changes	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Consolidated Revenue Fund	8.9	4.1	(15.7)	0.2	(2.5)
Other	11.9	5.1	(17.3)	1.1	0.8
Total	20.8	9.2	(33.0)	1.3	(1.7)

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Deferred Revenue

Deferred revenue consists of:

	31 March 2026 (\$mil)	31 March 2025 (\$mil)	Change (\$mil)
Entities in the education sector relating to the provision of various educational services including contract training and special projects	227.7	194.7	33.0
Gas tax initiatives	126.8	123.1	3.7
Federal initiatives in support of the Adult Corrections Facility	76.8	150.0	(73.2)
Federal-Provincial initiatives in support of housing and home repair programs	26.5	60.1	(33.6)
Federal initiatives in support of the oil and gas sector	1.0	1.0	-
Entities in the health sector relating to the provision of various health care services including research and other contracts	0.3	0.3	-
Agriculture and Agrifoods Canada grant	-	5.1	(5.1)
Other miscellaneous programs including recycling programs, social and economic development and cultural heritage	10.0	10.0	-
Total: Deferred Revenue	469.1	544.3	(75.2)

The balance as of 31 March 2026 will be recognized as revenue in the periods in which the revenue recognition criteria are met.

7. Unamortized Premiums (Discounts) and Issuance Fees

Foreign currency debt and sinking funds are translated to Canadian dollars at the exchange rate at 31 March 2026 or the exchange rate at maturity for those debt and sinking funds retired during the fiscal year. Two new foreign debt notes in Euros and Swiss Francs were issued during the year. Foreign exchange gains and losses are recognized on the Statement of Remeasurement Gains and Losses until realized. Premiums (discounts) and issuance fees relating to the issuance of debentures are measured using the effective interest method and are deferred and amortized over the term of the related debt. See Schedule 6 - Borrowings.

The foreign exchange gain which has been recognized on the Consolidated Statement of Operations is \$0.4 million which represents a credit adjustment (31 March 2025 - insignificant). The net amortization expense on premiums (discounts) and issuance fees is \$21.2 million which represents a debit adjustment (31 March 2025 - \$18.2 million - debit adjustment).

The total unamortized discounts and issuance fees as at 31 March 2026 is \$481.3 million (31 March 2025 - \$471.2 million).

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Retirement Benefits - Group Health and Life Insurance

All retired employees of the Government of Newfoundland and Labrador who are receiving a pension from the Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan or the Provincial Court Judges' Pension Plan are eligible to participate in the group insurance program sponsored by Government. All retired employees of the Government of Newfoundland and Labrador who (i) retired under the Public Service Pension Plan (PSPP) prior to 01 January 2015 or (ii) retire under the PSPP after 31 December 2014 and meet the eligibility criteria outlined below are eligible to participate in the group insurance program sponsored by Government. All retired teachers who are receiving a pension from the Teachers' Pension Plan are eligible for coverage under the group insurance program sponsored by the Newfoundland and Labrador Teachers' Association (NLTA) and cost shared by Government. All retired employees of the Newfoundland and Labrador Housing Corporation (NLHC) are eligible to participate in the group insurance programs, including dental benefits, sponsored by NLHC. All retired employees of Memorial University of Newfoundland (MUN) who are receiving a pension from the Memorial University Pension Plan or another retirement benefit to which MUN contributed are eligible to participate in the group insurance programs, including dental benefits, sponsored by MUN. These programs provide both group health and group life benefits to enrolled retirees, including their spouses and dependents.

On 31 May 2018, the Province introduced amendments to the **Other Post-Employment Benefits Eligibility Modification Act** (OPEB Act), which sets out new rules for benefits applying to non-represented public sector employees who are covered under the Public Service Pensions Act, 2019 hired on and after 1 June 2018. While current employees qualify for retirement benefits after 10 years of pensionable service at the date of his or her retirement, new hires will be required to reach 15 years of pensionable service at the date of his or her retirement to qualify. These amendments are currently effective for unionized employees hired on or after 31 March 2018. Furthermore, the OPEB Act was amended on November 5, 2020 for eligible non-represented public sector employees hired on or after June 1, 2018 and before April 1, 2020 which will cost share premiums at 50/50 basis with the employer. For eligible non-represented public sector employees hired after 31 March 2020, the employer will contribute 40% toward OPEB plan premiums.

For eligible unionized employees the collective agreements advise that OPEB premium contribution rates for employees hired before April 1, 2020 will be cost shared on a 50/50 basis with the employer. For eligible unionized employees hired after 31 March 2020, the employer will contribute 40% toward OPEB plan premiums.

The health benefits to be received in retirement were reduced for all represented and non-represented provincial government employees hired subsequent to March 31, 2020 regardless of which provincial defined benefit plan they participate in.

Under the remaining plans sponsored by the Province, NLTA and NLHC the employer contributes 50% towards group health and group life premiums for both employees and eligible retirees. During 2021-22, the Province signed extension agreements to collective agreements pertaining to employees represented by the Canadian Union of Public Employees and the NLTA. For eligible employees hired after March 31, 2020, the employer will contribute 40% towards group health and group life premiums. Plans sponsored by the NLTA are subject to the maximum rates under the PSPP's program. NLHC contributes 100% of the retirees' group life premiums after age 65. For plans sponsored by MUN, the employer contributes a range of 15% to 50% of the total premium charged towards the benefits of both employees and retirees, based on the years of service at retirement with the exception of certain retirees whose health benefits are 70% or fully funded by MUN. Group life benefits cease at age 72 for MUN retirees and at age 65 for the Province and NLTA retirees. As at 31 March 2026, the programs have 72,581 participants who contributed total contributions of \$121.6 million. The total of all the plans provided benefits of \$45.9 million to 38,252 retirees, their spouses and dependents.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Actuarial Valuations

An actuarial extrapolation was prepared to 31 March 2026 by the Province's actuaries based on the latest actuarial valuations (Public Service valuation date of 31 December 2023 and Teachers' valuation date of 31 August 2024) for the programs sponsored by the Province and the NLTA. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 4.83%, Consumer Price Index (CPI) of 2.00%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality rates. The assumptions used reflect the Province's best estimates of expected long-term rates and short-term forecasts.

An actuarial extrapolation was prepared to 31 March 2026 by NLHC's actuaries based on the latest actuarial valuation (31 March 2024) for the programs sponsored by NLHC. The actuarial extrapolation was based on a number of assumptions about future events including an interest rate of 4.83%, CPI of 2.00%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality rates. The assumptions used reflect NLHC's best estimates of expected long-term rates and short-term forecasts.

An actuarial extrapolation was prepared to 31 March 2026 by MUN's actuaries based on the latest actuarial valuation (valuation date of 31 December 2024) for the programs sponsored by MUN. The extrapolation was based on a number of assumptions about future events including an interest rate of 5.10%, CPI of 2.00%, as well as other assumptions such as health care cost trends, wage and salary increases, termination rates, plan participation rates, utilization rates and mortality rates. The assumptions used reflect MUN's best estimates of expected long-term rates and short-term forecasts.

Group Health and Life Insurance Retirement Benefits Liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

Plan	Estimated Accrued Benefit Obligation (\$mil)	Unamortized Experience Gains (Losses) (\$mil)	Net Liability 2026 (\$mil)	Net Liability 2025 (\$mil)	Change (\$mil)
Group health retirement benefits					
Consolidated Revenue Fund	2,019.1	1,034.0	3,053.1	3,086.1	(33.0)
Memorial University of Newfoundland	207.8	52.4	260.2	255.0	5.2
Newfoundland and Labrador Housing Corporation	24.0	(3.1)	20.9	20.2	0.7
Sub-total	2,250.9	1,083.3	3,334.2	3,361.3	(27.1)
Group life insurance retirement benefits					
Consolidated Revenue Fund	132.1	38.9	171.0	165.4	5.6
Memorial University of Newfoundland	1.0	0.1	1.1	1.2	(0.1)
Newfoundland and Labrador Housing Corporation	2.4	0.2	2.6	2.5	0.1
Sub-total	135.5	39.2	174.7	169.1	5.6
Total	2,386.4	1,122.5	3,508.9	3,530.4	(21.5)

There are no fund assets associated with these programs.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Group Health and Life Insurance Retirement Benefits Expense

In these statements, group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

Plan	Employer's Share of Current Period Costs (\$mil)	Interest Expense on the Liability (\$mil)	Actuarial Value of Benefits Provided (\$mil)	Current Period Amortization of Experience Changes (\$mil)	Change (\$mil)
Group health retirement benefits					
Consolidated Revenue Fund	49.3	91.7	(38.2)	(135.8)	(33.0)
Memorial University of Newfoundland	5.1	10.1	(5.5)	(4.5)	5.2
Newfoundland and Labrador Housing Corporation	-	1.0	(0.7)	0.4	0.7
Sub-total	54.4	102.8	(44.4)	(139.9)	(27.1)
Group life insurance retirement benefits					
Consolidated Revenue Fund	2.1	6.0	(1.3)	(1.2)	5.6
Memorial University of Newfoundland	-	-	(0.1)	-	(0.1)
Newfoundland and Labrador Housing Corporation	-	0.2	(0.1)	-	0.1
Sub-total	2.1	6.2	(1.5)	(1.2)	5.6
Total	56.5	109.0	(45.9)	(141.1)	(21.5)

Interest expense related to the group health and life insurance retirement benefits liability is included with interest as a component of debt expenses in the financial statements. Interest expense for 31 March 2025 amounted to \$118.0 million.

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The opening unamortized experience gain of \$1,120.5 million was increased by \$2.0 million during the year resulting in a closing unamortized experience gain of \$1,122.5 million. This increase consists of \$143.0 million for new experience gains and amortization of \$141.0 million.

The expected average remaining service life (EARS�) of programs sponsored NLHC and MUN is 13 years, while the EARS� for the Province and the NLTA sponsored programs are 14 and 11 years, respectively.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Retirement Benefits – Pensions

Defined Benefits

The defined benefit pension plans provided to employees of the Province are maintained in four funds; the Public Service Pension Plan Fund, the Teachers' Pension Plan Fund, the Memorial University Pension Fund and the Province of Newfoundland and Labrador Pooled Pension Fund.

Public Service Pension Plan Fund

During 2014-15, the Province signed a Joint Sponsorship Agreement with the five major unions representing unionized members of the Public Service Pension Plan (PSPP). The agreement establishes joint and equal participation in the sponsorship and management of the PSPP via the Public Service Pension Plan Corporation (PSPP Corporation). As a result, changes were made to the **Public Service Pensions Act, 1991** to establish the Public Service Pension Plan Fund. The PSPP Corporation (Provident¹⁰) was created to administer the plan and manage the investment of the Fund. The Corporation is an independent, statutory corporation without share capital and is not an agent of the Crown.

The Joint Sponsorship Agreement provides for joint management of the PSPP and an equal sharing between the Province and plan members in any surpluses and deficits. The **Pensions Funding Act** was updated to reflect that the Province is no longer required to provide a deficiency guarantee for the PSPP. The Province's sole financial obligation is to make contributions to the Plan as specified. Actuarial surpluses and deficits are shared equally by the Province and the PSPP members as well as adjustments required when funding is below or above established funding targets.

The joint agreement and the subsequent amendments to the **Public Service Pensions Act, 2019** require the Province to deliver a fully enforceable non-marketable and non-transferrable promissory note to the PSPP Corporation (Provident¹⁰), effective 31 March 2015. The promissory note amortizes \$2.685 billion over 30 years at a discount rate of 6%. The payments under this agreement are fixed and shall be made regardless of the funded status of the PSPP. Payments of \$47.0 million are made on a quarterly basis, which equates to equal annual payments of \$195.0 million due to the time value of money. As at 31 March 2026, the balance of the promissory note is \$2,128.8 million. The promissory note is included as part of the total net pension liability on the statement of financial position.

As at 31 March 2026, the PSPP has 33,029 participants who contributed \$236.8 million. The plan provided benefits of \$659.4 million to 24,716 pensioners.

Contribution and Benefit Formulae**Public Service Pension Plan**

Employee contributions are up to 11.85% of pensionable salary, less a formulated amount representing contributions to the Canada Pension Plan (CPP). A pension benefit is available for employees hired after 1 January 2015 based on the number of years of pensionable service times 2% of the employee's best six years average salary, and for employees hired prior to 1 January 2015, based on the higher of the frozen best average five year earnings or the best average six year earnings. Both new and existing pension benefits are reduced by a formulated amount representing CPP pension benefits for each year since 1967.

During 2019-20, the **Public Service Pensions Act, 2019** was enacted consistent with the two components of the Plan. The Registered component (RPP) is administered in the PSPP Corporation (Provident¹⁰). The Supplementary component (SERP) is administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Teachers' Pension Plan Fund

During 2015-16, the Province and the Newfoundland and Labrador Teachers' Association (NLTA) reached an agreement to sustain the Teachers' Pension Plan (TPP). The agreement establishes joint and equal participation in the sponsorship and management of the TPP via the Teachers' Pension Plan Corporation (TPP Corporation). As a result, changes were made to the **Teachers' Pensions Act** to establish the Teachers' Pension Plan Fund. The TPP Corporation was created to administer the plan and manage the investment of the Fund. The Corporation is an independent, statutory corporation without share capital and is not an agent of the Crown.

The Joint Sponsorship Agreement provides for joint management of the TPP and an equal sharing between the Province and plan members in any surpluses and deficits. The **Pensions Funding Act** was updated to reflect that the Province is no longer required to provide a deficiency guarantee for the TPP. The Province's sole financial obligation is to make contributions to the Plan as specified. Actuarial surpluses and deficits are shared equally by the Province and the TPP members as well as adjustments required when funding is below or above established funding targets.

The joint agreement and the subsequent amendments to the **Teachers' Pensions Act, 2018** require the Province to deliver a fully enforceable non-marketable and non-transferrable promissory note to the TPP Corporation, effective 31 August 2016 with interest accruing as of 1 September 2015. The promissory note amortizes \$1.862 billion over 30 years at a discount rate of 6%. The payments under this agreement are fixed and shall be made regardless of the funded status of the TPP. Equal annual payments of \$135.3 million began on 31 August 2016. As at 31 March 2026, the balance of the promissory note is \$1,551.6 million. The promissory note is included as part of the total net pension liability on the statement of financial position.

In addition to changes to Joint Sponsorship, other plan amendments were effective 01 September 2015. Amendments include an increase in members' contributions to 11.35% of pensionable salary from 9.35%, suspension of indexing for future service and changes to the average pensionable earnings formula. Any active member who terminates employment after 31 August 2016 with less than 24.5 years of credited service shall be eligible to retire at age 62. Amendments to the **Teachers' Pensions Act, 2018** to reflect the terms of the agreement signed by the Provincial Government and NLTA have been approved by the House of Assembly.

As at 31 March 2026, the TPP has 6,358 participants who contributed \$70.1 million. The plan provided benefits of \$344.3 million to 9,987 pensioners. Inflation protection is not extended to pensioners of the Teachers' Pension Plan who retired prior to 1 September 1998.

Contribution and Benefit Formulae

Teachers' Pension Plan

Employee contributions are 11.35% of pensionable salary. A pension benefit is available based on the number of years of pensionable service prior to 1 January 1991 times 1/45th of the employee's best eight years average salary, plus 2% of the employee's best eight years average salary times years of pensionable service after that date, reduced by a formulated amount representing CPP pension benefits for each year since 1967. The CPP reduction only applies to pensioners who retired after 31 August 1998.

During 2006-07 the **Teachers' Pensions Act** was enacted consistent with the two components of the Plan. The Registered component will be administered in the Teachers' Pension Plan Corporation. The Supplementary component is administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the Plan.

Memorial University Pension Fund

Memorial University of Newfoundland (MUN) has a defined benefit pension plan for full time employees known as the Memorial University of Newfoundland Pension Plan (MUNPP). The MUNPP has 3,601 participants who contributed \$34.8 million as at 31 March 2026.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The MUNPP provides for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer matches this amount. As at 31 March 2026, the MUNPP provided benefits of \$113.4 million to the registered component of the plan and MUN provided benefits of \$1.9 million to the supplemental component to a total of 2,946 pensioners.

In 1970, the Memorial University Pension Fund was established by the **Memorial University Pensions Act**. This Fund administers all financial activity, including the collection of all contributions and the payment of pensions and the investment of funds for the MUNPP. The financial activity of the MUNPP is administered by MUN. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

Contribution and Benefit Formulae

Memorial University of Newfoundland Pension Plan

Employee contributions are 11.0% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years of pensionable service times 2% of the employee's best five years average salary, reduced at age 65 by a formulated amount representing integration with the CPP.

In addition to the above registered component, in May 1996, MUN approved a Supplemental Retirement Income Plan to provide benefits to employees whose average salaries upon retirement generate defined benefit pensions that exceed the maximum benefits payable from the Memorial University of Newfoundland Pension Plan as per limits set out in the federal **Income Tax Act**. As well, in February and May 1996, MUN offered employees who reached the age of 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the Voluntary Early Retirement Incentive Program. The program provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment.

Province of Newfoundland and Labrador Pooled Pension Fund

The Government of Newfoundland and Labrador guarantees defined benefit pension plans for a number of its full time employees and for members of its Legislature. The plans are – the Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges' Pension Plan. Combined, the plans have 764 participants who contributed \$7.3 million as at 31 March 2026 as follows: Uniformed Services - \$6.1 million, Members of the House of Assembly - \$0.8 million and Provincial Court Judges' - \$0.4 million.

The Plans provide for pensions based on employees' length of service and highest average earnings. Employees contribute a defined percentage of their salary, and the employer generally matches this amount. As at 31 March 2026, the plans provided benefits of \$43.0 million to 1,136 pensioners as follows: Uniformed Services - \$33.7 million, Members of the House of Assembly - \$8.0 million and Provincial Court Judges' - \$1.3 million. Inflation protection is not extended to pensioners of the Uniformed Services Pension Plan nor the Members of the House of Assembly Pension Plan.

In 1980, the Province of Newfoundland and Labrador Pooled Pension Fund was established by the **Pensions Funding Act**, with the Minister of Finance as Trustee. This Fund administers all financial activity, including the collection of all contributions and the payment of pensions and the investment of funds for all the pension plans noted above. The Consolidated Revenue Fund guarantees any deficiency in the event assets of a plan are insufficient to meet benefit payments or administration costs.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Contribution and Benefit Formulae

Uniformed Services Pension Plan

Employee contributions are 9.95% of pensionable salary, less a formulated amount representing contributions to the CPP. A pension benefit is available based on the number of years pensionable service times 2% of the employee's best three years average salary, reduced by a formulated amount representing CPP pension benefits since 1967. Grandfathered members have higher service accrual pensions in recognition of their higher contributions.

During 2012-13 the **Uniformed Services Pensions Act, 2012** was enacted consistent with the two components of the Uniformed Services Pension Plan (USPP). The Registered component will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund and will provide benefits based on limits set out in the federal **Income Tax Act**. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund and will provide for the remainder of benefits under the USPP.

Members of the House of Assembly Pension Plan

Member contributions are 9% of pensionable salary, which includes salary as a Minister, if applicable. A pension benefit is available after serving as a Member in, at least, two General Assemblies and for, at least, five years. The benefit formula is based on years of service expressed as a percentage of the average pensionable salary for the best three years. The percentage varies being 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. For members elected for the first time after 8 February 1999, the percentage is 5% for the first ten years and 2.5% for each of the next ten years. For members elected for the first time after 31 December 2009, the percentage is 3.5% for each year of service as a Member. The accrued benefit is reduced by a formulated amount representing CPP pension benefits for each year since 1967. Ministers receive an additional pension amount calculated similarly, based on service and pensionable salary as a Minister.

During 2005-06 the **Members of the House of Assembly Retiring Allowances Act** was enacted to restructure the Members of the House of Assembly Pension Plan (MHAPP) into two components based on limits set out in the federal **Income Tax Act**. The first, or registered component, will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund. The second, or the Supplementary Employee Retirement component, will be administered in the accounts of the Consolidated Revenue Fund.

During 2017-18, Bill 21 was passed amending the **Members of the House of Assembly Retiring Allowances Act** and the **Portability of Pensions Act**. For members of the MHAPP first elected on or after November 30, 2015, the annual benefit accrual rate is reduced from 3.5% to 2.5% with a maximum pension accrual entitlement reducing from 70% to 50%. There shall be no portability option to the MHAPP. Eligibility for an MHA to receive a pension shall be at 60 years of age, and there shall be no option to select an early retirement option; the MHAPP shall have no indexing component; and the current MHAPP vesting component and survivor's benefit remain unchanged.

Provincial Court Judges' Pension Plan

Effective 1 April 2002 (pursuant to the **Provincial Court Judges' Pension Plan Act** enacted 8 June 2004) the Provincial Court Judges' Pension Plan (PCJPP) was established with then-existing judges being given the one-time option of transferring from the Public Service Pension Plan. All judges appointed subsequent to 1 April 2002 are required to join the PCJPP. Employee contributions are 9% of pensionable salary. A pension benefit is available based on the number of years pensionable service times 3.33% of the judge's annual salary. The Registered component of the PCJPP, administered within the Province of Newfoundland and Labrador Pooled Pension Fund, provides benefits based on limits set out in the federal **Income Tax Act** with the remainder of the benefit provided by the Supplementary component. The Supplementary component will be administered in the accounts of the Consolidated Revenue Fund.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Actuarial Valuations

The actuarial valuations which are prepared by the Province's and MUN's actuaries were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality rates. The assumptions used reflect the Province's and MUN's best estimates of expected long-term rates and short-term forecasts. The expected interest and inflation rates follow:

Expected Interest Rates

<u>Pension Plan</u>	<u>Expected Average Interest Rate</u>
Public Service Pension Plan	
RPP	6.40%
SERP	4.83%
Teachers'	6.65%
Memorial University of Newfoundland	
RPP	5.70%
Supplemental Retirement Income Plan	4.90%
Voluntary Early Retirement Income Plan	3.70%
Uniformed Services	5.95%
Members of the House of Assembly	
RPP	5.85%
SERP	4.83%
Provincial Court Judges'	
RPP	5.85%
SERP	4.83%

The expected average interest rate is based on the average interest rate for plan assets for the registered components, while the cost of borrowing is used for the supplementary unfunded components of the plans.

Expected Inflation Rates

The expected inflation rate for PSPP, TPP, MUNPP, USPP, MHAPP and PCJPP is 2.00%.

Actuarial valuations for accounting purposes are generally completed every three years. The latest actuarial valuations for the Province's pension plans, according to the administrators of those plans, are dated as listed in the following table:

<u>Pension Plan</u>	<u>Valuation Date</u>
Public Service	31 December 2024
Teachers'	31 August 2024
Memorial University of Newfoundland	31 December 2024
Uniformed Services	31 December 2023
Members of the House of Assembly	31 December 2024
Provincial Court Judges'	31 December 2025

Actuarial extrapolations are provided for accounting purposes by the Province's and MUN's actuaries based on the above dates.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Pension Liability

Details of the pension liability are outlined in the table below.

Pension Plan	Estimated Accrued Benefit Obligation	Fund Assets	Unamortized Experience Gains (Losses)	Net Unfunded Liability 2026	Net Unfunded Liability 2025	Change
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Public Service	6,508.3	5,752.8	904.2	1,659.7	1,939.1	(279.4)
Teachers'	3,364.9	2,838.6	421.8	948.1	1,110.7	(162.6)
Memorial University of Newfoundland	2,291.9	2,633.8	473.7	131.8	188.3	(56.5)
Uniformed Services	548.5	125.6	43.4	466.3	443.6	22.7
Members of the House of Assembly	95.0	56.6	16.3	54.7	62.6	(7.9)
Provincial Court Judges'	48.3	26.8	8.7	30.2	29.4	0.8
Total	12,856.9	11,434.2	1,868.1	3,290.8	3,773.7	(482.9)

Pension Fund Assets are valued at the market value at March 2026 (31 March 2025 – \$10,474.7 million).

As at 31 March 2026, the net unfunded liability of \$3,290.8 million is comprised of the \$3,680.4 million outstanding balance of the promissory notes delivered by the Province upon joint sponsorship to address the unfunded liability related to the Public Service Pension Plan (\$2,128.8 million) and the Teachers' Pension Plan (\$1,551.6 million).

Special Payments

An actuarial valuation of the Plan for funding purposes was performed as at 31 December 2024. The valuation disclosed both a going-concern surplus and a solvency surplus. MUN is required to contribute an amount equal to the contributions paid by employees, together with any additional amounts required under the **Pension Benefits Act Regulations** established under the **Pension Benefits Act, 1997**. As the most recent actuarial valuation of the Plan disclosed both a going-concern surplus and a solvency surplus, no special payment schedules are required. Where the solvency wind-up ratio is below prescribed limits, MUN will, however, make special payments representing the solvency deficiency on refunds and transfers paid out of the Plan.

Effective 1 July 2004, MUN was provided an exemption under the **Pension Benefits Act Regulations** from the requirement to make special payments to liquidate the going-concern unfunded liability arising from the cost of providing indexing on past service benefits within the prescribed 15-year period. MUN is instead permitted to liquidate this unfunded liability over 40 years from 1 July 2004 by incorporating the payments into the contribution rate.

During 2025–26, MUN made special payments of nil (2024–25 – \$2.0 million).

The next actuarial valuation for funding purposes is due no later than 31 December 2027.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Pension Expense

In these statements, pension costs have been determined as the cost of benefits accrued during the period. Interest on the unfunded liability has been accrued for the same period.

The change in the unfunded liability for the current period for each plan is comprised of the following amounts:

Pension Plan	Province's Share of Pension Benefits Earned for the Period (\$mil)	Pension Interest Expense (Earned) on the Unfunded Liability (\$mil)	Province's Current Period Pension Contributions (\$mil)	Current Period Amortization of Experience Changes (\$mil)	Unfunded Portion of Current Period Pension Change (\$mil)
Public Service	146.7	(2.6)	(343.9)	(79.6)	(279.4)
Teachers'	43.7	(6.8)	(154.1)	(45.4)	(162.6)
Memorial University of Newfoundland	28.2	(12.6)	(34.8)	(37.3)	(56.5)
Uniformed Services	6.3	24.2	(5.8)	(2.0)	22.7
Members of the House of Assembly	0.6	1.9	(5.5)	(4.9)	(7.9)
Provincial Court Judges'	2.2	0.9	(0.6)	(1.7)	0.8
Total	227.7	5.0	(544.7)	(170.9)	(482.9)

Interest Expense (Earned)

Pension interest expense is included with interest as debt expenses in the financial statements. Interest expense is comprised of the interest expense on the accrued benefit obligation netted with the interest earned on fund assets as follows:

Pension Plan	Interest Expense on the Accrued Benefit Obligation 2026 (\$mil)	Interest Earned on Fund Assets 2026 (\$mil)	Net Interest Expense (Earned) 2026 (\$mil)
Public Service	332.5	(335.1)	(2.6)
Teachers'	164.7	(171.5)	(6.8)
Memorial University of Newfoundland	122.5	(135.1)	(12.6)
Uniformed Services	31.3	(7.1)	24.2
Members of the House of Assembly	4.7	(2.8)	1.9
Provincial Court Judges'	2.2	(1.3)	0.9
Total	657.9	(652.9)	5.0

Pension interest expense for 31 March 2026 amounted to \$5.0 million (31 March 2025 - \$49.7 million). Also included in debt expenses is an additional interest expense of \$111.3 million (31 March 2025 - \$114.2 million) relating to the interest on the promissory notes.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Experience Gains or Losses

Experience gains or losses are amortized over the estimated average remaining service life of active contributors. The amortization amount is included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

Accrued Benefit Obligation

The change in the unamortized experience gains (losses) on the accrued benefit obligation for the current period is comprised of the following amounts:

Pension Plan	Opening Unamortized Experience Gains (Losses) (\$mil)	New Experience Gains (Losses) (\$mil)	Amortization (Gains) Losses (\$mil)	Closing Unamortized Experience Gains (Losses) (\$mil)
Public Service	441.8	14.5	(17.4)	438.9
Teachers'	195.5	26.7	0.7	222.9
Memorial University of Newfoundland	15.5	-	-	15.5
Uniformed Services	(13.4)	6.9	3.8	(2.7)
Members of the House of Assembly	4.4	2.1	(1.8)	4.7
Provincial Court Judges'	2.9	0.3	(0.8)	2.4
Total	646.7	50.5	(15.5)	681.7

Fund Assets

The change in the unamortized experience gains (losses) on the fund assets for the current period is comprised of the following amounts:

Pension Plan	Opening Unamortized Experience Gains (Losses) (\$mil)	New Experience Gains (Losses) (\$mil)	Amortization (Gains) Losses (\$mil)	Closing Unamortized Experience Gains (Losses) (\$mil)
Public Service	342.7	184.8	(62.2)	465.3
Teachers'	178.8	66.2	(46.1)	198.9
Memorial University of Newfoundland	344.5	151.0	(37.3)	458.2
Uniformed Services	43.0	8.9	(5.8)	46.1
Members of the House of Assembly	9.8	4.9	(3.1)	11.6
Provincial Court Judges'	4.7	2.5	(0.9)	6.3
Total	923.5	418.3	(155.4)	1,186.4

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Expected average remaining service life (EARSL) of related employee groups is as follows:

	EARSL
Public Service - RPP	12 years
Public Service – SERP	6 years
Teachers'	11 years
Memorial University of Newfoundland	11 years
Uniformed Services	15 years
Members of the House of Assembly	4 years
Provincial Court Judges'	7 years

Other Pension Plan

The **Government Money Purchase Pension Plan Act** established the Government Money Purchase Pension Plan for employees whose employment status does not qualify them for participation in another of their employer's pension plans. This plan has 42,346 participants. Employees contribute 5% of their salary to the Plan and the Province generally matches this contribution. Each employee will receive an annuity at retirement, the value of which is determined by their accumulated contributions plus investment earnings. This Plan is administered by The Canada Life Assurance Company and at 31 March 2026 assets had a market value of \$527.9 million (31 March 2025 - \$485.9 million). The expense recognized for 31 March 2026 amounted to \$17.1 million (31 March 2025 - \$20.4 million).

10. Prepaid and Deferred Charges

Prepaid and deferred charges consist of:

	31 March 2026 (\$mil)	31 March 2025 (\$mil)
Software licenses	19.9	13.6
Workers' compensation fees	16.6	16.0
Property taxes and other municipal fees	10.9	18.1
Insurance costs	9.6	9.6
Library operating supplies	4.7	4.4
Ambulance services	4.1	-
Membership fees and subscriptions	3.1	2.1
Maintenance contracts	2.5	1.5
Computer network and accessories	1.5	0.7
Rent	0.7	3.0
Other prepaid and deferred charges	5.0	6.7
Total: Prepaid and Deferred Charges	78.6	75.7

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Purchased Intangibles

Purchased intangibles held by the Province include fishing rights and vessel licenses acquired by Newfoundland and Labrador Industrial Development Corporation (NLIDC) and exploration assets purchased by the Oil and Gas Corporation of Newfoundland and Labrador (Oilco).

The fishing and vessel rights held by NLIDC were purchased at a nominal amount of \$1 and are recorded as a purchased intangible at a cost of \$1.

The exploration assets held by Oilco relate to 2D and 3D seismic data, geoscientific studies and a resource assessment, which are amortized over their expected useful lives of six years, and consist of:

	31 March 2026	31 March 2025
	(\$mil)	(\$mil)
Cost		
Cost, beginning of the year	69.1	54.9
Additions	1.0	14.2
Cost, end of the year	70.1	69.1
Accumulated Amortization		
Accumulated amortization, beginning of the year	29.0	18.4
Amortization	11.4	10.6
Accumulated amortization, end of the year	40.4	29.0
Net book value, end of the year	29.7	40.1

12. Contingent Liabilities**(a) Guaranteed Debt**

Guarantees made by the Province as at 31 March 2026 amounted to \$850.7 million (31 March 2025 - \$1,097.7 million). In addition, the Province guaranteed the interest thereon. See Schedule 7 - Guaranteed Debt.

(b) Legal Actions

- (i) There have been a number of statements of claim alleging negligence on the part of the Government employees and agencies in not preventing abuse while these claimants were under Government care.
- (ii) A number of claims have been filed against the Province for alleged breaches of contracts and/or tenders as well as for general damages and personal claims pursuant to action initiated by the Province.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(c) Other

(i) *Trust Accounts*

a) Office of the Public Trustee

The Province guarantees all sums required to discharge the balances of the Public Trustee as administrator, guardian, trustee, etc. (**Public Trustee Act, 2009**). See Schedule 9 - Trust Accounts.

b) Supreme Court of Newfoundland and Labrador

The Province guarantees all sums required to discharge the balances of the Supreme Court of Newfoundland and Labrador as administrator, guardian, trustee, etc. (**Judicature Act**). See Schedule 9 - Trust Accounts.

c) Other Trust Accounts

Generally, the Province is contingently liable for any shortage that may occur for certain funds held in trust by the Province. Currently, all obligations held have an offsetting asset. See Schedule 9 - Trust Accounts.

(ii) *Canadian Salt Fish Corporation*

On 17 July 1970, the Province entered into an agreement with the Government of Canada for the marketing of saltfish products by the Canadian Saltfish Corporation (the Corporation), pursuant to the **Saltfish Act**. The Agreement provided that the Province is required to pay to the Government of Canada a proportional share of 50 per cent of the losses of the Corporation. This share is based on the total value of annual sales of cured fish products applicable to each participating province.

On 19 February 1993, the Government of Canada requested that the Province compensate it for losses incurred to 31 March 1992. The amount which the Government of Canada calculated as the Province's share of the losses was \$21.6 million.

The Corporation was dissolved with effect from 1 April 1995, so that resolution of the matter will be between the Government of Canada and the Province. However, the Province takes the position that for a number of reasons, including the fact that the Corporation engaged in activities beyond its mandate as determined by the Auditor General of Canada and confirmed by the Department of Justice of Canada, it is not liable for the amount claimed.

(iii) *Newfoundland and Labrador Student Loans Program*

Under the loan guarantee component of this Program, the Province has no guarantees issued at 31 March 2026. Under the debt reduction component of the Program, the Province is contingently liable for possible grants totaling \$16.8 million, of which \$6.7 million (31 March 2025 - \$5.2 million) has been recorded as a provision for likely amounts payable related to student loans due to the debt reduction component. See Schedule 2 – Loans, Advances and Investments.

(iv) *Contaminated Sites*

The Province has identified approximately 202 sites for which environmental liabilities or contamination may exist for assessment, remediation or monitoring. See note 14 – Contaminated Sites for further details.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In addition, the Province has provided an environmental indemnity to the acquiring entity of North Atlantic Refining Limited (NARL) regarding the oil refinery in Come by Chance. The Province and NARL entered into an environmental agreement with an effective date of 10 November 2014 which required an environmental site assessment (ESA) to be completed by NARL. The environmental site assessment includes Phase I, II and III assessments and a remediation plan.

During the fiscal year 2021-22, a majority equity stake in NARL was acquired by a new partner (Cresta Fund Management) and NARL has been renamed Braya Renewable Fuels. As well on November 29, 2021, the Province of Newfoundland and Labrador had agreed to an MOU to amend the 2014 environmental agreement. This will extend the term to 2031 and expand the period of indemnification to 2021, segmented into two periods – the Historical Period (covers the period prior to November 10, 2014) and the Additional Period (covers the period between November 11, 2014 and October 31, 2021). Under this MOU, the Province's indemnity financial coverage has been capped at up to \$150 million for the Historical Period and up to \$30 million for the Additional Period. Braya submitted their ESA report in June 2023, which is under technical review. If the report is determined to be incomplete, the indemnitees continue to be responsible to provide a completed report.

(v) *Corner Brook Pulp and Paper Limited (CBPPL)*

In 2014 the Province signed an agreement with CBPPL which states that in the event of the closure of the Corner Brook Mill, the Province has agreed to purchase the power assets and water rights. The purchase price is dependent upon the timing of the closure of the Corner Brook Mill, and will be valued at the greater of \$200.0 million or the fair market value of the purchased assets, less any monies owing to the Province. In 2017 the Province entered into another agreement providing a guarantee up to \$88.0 million on a letter of credit held by a Trust for the benefit of pension plan members. Should the government have to pay under the guarantee, the amount would also be deducted from the purchase price of the power assets and water rights.

(vi) *Offshore Royalty Decommissioning Carry Back*

Currently, there are four production facilities located in the offshore of Newfoundland and Labrador; White Rose/White Rose Expansion, Terra Nova, Hibernia and Hebron. The anticipated end of production dates currently forecasted for these projects range from 2033 to 2051.

For all current projects except Hibernia, Part VII of the **Royalty Regulations, 2003** provides for the carryback of actual decommissioning costs incurred, net of decommissioning revenue, against earlier net revenue, commencing in the period of substantial completion of the decommissioning. This requires project operator(s) to submit to the Province for approval not less than one year before decommissioning, a decommissioning proposal. Regulatory approval of decommissioning by the Canada-Newfoundland and Labrador Offshore Energy Regulator (C-NLOER) and other government bodies and agencies as required must also be received prior to the approval of the decommissioning proposal. Upon substantial completion of the decommissioning, where decommissioning costs exceed decommissioning revenues, the operator(s) must submit a decommissioning carry back statement to the Province. This carryback of net decommissioning costs may result in an amount being owed to the project interest holders by the Province. As of 31 March 2026, no project operators have submitted or indicated their intent to submit a decommissioning proposal.

For Hibernia, under the *Hibernia Royalty Agreement*, the Province has acknowledged that there should be a sharing of abandonment or decommissioning costs on an agreed basis and has agreed to enter into discussions with project owners at some future date if the requirements for decommissioning or abandonment of the project become more clearly defined. No discussions have commenced under this Agreement as of 31 March 2026.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As a result of several factors beyond the Province's control, including, but not limited to, decommissioning timeframes, submission and approval of decommissioning proposals and plans, actual future decommissioning costs and revenue, types and amount of future royalties, and future negotiations, uncertainty currently exists with respect to the existence, nature, and extent of any obligation of the Province for future decommissioning carry back amounts.

13. Asset Retirement Obligation

The Province owns and operates various assets that are subject to asset retirement obligations (AROs). As at March 31, 2026, a total liability for asset retirement obligations of \$527.1 million (31 March 2025 - \$529.7 million) has been recorded (See Schedule 5 – Payables, Accrued, and Other Liabilities). Amounts have been estimated based on internal expert assessments and third-party reports that estimate the costs of remediation and have been measured on an undiscounted basis.

The Province's existing AROs relate mainly to asbestos, lead, refrigerants, mercury, polychlorinated biphenyls (PCBs), etc. in its buildings. The liability has been established using an estimate process which recognizes that the average cost to remove these materials per square meter varies significantly based on the date of building construction. As a result, buildings have been grouped and costs applied based on nature of usage and year of construction. Asset retirement obligations have not been escalated or discounted given significant uncertainty around the retirement dates of these buildings and Province's long history of sustaining buildings beyond their amortized lives.

There are also asset retirement obligations related to the future disposal of fuel tanks, as well as in certain entities the future disposal of septic tanks, water wells, air conditioning systems, and other equipment.

The asset retirement costs have been capitalized to the related tangible capital assets and are being amortized over the assets' remaining useful lives. Amortization rates are identified in Schedule 10.

Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

The asset retirement obligations are as follows:

	31 March 2026 (\$mil)	31 March 2025 (\$mil)
Balance, beginning of the year	529.7	516.5
Liabilities incurred	0.3	1.4
Liabilities settled	(4.0)	(3.7)
Cost recoveries	-	-
Changes in estimated costs	1.1	15.5
Balance, end of the year	527.1	529.7

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Contaminated Sites

There are a number of sites throughout the Province which are considered potentially contaminated sites. The liability reflects the Province's best estimate of the amount required to remediate the sites to the current minimum standards for its use prior to contamination. As some of these sites are not yet fully assessed and contamination has not yet been determined or a detailed remediation plan has not been developed, no liability has been recognized. Studies are ongoing to assess the nature and extent of damage and to develop remediation plans, if necessary.

The Province has identified approximately 202 sites for which environmental liabilities may exist for assessment, remediation or monitoring. Of these, 23 were identified as sites where action is possible and for which a liability was recorded. As at 31 March 2026, a total liability for contaminated sites of \$265.0 million (31 March 2025 – \$265.5 million) has been recorded (see Schedule 5 – Payables, Accrued and Other Liabilities). Of this, \$223.0 million (31 March 2025 - \$225.0 million) relates to a liability for remediation of former mining sites. The Province has completed a partial remediation program at these sites, focused on the removal of buildings and infrastructure, designed to address safety hazards. The remaining contaminated sites liability of \$42.0 million (31 March 2025 - \$40.5 million) is mainly related to Petroleum Hydrocarbon (PHC) impacts. The liability reflects the present value of estimated future cash flows, where applicable, with total undiscounted expenditures of \$682.2 million (31 March 2025 - \$663.8 million) present valued at a discount rate of 3.45% (31 March 2025 - 3.28%).

The remainder of the sites are not liabilities as they are active and absent of an unexpected event; the impacts on the site do not exceed the applicable standards; the Province is not responsible for remediation; or it is not anticipated that remediation will occur. Upon identification of new contaminated sites or changes in the assessments of currently known sites, additional liabilities or disclosures may be recognized.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Contractual Obligations

All contractual obligations are reported in the table below, with the exception of the amended *Lower Churchill Innu Impacts and Benefits Agreement (IBA)*, which is detailed further in the notes below:

	31 March 2026 (\$mil)	31 March 2025 (\$mil)
Public-private partnerships	2,453.6	668.1
Provincial policing agreements	611.5	649.0
Capital projects	543.8	575.2
Healthcare agreements	537.9	-
Lease payments	306.6	148.9
Ferry services	257.8	278.2
Power purchase agreements	246.0	241.0
Economic development	167.6	147.4
Information technology services	160.4	200.8
Student busing	130.7	78.3
Transmission service agreements	68.0	89.0
Oil and gas	61.4	50.5
Road maintenance	41.4	20.4
Letters of credit	28.9	28.4
Lower Churchill Project	24.5	32.7
Residential services	14.1	13.4
Telephone services	6.1	12.0
Early learning and child care	0.9	89.2
Other agreements	100.7	60.1
Total: Contractual Obligations	<u>5,761.9</u>	<u>3,382.6</u>

Contractual obligations are those to outside organizations in respect of contracts entered into before 31 March 2026. These contractual obligations will become liabilities when the terms of the contracts are met. Payments in respect of these contracts and agreements for the Consolidated Revenue Fund are subject to voting of supply by the Legislature.

As at 31 March 2026, the Province had entered into a number of agreements pertaining to the acquisition of P3 assets. All P3 contracts have a capital component contract with fixed lifetime payment plans, which are not impacted by inflation or interest rate changes. Each agreement is for 30 years, with no renewal option, with remaining repayment schedules ranging from 24 to 29 years. Each P3 has a separate Life Cycle and Facilities Management contract with a built-in inflation factor of 2.4% in the next fiscal year and 2% thereafter to reflect the Bank of Canada inflation target. These contracts also stipulate that the fiscal year payments be adjusted annually to the Statistics Canada published CPI rate.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The amount disclosed above represents the operating component of P3 assets placed in service, as well as the operating and capital components of P3 assets that are currently under construction. The operating component of each P3 asset includes contingency amounts ranging from 5% to 10% of the life cycle and facility maintenance payments. The liability and associated asset for P3 assets under construction will be recognized in the Province's financial statements when the Province acquires control of the assets, which generally is intended to occur at the time when the construction of the assets is substantially complete.

During 2020, the Province acquired control and placed into service a P3 asset pertaining to the Corner Brook Long-term Care Facility. The contractual obligations associated with this P3 arrangement consists of \$73.1 million (31 March 2025 - \$74.1 million) relating to the operating component of the agreement, such as facility maintenance payments.

During 2022, the Province acquired control and placed into service two P3 assets pertaining to the Gander and Grand Falls-Windsor Long Term Care Facilities. The contractual obligations associated with this P3 arrangement consists of \$67.7 million (31 March 2025 - \$68.8 million) relating to the operating component of the agreement.

During 2022, the Province also acquired control and placed into service the P3 asset pertaining to the Parking Structure for the New Adult and Mental Health Addictions Facility. The contractual obligations associated with this portion of the P3 arrangements consists of \$3.2 million (31 March 2025 - \$3.1 million) relating to the operating component of the agreement.

During 2024, the Province acquired control of the P3 asset pertaining to the Corner Brook Acute Care Hospital. The contractual obligations associated with this P3 arrangement consists of \$333.6 million (31 March 2025 - \$330.4 million) relating to the operating component of the agreement. This asset was placed into service in June 2024.

During 2025, the Province acquired control of the P3 asset pertaining to the New Adult Mental Health and Addictions Facility. The contractual obligations associated with this P3 arrangement consists of \$199.9 million (31 March 2025 - \$191.7 million) relating to the operating component of the agreement. This asset was placed into service in April 2025.

In addition to the P3 assets placed in service, the Province has an agreement for the acquisition of another P3 asset that is under construction. This asset is the Adult Corrections Facility, with an anticipated in service date of Fall 2029. The contractual obligations associated with this P3 arrangement consists of \$451.3 million relating to the operating component and \$1,324.8 million relating to the capital component of the agreement.

The above table includes contractual obligations of \$0.6 billion (31 March 2025 - \$0.6 billion) for government business enterprises and \$12.8 million (31 March 2025 - \$10.1 million) for government business partnership.

Contractual obligations for the next five years and beyond are as follows:

Fiscal Year	Contractual Obligations (\$mil)
2026-27	1,114.3
2027-28	609.8
2028-29	447.3
2029-30	679.8
2030-31	351.5
Thereafter	2,559.2
Total	5,761.9

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

In addition to the contractual obligations identified in the table above for government business enterprises, on October 24, 2024, NL Hydro and the Innu Nation amended the *Lower Churchill Innu IBA* to reflect an agreement on rate mitigation. Under this agreement, NL Hydro has committed with Muskrat Falls to pay the Innu Nation an annual amount of \$12 million escalating at CPI, for a term of 50 years, replacing all other IBA payments associated with Muskrat Falls. This was not disclosed in last year's consolidated financial statements.

16. Externally Restricted Assets

Externally restricted assets amount to \$222.2 million (31 March 2025 - \$202.3 million) of which \$216.0 million relates to Memorial University of Newfoundland and \$2.7 million relates to Newfoundland and Labrador Health Services which consists primarily of assets held for endowment purposes whereby the principal is not expendable. Income earned on these assets is required to be used for the purpose specified by the donors and hence cannot be used for other operating purposes. The externally restricted assets consist of donations and investments which are to be used for scholarships, assistance, professional recruitment and development, equipment and other external endowments. Externally restricted assets of other entities amount to \$3.5 million which relate to various donations designated for specified purposes.

17. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt (see note 12(a)) is nil (31 March 2025 - nil).

18. Adjustments to Beginning Balances

(a) Government Organization Changes

Net Debt and Accumulated Operating Deficit increased by \$8.7 million (31 March 2025 - \$1.1 million decrease) relating to the government organization changes. There was a nil impact on the Annual Deficit (31 March 2025 - nil). These changes have been applied retroactively without restatement.

19. Related Party Disclosures

The Province considers key management personnel (KMP), their close family members and any organizations controlled by the KMP or their close family members as related parties. For this purpose, KMPs are defined to include Ministers and Deputy Ministers (Equivalents). KMPs of Government entities also include board members.

The Province and its entities have determined through a due diligence process that no transactions occurred at a price different than fair market value or under terms different than what two unrelated parties would agree. As a result, all transactions with its related parties were conducted in the normal course of business and at arms' length.

Refer to Schedule 4 – Net Income of Government Business Enterprises and Partnership for a description of related party transactions of Government Business Enterprises and Partnership.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Contractual Rights

Contractual Rights consist of:

	31 March 2026	31 March 2025
	(\$mil)	(\$mil)
Cost sharing agreements	1,126.4	1,398.4
Other agreements	7.5	11.3
Total: Contractual Rights	<u>1,133.9</u>	<u>1,409.7</u>

Contractual rights are rights to economic resources arising from contracts or agreements entered into before 31 March 2026. These contractual rights will become assets when the transaction or event triggering recognition occurs.

21. Contingent Assets

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. The resolution of the uncertainty will confirm the existence or non-existence of an asset. The uncertainty will be resolved when one or more future events not wholly within the Province's control occurs or fails to occur.

A number of legal actions have been filed for the Province that have the potential to result in damages being awarded to the Province. The outcome of the legal actions is not determinable. Contingent assets are nil (31 March 2025 - nil).

22. Atlantic Accord (2019)

During the fiscal year 2019-20, the Province and the Federal Government entered into an agreement (*Hibernia Dividend Backed Annuity Agreement*) intended to ensure that the Province is the principal beneficiary of its offshore resources. As a result, the Province will receive a guaranteed revenue stream of approximately \$3.3 billion, inclusive of Canada Hibernia Holding Corporation (CHHC) provincial taxes, over 38 years (2019 to 2056), with no restriction on the use of these funds. The CHHC provincial tax portion of this revenue stream will be recognized as revenue each year as the taxable event occurs. As well, the Province will make eight annual payments of \$100 million each (with first payment due to begin in 2045) for a total of \$800 million. As a result of this agreement, the net debt and accumulated deficit were immediately reduced by \$2.4 billion as at March 31, 2020.

23. Measurement Uncertainty

Measurement uncertainty exists when it is reasonably possible that there could be a material variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. Estimates are based on the best information available at the time of preparation of the financial statements and are adjusted annually to reflect new information as it becomes available. While best estimates are used for reporting items subject to measurement uncertainty, it is reasonably possible that changes in the future conditions could require change in the amounts recognized or disclosed.

Some examples of where measurement uncertainty exists are as follows:

- (i) The nature of uncertainty for the accrual of retirement benefits, the allowance for guaranteed debt, and the accrual of sick leave and self-insured workers' compensation benefits arises as actual results may differ significantly from the Province's assumptions about plan members and economic conditions in the marketplace.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- (ii) The accruals for environmental remediation obligations are uncertain because the actual extent of the remediation activities, methods, and site contamination may differ significantly from the Province's original remediation plans.
- (iii) Revenues from sales taxes, income taxes, oil royalties, Canada Health Transfer, and Canada Social Transfer are uncertain due to differences between the estimated and actual economic performance and other assumptions used to accrue these revenues. The tax revenues under the federal-provincial fiscal arrangements attributable to the year can change as a result of reassessments in subsequent years. The variability of the final amounts attributable to the year cannot be reasonably determined.
- (iv) The accrual for asset retirement obligations is uncertain due to the long-term nature of these liabilities and indeterminate settlement amounts and dates. As a result, estimates are required regarding amounts of regulated materials and expected retirement costs, including timing and duration of those retirement costs.

24. Risk Disclosure

The Province is exposed to risks related to its financial instruments. These include credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and other price risk). The Province has risk management strategies in place to mitigate these risks. There was no significant change in the Government's exposure to these risks or its processes for managing these risks from the prior year.

A derivative is a financial instrument or contract in which the value is derived from the underlying asset, commodity or index. Government uses derivatives in order to minimize the risks associated with foreign exchange transactions and interest rate changes. Derivatives are not used for speculative purposes. Because of this, Government does not terminate derivative contracts before maturity and realize gains or losses on early contract termination.

Credit Risk

Credit risk is the risk of financial loss caused by one party to another party by failing to meet contractual obligations. This risk arises most frequently in relation to cash and temporary investments, derivative financial instruments, receivables, and loans, investments, and advances held by the Province. This risk is mitigated by the fact that a significant portion of amounts receivable are associated with the Government of Canada; therefore, collection of these amounts is reasonably assured. Other receivables held by the Province are associated with services provided to a large and diversified cross-section of residents, customers, and other entities. This diversification minimizes the concentration of credit risk exposure associated with any particular individual, company, or other entity.

Credit risk is measured through monitoring and evaluation of receivables and loans, investments, and advances balances. If the evaluations indicate the other party may be unable to meet their obligations, the Province will recognize an allowance for doubtful accounts. Such allowances are disclosed in Schedule 1 and Schedule 2 of the consolidated financial statements. Receivables and advances, taxes receivable, loans receivable, and investments include amounts that are past due but not considered to be impaired. Schedule 1 and Schedule 2 of the consolidated financial statements detail such amounts. Security also exists for certain commercial loans issued that can be accessed in the event of default, further minimizing risk. Credit risk exposure in relation to investments held by the Province is limited by monitoring and investing in securities with high credit quality based on established investment policies, and utilizing approved brokers for investment transactions. The carrying value of the financial assets subject to this risk represents the maximum credit exposure at year end.

For derivative financial instruments, credit risk is managed by Government through executing derivative contracts only with Canadian Schedule I banks. At March 31, 2026, all outstanding derivative contracts were with Canadian Schedule I bank counterparties.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Liquidity Risk

Liquidity risk is the risk that a party cannot meet its short-term debt obligations. Exposure to liquidity risk is managed by distributing debt maturities over a range of years and terms, maintaining sinking funds for the repayment of certain long-term debt issues, and, based on cash flow monitoring and forecasting, holding adequate cash reserves or short-term borrowings as contingent sources of liquidity. A maturity analysis of borrowings is disclosed in Schedule 6, note 3 of the consolidated financial statements. Accounts payable are short term in nature, with payment generally due within 30 days after receipt of goods and services and the related invoice.

Market Risk

Market risks arise with the fluctuation of market prices that are associated with the fair value or future cash flows of a financial instrument. Market risk is comprised of foreign exchange rate risk, interest rate risk and other price risk.

Foreign Exchange Risk

Foreign exchange rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in foreign exchange rates on foreign currency denominated assets held by the Province. The Province is primarily exposed to foreign exchange risk on its general debt. For debt issued in foreign currencies, the Province effectively converts this debt into Canadian dollar debt through the use of cross-currency basis swaps. At March 31, 2026, the Province held four series of debt issued in foreign currency. These contracts have been hedged for risk through the use of cross-currency basis swaps with counterparties to effectively convert the debt into Canadian dollars. At March 31, 2026, all of the Province's gross debt in foreign currencies is effectively denominated in Canadian dollars.

These hedges involve Swiss Francs and Euros being converted into Canadian dollars. The terms of these contracts range from 8 to 30 years, with interest rates ranging from 3.918% to 4.690% semi-annually. The notional amount of these loans is \$533.0 million (2025 - \$234.2 million).

Interest Rate Risk

Interest rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market interest rates. The Province manages this risk by setting asset mix guidelines and monitoring assets to limit (1) the total proportion of funds invested in fixed income instruments that are subject to interest rate risk, and (2) the extent to which fixed income assets need to be sold prior to maturity to meet ongoing obligations, which could potentially trigger a capital loss to the Province. At March 31, 2026, \$44.7 million (2025 - \$47.7 million) of the sinking fund assets and \$76.8 million (2025 - \$66.8 million) of the future fund assets were held in floating rate investments. The Province's outstanding debt is structured such that a high degree of its debt is long-term with fixed interest rates and fixed repayment terms with limited exposure to floating rate debt obligations. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. A 1% increase/decrease in interest rates would increase/decrease annual interest expense by nil (2025 - nil) based upon the impact of refinancing the current portion only. At March 31, 2026, there were no borrowings held in floating rate notes.

Changes in the interest rate in the market will affect the derivative asset or liability that Government reports at year end. A 1% increase (decrease) in the Euro interest rates will result in changes in the present value of \$26.3 million decrease (\$32.5 million increase) in the European legs of the derivatives. A 1% increase (decrease) in the Swiss Franc interest rates will result in changes in the present value of \$48.6 million decrease (\$57.1 million increase) in the Swiss Franc legs of the derivatives. A 1% increase (decrease) in the Canadian interest rates will result in changes in the present value of \$23.8 million decrease (\$29.1 million increase) in the Canadian legs of the Euro-associated derivatives and \$37.4 million decrease (\$43.1 million increase) in the Canadian legs of the Swiss Franc derivatives.

SUMMARY FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

The foreign currency legs and the Canadian dollar legs move in the same direction when their respective interest rates change, but since they represent opposite sides of the swap, their effects on the derivative value partially offset. If all interest rates were to increase (decrease) by 1% simultaneously, the net impact on the derivative portfolio overall would be approximately a \$13.7 million decrease (\$17.4 million increase).

Other Price Risk

Other price risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market prices that do not arise from foreign exchange risk or interest rate risk. The Province is exposed to other price risk through its investments traded in an active market, however, such risk is minimal given limited holdings and investment concentration. At March 31, 2026, a 1% increase/decrease in the fair value of equity investments held in sinking funds and the future fund would result in a \$4.7 million (2025 - \$3.2 million) increase/decrease in the value of the investment assets.

25. Subsequent Events

On August 17, 2026, NL Hydro, Hydro-Québec, and Churchill Falls (Labrador) Corporation Limited signed the *Definitive Cooperation and Implementation Agreement*. Refer to Schedule 3, note 3 for additional details.

26. Original Budget

Certain amounts in the statements and exhibits of the 2025-26 Budget Speech shown for comparative purposes were prepared on the accrual basis as described under note 1(c)(i). To be consistent with the format of the financial statements, presentation changes have been applied as necessary. Budgeted figures included in the financial statements are not audited.

27. Additional Notes

In addition to the aforementioned, there are various other notes disclosed in the schedules which follow.

28. Comparatives

Certain amounts of the 31 March 2025 financial statement figures and related schedules have been restated to be consistent with the 31 March 2026 statement presentation. See note 18 – Adjustments to Beginning Balances for further details.

29. Change in Government Structure

Under sections 5 and 17 of the **Executive Council Act**, government departments were reorganized during the 2025-26 fiscal year. The comparative figures have been restated to reflect this new departmental structure.

SUMMARY FINANCIAL STATEMENTS

Schedule 1

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Receivables
As at 31 March 2026
with comparative figures for 2025

	2026 (\$000)	2025 (\$000)
Due from Government of Canada - note 1	2,318,306	2,547,794
Accounts receivable	504,436	513,279
Offshore royalties	414,829	269,206
Taxes receivable	378,867	369,678
Accrued interest receivable	4,409	4,468
Tobacco settlement - note 2	-	138,832
	<u>3,620,847</u>	<u>3,843,257</u>
Less: Allowance for doubtful accounts	<u>230,564</u>	<u>185,924</u>
Total: Receivables	<u><u>3,390,283</u></u>	<u><u>3,657,333</u></u>

NOTES

1. Due from Government of Canada includes a receivable of \$2.1 billion (31 March 2025 \$2.3 billion) related to the Atlantic Accord (2019).

2. On March 6, 2025, the Ontario Superior Court of Justice approved a \$32.5 billion settlement agreement under **Canada's Companies' Creditors Arrangement Act (CCAA)** arising from litigation against three major tobacco companies over healthcare-related costs. On August 29, 2025, the Courts certified the implementation of the CCAA plan, and the upfront settlement payments commenced.

Under the terms of the settlement, \$24.7 billion is payable to the Provinces and Territories of Canada. The Province's share is 2.1471%, or approximately \$531.0 million, consisting of an upfront payment of \$138.8 million and the balance payable annually over the settlement period. The annual payments are based on a percentage of the tobacco companies' annual net after-tax income from Canadian combustible tobacco operations, commencing at 85% for the first five years. This will decrease in increments of 5% every five years thereafter, declining to 70% in year 16, and continuing until the total remaining proceeds are paid.

The Province recognized \$138.8 million as revenue and receivable in the 2024-25 fiscal year, representing the upfront settlement payment. This amount was received in the 2025-26 fiscal year.

The remaining balance of the settlement has not been recognized because of the uncertainty related to the future annual payments. Subsequent revenue will be recognized in future years once there is further certainty of the amounts.

3. A receivable is considered past due when a counterparty has not made payment by the invoice due date or contractual due date. The following table presents the carrying value of receivables past due but not classified as impaired because they have not met the aging threshold for impairment, or other factors such as credit rating, security, or collection efforts are expected to result in repayment. Receivables that are past due but not impaired are as follows:

	1-30 Days (\$mil)	31-60 Days (\$mil)	61-90 Days (\$mil)	91+ Days (\$mil)	Total 2026 (\$mil)	Total 2025 (\$mil)
Consolidated Revenue Fund	19.0	1.2	1.4	49.6	71.2	144.3
Other	1.5	1.5	1.6	37.1	41.7	68.4
Total	<u><u>20.5</u></u>	<u><u>2.7</u></u>	<u><u>3.0</u></u>	<u><u>86.7</u></u>	<u><u>112.9</u></u>	<u><u>212.7</u></u>

SUMMARY FINANCIAL STATEMENTS

Schedule 2

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Investments
As at 31 March 2026
with comparative figures for 2025

	2026	2025
	(\$000)	(\$000)
Loans and Advances - notes 1, 2		
Commercial - note 3	233,292	190,852
Housing	90,839	75,523
Student loans	62,642	57,696
Other	14,953	13,730
Total: Loans and Advances	401,726	337,801
Less: Discounts due to concessionary terms on loans - note 4	99,371	91,076
Allowance for doubtful loans and advances	50,988	49,728
Provision for loan repayments through future appropriations	6,678	5,164
	244,689	191,833
Investments		
Equity Investments:		
Administered by Memorial University of Newfoundland	156,740	135,984
Administered by Newfoundland and Labrador Film Development Corporation	110,830	102,379
Administered by Future Fund	94,587	69,637
Cold Ocean Salmon Inc.	10,000	10,000
Gray Aqua Group Ltd.	4,827	4,827
Administered by Innovation and Business Investment Corporation	4,632	5,320
Country Ribbon Inc.	4,500	4,500
Newfoundland Aqua Services Ltd. - redeemable	1,124	1,124
Blue Line Innovations Inc.	500	500
NavSim Technologies	500	500
Hurley Slate Works Company Inc.	400	400
Burton's Cove Logging and Lumber	166	166
Other	2,525	2,541
	391,331	337,878

LOANS, ADVANCES AND INVESTMENTS (continued)

	2026	2025
	(\$000)	(\$000)
Other Investments:		
Administered by Future Fund	339,920	266,965
Administered by Memorial University of Newfoundland - note 5	112,408	109,845
Administered by Multi-Materials Stewardship Board	25,744	6,856
Atlantic Canada Regional Venture Fund II LP	10,320	-
Newfoundland and Labrador Venture Capital Fund	5,820	9,535
Pelorus Venture Capital General	5,209	6,288
Atlantic Canada Regional Venture Fund LP	2,400	3,220
Sandpiper Ventures Fund II LP	898	392
Sandpiper Ventures Fund LP	663	634
	<u>503,382</u>	<u>403,735</u>
Total: Investments	894,713	741,613
Less: Discounts due to concessionary terms on investments - note 6	110,830	102,379
Allowance for write-down of investments	13,000	12,724
	<u>770,883</u>	<u>626,510</u>
Total: Loans, Advances and Investments	<u>1,015,572</u>	<u>818,343</u>

NOTES

1. Interest Rates and Loan Terms

Interest rates for all loans range from non-interest bearing to 10.5% and are payable over terms not exceeding 28 years.

2. Loan Receivable

The Province reopened general debenture 7C and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General debenture 7I was reopened and issued \$300.0 million on 13 April 2021, on behalf of Newfoundland and Labrador Hydro. General debenture 7P was reopened and issued \$300.0 million on 28 November 2025, on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest revenue earned during the year on this loan totaling \$33.7 million is netted against the offsetting interest expense on the debenture debt.

3. Security

Security exists for certain loans that can be accessed in the event of default. Refer to note 12 (c) (v) of the Notes to the Financial Statements for further details.

4. Discounts Due to Concessionary Terms on Loans

The discounts due to concessionary terms on loans are the portion of the receivable that represents the difference between the face value and the present value of the loan. The loans are reported at their present value due to the concessionary terms in the loan agreement.

5. Fair Market Value (FMV) of Investments

The FMV of these investments is \$112.4 million of which \$36.8 million pertain to real estate. The remaining balance relates to mortgages and fixed income investments.

6. Discounts Due to Concessionary Terms on Investments

The discounts due to concessionary terms on investments are the portion of the investment that represents the difference between the cost and the present value of the investment. The investments are reported at their present value due to the concessionary terms in the investment agreement.

7. Aging of Loans Receivables and Investments

A loans receivable or investment are considered past due when a counterparty has not made payment by the contractual due date. The following table presents the carrying value of loans receivables and investments past due but not classified as impaired because they have not met the aging threshold for impairment, or other factors such as credit rating, loan security, or collection efforts are expected to result in repayment.

SUMMARY FINANCIAL STATEMENTS

LOANS, ADVANCES AND INVESTMENTS (continued)

Loans receivables that are past due but not impaired are as follows:

	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	Total <u>2026</u>	Total <u>2025</u>
	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)	(\$mil)
Consolidated Revenue Fund	-	1.4	-	140.0	141.4	128.9
Other	-	-	-	-	-	0.5
Total	<u>-</u>	<u>1.4</u>	<u>-</u>	<u>140.0</u>	<u>141.4</u>	<u>129.4</u>

There are no Investments that are past due but not impaired.

SUMMARY FINANCIAL STATEMENTS

Schedule 3

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Equity in Government Business Enterprises and Partnership
As at 31 March 2026
with comparative figures for 2025

	Atlantic Lottery Corporation 31 Mar 2026	NL Liquor Corporation 4 Apr 2026	NL Hydro 31 Dec 2025	Total 2026	Total 2025
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Equity - beginning of year	33,255	49,673	7,932,155	8,015,083	7,535,988
Net income for year	150,202	199,635	115,000	464,837	842,038
Other comprehensive income - note 1	11,733	-	9,000	20,733	3,907
Capital transactions:					
Transfers to government	(150,217)	(202,000)	-	(352,217)	(366,850)
Equity - end of year	<u>44,973</u>	<u>47,308</u>	<u>8,056,155</u>	<u>8,148,436</u>	<u>8,015,083</u>
Equity represented by:					
Assets					
Cash and temporary investments	10,116	16,739	2,406,000	2,432,855	2,518,358
Receivables	49,098	21,301	288,000	358,399	317,487
Inventories	2,722	35,823	151,000	189,545	191,225
Prepaid and deferred charges	2,088	812	1,738,000	1,740,900	1,513,550
Investments	-	-	156,000	156,000	199,000
Reserve fund	-	-	50,000	50,000	50,000
Capital and intangible assets	<u>51,802</u>	<u>26,408</u>	<u>17,787,000</u>	<u>17,865,210</u>	<u>17,832,097</u>
Total Assets	<u>115,826</u>	<u>101,083</u>	<u>22,576,000</u>	<u>22,792,909</u>	<u>22,621,717</u>
Liabilities					
Accounts payable and accruals	43,224	53,775	3,424,156	3,521,155	3,461,545
Deferred government assistance	-	-	889	889	889
Borrowings - note 2	<u>27,629</u>	<u>-</u>	<u>11,094,800</u>	<u>11,122,429</u>	<u>11,144,200</u>
Total Liabilities	<u>70,853</u>	<u>53,775</u>	<u>14,519,845</u>	<u>14,644,473</u>	<u>14,606,634</u>
Equity	<u>44,973</u>	<u>47,308</u>	<u>8,056,155</u>	<u>8,148,436</u>	<u>8,015,083</u>

NOTES

1. Other Comprehensive Income

Other comprehensive income includes certain unrealized gains and losses of Government Business Enterprises and Partnership that are not reported in the Consolidated Statement of Operations but are reported in the Consolidated Statement of Financial Position. Unrealized gains and losses are recognized in the statement of operations when they become realized gains and losses. Accumulated other comprehensive income as at 31 March 2026 amounted to \$78.0 million (31 March 2025 - \$57.3 million). The other comprehensive income recognized during the year was \$20.7 million (31 March 2025 - \$3.9 million).

SUMMARY FINANCIAL STATEMENTS

EQUITY IN GOVERNMENT BUSINESS ENTERPRISES AND PARTNERSHIP (continued)

2. Contributions and Repayment Requirements

Sinking fund contributions and long term debt repayments for Government Business Enterprises and Partnership, in Canadian dollars are as follows.

	Total
	(\$000)
2026-2027	543,082
2027-2028	69,727
2028-2029	70,830
2029-2030	71,978
2030-2031	363,109
2031-2058	10,469,929
	<u>11,588,655</u>
Less: Sinking Fund Contributions	(466,226)
	<u><u>11,122,429</u></u>

3. Definitive Cooperation and Implementation Agreement

On December 12, 2024, NL Hydro signed a Memorandum of Understanding (MOU) with Hydro-Québec which provided the basis for the negotiation of definitive agreements to terminate and replace Churchill Falls (Labrador) Corporation's existing power contracts, develop Gull Island, expand capacity of the Churchill Falls plant, and develop associated transmission.

On August 17, 2026, NL Hydro, Hydro-Québec, and Churchill Falls (Labrador) Corporation Limited signed the *Definitive Cooperation and Implementation Agreement (DCIA)* to replace the December 2024 MOU. This non-binding agreement provides the basis to further expand the capacity of the Churchill Falls plant and develop Gull Island.

SUMMARY FINANCIAL STATEMENTS

Schedule 4

PROVINCE OF NEWFOUNDLAND AND LABRADOR**Net Income of Government Business Enterprises and Partnership****As at 31 March 2026****with comparative figures for 2025**

	Atlantic Lottery Corporation 31 Mar 2026 (\$000)	NL Liquor Corporation 4 Apr 2026 (\$000)	NL Hydro 31 Dec 2025 (\$000)	Total 2026 (\$000)	Total 2025 (\$000)
Revenue					
Revenue from operations	249,575	444,487	1,477,000	2,171,062	2,110,675
Expense					
Expenses from operations	99,373	244,852	1,362,000	1,706,225	1,268,637
Net Income	150,202	199,635	115,000	464,837	842,038

NOTE**Related Party Transactions**

Newfoundland and Labrador Hydro earned related party revenues regarding funding to support both new and current offshore petroleum exploration, funding for wind feasibility studies in Labrador, for a total amount of \$3.0 million (31 December 2024 - \$2.7 million). Newfoundland and Labrador Hydro incurred related party expenses in relation to power purchase agreements, cost of application hearings, operation of Exploits assets, various rentals and royalties, and a debt guarantee fee. Netted against these expenses is the funding received from the Province related to Newfoundland and Labrador Hydro's obligation under the Upper Churchill Redress Agreement resulting in total expenses of \$105.9 million (31 December 2024 - \$59.9 million, restated).

In relation to the above listed related party transactions for Newfoundland and Labrador Hydro, there exists accounts receivable and accounts payable. Accounts receivable includes \$38.9 million (31 December 2024 - \$40.0 million); accounts payable includes \$38.3 million (31 December 2024 - \$40.4 million, restated). In addition, Newfoundland and Labrador Hydro invested \$52.1 million (31 December 2024 - \$55.8 million) in Provincial bonds. Refer to Schedule 2, note 2 for further details regarding Newfoundland and Labrador Hydro's loan payable to the Province.

Newfoundland and Labrador Liquor Corporation is leasing office and warehouse space from the Department of Transportation and Infrastructure. These leases are rent free to the Corporation; however, all operating, leasehold and maintenance costs related to the buildings are the responsibility of the Corporation.

Atlantic Lottery Corporation Inc. related party profit earnings totaled \$152.8 million (31 March 2025 - \$153.1 million). In relation to profit earnings, there exists an account payable of \$2.6 million (31 March 2025 - \$0.8 million).

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Payables, Accrued and Other Liabilities As at 31 March 2026 with comparative figures for 2025

	2026 (\$000)	2025 (\$000)
Due to Government of Canada - note 1	1,014,943	1,044,837
Accrued salaries and employee benefits - note 2	826,189	783,215
Accounts payable	684,217	587,719
Asset retirement obligation	527,126	529,712
Public private partnerships - note 3	521,415	551,734
Accrued interest payable	336,426	307,625
Taxes payable - note 4	278,997	356,514
Contaminated sites	264,992	265,512
Capital leases - note 5	4,100	6,174
Due to municipalities	818	906
Other - note 6	106,476	68,061
Total: Payables, Accrued and Other Liabilities	<u>4,565,699</u>	<u>4,502,009</u>

NOTES

1. Due to Government of Canada

Due to Government of Canada is comprised of \$800.0 million for the Atlantic Accord (2019) (31 March 2025 - \$800.0 million), \$166.7 million for an Equalization loan (31 March 2025 - \$193.3 million), \$28.0 million for an RCMP policing service contract (31 March 2025 - \$23.5 million) and \$20.2 million for other Federal programs (31 March 2025 - \$28.0 million).

2. Accrued Salaries and Employee Benefits

Accrued salaries and employee benefits consists of the following.

	2026 (\$mil)	2025 (\$mil)
Paid and annual leave	256.1	239.1
Sick leave	232.8	234.5
Salaries	206.7	186.3
Self-insured workers' compensation benefits	70.8	60.9
Severance	7.6	8.3
Other benefits	52.2	54.1
	<u>826.2</u>	<u>783.2</u>

During the 2025-26 fiscal year, an actuarial valuation as of 31 December 2025, with disclosures as at 31 March 2026, was obtained for the Province's self-insured workers' compensation benefits. During the 2025-26 fiscal year, an actuarial valuation as of 31 March 2026, with disclosures as at 31 March 2026, was obtained for the Province's sick leave benefits. During the 2024-25 fiscal year, an actuarial valuation as of 30 June 2024, with disclosures as at 31 March 2026, was obtained for the NLSchools sick leave benefits. Accrued severance and sick leave balances have been determined using a combination of actuarial valuations and internal methodologies. Refer to note 5 of the Notes to the Financial Statements for further details on sick leave.

SUMMARY FINANCIAL STATEMENTS

PAYABLES, ACCRUED AND OTHER LIABILITIES (continued)

3. Public Private Partnerships

The liability for public private partnerships (P3s) represents the Province's outstanding obligation for the discounted, capitalized cost of acquired P3 assets. The P3 liability has interest rates which vary from 3.27% to 3.85% and has repayment schedules with durations ranging from 24 to 29 years.

4. Taxes Payable

Taxes payable is comprised of \$239.8 million for corporate income tax (31 March 2025 - \$298.8 million), \$23.8 million for HST (31 March 2025 - \$38.0 million) and \$15.4 million for other taxes (31 March 2025 - \$19.7 million).

5. Capital Leases

Interest rates for all capital leases range from 2.28% to 12.90% and have repayment schedules ranging in duration from 3 months to 5 years.

6. Other

Accounts payable - other includes a payable of nil for 31 March 2026 (31 March 2025 - \$34.7 million) related to tobacco settlement legal fees. Legal fees related to the tobacco settlement total \$132.7 million and represent 25% of the gross settlement proceeds.

At 31 March 2025, \$34.7 million was included in accounts payable – other, and recognized as professional services expense, representing 25% of the upfront settlement payment of \$138.8 million. During fiscal year 2025-26, the legal fees were paid in full, and the remaining legal fees balance of \$98.0 million was recognized as professional services expense.

Accounts payable - other also includes a payable of \$65.7 million (31 March 2025 - nil) related to the new Adult Corrections Facility. The payable represents construction costs incurred prior to 31 March 2026, and was settled after year-end in accordance with normal payment terms.

SUMMARY FINANCIAL STATEMENTS

Schedule 6

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Borrowings
As at 31 March 2026
with comparative figures for 2025

	2026				2025
	Total Borrowings	Sinking Fund Balance	Net Borrowings	Interest Rate Range	Net Borrowings
	(\$000)	(\$000)	(\$000)	(%)	(\$000)
Consolidated Revenue Fund					
Treasury bill borrowings	1,163,455	-	1,163,455	2.22 - 2.39	1,161,719
General debentures	23,565,396	1,688,870	21,876,526	0.80 - 6.55	19,538,350
Sun Life Assurance Company of Canada	14,494	-	14,494	7.55	19,067
NLSchools	3,360	-	3,360	1.89 - 5.75	8,132
Government of Canada	-	-	-	-	23,987
	<u>24,746,705</u>	<u>1,688,870</u>	<u>23,057,835</u>		<u>20,751,255</u>
Newfoundland and Labrador Health Services	131,594	35,598	95,996	1.81 - 10.50	99,319
Newfoundland and Labrador Housing Corporation	45,161	-	45,161	0 - 19.75	50,707
Memorial University of Newfoundland	42,479	-	42,479	3.69 - 4.18	45,469
Other	<u>358</u>	<u>-</u>	<u>358</u>	2.99 - prime	<u>456</u>
Total: Borrowings	<u>24,966,297</u>	<u>1,724,468</u>	<u>23,241,829</u>		<u>20,947,206</u>

NOTES

1. General Debentures

General debenture 7C was reopened and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General debenture 7I was reopened and issued \$300.0 million on 13 April 2021, on behalf of Newfoundland and Labrador Hydro. General debenture 7P was reopened and issued \$300.0 million on 28 November 2025, on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest expense on the debenture debt totaling \$33.7 million is netted against the offsetting interest revenue on the loan receivable.

The Province has issued foreign currency debentures denominated in Euros and Swiss Francs, and manages the related exposure using cross-currency swap arrangements that effectively convert the debt service requirements to Canadian dollars. The foreign currency debentures have contractual terms ranging from 8 to 30 years. Across these series, the stated fixed foreign-currency coupon rates range from 0.80% to 4.00%. The stated fixed rates on the Canadian dollar-equivalent legs described in the associated hedging arrangements range from 3.918% to 4.690%.

SUMMARY FINANCIAL STATEMENTS

BORROWINGS (continued)

2. Borrowings

Borrowings, sinking funds and unamortized premiums, discounts and issuance fees as at 31 March 2026 are noted below. Refer to note 7 of the Notes to the Financial Statements for further details.

Major Currencies	Foreign Borrowings (000)	Exchange Rate	Canadian (\$000)	Unamortized Premiums/ (Discounts) and Issuance Fees (\$000)	Net (\$000)
Euros	€115,000	1.6072	184,828	-	184,828
Swiss Francs	₣210,000	1.7408	365,568	-	365,568
Canadian			24,415,901	-	24,415,901
	Sub-total		24,966,297	-	24,966,297
	Foreign sinking funds		(161,981)	-	(161,981)
	Canadian sinking funds		(1,562,487)	-	(1,562,487)
	Sub-total		23,241,829	-	23,241,829
	Unamortized premiums (discounts) and issuance fees			(481,321)	(481,321)
	Total			(481,321)	22,760,508

3. Contributions and Repayment Requirements

Sinking fund contributions and long-term debt repayments, by major currency, in Canadian dollars are as follows.

	Euros (\$000)	Swiss Francs (\$000)	Canadian (\$000)	Total (\$000)
2026-2027	2,701	5,294	2,354,632	2,362,627
2027-2028	2,701	5,294	1,983,629	1,991,624
2028-2029	2,701	5,294	1,551,370	1,559,365
2029-2030	2,701	5,294	1,204,065	1,212,060
2030-2031	2,701	5,294	1,770,547	1,778,542
2031-2056	106,123	290,827	11,625,693	12,022,643
	119,628	317,297	20,489,936	20,926,861
Plus: Sinking Fund Values at Maturity				6,116,826
Less: Sinking Fund Contributions				(2,077,390)
				24,966,297

SUMMARY FINANCIAL STATEMENTS

BORROWINGS (continued)

4. Interest Expense

The gross interest expense associated with borrowings, recognized for 31 March 2026, amounted to \$959.2 million (31 March 2025 - \$890.2 million).

5. Foreign Exchange Gains/Losses and Premiums/Discounts and Issuance Fees

The foreign exchange gain which has been recognized on the Consolidated Statement of Operations is \$0.4 million, which represents a credit adjustment (31 March 2025 - insignificant). The net amortization expense on premiums (discounts) and issuance fees is \$21.2 million which represents a debit adjustment (31 March 2025 - \$18.2 million - debit adjustment).

6. Related Sinking Fund Investments

At year end, the Province held \$294.4 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2025 - \$338.3 million) which are reflected in the sinking fund balances disclosed in note 2 above. These were comprised of \$294.4 million (31 March 2025 - \$338.3 million) in Canadian investments.

SUMMARY FINANCIAL STATEMENTS

Schedule 7

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt
As at 31 March 2026
with comparative figures for 2025

	2026 (\$000)	2025 (\$000)
Guaranteed Debentures		
Newfoundland and Labrador Hydro	841,736	1,088,057
Newfoundland and Labrador Housing Projects - note 4	2,764	5,397
Municipalities	724	711
	<u>845,224</u>	<u>1,094,165</u>
Guaranteed Bank Loans		
Harvester Enterprise Loan Program	2,844	-
Fisheries	2,097	2,997
Small Business Loan Guarantee Pilot Program	558	558
	<u>5,499</u>	<u>3,555</u>
Total: Guaranteed Debt	<u>850,723</u>	<u>1,097,720</u>

NOTES

1. Limit of Loan Guarantees

The limit of loan guarantees for guaranteed debentures is \$845.6 million and \$11.6 million for guaranteed bank loans.

2. Provision for Guaranteed Debt

The provision for probable losses on guaranteed debt is nil (31 March 2025 - nil).

3. General Terms and Conditions

Guaranteed debentures for Newfoundland and Labrador Hydro have maturity dates ranging from August 2031 to December 2045 at interest rates varying from 3.6% to 6.65%. Other guaranteed debentures and guaranteed bank loans have maturity dates ranging from April 2026 to June 2045 at interest rates varying from 1.01% to 11.45%.

4. Loan Guarantees

The Newfoundland and Labrador Housing Corporation has provided loan guarantees pursuant to the Canada-Newfoundland Social Housing Agreement in respect of certain Canada Mortgage and Housing Corporation debt of partner managed housing operations.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Losses, Uncollectible Accounts and Other Amounts Written Off

For the year ended 31 March 2026

with comparative figures for 2025

Department	2026 (\$000)	2025 (Note 28,29) (\$000)
Finance:		
Remissions	12,345	13,629
Education and Early Childhood Development:		
Uncollectible accounts	218	2,876
Jobs, Growth and Rural Development:		
Uncollectible accounts	161	13
Justice and Public Safety:		
Uncollectible accounts	10	-
Government Services:		
Uncollectible accounts	8	44
Health and Community Services:		
Uncollectible accounts	2	6
Tourism, Culture, Arts and Recreation:		
Uncollectible accounts	1	-
Energy and Mines:		
Uncollectible accounts	-	5,628
Legislature:		
Uncollectible accounts	-	2,443
Social Supports and Well-Being:		
Uncollectible accounts	-	5,240
Fisheries and Aquaculture:		
Uncollectible accounts	-	772
Consolidated Fund Services:		
Uncollectible accounts	-	164
Environment, Conservation and Climate Change:		
Uncollectible accounts	-	1
Total: Losses, Uncollectible Accounts and Other Amounts Written Off	12,745	30,816

NOTE

Losses, Uncollectible Accounts and Other Amounts Written Off includes balances of the Consolidated Revenue Fund.

SUMMARY FINANCIAL STATEMENTS

Schedule 9

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Trust Accounts
As at 31 March 2026
with comparative figures for 2025

	2026	2025
	(\$000)	(\$000)
Office of the Public Trustee	44,180	42,025
Supreme Court of Newfoundland and Labrador	11,370	14,541
Scholarships and Awards	6,962	6,757
Teachers' Accrued Salary Trust Account	5,526	5,540
Patients' Funds Held in Trust	5,250	5,330
Consolidated Tender Account	4,459	3,592
Refund Deposit Account (formerly known as Rate Stabilization Fund)	3,323	3,189
Replacement Reserve Funds	3,182	3,182
Support Enforcement	1,415	1,477
Provincial Courts Trust Account	430	429
High Sheriff of Newfoundland	122	198
Contractors' Security Account - Transportation and Infrastructure	-	115
Other Trust Accounts	6,312	5,290
Total: Trust Accounts	<u>92,531</u>	<u>91,665</u>

NOTE

Workplace, Health, Safety and Compensation Commission

The Workplace, Health, Safety and Compensation Commission (the Commission) is considered to be a form of trust. For the most recent fiscal year ended 31 December 2025, the Commission reported a net fund surplus of \$486.5 million (31 December 2024 - net fund surplus of \$360.5 million) and an accumulated operating surplus of \$481.7 million (31 December 2024 - accumulated operating surplus of \$355.8 million). Under legislation, no liability on behalf of the Province has been established.

SUMMARY FINANCIAL STATEMENTS

Schedule 10

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Tangible Capital Assets
As at 31 March 2026
with comparative figures for 2025

Category	Original Cost				Accumulated Amortization			Net Book Value 31 March 2026 (\$mil)	Net Book Value 31 March 2025 (\$mil)
	Balance 31 March 2025 (\$mil)	Additions 2026 (\$mil)	Disposals 2026 (\$mil)	Balance 31 March 2026 (\$mil)	Balance 31 March 2025 (\$mil)	Amort. Net of Disposals 2026 (\$mil)	Balance 31 March 2026 (\$mil)		
Buildings	6,451.2	450.7	9.1	6,892.8	3,257.7	179.3	3,437.0	3,455.8	3,193.5
Marine vessels & aircraft	402.6	(3.2)	-	399.4	226.8	16.1	242.9	156.5	175.8
Equipment & machinery	2,224.5	169.9	70.8	2,323.6	1,686.8	42.0	1,728.8	594.8	537.7
Infrastructure	6,181.7	255.4	3.9	6,433.2	4,761.1	116.8	4,877.9	1,555.3	1,420.6
Computer software	269.7	7.2	0.2	276.7	243.9	9.8	253.7	23.0	25.8
Sub-total	<u>15,529.7</u>	<u>880.0</u>	<u>84.0</u>	<u>16,325.7</u>	<u>10,176.3</u>	<u>364.0</u>	<u>10,540.3</u>	<u>5,785.4</u>	<u>5,353.4</u>
Work in progress				<u>591.0</u>				<u>591.0</u>	<u>703.3</u>
Total				<u>16,916.7</u>				<u>6,376.4</u>	<u>6,056.7</u>

NOTES

1. Tangible Capital Assets

Tangible capital assets are capitalized on the Consolidated Statement of Financial Position with the cost of the assets amortized over the estimated useful life of the assets.

2. Work In Progress

Work in progress is considered to be a tangible capital asset, however it is not amortized as it is not yet available for use. The Province currently has a number of projects under construction or development with a total for 31 March 2026 of \$591.0 million (31 March 2025 - \$703.3 million) having been spent on these projects to date. Upon completion, these assets are recorded in the appropriate category in the schedule. The additions of \$880.0 million include \$617.6 million of work in progress assets that have been capitalized in the year. Net additions to work in progress assets include additions of \$512.1 million less disposals of \$6.8 million for 2025-26.

TANGIBLE CAPITAL ASSETS (continued)

3. Accumulated Amortization

The \$364.0 million change in accumulated amortization from the prior year, as reported in the Tangible Capital Asset schedule, consists of amortization expense of \$428.4 million less accumulated amortization on assets disposed of in the year in the amount of \$64.4 million.

The \$369.2 million change in accumulated amortization as at 31 March 2025 consisted of amortization expense of \$397.2 million less accumulated amortization on assets disposed of in the year in the amount of \$28.0 million.

4. Estimated Useful Life

The historic cost of the assets is estimated in many cases, and amortization is calculated on a straight line basis over the following useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings	25-40 years
Marine vessels & aircraft	
Marine vessels	20 years
Aircraft	20 years
Equipment & machinery	
Heavy machinery and equipment	20 years
Buses	12 years
Snow removal equipment	10 years
Office/other machinery and equipment	10 years
Vehicles	5 years
Computer hardware	4 years
Infrastructure	
Roads	20 years
Airstrips	20 years
Marine facility infrastructure	20 years
Other infrastructure	20 years
Land	indefinite
Bridges	40 years
Computer software	7 years

The above useful lives reflect the policies of the Consolidated Revenue Fund. Amortization reported by other organizations included in the Government reporting entity is recorded in these statements as per the amortization policies of these other organizations. These policies may differ from those identified above.

5. Historical or Cultural Assets

In accordance with current accounting standards, certain assets which have historical or cultural value belonging to the Province are not included in this schedule. Such assets consist of paintings, sculptures, historical documents, and historical and cultural artifacts.

SUMMARY FINANCIAL STATEMENTS

TANGIBLE CAPITAL ASSETS (continued)

6. Non-Purchased Intangible and Inherited Assets

Non-purchased intangible assets and items inherited by right of the Crown, such as Crown lands, forest, and mineral resources, are not recognized as tangible capital assets in accordance with current accounting standards.

7. Leased Assets

The gross amount of leased tangible capital assets is \$3.5 million (31 March 2025 - \$53.8 million), amortization expense is \$0.1 million (31 March 2025 - \$2.7 million) and accumulated amortization is \$3.1 million (31 March 2025 - \$33.2 million). These are included in the appropriate category in the schedule.

8. Expropriated Assets

In December 2008, the Province passed legislation entitled **Abitibi-Consolidated Rights and Assets Act**, to expropriate certain rights and assets from Abitibi-Consolidated. The intent of this Act was to return to the Province rights relating to timber and water use, as well as assets and land associated with the generation of electricity enabled by water use rights. As a result of the expropriation, the Province also assumed responsibility of other assets associated with the pulp and paper mill. While the Province has licensed Newfoundland and Labrador Hydro to manage and operate the hydro electricity generating assets on behalf of the Province, the intent is to transfer these assets to Newfoundland and Labrador Hydro. Newfoundland and Labrador Hydro is operating these electricity generating assets on a cost recovery basis and with revised power purchase rates now applying to these facilities. As the value of the electricity generating assets expropriated, and their ultimate use, have not been determined, any payments related to subsection 10.(2) of the Act have been recorded as tangible capital assets. \$73.6 million (net) has been recorded as the cost of the electricity generating assets for the fiscal year ended 31 March 2026 (31 March 2025 - \$88.5 million (net)) and are included in the infrastructure category. As the value of the non-electricity generating assets expropriated, and their ultimate future use have not been determined, they have been recorded as tangible capital assets at a nominal amount.

9. Public Private Partnerships

The cost of tangible capital assets includes \$1,232.3 million (31 March 2025 - \$934.2 million) related to public private partnership assets, of which \$30.2 million (31 March 2025 - \$18.2 million) has been recorded as amortization expense and accumulated amortization is \$63.2 million (31 March 2025 - \$33.0 million). These amounts are included in the buildings category. In addition, \$79.9 million (31 March 2025 - \$297.2 million) is included in work in progress related to public private partnerships.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue by Source For the year ended 31 March 2026 with comparative figures for 2025

	Actuals 2026 (\$000)	Original Budget 2026 Unaudited (Note 26) (\$000)	Actuals 2025 (Note 28) (\$000)
Provincial Sources			
Taxation			
Personal income tax	2,167,033	1,884,826	2,014,483
Sales tax	1,614,478	1,785,476	1,575,704
Corporate income tax	848,996	417,852	638,855
Gasoline tax	92,585	90,836	88,270
Mining and mineral rights tax	71,434	74,517	88,470
Cannabis tax	18,788	17,624	15,795
Other	385,269	380,701	371,682
	<u>5,198,583</u>	<u>4,651,832</u>	<u>4,793,259</u>
Investment			
Interest	151,991	86,005	152,747
Sinking fund earnings	64,148	77,712	77,433
Other	17,801	-	6,713
	<u>233,940</u>	<u>163,717</u>	<u>236,893</u>
Fees and fines			
Fees	605,018	562,107	574,499
Fines	18,054	23,554	15,804
	<u>623,072</u>	<u>585,661</u>	<u>590,303</u>
Offshore royalties	1,710,076	1,591,364	1,360,410
Miscellaneous			
Sales and rentals	50,949	114,518	47,729
Cost recoveries	33,610	54,170	30,313
Tobacco settlement	63	518,700	138,832
Other	558,891	381,358	438,922
	<u>643,513</u>	<u>1,068,746</u>	<u>655,796</u>
Total Provincial Sources	<u>8,409,184</u>	<u>8,061,320</u>	<u>7,636,661</u>
Federal Sources			
Health and social transfers	955,212	935,192	911,780
Cost-shared programs	714,065	809,158	711,775
Net profits interest	360,374	170,920	-
Equalization	113,405	113,000	218,191
Atlantic Accord (2019)	9,731	-	(10,470)
Other	64,219	105,948	55,327
Total Federal Sources	<u>2,217,006</u>	<u>2,134,218</u>	<u>1,886,603</u>
Net income of government business enterprises and partnership - see note	464,837	474,619	842,038
Total: Revenue by Source	<u>11,091,027</u>	<u>10,670,157</u>	<u>10,365,302</u>

NOTE

See Schedule 4 for a breakdown by entity.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Department
For the year ended 31 March 2026
with comparative figures 2025

	Actuals 2026 (\$000)	Original Budget 2026 Unaudited (Note 28, 29) (\$000)	Actuals 2025 (Note 28, 29) (\$000)
General Government Sector and Legislative Branch			
General Government Sector			
Consolidated Fund Services	1,110,396	1,062,034	738,818
Executive Council	284,903	420,713	261,888
Finance	61,379	213,660	426,207
Public Procurement Agency	2,286	2,772	2,685
Public Service Commission	12,650	12,474	11,901
Government Services	43,831	46,396	41,780
Transportation and Infrastructure	1,073,832	970,509	1,047,383
Labrador Affairs	17,301	18,713	16,575
Legislative Branch			
Legislature	35,133	41,671	28,820
	<u>2,641,711</u>	<u>2,788,942</u>	<u>2,576,057</u>
Resource Sector			
Environment, Conservation and Climate Change	96,455	93,442	113,431
Energy and Mines	104,756	65,842	43,499
Tourism, Culture, Arts and Recreation	103,816	88,589	108,576
Forestry, Agriculture and Lands	182,867	176,600	147,561
Jobs, Growth and Rural Development	223,692	289,970	266,850
Fisheries and Aquaculture	10,097	17,418	12,124
	<u>721,683</u>	<u>731,861</u>	<u>692,041</u>
Social Sector			
Social Supports and Well-Being	509,466	479,427	497,336
Education and Early Childhood Development	1,844,044	1,848,418	1,728,543
Health and Community Services	5,004,657	4,442,752	4,523,237
Justice and Public Safety	489,124	351,239	363,082
Newfoundland and Labrador Housing Corporation	163,494	195,601	210,478
Municipal and Community Affairs	91,543	201,428	69,211
Seniors	2,852	2,243	1,954
	<u>8,105,180</u>	<u>7,521,108</u>	<u>7,393,841</u>
Total: Expenses by Department	11,468,574	11,041,911	10,661,939

NOTE

Expenses by Department includes expenses by organizations in the Government reporting entity which report to that department.

SUMMARY FINANCIAL STATEMENTS

Schedule 13

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Expenses by Object
For the year ended 31 March 2026
with comparative figures for 2025

	Actuals 2026 (\$000)	Original Budget 2026 Unaudited (Note 26) (\$000)	Actuals 2025 (\$000)
Salaries and employee benefits - note 1	4,208,209	4,100,484	4,015,782
Grants and subsidies	2,637,416	2,698,492	2,427,838
Operating costs	1,973,143	1,900,701	1,731,869
Debt expenses	1,185,483	1,139,062	1,172,591
Professional services	841,677	742,081	685,185
Amortization and (gain)/loss on the sale of tangible capital assets	451,317	400,952	437,027
Property, furnishings and equipment - note 2	114,060	55,751	147,023
Valuation allowances (recovery)	57,269	4,388	44,624
Total: Expenses by Object	<u>11,468,574</u>	<u>11,041,911</u>	<u>10,661,939</u>

NOTES

1. Salaries and employee benefits

Salaries and employee benefits consists of the following.

	2026 (\$mil)	2025 (\$mil)
Salaries	3,703.4	3,504.0
Paid and annual leave	179.7	173.0
Retirement costs	(9.7)	42.8
Sick leave	32.0	12.9
Severance	1.2	2.5
Other benefits	301.6	280.6
	<u>4,208.2</u>	<u>4,015.8</u>

2. Property, Furnishings and Equipment

This amount includes expenses for property, furnishings and equipment that do not meet the established definition or thresholds for tangible capital assets.

SUMMARY FINANCIAL STATEMENTS

Schedule 14

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Revenue and Expense by Sector
For the year ended 31 March 2026

	General Government Sector and Legislative Branch (\$000)	Resource Sector (\$000)	Social Sector (\$000)	Total (\$000)
REVENUE				
Provincial				
Taxation	5,248,297	5,193	(8,231)	5,245,259
Investment	185,539	12,422	35,979	233,940
Fees and Fines	266,818	99,688	256,566	623,072
Offshore Royalties	38	1,710,038	-	1,710,076
Other	70,930	98,697	520,430	690,057
Federal sources	1,584,625	253,753	378,628	2,217,006
	<u>7,356,247</u>	<u>2,179,791</u>	<u>1,183,372</u>	<u>10,719,410</u>
Net income of government business enterprises and partnership	349,837	115,000	-	464,837
Total Sector Revenue - note 2	<u>7,706,084</u>	<u>2,294,791</u>	<u>1,183,372</u>	<u>11,184,247</u>
EXPENSE				
Salaries and employee benefits	258,571	143,995	3,852,319	4,254,885
Operating costs	562,938	153,141	1,257,064	1,973,143
Grants and subsidies	392,296	383,039	1,908,625	2,683,960
Debt expenses	1,145,561	1,592	38,330	1,185,483
Professional services	13,309	11,396	816,972	841,677
Amortization and (gain)/loss on sale of tangible capital assets	260,022	43,781	147,514	451,317
Property, furnishings, and equipment	8,738	2,871	102,451	114,060
Valuation allowances (recovery)	276	27,426	29,567	57,269
Total Sector Expense - note 3	<u>2,641,711</u>	<u>767,241</u>	<u>8,152,842</u>	<u>11,561,794</u>
Sector Results - before adjustments	5,064,373	1,527,550	(6,969,470)	(377,547)
Inter-Sector Eliminations	<u>46,676</u>	<u>(45,558)</u>	<u>(1,118)</u>	<u>-</u>
Annual (Deficit) Surplus	<u>5,111,049</u>	<u>1,481,992</u>	<u>(6,970,588)</u>	<u>(377,547)</u>

NOTES

1. Sectors

The sectors identified above are consistent with the presentation of the Consolidated Statement of Operations, the 2025-26 Estimates. Each sector includes the revenue and expenses of the applicable departments and the organizations in the Government reporting entity which report to their respective department. Certain amounts have been allocated on a systematic basis. Refer to Schedule 12 - Expenses by Department for a list of departments included within each sector.

2. Sector Revenue

Sector revenues include revenues generated from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total eliminations pertaining to revenues amount to \$93.2 million resulting in total revenue of \$11,091.0 million as per the Consolidated Statement of Operations.

3. Sector Expense

Sector expenses include expenses incurred from within the Government reporting entity. These inter-sector transactions are eliminated upon consolidation. Total eliminations pertaining to expenses amount to \$93.2 million resulting in total expense of \$11,468.6 million as per the Consolidated Statement of Operations.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Government Reporting Entity For the year ended 31 March 2026

GOVERNMENT ORGANIZATIONS

	Board of Commissioners of Public Utilities
	C.A. Pippy Park Commission
	Celebrate NL Inc.
D	Chicken Farmers of Newfoundland and Labrador
	College of the North Atlantic
J	Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador
	Consolidated Revenue Fund
	Credit Union Deposit Guarantee Corporation
JU	Dairy Farmers of Newfoundland and Labrador
D	Egg Farmers of Newfoundland and Labrador
	Health Research Ethics Authority
	Heritage Foundation of Newfoundland and Labrador
	Innovation and Business Investment Corporation
	Livestock Owners Compensation Board
A	Marble Mountain Development Corporation
	Memorial University of Newfoundland
	Multi-Materials Stewardship Board
	Municipal Assessment Agency Inc.
	Newfoundland and Labrador Arts Council
	Newfoundland and Labrador Crop Insurance Agency
D	Newfoundland and Labrador Education Foundation Inc.
	Newfoundland and Labrador Film Development Corporation
	Newfoundland and Labrador Health Services
	Newfoundland and Labrador Housing Corporation
	Newfoundland and Labrador Industrial Development Corporation
J	Newfoundland and Labrador International Student Education Inc.
	Newfoundland and Labrador Legal Aid Commission
	Newfoundland and Labrador Sports Centre Inc.
	Newfoundland Hardwoods Limited
D	Oil and Gas Corporation of Newfoundland and Labrador
	Provincial Advisory Council on the Status of Women - Newfoundland and Labrador
	Provincial Information and Library Resources Board
	The Rooms Corporation of Newfoundland and Labrador

SUMMARY FINANCIAL STATEMENTS

GOVERNMENT REPORTING ENTITY (continued)

GOVERNMENT BUSINESS ENTERPRISES

D	Newfoundland and Labrador Hydro
F	Newfoundland and Labrador Liquor Corporation

GOVERNMENT BUSINESS PARTNERSHIP

Atlantic Lottery Corporation Inc. (25% ownership)

LEGEND

A	This entity has a year end of 30 April.
D	These entities have a year end of 31 December.
J	These entities have a year end of 30 June.
JU	This entity has a year end of 31 July.
F	This entity has a floating year end to align with its four 13 week reporting periods. The fiscal year end of the entity will end on the first Saturday of April each year.



Province of Newfoundland and Labrador

Consolidated Revenue Fund Financial Information (Unaudited)

**For The Year Ended
31 March 2026**

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INTRODUCTION

This supplementary information is comprised of the Consolidated Revenue Fund Financial Information which presents the financial statements of the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. The Consolidated Revenue Fund, as required by the **Financial Administration Act**, is comprised of all public money over which the Legislature has power of appropriation.

These unaudited financial statements are prepared by the Comptroller General of Finance on the accrual basis of accounting in accordance with the Public Sector Accounting Standards of the Chartered Professional Accountants of Canada. The accounting policies applied in the preparation of these financial statements are consistent with those disclosed in Note 1 to the Consolidated Summary Financial Statements. Where available, Original Budget figures prepared on the accrual basis of accounting are provided on several statements for comparison purposes. As well, restatements to the comparative fiscal year as disclosed in the Consolidated Summary Financial Statements applicable to the Consolidated Revenue Fund have also been reflected in these statements.

The Consolidated Revenue Fund Financial Information for previous years is also available on the Executive Council website at: <https://www.gov.nl.ca/exec/tbs/home/publications/public-accounts/>

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CONSOLIDATED REVENUE FUND (UNAUDITED)

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Statement of Financial Position
As at 31 March 2026
with comparative figures for 2025**

		Actuals 2026 (\$000)	Actuals 2025 (\$000)
FINANCIAL ASSETS			
	Cash and temporary investments at cost	3,129,626	1,969,502
	Government of Canada - claims in process	208,332	205,261
	Inventories held for resale	263	257
	Derivative asset	24,184	6,217
Sch. A	Accounts and taxes receivable	3,255,274	3,437,413
	Less: Allowance for doubtful accounts	<u>217,364</u>	<u>171,969</u>
		3,037,910	3,265,444
Sch. B	Loans, advances and mortgages receivable	411,134	373,734
	Less: Allowance for doubtful accounts	<u>41,746</u>	<u>39,508</u>
		369,388	334,226
Sch. E	Sinking fund assets	1,688,870	1,517,000
Sch. C	Investments	5,396,141	5,293,020
	Less: Allowance for investment writedowns	<u>8,393</u>	<u>7,427</u>
		<u>5,387,748</u>	<u>5,285,593</u>
	Total Financial Assets	<u>13,846,321</u>	<u>12,583,500</u>
LIABILITIES			
Sch. D	Other liabilities	3,698,284	3,634,200
	Deferred revenue	208,985	283,228
Sch. E	Debenture and other debt	24,746,705	22,268,255
	Plus: Unamortized premiums (discounts) and issuance fees	<u>(481,321)</u>	<u>(471,174)</u>
		24,265,384	21,797,081
	Group health and life insurance retirement benefits	3,224,087	3,251,540
	Unfunded pension liability	(521,303)	(195,560)
	Plus: Promissory notes	<u>3,680,380</u>	<u>3,780,972</u>
		3,159,077	3,585,412
	Total Liabilities	<u>34,555,817</u>	<u>32,551,461</u>
	NET DEBT	<u>20,709,496</u>	<u>19,967,961</u>
NON-FINANCIAL ASSETS			
	Tangible capital assets	4,565,094	4,419,268
	Prepaid expenses	18,115	22,276
	Inventories of supplies	<u>61,330</u>	<u>58,027</u>
	Total Non-Financial Assets	<u>4,644,539</u>	<u>4,499,571</u>
	ACCUMULATED DEFICIT	<u>16,064,957</u>	<u>15,468,390</u>
	Accumulated deficit is comprised of:		
	Accumulated operating deficit	16,186,839	15,494,392
	Accumulated remeasurement gains	<u>121,882</u>	<u>26,002</u>
		<u>16,064,957</u>	<u>15,468,390</u>
Sch. F	Guaranteed Debt		

The accompanying supporting schedules form an integral part of the financial statements.

CONSOLIDATED REVENUE FUND (UNAUDITED)

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Net Debt
For the year ended 31 March 2026
with comparative figures for 2025

	Actuals 2026 (\$000)	Original Budget 2026 (\$000)	Actuals 2025 (\$000)
NET DEBT - beginning of period	19,967,961	19,967,961	18,503,656
Operating Deficit for the period	<u>(692,447)</u>	<u>(768,162)</u>	<u>(1,104,766)</u>
Changes in tangible capital assets			
Acquisition of tangible capital assets	442,106	753,408	668,597
Net book value of tangible capital asset disposals	(9,344)	-	(29,483)
Amortization of tangible capital assets	<u>(286,936)</u>	<u>(259,460)</u>	<u>(253,736)</u>
<i>Increase (Decrease) in net book value of tangible capital assets</i>	<u>145,826</u>	<u>493,948</u>	<u>385,378</u>
Changes in other non-financial assets			
Acquisition of prepaid expenses (net of usage)	(4,161)	-	(10,915)
Acquisition of inventories of supplies (net of usage)	<u>3,303</u>	<u>-</u>	<u>3,191</u>
<i>Increase (Decrease) in other non-financial assets</i>	<u>(858)</u>	<u>-</u>	<u>(7,724)</u>
<i>Increase (Decrease) in net debt excluding net remeasurement gains</i>	<u>837,415</u>	<u>1,262,110</u>	<u>1,482,420</u>
<i>Net remeasurement gains</i>			
Net remeasurement gains for the period	<u>95,880</u>	<u>-</u>	<u>18,115</u>
<i>Increase (Decrease) in net debt</i>	<u>741,535</u>	<u>1,262,110</u>	<u>1,464,305</u>
NET DEBT - end of period	<u><u>20,709,496</u></u>	<u><u>21,230,071</u></u>	<u><u>19,967,961</u></u>

The accompanying supporting schedules form an integral part of the financial statements.

CONSOLIDATED REVENUE FUND (UNAUDITED)

PROVINCE OF NEWFOUNDLAND AND LABRADOR

**Statement of Operations
For the year ended 31 March 2026
with comparative figures for 2025**

	Actuals 2026 (\$000)	Original Budget 2026 (\$000)	Actuals 2025 (\$000)
REVENUE			
Provincial			
Tax Revenue			
Sales	1,614,478	1,785,476	1,575,704
Personal income	2,167,033	1,884,826	2,014,483
Gasoline	92,585	90,836	88,270
Corporate income	848,996	417,852	638,855
Mining and mineral rights	71,434	74,517	88,470
Cannabis tax	18,788	17,624	15,795
Other	432,207	380,701	413,522
Non-Tax Revenue			
Offshore royalties	1,710,076	1,591,364	1,360,410
Investment	375,133	474,619	395,678
Fees and fines	330,329	307,154	299,386
Tobacco settlement (Schedule A)	63	518,700	138,832
Other	68,369	-	70,458
Provincial related revenue	398,037	406,423	315,562
Federal			
Equalization	113,405	113,000	218,191
Atlantic Accord (2019)	9,731	-	(10,470)
Net profits interest	360,374	170,920	-
Health and social transfers	955,212	935,192	911,780
Other	5,255	9,711	8,357
Federal related revenue	655,104	784,441	651,710
Total Revenue	10,226,609	9,963,356	9,194,993
EXPENSE			
Salaries and employee benefits	1,337,338	1,574,533	1,289,026
Transportation and communications	51,210	54,653	44,914
Supplies	228,822	179,787	179,273
Professional services	792,389	576,086	641,165
Purchased services	537,820	545,539	472,295
Property, furnishings and equipment	20,263	10,282	45,488
Allowances and assistance	1,019,059	734,218	913,878
Grants and subsidies	5,440,936	5,672,319	5,268,068
Debt expenses	1,145,766	1,124,641	1,122,932
Amortization and (gain)/loss on the sale of tangible capital assets	294,976	259,460	283,330
Valuation allowances (recovery)	50,477	-	39,390
Total Expense	10,919,056	10,731,518	10,299,759
ANNUAL OPERATING DEFICIT	(692,447)	(768,162)	(1,104,766)

The accompanying supporting schedules form an integral part of the financial statements.

Certain amounts of the 31 March 2025 financial statement figures and related schedules have been restated.

CONSOLIDATED REVENUE FUND (UNAUDITED)

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Change in Accumulated Deficit

For the year ended 31 March 2026

with comparative figures for 2025

	Actuals 2026 (\$000)	Original Budget 2026 (\$000)	Actuals 2025 (\$000)
ACCUMULATED OPERATING DEFICIT - beginning of period	15,494,392		14,389,626
Operating Deficit for the period	<u>(692,447)</u>	<u>(768,162)</u>	<u>(1,104,766)</u>
ACCUMULATED OPERATING DEFICIT – end of period	16,186,839		15,494,392
ACCUMULATED REMEASUREMENT GAINS - end of period	<u>121,882</u>	<u>-</u>	<u>26,002</u>
ACCUMULATED DEFICIT - end of period	<u><u>16,064,957</u></u>		<u><u>15,468,390</u></u>

The accompanying supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Remeasurement Gains and Losses For the year ended 31 March 2026 with comparative figures for 2025

	Actuals 2026 (\$000)	Actuals 2025 (\$000)
ACCUMULATED REMEASUREMENT GAINS - beginning of period	26,002	7,887
UNREALIZED GAINS (LOSSES) ATTRIBUTABLE TO:		
Foreign exchange	(12,408)	(5,750)
Derivatives	17,967	6,217
Portfolio investments	90,238	17,648
AMOUNTS RECLASSIFIED TO THE STATEMENT OF OPERATIONS:		
Portfolio investments	83	-
Net remeasurement gains for the period	<u>95,880</u>	<u>18,115</u>
ACCUMULATED REMEASUREMENT GAINS – end of period	<u><u>121,882</u></u>	<u><u>26,002</u></u>
Accumulated remeasurement gains is comprised of:		
Foreign exchange	(18,158)	(5,750)
Derivatives	24,184	6,217
Portfolio investments	<u>115,856</u>	<u>25,535</u>
Total accumulated remeasurement gains	<u><u>121,882</u></u>	<u><u>26,002</u></u>

The accompanying supporting schedules form an integral part of the financial statements.

CONSOLIDATED REVENUE FUND (UNAUDITED)

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Statement of Cash Flows
For the year ended 31 March 2026
with comparative figures for 2025

	Actuals 2026 (\$000)	Actuals 2025 (\$000)
Funds provided from (applied to):		
OPERATIONS		
Annual operating deficit	(692,447)	(1,104,766)
Add (Deduct) non-cash items:		
Accounts payable	(41,813)	(8,355)
Accounts receivable	182,139	(11,220)
Amortization of (premiums)/discounts and issuance fees	21,151	18,241
Amortization of tangible capital assets	286,936	253,736
April writebacks	116,526	306,259
Deferred revenue	(74,243)	21,248
Other	(34,818)	(81,462)
Retirement costs	(353,196)	(236,081)
Sinking funds	(62,922)	(76,069)
Special purpose funds/contractors' holdback funds	10,841	7,635
Valuation allowances	50,477	39,390
Net cash provided from (applied to) operating transactions	<u>(591,369)</u>	<u>(871,444)</u>
CAPITAL		
Acquisitions	(442,106)	(668,597)
Disposals	1,303	(111)
Net cash provided from (applied to) capital transactions	<u>(440,803)</u>	<u>(668,708)</u>
FINANCING		
Debt issued	3,798,865	2,799,133
Debt retirement	(1,333,332)	(57,499)
Retirement of promissory notes	(100,592)	(94,899)
Sinking fund contributions	(164,549)	(110,051)
Sinking fund proceeds	130,318	-
Treasury bills purchased	5,468,123	7,390,427
Treasury bills redeemed	(5,466,387)	(7,384,169)
Net cash provided from (applied to) financing transactions	<u>2,332,446</u>	<u>2,542,942</u>
INVESTING		
Loan advances and investments	(171,049)	(166,736)
Loan repayments	30,899	41,996
Net cash provided from (applied to) investing transactions	<u>(140,150)</u>	<u>(124,740)</u>
Net cash provided (applied)	1,160,124	878,050
Cash and temporary investments - beginning of period	<u>1,969,502</u>	<u>1,091,452</u>
CASH AND TEMPORARY INVESTMENTS - end of period	<u><u>3,129,626</u></u>	<u><u>1,969,502</u></u>

The accompanying supporting schedules form an integral part of the financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Accounts and Taxes Receivable As at 31 March 2026 with comparative figures for 2025

	2026	2025
	(\$000)	(\$000)
Accounts Receivable:		
Due from Government of Canada - note 1	2,059,565	2,269,813
Offshore royalties	414,829	269,206
Income support overpayments	144,211	123,713
Court fines	60,697	58,307
Newfoundland Labrador Liquor Corporation	47,308	59,673
Miscellaneous/other receivables	31,354	28,116
Fees and licences	29,539	20,571
Due from Newfoundland and Labrador Hydro	24,330	25,111
Innovation and Business Development Fund	12,000	18,000
Accident recovery claims	11,629	7,614
Newfoundland and Labrador Prescription Drug Program rebate	8,353	19,021
Medical care plan audit recoveries	6,838	2,674
Rent and other royalties/permits to occupy	6,566	6,449
Funds held in trust	5,000	5,000
Accrued interest	3,332	3,322
Reciprocal billings - medical services	3,097	3,960
Due from municipalities	3,081	2,491
Workplace NL	1,502	2,756
Atlantic Lottery Corporation Incorporated	1,396	1,178
Land expropriations	1,180	1,370
Amounts due as a result of Constituency Allowance review	345	346
Province of Newfoundland and Labrador Pooled Pension Fund	233	195
Travel advances	22	17
Tobacco settlement - note 2	-	138,832
Total: Accounts Receivable	2,876,407	3,067,735
Taxes Receivable:		
Personal income tax	211,400	124,732
Sales tax	35,698	32,470
Corporate income tax	32,542	99,912
Mining and mineral rights tax	32,490	51,854
Health and post secondary education tax	14,833	15,960
Gasoline tax	12,846	12,100
Insurance companies tax	11,054	11,211
Cannabis tax	8,427	6,836
Forest management tax	8,358	3,359
Tobacco tax	5,015	4,099
Miscellaneous/other taxes	2,281	3,219
School tax	1,975	1,981
Carbon tax	1,948	1,945
Total: Taxes Receivable	378,867	369,678
Total: Accounts and Taxes Receivable	3,255,274	3,437,413

CONSOLIDATED REVENUE FUND (UNAUDITED)**ACCOUNTS AND TAXES RECEIVABLE (continued)****NOTES**

1. Due from Government of Canada includes a receivable of \$2.1 billion for 31 March 2026 (31 March 2025 - \$2.3 billion) related to the Atlantic Accord (2019).

2. On March 6, 2025, the Ontario Superior Court of Justice approved a \$32.5 billion settlement agreement under Canada's **Companies' Creditors Arrangement Act** (CCAA) arising from litigation against three major tobacco companies over healthcare-related costs. On August 29, 2025, the Courts certified the implementation of the CCAA plan, and the upfront settlement payments commenced.

Under the terms of the settlement, \$24.7 billion is payable to the Provinces and Territories of Canada. The Province's share is 2.1471%, or approximately \$531.0 million, consisting of an upfront payment of \$138.8 million and the balance payable annually over the settlement period. The annual payments are based on a percentage of the tobacco companies' annual net after-tax income from Canadian combustible tobacco operations, commencing at 85% for the first five years. This will decrease in increments of 5% every five years thereafter, declining to 70% in year 16, and continuing until the total remaining proceeds are paid.

The Province recognized \$138.8 million as revenue and receivable in the 2024-25 fiscal year, representing the upfront settlement payment. This amount was received in the 2025-26 fiscal year.

The remaining balance of the settlement has not been recognized because of the uncertainty related to the future annual payments. Subsequent revenue will be recognized in future years once there is further certainty of the amounts.

3. The allowance for doubtful accounts for 31 March 2026 is \$217.4 million (31 March 2025 - \$172.0 million).

4. Certain amounts of the 31 March 2025 financial statement figures and related schedules have been restated.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Loans, Advances and Mortgages Receivable

As at 31 March 2026

with comparative figures for 2025

	2026	2025
	(\$000)	(\$000)
Crown Agencies - note 4:		
Memorial University of Newfoundland	166,569	167,957
Newfoundland and Labrador Film Development Corporation	6,819	6,819
Total: Crown Agencies	173,388	174,776
Commercial Loans:		
Braya Renewable Fuels LP	25,000	-
Canada Fluorspar (NL) Inc.	18,044	18,044
Corner Brook Pulp and Paper Limited	134,282	128,825
Cottle's Island Lumber Company Limited	531	500
Holson Forest Products Ltd.	7,319	7,319
IC Spa Products Inc.	183	183
Newfoundland and Labrador Dairy Cooperative	10,941	10,000
Newfoundland and Labrador Mobile Shelters Limited	416	328
NordSpace Corp.	2,000	-
Other Ocean Group Inc.	21	84
Phocalux International Inc.	919	902
Total: Commercial Loans	199,656	166,185
Other Loans:		
Municipalities	1,023	1,096
Student loans	62,642	57,696
Total: Other Loans	63,665	58,792
Sub-Total: Loans, Advances and Mortgages Receivable	436,709	399,753
Less: Discounts due to concessionary terms - note 5	(18,897)	(20,855)
Provision for loan repayments through future appropriations	(6,678)	(5,164)
Total: Loans, Advances and Mortgages Receivable	411,134	373,734

CONSOLIDATED REVENUE FUND (UNAUDITED)

LOANS, ADVANCES AND MORTGAGES RECEIVABLE (continued)

NOTES

1. Interest Rates and Loan Terms

Interest rates on loans range from non-interest bearing to 5.8% and are repayable over terms not exceeding 33 years.

2. Allowance for Doubtful Accounts

The allowance for doubtful accounts for 31 March 2026 is \$41.7 million (31 March 2025 - \$39.5 million).

3. Security

Security exists for certain loans that can be accessed in the event of default.

4. Loan Receivable

The Province reopened general debenture 7C and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General debenture 7I was reopened and issued \$300.0 million on 13 April 2021, on behalf of Newfoundland and Labrador Hydro. General debenture 7P was reopened and issued \$300.0 million on 28 November 2025, on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest revenue earned during the year on this loan totaling \$33.7 million is netted against the offsetting interest expense on the debenture debt.

5. Discounts Due to Concessionary Terms on Loans

The discounts due to concessionary terms on loans are the portion of the receivable that represents the difference between the face value and the present value of the loan. The loans are reported at their present value due to the concessionary terms in the loan agreement.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Investments As at 31 March 2026 with comparative figures for 2025

		Balance 31 March 2026		2025
Description of Investment	Net Additions (Disposals)	No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
Preferred Shares:				
Atlantic Ocean Farms Limited - Class A, redeemable	-	289,655	290	290
Blue Line Innovations Inc. - Class B	-	5,000	500	500
Burton's Cove Logging and Lumber	-	4	166	166
Cold Ocean Salmon Inc. - Class A	-	10,000,000	10,000	10,000
Country Ribbon Inc.	-	4,500	4,500	4,500
Gray Aqua Group Ltd. - Class A	-	4,826,836	4,827	4,827
Newfoundland Aqua Services Ltd. - redeemable	-	1,124,395	1,124	1,124
Total: Preferred Shares Investments	-		21,407	21,407
Common Shares:				
Administered by Future Fund	24,950	1,167,604	94,587	69,637
Celebrate NL Inc.	-	500	-	-
Clear Risk Inc.	-	168,675	420	420
First Choice Vision Centre Limited - Class B	(25)	1,788	179	204
Hurley Slate Works Company Inc. - Class B	-	400	400	400
Marble Mountain Development Corporation	-	500	-	-
NavSim Technologies	-	5,000	500	500
Newfoundland and Labrador Film Development Corporation	-	600	-	-
Newfoundland and Labrador Hydro	-	122,500,018	110,187	110,187
Newfoundland Hardwoods Limited	-	253	25	25
Northern Radar Inc. - Class C	-	3,749	375	375
Rooms Corporation of Newfoundland and Labrador Inc.	-	500	-	-
Trans Ocean Gas Inc.	-	18,000	90	90
Virtual Marine Technology Inc.	-	305,921	991	991
Total: Common Shares Investments	24,925		207,754	182,829

CONSOLIDATED REVENUE FUND (UNAUDITED)

INVESTMENTS (continued)

			Balance 31 March 2026	2025
Description of Investment	Net Additions (Disposals)	No. of Shares	Cost	Cost
	(\$000)		(\$000)	(\$000)
Non-Share Equity:				
Administered by Future Fund	72,955	-	339,920	266,965
Newfoundland and Labrador Hydro	-	-	4,738,898	4,738,898
Newfoundland and Labrador Housing Corporation	-	-	62,852	62,852
Newfoundland and Labrador Venture Capital Fund	(3,715)	-	5,820	9,535
Atlantic Canada Regional Venture Fund LP	(820)	-	2,400	3,220
Sandpiper Ventures Fund LP	29	-	663	634
Atlantic Canada Regional Venture Fund II LP	10,320	-	10,320	-
Sandpiper Ventures Fund II LP	506	-	898	392
Pelorus Venture Capital General	(1,079)	-	5,209	6,288
Total: Non-Share Equity Investments	78,196	-	5,166,980	5,088,784
Sub-Total: Investments	103,121		5,396,141	5,293,020
Less: Discounts due to concessionary terms - note 2	-		-	-
Total: Investments	103,121		5,396,141	5,293,020

NOTES

1. Allowance for Investment Write-downs

The allowance for investment write-downs for 31 March 2026 is \$8.4 million (31 March 2025 - \$7.4 million).

2. Discounts Due to Concessionary Terms on Investments

The discounts due to concessionary terms on investments are the portion of the investments that represents the difference between the cost and the present value of the investment. The investments are reported at their present value due to the concessionary terms in the investment agreements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Other Liabilities As at 31 March 2026 with comparative figures for 2025

	2026 (\$000)	2025 (\$000)
Due to Government of Canada - note 1	994,782	1,018,029
Public private partnerships - note 2	521,415	551,734
Accounts payable write-backs	390,509	295,453
Accrued interest	335,899	307,044
Asset retirement obligation	319,513	320,028
Accrued salaries and employee benefits - note 3	279,346	270,786
Taxes payable - note 4	278,997	356,514
Contaminated sites	263,871	264,605
Accounts payable - other - note 5	95,528	56,271
Self-insured workers' compensation benefits - note 6	70,819	60,862
Special purpose funds - note 7	55,461	49,923
Contractors' holdbacks	33,998	28,695
Physician services	23,470	19,041
Offshore royalties	21,789	18,983
Reciprocal billing-hospital services payable	12,315	11,679
Capital leases - note 8	572	4,553
Total: Other Liabilities	<u>3,698,284</u>	<u>3,634,200</u>

NOTES

1. Due to Government of Canada

This amount is comprised of \$800.0 million for the Atlantic Accord (2019) (31 March 2025 - \$800.0 million), \$166.7 million for an Equalization loan (31 March 2025 - \$193.3 million), \$28.0 million for a RCMP policing service contract (31 March 2025 - \$23.5 million) and \$0.1 million for other Federal programs (31 March 2025 - \$1.2 million).

2. Public Private Partnerships

Interest rates for public private partnerships range from 3.27% to 3.85% and have repayment schedules with durations of 24 to 29 years.

3. Accrued Salaries and Employee Benefits

Accrued salaries and employee benefits consists of \$4.7 million for severance (31 March 2025 - \$5.2 million), \$74.4 million for paid/annual leave (31 March 2025 - \$73.4 million), \$93.3 million for salaries (31 March 2025 - \$83.7 million), \$100.0 million for sick leave (31 March 2025 - \$102.5 million), and \$6.9 million for other benefits (31 March 2025 - \$6.0 million).

CONSOLIDATED REVENUE FUND (UNAUDITED)

OTHER LIABILITIES (continued)

4. **Taxes Payable**

Taxes payable is comprised of \$239.8 million for corporate income tax (31 March 2025 - \$298.8 million), \$23.8 million for HST (31 March 2025 - \$38.0 million) and \$15.4 million for other taxes (31 March 2025 - \$19.7 million).

5. **Accounts Payable - Other**

Accounts payable - other includes a payable of nil for 31 March 2026 (31 March 2025 - \$34.7 million) related to tobacco settlement legal fees. Legal fees related to the tobacco settlement total \$132.7 million and represent 25% of the gross settlement proceeds.

At 31 March 2025, \$34.7 million was included in accounts payable – other, and recognized as professional services expense, representing 25% of the upfront settlement payment of \$138.8 million. During fiscal year 2025-26, the legal fees were paid in full, and the remaining legal fees balance of \$98.0 million was recognized as professional services expense.

Accounts payable - other also includes a payable of \$65.7 million (31 March 2025 - nil) related to the new Adult Corrections Facility. The payable represents construction costs incurred prior to 31 March 2026, and was settled after year-end in accordance with normal payment terms.

6. **Self-Insured Workers' Compensation Benefits**

The amount of \$70.8 million relates to the self-insured workers' compensation benefits liability as at 31 March 2026 (31 March 2025 - \$60.9 million). During the 2025-26 fiscal year, an actuarial valuation as of 31 December 2025, with disclosures as at 31 March 2026, was obtained for the Province's self-insured workers' compensation benefits.

7. **Special Purpose Funds**

Included in this schedule are funds totalling \$55.5 million (31 March 2025 - \$49.9 million) considered to be special purpose funds whereby payments are made specifically for these purposes. Pursuant to Section 22(a) of the **Financial Administration Act**, appropriations are not required for these payments.

8. **Capital Leases**

Interest rates for all capital leases range from 2.28% to 7.00% and have repayment schedules ranging from 3 months to 4 years.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Debenture and Other Debt
As at 31 March 2026
with comparative figures for 2025

Series	Date of Issue	Date of Maturity	Interest Rate %	Amount in Foreign Currency	Sinking Fund Balance	Amount Issued or Outstanding		Notes
						2026	2025	
				(000)	(\$000)	(\$000)	(\$000)	
General Debentures:								
E001	04 Oct. 2024	04 Dec. 2034	3.07	(€50,000)	2,493	80,360	77,700	1(a,f)
E002	19 Dec. 2024	19 Dec. 2033	0.80	(F100,000)	2,550	174,080	162,650	1(a,f)
E003	06 Mar. 2026	06 Mar. 2046	1.38	(F110,000)	-	191,488	-	1(a,f)
E004	18 Feb. 2026	18 Feb. 2056	4.00	(€65,000)	-	104,468	-	1(a,f)
6B	07 Jul. 1995	07 Jul. 2025	9.15		-	-	100,000	1(a)
6C	05 Feb. 1996	05 Feb. 2026	8.45		-	-	150,000	1(a)
6F	17 Apr. 1998	17 Apr. 2028	6.15		273,717	450,000	450,000	1(a)
6H	27 Jul. 1999	17 Oct. 2029	6.50		122,738	200,000	200,000	1(a)
6K	30 Jun. 2000	17 Oct. 2030	6.55		255,314	450,000	450,000	1(a)
6R	12 Jun. 2003	17 Oct. 2033	5.60		149,157	300,000	300,000	1(a)
6T	21 Sep. 2004	17 Oct. 2035	5.70		137,835	300,000	300,000	1(a)
6U	28 Nov. 2006	17 Apr. 2037	4.50		168,381	350,000	350,000	1(a)
6V	15 May 2007	17 Oct. 2040	4.65		280,733	650,000	650,000	1(a)
6Q	16 Aug. 2002	17 Oct. 2042	6.24		53,806	250,000	250,000	1(a)
6W	18 Mar. 2015	02 Jun. 2025	2.30		-	-	1,050,000	1(a)
6X	24 Jul. 2015	17 Oct. 2046	3.30		-	2,050,000	2,050,000	1(a)
6Z	18 Mar. 2016	02 Jun. 2026	3.00		-	1,000,000	1,000,000	1(a)
7C	07 Dec. 2016	17 Oct. 2048	3.70		-	750,000	750,000	1(b)
7D	24 Nov. 2017	02 Jun. 2028	2.85		-	1,250,000	1,250,000	1(a)
7G	04 Mar. 2019	02 Jun. 2029	2.85		-	1,000,000	1,000,000	1(a)
7H	12 Sep. 2019	17 Oct. 2050	2.65		-	1,900,000	1,900,000	1(a)
7I	18 Aug. 2020	02 Jun. 2030	1.75		-	700,000	700,000	1(b)
7J	09 Dec. 2020	02 Jun. 2027	1.25		-	500,000	500,000	1(a)
7K	21 Sep. 2021	02 Jun. 2031	2.05		-	900,000	900,000	1(a)
7L	19 Oct. 2021	02 Dec. 2052	3.15		-	750,000	750,000	1(a)
7M	08 Nov. 2022	17 Oct. 2027	3.85		62,416	1,400,000	1,400,000	1(a)
7N	19 Dec. 2022	17 Oct. 2054	4.10		53,805	1,500,000	1,500,000	1(a)
7O	09 Jun. 2023	02 Jun. 2033	4.15		40,292	900,000	900,000	1(a)
7P	05 Jul. 2024	17 Oct. 2055	4.60		22,412	900,000	900,000	1(b)
7Q	02 Oct. 2024	02 Dec. 2034	3.85		23,089	1,065,000	1,065,000	1(a)
7R	21 May 2025	02 Jun. 2030	3.15		13,892	900,000	-	1(a)
7S	05 Jun. 2025	02 Jun. 2035	4.00		26,240	1,700,000	-	1(a)
7T	02 Dec. 2025	02 Jun. 2032	3.25		-	900,000	-	1(a)
Total: General Debentures					1,688,870	23,565,396	21,055,350	
Other:								
Treasury bill borrowings					-	1,163,455	1,161,719	1(c)
Total: Other					-	1,163,455	1,161,719	

CONSOLIDATED REVENUE FUND (UNAUDITED)

DEBENTURE AND OTHER DEBT (continued)

Series	Date of Issue	Date of Maturity	Interest Rate %	Sinking Fund Balance	Amount Issued or Outstanding	
					2026	2025
				(\$000)	(\$000)	(\$000)
Government of Canada and Other:						
Canada Pension Plan Investment Fund						
Debentures - note 1(d)						
3A-357 to 3A-01 Apr. 2005 to 03 01 Apr. 2025 to			4.91 to			
359 Jun. 2005 03 Jun. 2025			5.34	-	-	23,987
Total: Canada Pension Plan Investment				-	-	23,987
Fund Debentures				-	-	23,987
Sun Life Assurance Company of Canada - see note 1(e)				-	14,494	19,067
NLSchools				1.89 to		
				5.75	-	8,132
Total: Other				-	17,854	27,199
Total: Government of Canada and Other				-	17,854	51,186
Total: Debenture and Other Debt				1,688,870	24,746,705	22,268,255
Current portion of Debenture and Other Debt					2,168,749	2,490,280
Long-term portion of Debenture and Other Debt					22,577,956	19,777,975
					24,746,705	22,268,255

CONSOLIDATED REVENUE FUND (UNAUDITED)

DEBENTURE AND OTHER DEBT (continued)

NOTES

1. Details of Debt Issues

- a) Non-callable.
- b) Non-callable. General debenture 7C was reopened and issued \$300.0 million on 20 December 2017 and an additional \$300.0 million on 20 March 2018, both on behalf of Newfoundland and Labrador Hydro. General debenture 7I was reopened and issued \$300.0 million on 13 April 2021, on behalf of Newfoundland and Labrador Hydro. General debenture 7P was reopened and issued \$300.0 million on 28 November 2025, on behalf of Newfoundland and Labrador Hydro. In accordance with public sector accounting standards, the loan receivable from Newfoundland and Labrador Hydro and the offsetting debenture debt are netted for presentation purposes. In addition, the interest expense on the debenture debt totaling \$33.7 million is netted against the offsetting interest revenue on the loan receivable.
- c) This amount represents the net proceeds from the sale of \$1.163 billion discounted treasury bills with maturity dates ranging from 2 April 2026 to 25 June 2026 and interest rates ranging from 2.215% to 2.390%.
- d) Callable at par at the option of the Minister of Finance of Canada upon six months' prior written notice, subject to the requirements of the Canada Pension Plan. Commencing March 1999, the Province has an option, pursuant to amendments of the Canada Pension Plan enacted by the **Canada Pension Plan Investment Board Act**, to refinance for a final twenty year term maturing Canada Pension Plan borrowings, provided sufficient monies are available in the Canada Pension Plan Investment Fund. The Province has exercised an option to refinance its maturing Canada Pension Plan debt and to date has rolled over, for a further 20 year term, all funds made available by the Canada Pension Plan Investment Fund from March 1999 to June 2005. Commencing July 2005, Canada Pension Plan borrowings have not been rolled over and have been allowed to mature. The final debenture series of the Canada Pension Plan Investment Fund matured on 3 June 2025.
- e) Sun Life Assurance Company of Canada represents the secured creditors of the Exploits River Hydro Partnership per Section 10.(2) of the **Abitibi Consolidated Rights and Assets Act**. The secured creditors of the Exploits River Hydro Partnership include Industrial Alliance Life Insurance, Manufacturers Life Insurance Company of Canada and Sun Life Assurance Company of Canada. This loan is repayable in blended quarterly installments of principal and interest, at an interest rate of 7.552%, maturing 31 December 2028.
- f) The Province has issued foreign currency debentures denominated in Euros and Swiss Francs, and manages the related exposure using cross-currency swap arrangements that effectively convert the debt service requirements to Canadian dollars. The foreign currency debentures have contractual terms ranging from 8 to 30 years. Across these series, the stated fixed foreign-currency coupon rates range from 0.80% to 4.00%. The stated fixed rates on the Canadian dollar-equivalent legs described in the associated hedging arrangements range from 3.918% to 4.690%.

CONSOLIDATED REVENUE FUND (UNAUDITED)

DEBENTURE AND OTHER DEBT (continued)

2. Sinking Fund Balance

The value of the sinking funds as recorded in the Newfoundland and Labrador Government Sinking Fund financial statements is reflected in these financial statements.

The Sinking Fund Assets consist of:

	31 March 2026 (\$mil)	31 March 2025 (\$mil)
Investments	1,427.8	1,188.9
Amortization of bond discount	45.4	143.9
Investments	1,473.2	1,332.8
Cash and receivables less accounts payable	215.7	184.2
Net Sinking Fund Assets - translated at 31 March	<u>1,688.9</u>	<u>1,517.0</u>

The net sinking fund assets balance of \$1,688.9 million Canadian dollars as at 31 March 2026 includes \$116.2 million U.S. dollar assets translated to \$162.0 million Canadian dollars in accordance with current practice.

The net sinking fund assets balance of \$1,517.0 million Canadian dollars as at 31 March 2025 includes \$92.6 million U.S. dollar assets translated to \$133.1 million Canadian dollars in accordance with current practice.

CONSOLIDATED REVENUE FUND (UNAUDITED)**DEBENTURE AND OTHER DEBT (continued)****3. Borrowings**

Borrowings by major currency, sinking funds and unamortized premiums (discounts) and issuance fees as at 31 March 2026 are noted below.

Major Currencies	Foreign Borrowings (000)	Exchange Rate	Canadian (\$000)	Unamortized Premiums/ (Discounts) and Issuance Fees (\$000)	Net (\$000)
Euros	€115,000	1.6072	184,828	-	184,828
Swiss Francs	₣210,000	1.7408	365,568	-	365,568
Canadian			24,196,309	-	24,196,309
	Sub-total		24,746,705	-	24,746,705
	Foreign sinking funds		(161,981)	-	(161,981)
	Canadian sinking funds		(1,526,889)	-	(1,526,889)
	Sub-total		23,057,835	-	23,057,835
	Unamortized premiums (discounts) and issuance fees			(481,321)	(481,321)
	Total			(481,321)	22,576,514

4. Contributions and Repayment Requirements

Sinking fund contributions and long term debt repayments, by major currency, in Canadian dollars are as follows. The total contributions and repayment requirements differ from the total debt outstanding due to reconciling items such as treasury bills, foreign exchange adjustments between 31 March 2026 and the maturity dates, and projected adjustments for sinking fund values at maturity.

	Euros (\$000)	Swiss Francs (\$000)	Canadian (\$000)	Total (\$000)
2026-2027	2,701	5,294	2,343,286	2,351,281
2027-2028	2,701	5,294	1,972,448	1,980,443
2028-2029	2,701	5,294	1,541,120	1,549,115
2029-2030	2,701	5,294	1,193,356	1,201,351
2030-2031	2,701	5,294	1,759,781	1,767,776
2031-2056	106,123	290,827	11,495,951	11,892,901
	<u>119,628</u>	<u>317,297</u>	<u>20,305,942</u>	<u>20,742,867</u>
Plus: Sinking Fund Values at Maturity				6,070,015
Less: Sinking Fund Contributions				(2,066,177)
				<u>24,746,705</u>

No foreign exchange gain or loss has been recognized on the Statement of Operations as at 31 March 2026.

CONSOLIDATED REVENUE FUND (UNAUDITED)

DEBENTURE AND OTHER DEBT (continued)

5. Interest Expense

The gross interest expense associated with debenture and other debt, recognized for 31 March 2026, amounted to \$919.2 million (31 March 2025 - \$846.4 million).

6. Related Sinking Fund Investments

At year end, the Province held \$294.4 million worth of its own debentures (face value) in sinking funds as active investments (31 March 2025 - \$338.3 million) which are reflected in the sinking fund balances disclosed in note 3 above. These were comprised of \$294.4 million in Canadian investments.

7. Risk Disclosure

The Province is exposed to risks related to its financial instruments. These include credit risk, liquidity risk, and market risk (including foreign exchange risk, interest rate risk, and other price risk). The Province has risk management strategies in place to mitigate these risks. There was no significant change in the Government's exposure to these risks or its processes for managing these risks from the prior year.

A derivative is a financial instrument or contract in which the value is derived from the underlying asset, commodity or index. Government uses derivatives in order to minimize the risks associated with foreign exchange transactions and interest rate changes. Derivatives are not used for speculative purposes. Because of this, Government does not terminate derivative contracts before maturity and realize gains or losses on early contract termination.

Credit Risk

Credit risk is the risk of financial loss caused by one party to another party by failing to meet contractual obligations. This risk arises most frequently in relation to cash and temporary investments, derivative financial instruments, receivables, and loans, investments, and advances held by the Province. This risk is mitigated by the fact that a significant portion of amounts receivable are associated with the Government of Canada; therefore, collection of these amounts is reasonably assured. Other receivables held by the Province are associated with services provided to a large and diversified cross-section of residents, customers, and other entities. This diversification minimizes the concentration of credit risk exposure associated with any particular individual, company, or other entity.

Credit risk is measured through monitoring and evaluation of receivables and loans, investments, and advances balances. If the evaluations indicate the other party may be unable to meet their obligations, the Province will recognize an allowance for doubtful accounts. Such allowances are disclosed in Schedule A, Schedule B and Schedule C of the financial statements. Receivables and advances, taxes receivable, loans receivable, and investments include amounts that are past due but not considered to be impaired. Security also exists for certain commercial loans issued that can be accessed in the event of default, further minimizing risk. Credit risk exposure in relation to investments held by the Province is limited by monitoring and investing in securities with high credit quality based on established investment policies, and utilizing approved brokers for investment transactions. The carrying value of the financial assets subject to this risk represents the maximum credit exposure at year end.

For derivative financial instruments, credit risk is managed by Government through executing derivative contracts only with Canadian Schedule I banks. At March 31, 2026, all outstanding derivative contracts were with Canadian Schedule I bank counterparties.

Liquidity Risk

Liquidity risk is the risk that a party cannot meet its short-term debt obligations. Exposure to liquidity risk is managed by distributing debt maturities over a range of years and terms, maintaining sinking funds for the repayment of certain long-term debt issues, and, based on cash flow monitoring and forecasting, holding adequate cash reserves or short-term borrowings as contingent sources of liquidity. A maturity analysis of borrowings is disclosed in Schedule E, note 4 of the financial statements. Accounts payable are short term in nature, with payment generally due within 30 days after receipt of goods and services and the related invoice.

CONSOLIDATED REVENUE FUND (UNAUDITED)

DEBENTURE AND OTHER DEBT (continued)

Market Risk

Market risks arise with the fluctuation of market prices that are associated with the fair value or future cash flows of a financial instrument. Market risk is comprised of foreign exchange rate risk, interest rate risk and other price risk.

Foreign Exchange Risk

Foreign exchange rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in foreign exchange rates on foreign currency denominated assets held by the Province. The Province is primarily exposed to foreign exchange risk on its general debt. For debt issued in foreign currencies, the Province effectively converts this debt into Canadian dollar debt through the use of cross-currency basis swaps. At March 31, 2026, the Province held four series of debt issued in foreign currency. These contracts have been hedged for risk through the use of cross-currency basis swaps with counterparties to effectively convert the debt into Canadian dollars. At March 31, 2026, all of the Province's gross debt in foreign currencies is effectively denominated in Canadian dollars.

These hedges involve Swiss Francs and Euros being converted into Canadian dollars. The terms of these contracts range from 8 to 30 years, with interest rates ranging from 3.918% to 4.690% semi-annually. The notional amount of these loans is \$533.0 million (2025 - \$234.2 million).

Interest Rate Risk

Interest rate risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market interest rates. The Province manages this risk by setting asset mix guidelines and monitoring assets to limit (1) the total proportion of funds invested in fixed income instruments that are subject to interest rate risk, and (2) the extent to which fixed income assets need to be sold prior to maturity to meet ongoing obligations, which could potentially trigger a capital loss to the Province. At March 31, 2026, \$44.7 million (2025 - \$47.7 million) of the sinking fund assets and \$76.8 million (2025 - \$66.8 million) of the future fund assets were held in floating rate investments. The Province's outstanding debt is structured such that a high degree of its debt is long-term with fixed interest rates and fixed repayment terms with limited exposure to floating rate debt obligations. When appropriate and the option is available, debt with high interest rates has been called and refinanced with new lower interest rate debt. Otherwise, debt is generally held until maturity. A 1% increase/decrease in interest rates would increase/decrease annual interest expense by nil (2025 - nil) based upon the impact of refinancing the current portion only. At March 31, 2026, there were no borrowings held in floating rate notes.

Changes in the interest rate in the market will affect the derivative asset or liability that Government reports at year end. A 1% increase (decrease) in the Euro interest rates will result in changes in the present value of \$26.3 million decrease (\$32.5 million increase) in the European legs of the derivatives. A 1% increase (decrease) in the Swiss Franc interest rates will result in changes in the present value of \$48.6 million decrease (\$57.1 million increase) in the Swiss Franc legs of the derivatives. A 1% increase (decrease) in the Canadian interest rates will result in changes in the present value of \$23.8 million decrease (\$29.1 million increase) in the Canadian legs of the Euro-associated derivatives and \$37.4 million decrease (\$43.1 million increase) in the Canadian legs of the Swiss Franc derivatives.

The foreign currency legs and the Canadian dollar legs move in the same direction when their respective interest rates change, but since they represent opposite sides of the swap, their effects on the derivative value partially offset. If all interest rates were to increase (decrease) by 1% simultaneously, the net impact on the derivative portfolio overall would be approximately a \$13.7 million decrease (\$17.4 million increase).

Other Price Risk

Other price risk is the risk of unfavorable changes in fair value or future cash flows due to fluctuations in market prices that do not arise from foreign exchange risk or interest rate risk. The Province is exposed to other price risk through its investments traded in an active market, however, such risk is minimal given limited holdings and investment concentration. At March 31, 2026, a 1% increase/decrease in the fair value of equity investments held in sinking funds and the future fund would result in a \$4.7 million (2025 - \$3.2 million) increase/decrease in the value of the investment assets.

PROVINCE OF NEWFOUNDLAND AND LABRADOR

Guaranteed Debt As at 31 March 2026 with comparative figures for 2025

	Limit of Guarantee	Contingent Liability	
		2026	2025
	(\$000)	(\$000)	(\$000)
Guaranteed Debentures - note 8:			
Municipalities:			
(For debentures issued to The Municipal Development and Loan Board and The Canada Mortgage and Housing Corporation)			
Glenwood	122	119	116
Harbour Breton	334	282	275
Harbour Grace	182	182	182
Placentia	405	110	108
Wabana	56	31	30
	<u>1,099</u>	<u>724</u>	<u>711</u>
Crown Corporations - note 2:			
Newfoundland and Labrador Health Services	97,007	97,007	98,976
Newfoundland and Labrador Hydro	841,736	841,736	1,088,057
	<u>938,743</u>	<u>938,743</u>	<u>1,187,033</u>
Guaranteed Bank Loans - note 8:			
Crown Corporations:			
Newfoundland and Labrador Health Services	20,000	20,000	20,000
Marble Mountain Development Corporation	2,087	1,441	2,087
	<u>22,087</u>	<u>21,441</u>	<u>22,087</u>
Fisheries - note 3:			
Atlantic Providence Inc.	2,805	374	561
Atlantic Retriever Limited	700	117	182
Dempster's Fisheries Limited	-	-	112
Garrett Mulrooney	-	-	130
John W. Brazil	276	74	74
Keith Bowen	-	-	219
Northern Auk Fisheries Limited	-	-	43
P & G Sea Harvestors Limited	1,190	522	642
Sam Tooktoshina Kraken Catches Ltd.	935	935	935
TPJH Fisheries Limited	323	75	99
	<u>6,229</u>	<u>2,097</u>	<u>2,997</u>

CONSOLIDATED REVENUE FUND (UNAUDITED)

GUARANTEED DEBT (continued)

	Limit of Guarantee	Contingent Liability	
		2026	2025
	(\$000)	(\$000)	(\$000)
Guaranteed Bank Loans:			
Corporate:			
Fogo Island Co-operative Society Limited	1,500	-	-
	<u>1,500</u>	<u>-</u>	<u>-</u>
Other Bank Loans:			
Consumer Protection Fund for Prepaid Funeral Services	200	-	-
	<u>200</u>	<u>-</u>	<u>-</u>
Other Guarantees:			
Small Business Loan Guarantee Pilot Program - note 4:			
Benjake Enterprise Inc.	75	75	75
Danny Keats O/A Danny's Air Bus	109	109	109
Keith Patey	68	68	68
MP Power & Associates Limited	250	250	250
West Coast Automotive Limited	56	56	56
	<u>558</u>	<u>558</u>	<u>558</u>
Harvester Enterprise Loan Program - note 5:			
Bradley Patey	230	211	-
Glen Symes	245	223	-
Jeffrey Coles	221	203	-
Kevin Parsons	128	116	-
TD Fisheries Limited	1,463	1,341	-
TJF Fisheries Limited	375	339	-
Tyrone Brake	442	411	-
	<u>3,104</u>	<u>2,844</u>	<u>-</u>
	<u>973,520</u>	<u>966,407</u>	<u>1,213,386</u>

CONSOLIDATED REVENUE FUND (UNAUDITED)

GUARANTEED DEBT (continued)

NOTES

1. Definitions

The headings used in this Schedule are defined as follows:

Limit of Guarantee - This represents the maximum amount of loan advances available under the Province's guarantee plus capitalized interest thereon and past due interest, less down payment and less any receipted Provincial subsidy.

Contingent Liability - This represents the actual amount of loan advances (drawdowns) outstanding under the various guarantees plus capitalized interest thereon and past due interest. This represents the amount that the Province would be liable for if it had to honour these guarantees at year end.

The difference between these two amounts reflects the financing still available under the Province's guarantee.

2. Debenture Issues with Crown Corporations

	Principal Amount of Debentures Outstanding	Accrued Interest	Value of Sinking Fund	Contingent Liability
	(\$000)	(\$000)	(\$000)	(\$000)
Newfoundland and Labrador Health Services				
- Canadian Funds	130,000	2,605	35,598	97,007
Newfoundland and Labrador Hydro				
- Canadian Funds	925,000	9,415	214,679	719,736
- Promissory Notes	122,000	-	-	122,000
	1,047,000	9,415	214,679	841,736

3. Fisheries Loans

During a vessel's construction period, interim financing is provided through bank loans which are fully guaranteed by the Province. Once construction has been completed, these interim loans are converted to term debt by the banks. For guarantees issued prior to 1 June 2012, the Province's contingent liability under each individual guarantee is determined as being limited to the lesser of the term loan or 20% of the aggregate of all term loans made by the Bank less the total of all claims paid to the Bank by the Province with respect to these loans. The Fisheries Loans Guarantee Program guidelines were amended effective 1 June 2012 such that all new guarantees issued from that date forward are fully guaranteed by the Province.

For the fiscal year ended 31 March 2026, the Province's contingent liability with respect to these guarantees is \$2.1 million (31 March 2025 - \$3.0 million).

4. Small Business Loan Guarantee Pilot Program

The Small Business Loan Guarantee Pilot Program was formed by agreement on 6 July 2023 under the authority of the **Crown Guarantee and Loan Act**. The purpose of the program is to guarantee loans to eligible small business applicants. The Province guarantees repayment of the funds received.

GUARANTEED DEBT (continued)

5. Harvester Enterprise Loan Program

The Harvester Enterprise Loan Program is an enhancement of the former Fisheries Loan Guarantee Program. The Program supports the development of the Province's independent fish harvesting industry by making loans offered by financial institutions more accessible and affordable. The program has been improved to increase maximum loan guarantee thresholds. New components have been added to allow for down payment loans and interest payment rebates to harvesters to support eligible activities.

6. Payments under Guarantee

Payments under guarantee for 31 March 2026 is nil (31 March 2025 - nil).

7. Valuation Allowance

The provision for guaranteed debt for 31 March 2026 is nil (31 March 2025 - nil).

8. General Terms and Conditions

Guaranteed debentures and guaranteed bank loans have maturity dates ranging from October 2027 to December 2045 at interest rates varying from 3.45% to 11.45%.

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