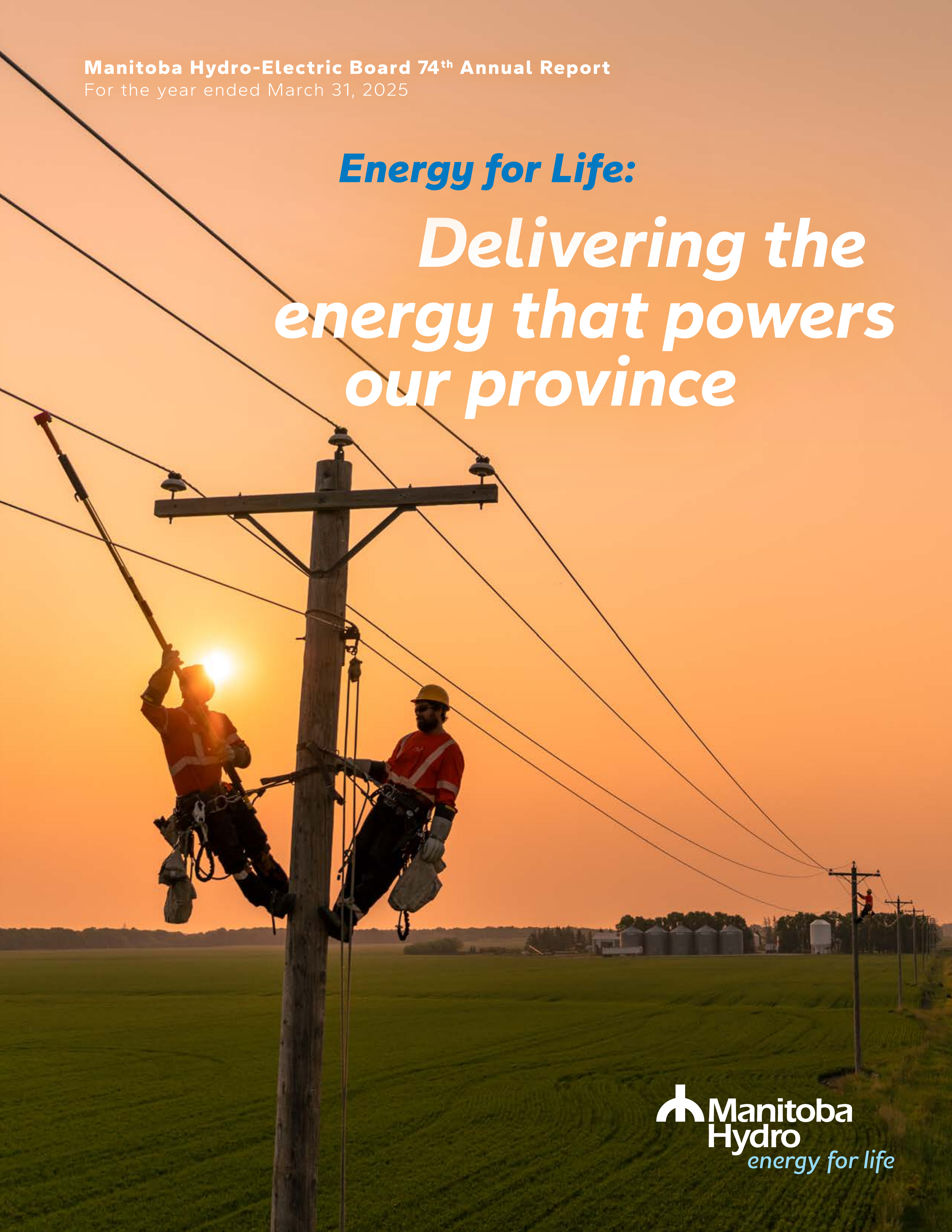
Manitoba Hydro-Electric Board 74th Annual Report
For the year ended March 31, 2025

Energy for Life: Delivering the energy that powers our province



Manitoba Hydro
energy for life

Manitoba Hydro has a presence right across Manitoba—on Treaty 1, Treaty 2, Treaty 3, Treaty 4 and Treaty 5 lands—the original territories of the Anishinaabe, Anishininew, Cree, Dakota, and Dene peoples and the National Homeland of the Red River Métis.

We also acknowledge the ancestral lands of the Inuit in northern Manitoba.

We acknowledge these lands and pay our respects to the ancestors of these territories. The legacy of the past remains a strong influence on Manitoba Hydro's relationships with Indigenous communities today, and we remain committed to establishing and maintaining strong, mutually beneficial relationships with Indigenous communities.

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Letter of Transmittal from the Chair of the **Manitoba Hydro-Electric Board**

Minister of Finance
Legislative Building
Winnipeg, Manitoba
R3C 0V8

July 31, 2025

Dear Minister,

I present the 74th Annual Report of the Manitoba Hydro-Electric Board with pride and with deep gratitude—to the people of Manitoba for their enduring support, to the dedicated employees of Manitoba Hydro for their commitment and professionalism, to my colleagues on the Board for their counsel, and to our provincial government for the trust and confidence placed in me as Board Chair.

Over the past year, Manitoba Hydro has made substantial progress toward the mandate provided by government, strengthening the utility's foundation as it builds a reliable, affordable energy future for all Manitobans and helps to cultivate an economic environment in which our province can thrive.

This year, Manitoba Hydro focused on remaining a leading energy provider in Canada while aligning closely with the province's mandate for the utility.

Highlights of the past year include:

Keeping energy affordable

While responsible financial stewardship is vital to Manitoba Hydro's operations, affordability remains a cornerstone of our mandate. The utility did not seek a rate increase in the 2025 calendar year, consistent with the provincial government's one-year rate freeze, delivering direct financial relief for Manitoba Hydro customers. Manitoba Hydro continues to optimize its operations and resources and pursue additional forms of revenue as part of our commitment to sound fiscal stewardship and long-term sustainability. This includes the resumption and ramping up of Manitoba Hydro International's consulting services, which will provide an additional revenue stream, and the pursuit of grants and federal funding through avenues like Natural Resources Canada's Smart Renewables and Electrification Pathways Program.

Advancing Indigenous engagement and economic reconciliation

Recognizing the central role of Indigenous communities in Manitoba's energy landscape, this year we worked to strengthen our relationships with Indigenous communities and advance economic reconciliation through partnerships.

In August, for the first time in a decade, the Manitoba Hydro-Electric Board travelled 1,000 km north to Gillam, holding a board meeting, touring the Keeyask generating station and meeting with local First Nations leadership from Fox Lake Cree Nation, War Lake First Nation, and Cross Lake First Nation. These productive conversations, along with witnessing firsthand how Hydro development has impacted First Nations, reinforced how important it is that our work across the province benefits not only our customers, but also those directly affected by Hydro development and operations.

Throughout 2024–25, we undertook several innovative efforts to ensure Indigenous voices help inform decision-making in our projects and processes.

We've implemented innovative, hands-on approaches to Indigenous and community engagement on new projects, including a series of workshops to modernize the transmission line routing model to place Indigenous perspectives at the center of the process.

This year also saw meaningful steps forward in the call for Indigenous majority-owned wind power, helping to support reliability of electrical supply for all Manitobans by building up to 600 megawatts (MW) of installed wind capacity. Sustainable, Indigenous majority-owned wind development will create economic development opportunities for Indigenous Nations and strengthen energy reliability for all Manitobans.

And this spring, Manitoba Hydro hosted a Wind Symposium, bringing together Indigenous Nations, wind power developers and interested proponents to learn more about our planned procurement and call for power.

Supporting economic development potential

As a key enabler of economic growth, Manitoba Hydro has worked to ensure that our energy infrastructure supports industrial, agricultural, and technological development across the province. From issuing a call for wind power to exploring greater support for energy efficiency to furthering relationships with professional and construction associations, we collaborated with partners and stakeholders to ensure we are playing our part to help support the Manitoba economy.

For example, Manitoba Hydro and the Manitoba Home Builders' Association (MHBA) have worked together over the past fiscal year to significantly speed up energy hook-ups for new home construction, helping builders address the needs of their customers while reducing hurdles in the previous connection process.

Manitoba Hydro is now energizing new homes within five days of passing final electrical and gas inspections, supporting our economy and helping Manitoba meet housing needs faster.

Delivering on integrated resource planning

This year marked critical progress in developing a new Integrated Resource Plan (IRP), which aligns Manitoba Hydro with the government's clean energy and net-zero targets. When released, the IRP will provide a long-term road map to 2050 and a development plan to 2035, identifying the investments, partnerships, and technologies needed to meet rising demand while helping to reduce emissions province-wide.

As part of ongoing integrated resource planning, this year Manitoba Hydro explored opportunities to increase low-carbon energy generation and storage, including examining resources like wind, utility-scale batteries, and options for dispatchable capacity generation to ensure reliability of supply. We also examined alternative fuels and technologies that could diversify Manitoba's energy mix and enhance energy security while meeting clean grid requirements.

Our planning is embracing an efficiency-first approach, laying the groundwork for future energy-saving initiatives like demand response programs, curtailable rate programs, and innovative rate structures to encourage smarter energy use.

As we look ahead to the coming fiscal year, we do so with confidence, knowing Manitoba Hydro is on a steady path toward a more affordable and more inclusive energy future. Thank you for your continued trust in our mission.

Sincerely,

Ben Graham

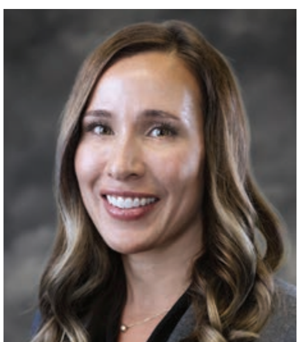
Chair, Manitoba Hydro-Electric Board

Manitoba Hydro-Electric Board, 2024-25

Ben Graham
Chair

Jamie Wilson
Vice Chair

Tom Akerstream



Nicole Chabot

Vernon Kalmakoff

Paul Moist

Eric Redhead

Mala Sachdeva

Leslie Turnbull

Letter to Customers from Allan Danroth, President & CEO **of Manitoba Hydro**

Delivering the energy that powers our province

July 31, 2025

In the days since joining Manitoba Hydro, I have come to truly appreciate the trust and responsibility placed in our utility. Delivering **Energy for Life** to Manitoba is a big job—but we are up to the task. I can say with confidence that this past year has set us on a promising path to meeting our customers' future needs and empowering Manitoba with safe, reliable and affordable electricity and natural gas, now and moving forward.

As we proceed on this path, we must continue to navigate the challenges we face year in, year out—aging infrastructure; unpredictable water flow conditions; storms and wildfires; and a continuing growth in electrical and natural gas demand throughout the province. These are all challenges that require significant investments in sustainment and modernization to meet with a ready supply of affordable energy. Further, evolving customer expectations and rapid technological advancements in energy delivery are requiring us to adapt ever more quickly.

These challenges meant we needed to re-examine our approach over the past fiscal year, and this year we charted a clear course forward by developing a new enterprise strategy, which was finalized in February 2025.

What unifies our efforts and makes us effective is a shared commitment to what we do, where our work is leading, and how we do that work. In shorter terms: our mission, our vision, and our foundational values of reconciliation, environmental stewardship, and safety.

This new strategic direction—aligned with Manitoba's Affordable Energy Plan and focusing on six enterprise goals over the next three years—is designed to clarify those foundational pieces of our business, providing a blueprint for meeting our customers' needs as we work toward a sustainable energy future for generations to come.

As we pursue this strategic direction, we will remain guided by our principles of collaboration with each other; alignment between ourselves and those we serve; reimagining the ways we work for more effective outcomes; and empowerment to act on the solutions we know are right.

Before I get into our six enterprise goals, I want to make it clear that the contributions and safety of all our employees are critical. Whether tied directly to these goals or focused on the core operational work that ensures steady, affordable and reliable service to our customers, each and every Manitoba Hydro employee has a vital role to play in the operation and future of our utility.

Now, let me outline these six goals in greater detail.

Enhancing the employee experience:

Our people are behind the energy we supply, every customer we serve, and every investment we make. Our employees are Manitoba Hydro's most valuable asset.

Improving the employee experience will be vital for employee retention, productivity, innovation, and fostering a positive and safe culture. It will help align goals and drive organizational success.

We are proud to be consistently recognized as a top employer in Manitoba and in Canada. Keeping this reputation means creating an environment that upholds the values that define us and our work—collaboration with each other; alignment between ourselves and those we serve; reimagining our challenges and the ways we work; and empowerment to act on the solutions we know are right.

Improving our financial health:

A solid foundation of financial strength, transparency and trust is crucial to supporting long-term affordability for our customers and ensuring we can succeed in executing on all six of these goals.

Manitoba Hydro's electricity rates remain among the lowest in North America. Since the late sixties—when we began building generating stations on the Nelson River—the Consumer Price Index (CPI) has increased approximately 40 per cent more than what Manitoba Hydro has received in rate increases during that period. That means that relative to all other consumer products, like food, fuel, or other goods, electricity today is cheaper than it was in 1969.

While there is no single solution to our financial challenges, by reimagining our approach and setting a new direction that is simple, clear and focused, we are laying some of the groundwork for sustained progress and resilience.

We know affordable energy is critical to Manitoba's future. To ensure we're building on solid footing, Manitoba Hydro needs a more diversified approach to revenue generation, alongside the necessary steady, predictable rate increases that enable us to deliver value to Manitobans each day.

To that end, the full resumption of Manitoba Hydro International consulting services and other lines of business will provide opportunities for an additional revenue stream as it ramps up in the coming years, helping to further support energy affordability in Manitoba. We are also exploring further opportunities for wholesale energy exports—currently accounting for approximately 30 per cent of electric revenue—when it makes sense to do so, and we continue to rigorously pursue cost optimization across our business.

Modern customer solutions empower Manitobans to take more control of their energy use.

Further, government grants and federal funding such as opportunities offered through Natural Resources Canada's Smart Renewables and Electrification Pathways Program provide promising avenues to bolster our investments in grid modernization and energy supply projects while helping to reduce impacts on our bottom line.

Upgrading SAP:

The SAP software system is a critical platform that supports core processes related to finance, human resources, supply chain and procurement, and asset management, among others. Our current SAP system is outdated and needs a major update to ensure we can continue to effectively serve Manitobans.

The planned upgrade of SAP is a significant investment, but a crucial one. Upgrading SAP will protect operations, improve decision-making, and drive future innovation through efficient business processes. This will help us meet our customers' evolving needs and empower Manitoba's future with affordable, reliable energy.

Ensuring HVDC system reliability:

The High-Voltage Direct Current (HVDC) system is at the heart of Manitoba Hydro's transmission network. It guarantees the reliable delivery of the bulk of our energy from our hydroelectric generating stations in the north to our customers in the south.

Many components of this system are now past their intended life expectancy. That means we are now in a position where we need to rejuvenate this system by replacing those HVDC components.

The HVDC project is one of the largest and most important investments Manitoba Hydro will make this decade. Acting now will ensure this critical infrastructure remains robust—securing the reliable delivery of affordable energy for decades to come.

Planning for new energy resources:

As our province's energy needs expand and the energy transition continues, we are faced with capacity constraints that call for innovative and sustainable resource planning.

As a result, Manitoba Hydro is proactively planning for new energy resources to meet future demand.

In alignment with the provincial Affordable Energy Plan, Manitoba Hydro is advancing the development of up to 600 MW of Indigenous majority-owned wind power, demonstrating our and our government's shared commitments to economic reconciliation, economic growth and development, and to diversifying Manitoba's portfolio of electrical generation.

To take full advantage of new renewable energy sources like wind, they must be paired with dispatchable capacity resources to ensure reliability. Manitoba Hydro needs more dependable, dispatchable energy alongside our existing portfolio of hydropower.

Our Integrated Resource Planning (IRP) process is at the forefront of exploring additional avenues for resource expansion. Much work was completed on this critical project in the 2024–25 fiscal year.

As part of the IRP, Manitoba Hydro is exploring new and expanded sources of energy, like savings from energy efficiency initiatives, utility-scale batteries, as well as dispatchable resources like natural gas, biomethane and alternative fuel-ready combustion turbines to serve growing demand. In 2024-25, we began securing our ability to acquire dispatchable natural gas combustion turbines to meet tomorrow's energy needs.

In all our planning, we seek to balance the imperatives of capacity expansion with our commitments to sustainable development, affordability for our customers, environmental stewardship, and economic reconciliation.

Behind the energy we supply, every customer we serve, and every investment we make—are people.

Providing modern customer solutions:

In the rapidly evolving energy industry, the customer service we provide is often only as effective as the technology we employ. Modern customer solutions empower Manitobans to take more control of their energy use, while helping Manitoba Hydro operate more efficiently, manage peak demand, and integrate new reliable energy sources.

Exploring and deploying modern technological solutions—ranging from Advanced Metering Infrastructure (AMI) and electric vehicle (EV) charging networks to demand response programs—are integral to enhancing both the reliability of our energy supply and affordability of our services.

This part of our strategy underscores the need to sustain and modernize not only our infrastructure but also our customer-facing technologies. It’s also critical we provide clear and accessible information to help customers understand the energy choices available to them—and the implications of those choices.

Emphasizing these modern customer solutions is about empowering our customers, ensuring they can be active participants in the energy transition and can benefit from it in tangible ways.

These six enterprise goals that make up our strategy define our commitment to action, to results, and to the people we serve. They are designed to help Manitoba Hydro deliver the energy that powers this province in the near term. They are also designed to put the utility on course for a sustainable future—operationally, ensuring we are serving our customers well; and financially, ensuring we are on solid footing as we face the challenges to come.

In looking at our results this year, 2024/25 marks the second year in a row—and the third year out of four—that Manitoba Hydro experienced lower-than-expected water flows due to low water. Back-to-back low water years meant we started off 2024/25 with one of the lowest levels of water storage in recent memory.

While the impact was not visible to our customers, it also meant a significantly reduced opportunity to sell excess electricity on the spot market, leading to lower revenue from wholesale power exports and higher power purchases from extraprovincial sources.

As a newcomer to the province, the talent that exists within Manitoba Hydro continues to impress me. We continue to employ a skilled workforce of over 5,000 Manitobans working to meet the needs of our customers now and into the future. Over the past fiscal year, I've seen hard, selfless work come to fruition across the organization, all in service of Manitobans and the future of this province. I am proud to now count myself as part of this group of true Manitobans, and continuing to build on and deploy the formidable skill sets that exist within Manitoba Hydro will be critical to our long-term success.

Finally, I cannot let the year pass without marking the tragic fatality of one of our Manitoba Hydro employees while on duty.

All of us mourn this loss, and as time passes and we begin to heal, we must ensure never to forget our commitment to prioritizing the safety of ourselves and each other in all aspects of life—work and personal.

This year, we further increased our focus on what each of us, at all levels, needs to contribute to make sure we get home safe at the end of the day. With this in mind, we worked across the organization this fiscal year to reimagine our safety vision to share a clear, concise direction and purpose that guides our safety culture into the future. Employee and public safety will always remain of the utmost importance in every aspect of our business.

And now, looking ahead to 2025/26, I feel fortunate and confident to be equipped with the guidance of the Board, the expertise of our many operations and professional employees, and the oversight of government. Together, we will ensure that our operations not only safely power our province but also inspire trust and drive progress in every community we touch.

Sincerely,

Allan Danroth
President & CEO
Manitoba Hydro

Manitoba Hydro Senior Officers

Allan Danroth
MBA,
President & Chief Executive Officer

Hal Turner
P.Eng,
Chief Operating Officer

Alastair Fogg
P.Eng, CPA, CMA, MBA,
Vice-President & Chief Financial Officer

Alex Chiang
MBA,
Vice-President, Customer Solutions & Experience

Dave Bowen
P.Eng,
Vice-President, Asset Planning & Delivery

Ian Fish
M.Sc.,
Vice-President, Digital & Technology

Jamie Hanly
CPHR,
Vice-President, People, Health, Safety & Environment

Jeffrey Betker
B.A., B.Comm (Hons), MBA,
Vice-President, External & Indigenous Relations, Environment and Communications

Quinn Menec
P.Eng, CMA
Vice-President, Operations

Corporate Profile

Founded in 1961, Manitoba Hydro is a provincial Crown corporation and one of the largest integrated electricity and natural gas distribution utilities in Canada. We are a leader in providing hydroelectricity and natural gas that powers our province and supports our economic growth.

We are committed to serving as a trusted energy advisor and providing safe, reliable and affordable service to our over 632,000 electric and over 300,000 natural gas customers. Over 97 per cent of electricity generated in Manitoba is from virtually emissions-free hydropower produced at 16 hydroelectric generating stations on the Nelson, Winnipeg, Saskatchewan, Burntwood and Laurie rivers.

Manitoba Hydro has a presence right across Manitoba—on Treaty 1, Treaty 2, Treaty 3, Treaty 4 and Treaty 5 lands—the original territories of the Anishinaabe, Anishininew, Cree, Dakota, and Dene peoples and the National Homeland of the Red River Métis.

We also acknowledge the ancestral lands of the Inuit in northern Manitoba.

We acknowledge these lands and pay our respects to the ancestors of these territories. The legacy of the past remains a strong influence on Manitoba Hydro's relationships with Indigenous communities today, and we remain committed to establishing and maintaining strong, mutually beneficial relationships with Indigenous communities.

We are one of Manitoba's largest employers and are continually recognized as a top employer. We conduct our relationships with the utmost integrity and respect for our customers and community as we enhance our province's economic and social growth.

We also trade electricity within four wholesale markets in the midwestern United States and Canada. Nearly all the electricity Manitoba Hydro produces each year is hydropower generated using our province's water resources. By providing additional revenue, electricity exports help keep rates in Manitoba lower than they would otherwise be.

Our vision

Empower Manitoba's future with affordable and reliable energy.

Our mission

Meet the energy needs of our customers.

Our values

- **Collaboration:** We work together across Manitoba Hydro, and with our customers and communities, to cultivate trust, respect and agility.
- **Alignment:** We connect all we do to creating value for our customers, and supporting the well-being of our people, communities, and environment.
- **Reimagination:** We continually challenge ourselves to improve through evaluation and innovation for a stronger tomorrow.
- **Empowerment:** We empower our people so they can fully contribute with their hearts, hands, and minds to a thriving Manitoba Hydro of the future.

Governance

As outlined in the *Manitoba Hydro Act*, Manitoba Hydro is governed through the Manitoba Hydro-Electric Board.

How we do business

The nature of our business and location of our operations impacts people, communities and the environment every day. Respect and care for each is our responsibility now and into the future.

With fundamental principles of safety, environmental stewardship, and respect for all, we conduct our activities lawfully, responsibly, and ethically, securing and enhancing Manitoba Hydro's established reputation for honesty, integrity, and good faith operations. Safety remains our top priority in everything we do.

Total domestic revenue (electric and gas):
$2.43
billion

Export revenue:
$860
million

Total debt:
$25.34
billion

Total assets:
$32.16
billion

Net income (loss) attributable to Manitoba Hydro:
($63)
million

Our service area in km²:
650 000

Number of electric customers:
632 117

Kilometres of transmission lines:
~14 300

Kilometres of distribution lines:
~75 800

Total electricity capability:
6 074 MW

Number of natural gas customers:
300 789

Kilometres of natural gas main lines:
11 247

Number of communities with natural gas service:
135

Total number of full-time equivalent employees:
5 490*

(*see page 123 for definition of full-time equivalent)

Corporate Integrity Program

Manitoba Hydro encourages employees and others to speak up on matters of concern without fear of reprisal through its Integrity Program.

Below is a summary of all disclosures received during 2024-25 which allege wrongdoing as defined in *The Public Interest Disclosure (Whistleblower Protection) Act:*

Number of disclosures received 2024–25:	**1 ***
Number of disclosures ongoing from 2023–24:	**0**
Number of disclosures acted upon:	**1 ***
Number of disclosures not acted upon:	**0**
Number of investigations completed:	**0**
Number of wrongdoings found:	**0**
Number of wrongdoings not confirmed:	**0**
Number of disclosures carried forward to 2025–26:	**0**

Description of wrongdoings and corrective action:

No wrongdoing confirmed.

*Disclosure received was referred to the Manitoba Ombudsman Office.

Report on Performance – Targets and Performance

Metric	Unit	2024-25 Target	2024-25 Actuals
Serious Injury Fatality Potential (SIFP)	#	0	6
System Average Interruption Duration Index (SAIDI)	Minutes	277	175.4
System Average Interruption Frequency Index (SAIFI)	#	1.59	1.53
Net Trust Score	%	-6	-7
Debt-to-Capitalization Ratio	%	84%	86%
Indigenous - province-wide workforce	%	18%	20%
Persons with disabilities	%	8%	9%
Visible minorities	%	14%	15%
Women in workforce	%	30%	24%

Report on Performance –
Key Directives from the Province

Manitoba Hydro works closely with the Government of Manitoba to support directives and mandates for the benefit and value of all Manitobans. A mandate letter issued by the Minister of Finance to the Manitoba Hydro-Electric Board on December 4, 2023, set out the government's expectations for the corporation.

Manitoba Hydro supported the Province across several key priority areas and activities, and progress in 2024–25 includes:

- Began the development of Manitoba Hydro's second Integrated Resource Plan (IRP). The IRP will consider Manitoba's Affordable Energy Plan and determine a development plan which will identify the necessary resources needed to meet the future energy needs of Manitobans, including beginning plans for issuing a call for power for up to 600 MW of Indigenous majority-owned wind and planning to support this output with dispatchable capacity generation to ensure reliability, both key actions in the Affordable Energy Plan.
- Continued commitment to advance Indigenous reconciliation, guided by our Indigenous Relations Commitment Statement.
- Fostering a financially stable capital structure that appropriately balances affordability for customers, maintaining system reliability and preparing for future energy needs, while preserving sound financial management. This included submitting a three-year electric rate application to the Public Utilities Board in March 2025 that would take effect January 1, 2026, which incorporated the reduction in Manitoba Hydro's expenses as a result of the provincial government's reduction in provincial guarantee fees and the elimination of Crown corporations Capital Tax.
- Continued to examine options for a plan to achieve a net-zero energy grid and a carbon-neutral economy.
- Collaborating with Efficiency Manitoba on pursuing high-value energy efficiency measures.
- Continued to evaluate emerging technologies for electricity generation in Manitoba.
- Continued to leverage Manitoba's clean energy advantage as a key driver for our economy.
- Invested in our employees and continued to build upon Manitoba Hydro's reputation for being a great place to work.

Manitoba Hydro works closely with the Province of Manitoba for the benefit of all Manitobans and in accordance with The Manitoba Hydro Act and The Crown corporations Governance and Accountability Act. Manitoba Hydro will continue to support the priorities of government and expectations outlined in Mandate letters and Directives.

- Setting aside 50 MW of power for the possible development of the Kivalliq line.
- Review of Major Power Purchase or Export Contracts.
- Ownership of Intellectual Property Assets.
- Electric Service to Cryptocurrency Operations.
- Manitoba's Response to the Economic Review of Manitoba Hydro – Keeyask and Bipole III Projects.

Financial Review

Management's Discussion and Analysis

Consolidated Financial Statements

The following Management's Discussion and Analysis (MD&A) provides comments on the financial results of Manitoba Hydro (the corporation) for the year ended March 31, 2025 with comparative information where applicable. The MD&A also provides an assessment of corporate risks and contains forward-looking statements regarding conditions and events which may affect financial performance in the future. Such forward-looking statements are subject to a number of uncertainties which are likely to cause actual results to differ from those anticipated. For context, the MD&A should be read in conjunction with the consolidated financial statements and notes. The fiscal 2025 financial information discussed below has been prepared in accordance with IFRS Accounting Standards (IFRS).

Corporate Overview

Manitoba Hydro is a provincial Crown utility committed to meeting the energy needs of Manitobans today and into the future. Manitoba Hydro's operations are comprised of an integrated electric generation, transmission, and distribution segment, as well as a natural gas distribution segment. Both segments are regulated by the Public Utilities Board (PUB). The corporation also includes an other segment, which encompasses its wholly-owned subsidiaries engaged in energy-related business enterprises.

The electric segment is responsible for the generation, transmission and distribution of electrical power adequate for the needs of the Province of Manitoba and engages in wholesale power related transactions in order to assist in providing a reliable and dependable supply of power to Manitoba and to minimize the net costs to Manitoba customers. The electric segment also includes Manitoba Hydro's ownership interests in the Wuskwatim Power Limited Partnership (WPLP) and the Keeyask Hydropower Limited Partnership (KHLP). Manitoba Hydro provides electric service to 556 338 residential and 75 779 commercial and industrial customers in Manitoba.

The natural gas segment includes Centra Gas Manitoba Inc. (Centra), a wholly-owned subsidiary of Manitoba Hydro. Centra distributes natural gas to 300 789 residential, commercial, and industrial customers across Manitoba.

The other segment includes the operations of Manitoba Hydro International Ltd., Manitoba Hydro Utility Services Ltd., and Minell Pipelines Ltd.

Summary of Consolidated Results

For the 2025 fiscal year, the net loss attributable to the consolidated operations of Manitoba Hydro was $63 million, which was comprised of a net loss of $49 million in the electric segment, a net loss of $27 million in the natural gas segment, and net income of $13 million from subsidiaries in the other segment.

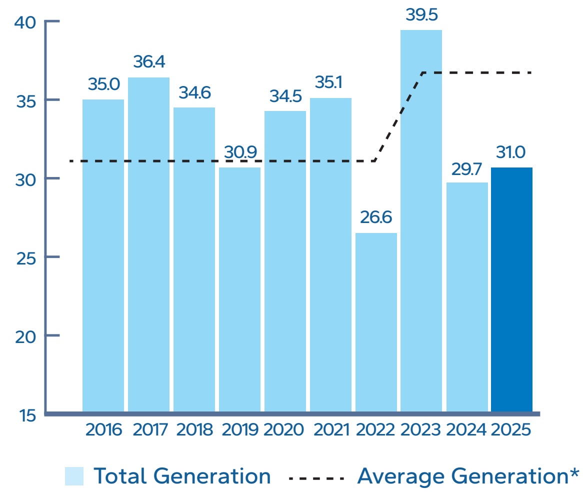
The $63 million net loss for the year ended March 31, 2025 was an improvement from the net loss of $157 million in the previous fiscal year. While low water conditions continued to have a material impact on financial results in fiscal 2025, the improvement over the prior year was largely driven by lower fuel and power purchases and increased domestic electric and natural gas revenues, partially offset by higher operating and administrative and finance expenses.

Low Water Conditions

Manitoba Hydro continued to face low water conditions in 2024-25, making it the second year in a row, and the third time in the last four years facing those conditions. The drought experienced in 2023-24 impacted the energy in storage to start 2024-25. Despite heavy precipitation in May and June 2024, below normal precipitation levels through the summer and fall months, along with significant evaporation effects experienced through the second and third quarters resulted in low water levels through the 2024-25 fiscal year.

Despite back-to-back low water years, the impacts of the low water in 2024-25 were not as severe in comparison to the prior year drought largely due to decisions made to conserve water to ensure reliable operations throughout the fiscal year resulting in lower fuel and power purchases (import volumes) and at significantly lower prices. In the prior year, Manitoba Hydro experienced unprecedented congestion levels at its settlement point in the northern Midcontinent Independent System Operator (MISO) market which resulted in significantly higher purchase prices. Congestion levels dampened in November 2023 and prices have remained relatively stable since.

Hydraulic Generation
For the year ended March 31
billions of kWh

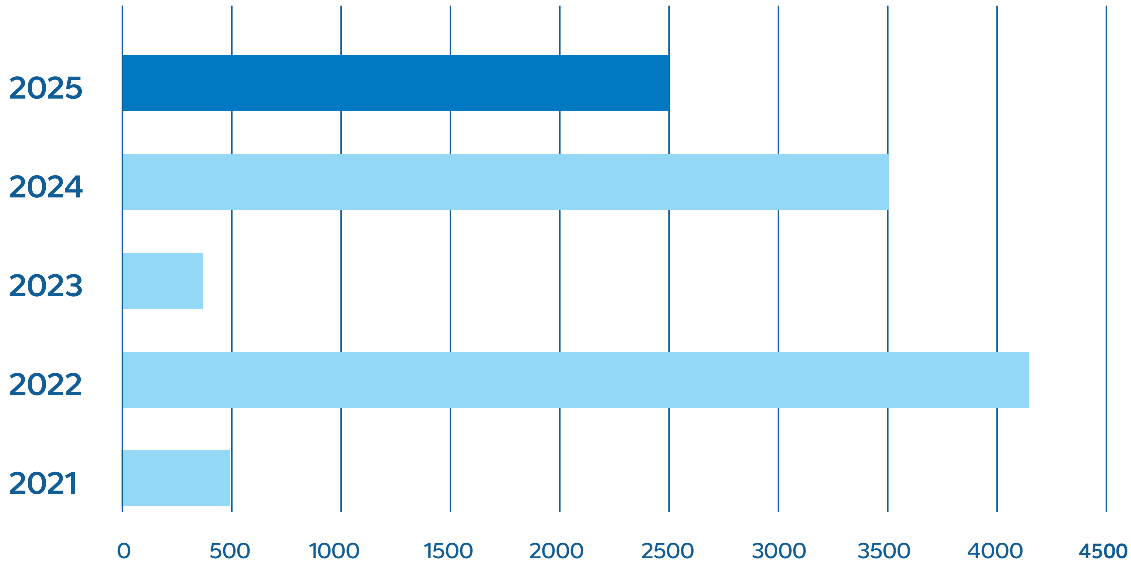


* Average hydraulic generation is based on historic river flows since 1912 and the current hydroelectric generation fleet. Average hydraulic generation was updated in 2023 with the full in-service of the Keeyask Generating Station.

Higher Domestic Revenues

Domestic electricity revenues were higher than the prior year due to several factors, including: an increase in customers; a full year impact of an electric rate increase effective September 1, 2023 along with a subsequent electric rate increase effective April 1, 2024; increased customer usage in all classes; and colder winter weather than the prior year.

Purchased Opportunity Volumes (GWh)



On October 7, 2024, Centra Gas filed a General Rate Application (GRA) requesting a general revenue increase of 4.5% effective November 1, 2024. The rate increase was approved by the PUB on an interim basis. This interim rate increase, as well as colder winter weather and customer growth resulted in an increase in the natural gas gross margin compared to the prior year.

Higher Operating and Finance Costs

The improvement to the net loss over the prior year was partially offset by an increase in operating and administrative costs largely attributable to higher wages and salaries and employee benefits costs. Manitoba Hydro also experienced an increase in financing costs due to higher long- and short-term debt volumes and higher average interest rates during 2024-25. The additional long- and short-term debt volumes were required to fund new capital investment, partially fund operations due to the continued low water conditions as well as to refinance maturing debt issues.

Net Losses and Retained Earnings

The corporation reported its third net loss in five years, primarily due to continued low water conditions. As a result, retained earnings declined to $3 415 million at the end of 2024–25, down from $3 478 million the previous year and a historic high of $3 650 million in 2022–23. The reduction in retained earnings was driven by losses in both the electric and natural gas segments, with the natural gas segment fully depleting its retained earnings by year-end. These declines were partially offset by modest growth in the other segment.

Legislated, Legal, and Regulatory Obligations

Manitoba Hydro has a number of significant legislated, legal, and regulatory obligations that it is required to meet each year. Costs associated with fulfilling these obligations are reflected in the corporation's net loss for the year. Three of the most significant of these obligations relate to legislated payments to the Government of Manitoba, ongoing mitigation obligation payments to address past and present adverse effects of hydroelectric development on Indigenous Communities, and payments made to Efficiency Manitoba to support Demand Side Management (DSM) programs. Manitoba Hydro's consolidated net loss of $66 million for the year reflects the costs associated with these obligations, which represent approximately 10% of total expenses.

Payments to Government and Efficiency Manitoba

The corporation incurred $302 million in expenses paid to the Government of Manitoba in relation to debt guarantee fees, water rentals, and various taxes. This incorporated reductions of the provincial debt guarantee and water rental fees by 50% effective April 1, 2022. Without this reduction of fees, the corporation's consolidated net loss would have been $237 million (or $171 million higher) in 2024-25 rather than the reported net loss of $66 million. As part of Budget 2025, the Province of Manitoba announced the elimination of capital taxes and a further reduction in the provincial debt guarantee fee starting in the 2025-26 fiscal year.

In addition, Manitoba Hydro incurred $43 million in expenditures in 2024-25 related to DSM programs delivered through Efficiency Manitoba. As defined in The Efficiency Manitoba Act, Manitoba Hydro must provide Efficiency Manitoba with all amounts necessary for it to implement an approved efficiency plan and to carry out its responsibilities.

	2025	2024	2023	2022	2021
			millions of dollars		
Payments to government					
Provincial debt guarantee fee	**118**	117	118	229	222
Corporate capital tax	**131**	131	124	129	117
Water rentals	**53**	51	71	89	117
Efficiency Manitoba DSM costs	**43**	54	36	37	25

Management believes it is useful to present earnings before payments to the parent and related parties to provide insight into the corporation's performance before transferring funds to related parties. 'Earnings before related party payments' is a non-GAAP financial measure and should not be considered in isolation or as a substitute for net income, which is reported in accordance with IFRS.

	2025	2024
	millions of dollars	
Earnings before related party payments (Non-GAAP measure)	**282**	196
Less: Payments to parent and related parties		
Government of Manitoba	**302**	299
Efficiency Manitoba	**43**	54
Net loss attributable to Manitoba Hydro (per IFRS Statement of Loss)	**(63)**	(157)

Earnings include revenues from rate increases approved by the PUB, which recover a broad range of expenses, including payments to government and Efficiency Manitoba. The portion of revenues associated with related party payments cannot be reasonably isolated and removed from earnings in the table above. In addition, payments made to Efficiency Manitoba during the year are deferred and subsequently amortized through net movement in regulatory balances. As a result, the impact on earnings is not the full expense amount shown above, but rather the amortized portion of these costs recognized over a specified period.

Payments to Indigenous Communities

The corporation incurred $40 million in depreciation and finance costs related to settlement agreements for mitigation and major development obligations with Indigenous Communities, which impacted earnings during the year. On a cash basis, the table below summarizes the payments made during the year in connection with these obligations. These payments reflect disbursements under settlement agreements and exclude non-cash items such as depreciation and accretion expense.

	2025	2024
	millions of dollars	
Payments to Indigenous Communities		
Mitigation obligation settlement agreements	**28**	58
Major development settlement agreements	**8**	11

Consolidated Statement of Income (Loss)

The following table provides results of the three operating segments of Manitoba Hydro as well as the consolidated results.

	Electric		Natural Gas		Other		Consolidated*		
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	change
				millions of dollars					
Revenues									
Manitoba	**1 960**	1 881	**512**	510	**48**	46	**2 509**	2 426	83
Extraprovincial	**860**	872	**-**	-	**-**	-	**860**	872	(12)
	2 820	2 753	**512**	510	**48**	46	**3 369**	3 298	71
Expenses	**3 001**	3 185	**526**	526	**35**	34	**3 551**	3 734	(183)
Net income (loss) before net movement in regulatory balances	**(181)**	(432)	**(14)**	(16)	**13**	12	**(182)**	(436)	254
Net movement in regulatory balances	**129**	296	**(13)**	(18)	**-**	-	**116**	278	(162)
Net income (loss)	**(52)**	(136)	**(27)**	(34)	**13**	12	**(66)**	(158)	92
Net income (loss) attributable to:									
Manitoba Hydro	**(49)**	(135)	**(27)**	(34)	**13**	12	**(63)**	(157)	94
Non-controlling interests	**(3)**	(1)	**-**	-	**-**	-	**(3)**	(1)	(2)
	(52)	(136)	**(27)**	(34)	**13**	12	**(66)**	(158)	92
Total assets and regulatory debits	**31 299**	30 731	**959**	932	**137**	117	**32 157**	31 526	631
Retained earnings	**3 199**	3 248	**-**	27	**106**	93	**3 415**	3 478	(63)
Debt to capitalization ratio							**85.8%**	85.5%	

*Includes eliminations

Comparison to Budget

Consolidated net loss for 2024-25 was $158 million lower than budgeted net income of $95 million. The budget assumed a return to average water conditions for 2024-25 which did not materialize and resulted in lower net exports (extraprovincial revenue net of fuel and power purchased and water rentals). Manitoba Hydro started the 2024-25 fiscal year with lower than average reservoir levels, experienced below normal precipitation through the summer and fall, and unprecedented evaporation effects during the year. Further, a decision was made to conserve water to ensure reliable operations throughout the fiscal year. Domestic electric revenue was below budget largely due to lower heating load requirements and lower customer growth than budget, partially offset by higher usage. Operating and administrative expenses were higher than budget due to increased employee benefits costs and fewer labour hours charged to capital projects, partially offset by lower wages and salaries due to lower staffing levels than planned as well as reduced spending on consulting services.

The table below provides an overview of the 2024-25 financial results compared to budget.

	Actuals	Budget	Variance to budget
	millions of dollars		
Revenues			
Domestic			
Electric	**1 920**	1 932	(12)
Gas	**508**	657	(149)
Extraprovincial	**860**	994	(134)
Other	**81**	53	28
	3 369	3 636	(267)
Expenses			
Finance expense	**1 079**	1 050	(29)
Operating and administrative	**853**	839	(14)
Depreciation and amortization	**642**	668	26
Cost of gas sold	**352**	503	151
Water rentals and assessments	**69**	80	11
Fuel and power purchased	**240**	187	(53)
Capital and other taxes	**186**	185	(1)
Other expenses	**188**	106	(82)
Finance income	**(58)**	(40)	18
	3 551	3 578	27
Net income (loss) before net movement in regulatory balances	**(182)**	58	(240)
Net movement in regulatory balances	**116**	47	69
Net income (loss)	**(66)**	105	(171)
Net income (loss) attributable to:			
Manitoba Hydro	**(63)**	95	(158)
Non-controlling interests	**(3)**	10	(13)
	(66)	105	(171)

Consolidated Statement of Financial Position

The following table provides a summary of Manitoba Hydro's consolidated statement of financial position.

	2025	2024	increase/ (decrease)	% change
	millions of dollars			
Current assets	**1 874**	1 498	376	25%
Property, plant and equipment	**26 865**	26 727	138	1%
Non-current assets	**1 619**	1 622	(3)	0%
Total assets	**30 358**	29 847	511	
Regulatory deferral balances	**1 799**	1 679	120	7%
Total assets and regulatory deferral balances	**32 157**	31 526	631	
Current liabilities	**2 104**	1 870	234	13%
Long-term debt	**23 944**	23 644	300	1%
Non-current liabilities	**2 826**	2 623	203	8%
Total liabilities	**28 874**	28 137	737	
Equity	**3 160**	3 270	(110)	-3%
Total liabilities and equity	**32 034**	31 407	627	
Regulatory deferral balances	**123**	119	4	3%
Total liabilities, equity and regulatory deferral balances	**32 157**	31 526	631	

Significant changes are explained below:

Current assets increased $376 million largely due to an increase in prefunding cash on hand which resulted from the issuance of long- and short-term debt during the year ahead of planned debt retirements in the first quarter of the upcoming fiscal year. Receivables from customers also increased from the prior year largely as a result of colder winter weather, and the impact of electric rate increases and the interim gas rate increase.

Property, plant and equipment increased by $138 million for capital expenditures related to additions, improvements and replacement of existing infrastructure.

Regulatory deferral debit balances are the balances of any expense accounts that would not be recognized as an asset but that qualify for deferral because they are included, or are expected to be included, by the regulator in establishing rates charged to customers. Regulatory deferral debit balances increased $120 million primarily due to higher site remediation costs as a result of new environmental obligations being recognized in the year, higher losses on the disposition of assets, the revaluation of the preferred distributions obligation that was established in the prior year, as well as the annual growth in the deferrals for ineligible overhead and demand side management (DSM). These increases were partially offset by amortization of DSM programs, the Conawapa regulatory deferral, and changes in depreciation method. The total regulatory deferral debit balance at March 31, 2025 was $1 799 million.

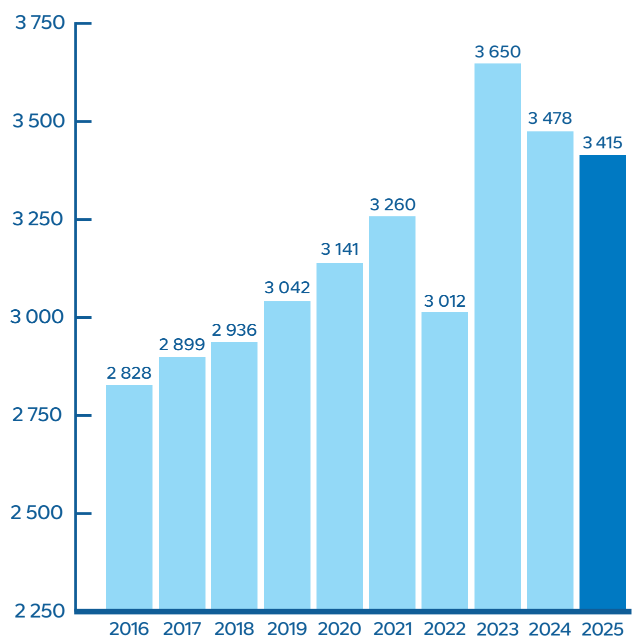
Current liabilities increased by $234 million primarily due to an increase in notes payable due to a shift to prefund cash requirements using more short-term borrowings as well as an increase in the current portion of long-term debt based on the timing of expected debt maturities. The increase was partially offset by a decrease in trade payables largely due to timing and a decrease in the current portion of legal and other provisions.

Long-term debt increased $300 million primarily to address a shortfall in funds for core operations (capital and operating costs to maintain system reliability) as a result of continued low water conditions as well as to fund new capital requirements and refinance upcoming debt maturities. During the year, the corporation refinanced $900 million in debt while receiving proceeds from net debt of $1 210 million.

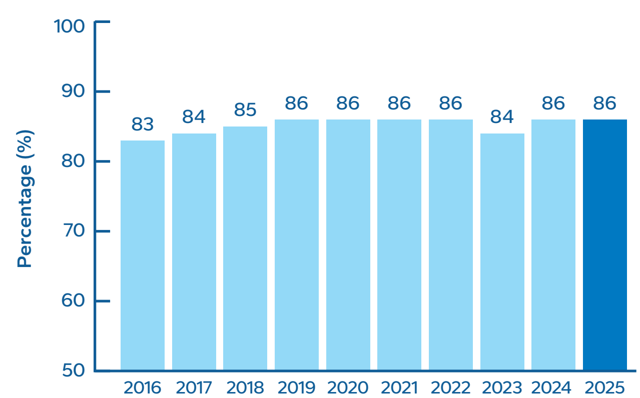
Non-current liabilities increased by $203 million due to an increase in deferred revenue and an increase in provisions related to newly established environmental liabilities related to site remediation. Future employee benefit obligations were also higher due to actuarial losses on the pension liability associated with the decrease in the discount rate and the remeasurement of other employee benefit liabilities, partially offset by investment gains on pension assets.

The corporation's retained earnings decreased $63 million this year which reflects the consolidated net loss attributable to Manitoba Hydro. The corporation's retained earnings balance was $3 415 million at March 31, 2025.

Retained Earnings
For the year ended March 31
millions of dollars



Debt to Capitalization
For the year ended March 31



*See Note 31 in the Audited Financial Statements for ratio calculation

Consolidated Statement of Cash Flow

Manitoba Hydro's primary sources of liquidity and capital are funds generated from operations and debt financing through the Province of Manitoba. These sources are used for multiple purposes, including investment in generation, transmission and distribution facilities, and to fund operating activities.

The following table provides a summary of Manitoba Hydro's consolidated statement of cash flows.

	2025	2024	change
	millions of dollars		
Cash and cash equivalents, beginning of year	**780**	1 089	(309)
Cash provided by operating activities	**434**	607	(173)
Cash used for investing activities	**(641)**	(954)	313
Cash provided by financing activities	**500**	38	462
Cash and cash equivalents, end of year	**1 073**	780	293

The net increase in cash and cash equivalents is further analyzed in the following table. Cash deficiency from operations is a non-GAAP financial measure that reflects the shortfall in cash flows generated from operating activities after accounting for investing activities. Management uses this metric to assess the extent to which internally generated cash flows are sufficient to fund capital investment needs.

	2025	2024	change
	millions of dollars		
Cash Inflows			
Cash collected from customers	**3 300**	3 363	(63)
Cash Outflows			
Cash paid to suppliers and employees	**(1 878)**	(1 789)	(89)
Net interest paid	**(988)**	(967)	(21)
Capital expenditures	**(614)**	(689)	75
Other investing	**(27)**	(265)	238
	(3 507)	(3 710)	203
Cash Deficiency from Operations	**(207)**	(347)	140
Financing Activities			
Proceeds from debt financing	**1 410**	1 600	(190)
Maturing debt which has been refinanced	**(900)**	(1 463)	563
Other	**(10)**	(99)	89
	500	38	462
Net change in cash	**293**	(309)	602

Cash from operating activities includes cash receipts from customers less cash paid to suppliers and employees as well as interest payments.

Cash provided from operations in 2024-25 was $434 million, a decrease of $173 million from the previous year. The change reflects the impact of a decrease in the change in non-cash working capital accounts driven by higher payments to vendors and lower collections from customers, and higher interest paid, partially offset by an increase in overall earnings. The corporation collected $3 300 million in cash from customers during the year, down from $3 363 million in the prior year, whereas the corporation paid $1 878 million (2024 - $1 789 million) to suppliers and employees and $988 million (2024 - $967 million) in net interest payments.

The corporation's electric and natural gas segments are capital intensive in nature and require continued investment in infrastructure to construct new generation, transmission and distribution facilities, increase capacity of existing facilities and maintain and improve service, reliability, safety and environmental performance.

Cash flow used in investing activities in 2024-25 was $641 million, compared to $954 million in 2023-24. The decrease was primarily due to the purchase of long-term investments in the prior year to hedge a long-term obligation, lower additions to property, plant and equipment in the current year largely due to the settlement of contract disputes, reduced payments for mitigation obligations, and an increase in contributions received.

The Appropriations Act provides the expenditure authority for Manitoba Hydro's new capital investments on an annual basis. Authority to refinance any maturing long-term debt is provided through *The Financial Administration Act*. The majority of Manitoba Hydro's long-term debt is obtained through advances from the Province of Manitoba. *The Manitoba Hydro Act* grants the corporation the power to issue short-term promissory notes in the name of the Manitoba Hydro-Electric Board. As at March 31, 2025 the corporation had $400 million outstanding on its short-term borrowing program. Manitoba Hydro's borrowing authority limit to borrow or refinance existing long-term and short-term debt must not exceed $29.3 billion at the end of the fiscal year as specified in *The Financial Administration Act*.

The primary use of the long-term borrowing program is to provide debt financing for investment in new generation and transmission and, if needed, to fund core operations. The primary use of the short-term borrowing program is to safeguard the corporation from liquidity risk by providing a credit facility to support the corporation's temporary cash requirements. Both long- and short-term borrowings are unconditionally guaranteed as to principal and interest by the Province of Manitoba (except for mitigation bonds issued by the MHEB).

Cash provided from financing activities in 2024-25 was $500 million, compared to $38 million in 2023-24 and is comprised primarily of proceeds of long-term debt (net of maturities) through advances from the Province of Manitoba. Proceeds from financing arranged by the corporation amount to $1 210 million compared to $1 450 million in the previous year. Maturities of long-term debt were $900 million compared to $1 463 million in the prior year. Proceeds from short-term borrowings (net of maturities) amounted to $200 million. Current year proceeds of long- and short-term debt were used to fund operations as well as to refinance long-term debt maturing during the year. The corporation issued debt at a weighted average interest rate (WAIR) of 4.27% during 2024-25 (excluding the provincial debt guarantee fee of 0.5%) with a weighted average term to maturity of 24.8 years. The WAIR of all outstanding debt at March 31, 2025 (excluding the provincial debt guarantee fee) was 3.65% compared to 3.50% in the prior year.

The corporation reported a net deficit of $207 million when comparing cash flows from operations net of cash flows for investing activities. This represents an improvement from the net cash deficit of $347 million in the prior year largely due to the purchase of long-term investments in the prior year. Excluding the purchase of long-term investments, the net cash deficit deteriorated $50 million from the prior year as a result of the continued low water conditions in 2024-25. The deficit required the corporation to fund a portion of core operations through the issuance of new long- and short-term debt.

Electric Segment

The net loss attributable to Manitoba Hydro in the electric segment was $49 million in 2024-25 compared to a net loss of $135 million in the previous fiscal year. The improvement to the net loss was largely due to lower fuel and power purchases (import volumes) and at lower prices than in the prior year, as well as higher domestic electricity revenue. The improvement to the net loss was partially offset by an increase in operating and administrative costs and higher net finance expense.

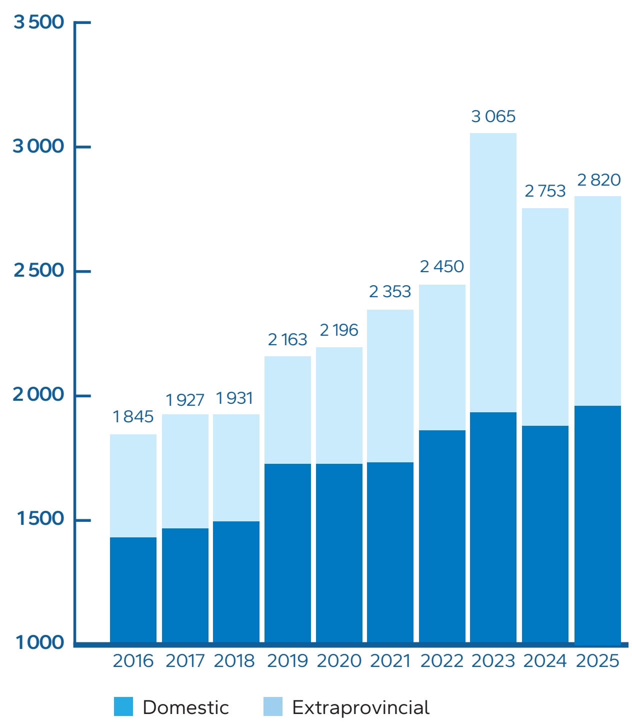
Electric Revenues

Electric revenues are comprised mainly of domestic and extraprovincial revenues, with a smaller portion arising from other sources.

Domestic revenue includes the sale of electricity to residential, commercial and industrial customers in Manitoba and other miscellaneous revenues. Residential customers are comprised of all housing types including apartment blocks, seasonal cottages and farm houses. Commercial customers are comprised of small and medium establishments including retail outlets, schools, universities and hospitals. Industrial customers are comprised of large establishments with customer-owned transformation that are primarily engaged in mining and/or manufacturing activities. Domestic revenues are impacted by weather, electricity rates, customer growth and energy usage. Other revenue in the electric segment includes amortization of customer contributions, provision of services on customer owned plant, electrical wiring permit inspection fees, gains on the sale of property, and net rental revenue between Manitoba Hydro and other telecom and cable providers.

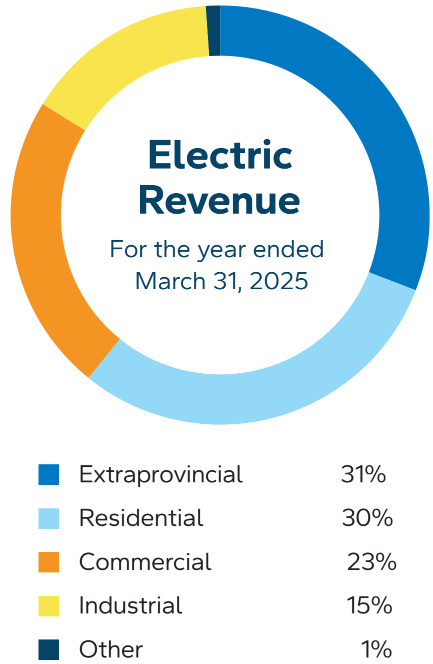
Extraprovincial revenue includes revenues from Canadian and U.S. export sales as well as revenues from other related export market activities such as arbitrage opportunities between wholesale energy markets, transmission credits and the sale of renewable energy certificates. Canadian and U.S. sales include both dependable and opportunity sales. Dependable sales are export contracts sourced from Manitoba Hydro's system based on hydraulic energy available during lowest water conditions, are typically negotiated at least one year in advance and have duration of greater than six months. Opportunity sales are based on excess energy, are generally over shorter periods and are transacted primarily in markets operated by an independent system operator such as the MISO. Opportunity sales are also negotiated directly with a purchasing party. Extraprovincial sales are impacted by changes in water flow conditions, export prices, foreign exchange rates and domestic usage. Extraprovincial

Electric Revenues
For the year ended March 31
millions of dollars



sales volumes are dependent on the availability of surplus generation that requires favourable water flow conditions and the availability of transmission to export markets.

Total electric revenues were $2 820 million, an increase of $67 million or 2.4% from the previous year. This was the result of a $73 million increase in domestic revenues, and a $6 million increase in other revenues, partially offset by a decrease of $12 million in extraprovincial revenues. The increase in domestic revenue was attributable to customer growth, the full year impact of the September 1, 2023 electric rate increase and the April 1, 2024 electric rate increase, an increase in usage across all customer classes, and weather impacts that resulted from colder weather than the prior year. The decrease in extraprovincial revenues was primarily due to lower opportunity sales volumes driven by continued low water conditions and the decision to conserve water to maintain reliable operations throughout the year as well as lower market prices, partially offset by favourable foreign exchange rates.



The breakdown of electric revenues is as follows:

Electric Revenues and kWh Sales

For the year ended March 31

	2025	2024	% change	**2025**	2024	% change
	millions of dollars			*millions of kWh*		
Domestic						
Electricity sales						
Residential	**846**	805	5.1	**8 099**	7 836	3.4
Commercial	**660**	646	2.2	**7 189**	7 071	1.7
Industrial	**414**	396	4.5	**7 312**	7 089	3.1
	1 920	1 847	4.0	**22 600**	21 996	2.7
Other revenue	**40**	34	17.6			
Domestic revenue	**1 960**	1 881	4.2	**22 600**	21 996	2.7
Extraprovincial						
Dependable	**754**	739	2.0	**6 141**	6 070	1.2
Opportunity	**75**	107	(29.9)	**1 830**	2 312	(20.8)
Other	**31**	26	19.2	-	-	-
Extraprovincial revenue	**860**	872	(1.4)	**7 971**	8 382	(4.9)
	2 820	2 753	2.4	**30 571**	30 378	0.6

Revenues from electricity sales in Manitoba totaled $1 920 million in 2024-25, an increase of $73 million from the previous year. Electricity consumption in Manitoba was 22 600 million kilowatt-hours, 604 million kilowatt-hours higher than the previous year. The increase in consumption was mainly due to higher customer usage, largely driven by residential and industrial classes, customer growth in all classes, and a higher heating load as a result of a colder fall and winter than the prior year.

Revenues from sales to residential customers for 2024-25 amounted to $846 million, an increase of $41 million or 5.1% from the previous year. The increase was primarily attributable to higher customer growth of 7 361 customers (to 556 338 at March 31, 2025) compared to the previous year, higher usage, the impacts of the September 1, 2023 and April 1, 2024 rate increases, and the impacts of weather.

Revenues from commercial customers amounted to $660 million in 2024-25, an increase of $14 million or 2.2% from the previous year. The increase was primarily attributable to customer growth of 687 customers (to 75 326 at March 31, 2025), the impact of the September 1, 2023 and April 1, 2024 rate increases, weather impacts, and higher customer usage.

Revenues from industrial customers amounted to $414 million, an increase of $18 million or 4.5% from the previous year. The increase was mainly attributable to higher customer usage, the impact of the September 1, 2023 and April 1, 2024 rate increases, and customer growth of 7 customers (to 453 at March 31, 2025).

Other revenues amounted to $40 million, an increase of $6 million or 17.6% from the previous year. The increase was mainly the result of a contractual settlement, the recognition of a non-refundable contribution associated with a cancelled capital project, as well as higher amortization of customer contributions.

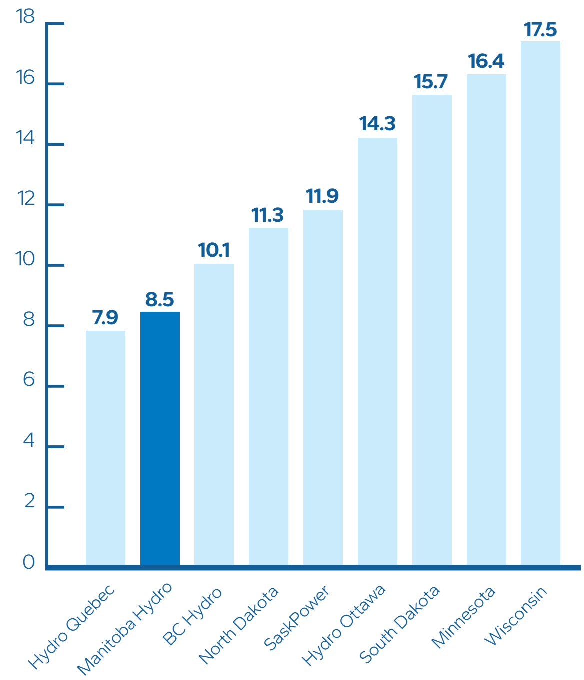
Extraprovincial revenues totaled $860 million in 2024-25, a decrease of $12 million from the previous year. The decrease is largely due to lower opportunity sales volumes which were 482 GWh or 20.8% lower as a result of low water conditions and an effort to conserve water to ensure reliable operations throughout the fiscal year. Dependable revenues increased largely due to foreign exchange impacts, as the average foreign exchange rate increased from the prior year, as well as an increase in dependable sales volumes by 71 GWh or 1.2% driven by an increase in market-based sales volumes. Of the total extraprovincial revenues, $685 million or 80% was derived from the U.S. market, $162 million or 19% was from sales to Canadian markets and $13 million or 1% was related to arbitrage opportunities between wholesale energy markets.

Electric Rates

Effective April 1, 2024, electricity rates for Manitoba Hydro customers, with exceptions for certain customers in remote diesel-served communities, increased by an average of 1.0%, as approved by the Public Utilities Board on August 24, 2023 (Order 101/23). The rate increases differed by customer class to better reflect the average cost to serve each class.

Manitoba Hydro's domestic electricity rates continue to be among the lowest overall in North America as illustrated in the accompanying chart.

Average Retail Price of Electricity
cents/kWh (Cdn)



Electric Expenses

Electric expenses totalled $3 001 million for 2024-25, a decrease of $184 million or 5.8% from the previous year. The decrease in expenses was mainly due to a decrease in other expenses, primarily related to the recognition of the preferred distributions obligation in the prior year, and lower fuel and power purchased due to lower volumes purchased at significantly lower prices. These decreases were partially offset by higher operating and administrative and finance expenses.

The breakdown of electric expenses is as follows:

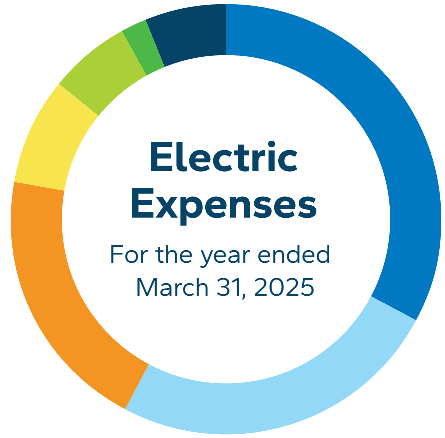
Electric Expenses

For the year ended March 31

	2025	2024	% change
	millions of dollars		
Finance expense	**1 036**	996	4.0
Operating and administrative	**755**	708	6.6
Depreciation and amortization	**607**	614	(1.1)
Capital and other taxes	**166**	166	-
Fuel and power purchased	**241**	350	(31.1)
Water rentals and assessments	**69**	62	11.3
Other expenses	**171**	332	(48.5)
Corporate allocation	**10**	12	(17)
Finance income	**(54)**	(55)	(1.8)
	3 001	3 185	(5.8)

Finance expense includes interest on short and long-term borrowings and the provincial debt guarantee fee paid to the Province of Manitoba, foreign exchange gains and losses and accretion expense on provisions and other non-current liabilities, partially offset by interest capitalized for those qualifying assets under construction. Finance expense is impacted by borrowing requirements for capital investment, interest rates on borrowings and the capitalization of interest.

Finance expense totaled $1 036 million in 2024-25, an increase of $40 million or 4.0% from the previous year. The increase was primarily due to higher long- and short-term debt volumes, higher interest rates on new and refinanced long-term debt issues, higher foreign exchange losses, and additional accretion expense on a long-term obligation that was established in the prior year. These increases were partially offset by higher capitalized interest and lower expected credit losses on other loans and receivables.



Finance expense (net)	33%
Operating and administrative	25%
Depreciation and amortization	20%
Fuel and power purchased	8%
Capital and other taxes	6%
Water rentals and assessments	2%
Other expenses	6%

Operating and administrative expenses are comprised primarily of labour and benefits, materials, contracted services and overhead costs associated with operating, maintaining and administering the facilities and programs of the corporation and providing services to customers.

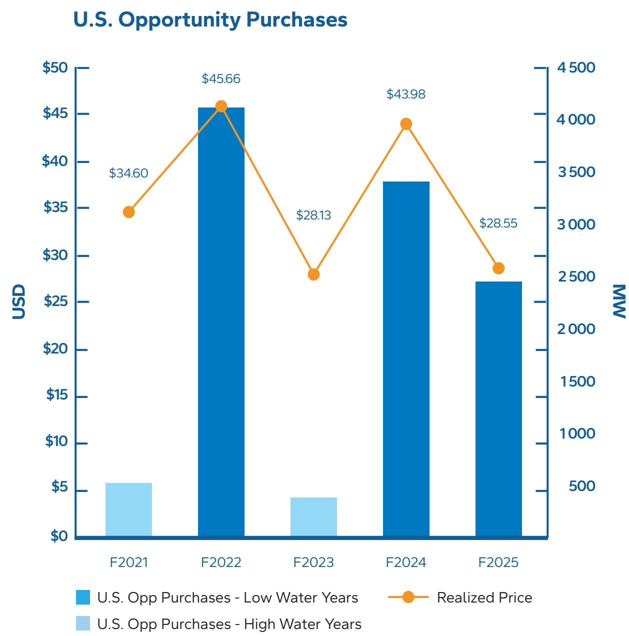
In 2024-25, operating and administrative expenses for electric operations amounted to $755 million, an increase of $47 million or 6.6% compared to 2023-24. The increase in operating and administrative expenses is primarily attributable to higher wages and salaries due to wage increases and an increase in full-time equivalent employees (FTE) as well as higher employee benefits costs due to an increase in vacation expense, improved benefit offerings as well as year-over-year changes in benefit liability remeasurements due to a change in the discount rate. To support long-term strategic plans and uphold its commitment to safe and reliable service, Manitoba Hydro has increased its FTE levels, particularly in key front-line areas such as trades trainees. Additionally, there are higher costs for cloud computing arrangement projects and Software as a Service and subscription services in the current year. Inflationary pressures also continue to impact spending levels.

Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangible assets as well as any gains or losses on disposal of assets.

Depreciation and amortization expense amounted to $607 million in 2024-25, a decrease of $7 million or 1.1% from the previous year. The decrease was mainly attributable to the implementation of new rates from the 2024 depreciation study which adjusted the service lives of assets, partially offset by additional depreciation on new plant additions.

Capital and other taxes includes payments to the Province of Manitoba for capital and payroll tax and to municipalities within the Province of Manitoba for property taxes.

Capital and other taxes amounted to $166 million in 2024-25, which was consistent with the previous year.



Fuel and power purchased includes purchased electrical energy from external Canadian and U.S. suppliers, wind power purchased from the independently-owned St. Leon and St. Joseph wind farms, transmission charges and fuel for the thermal generating stations and remote diesel sites. Fuel and power purchases are impacted by weather, market prices for electricity and water flow conditions. If water conditions are low, electricity purchases may be necessary to meet the energy requirements of Manitobans and dependable export contracts.

Fuel and power purchased was $241 million in 2024-25, a decrease of $109 million or 31.1% from 2023-24. The decrease was primarily due to lower opportunity purchases driven by lower volumes purchased at significantly lower prices. In 2023-24, Manitoba Hydro was impacted by unprecedented congestion at the settlement point in the northern MISO market which resulted in a significant increase in the price of power purchased from the U.S. in the prior year. Opportunity purchase volumes were 1 023 GWh or 29.2% lower than the prior year resulting in a decrease of $60 million.

Water rentals and assessments includes water rentals paid to the Province of Manitoba for the use of water resources in the operation of the corporation's hydraulic generating stations and assessments paid to various regulatory and market organizations.

Water rentals and assessments amounted to $69 million in 2024-25 as compared to $62 million in the prior year, an increase of 11.3%. The increase is a result of higher hydraulic generation than the prior year as well as an increase in assessment rates and the related foreign exchange impacts. Hydraulic generation amounted to 31.0 billion kilowatt-hours in 2024-25 compared to 29.7 billion kilowatt-hours in the previous year, an increase of 4.4%.

Other expenses include expenditures associated with DSM programs designed to reduce overall energy consumption and assist customers in managing their energy costs as well as other miscellaneous expenditures. The majority of DSM programs are provided to customers of Manitoba Hydro through a Crown corporation, Efficiency Manitoba Inc. which is devoted to energy conservation. The majority of other expenses are deferred and subsequently amortized through net movement in regulatory balances.

Other expenses amounted to $171 million in 2024-25, a decrease of $161 million or 48.5% compared to the previous year. The decrease is largely related to impacts associated with the amended Joint Keeyask Development Agreement (JKDA) as 2023-24 included recognition of the preferred distributions obligation arising from the ownership changes at final closing under the amended agreement. In 2024-25, the preferred distributions obligation was revalued, increasing costs in the current year. The revaluation accounts for changes in projected domestic rate increases, export prices, and the Keeyask Generation Station operating costs, all of which affect the calculation of preferred distributions.

Excluding the impacts of the amended JKDA, there is an increase in site remediation costs in 2024-25 primarily due to the recognition of environmental obligations as well as higher DSM program expenditures. The increase is partially offset by lower costs for corporate-wide initiatives in the current year.

Electric Net Movement in Regulatory Balances

The net movement in regulatory balances captures the timing differences between financial reporting under IFRS and those amounts approved by the Public Utilities Board for rate-setting purposes. The change in the net movement in regulatory balances of $167 million was primarily due to the deferral of the preferred distributions obligation and completion of the Bipole III deferral amortization, both in the prior year. This was partially offset by the current year's deferral of additional site remediation costs, the prior year's write-off of previously deferred terminal losses for the Selkirk and Brandon Unit 5 Generating Stations, and the current year's deferral of the revaluation of the preferred distributions obligation.

Net Regulatory Deferral Balance Continuity

	2025	2024	change
	millions of dollars		
Balance April 1	**1 476**	1 180	
Additions			
Preferred distributions obligation	**22**	264	(242)
Demand side management	**53**	44	9
Site remediation	**96**	21	75
Ineligible overhead	**20**	20	-
Loss on disposals	**28**	24	4
Change in depreciation method	**-**	3	(3)
Other	**-**	20	(20)
Amortization			
Selkirk and Brandon terminal losses	**-**	(43)	43
Bipole III	**-**	20	(20)
Other	**(90)**	(77)	(13)
Net movement in regulatory balances	**129**	296	(167)
Balance March 31	**1 605**	1 476	129

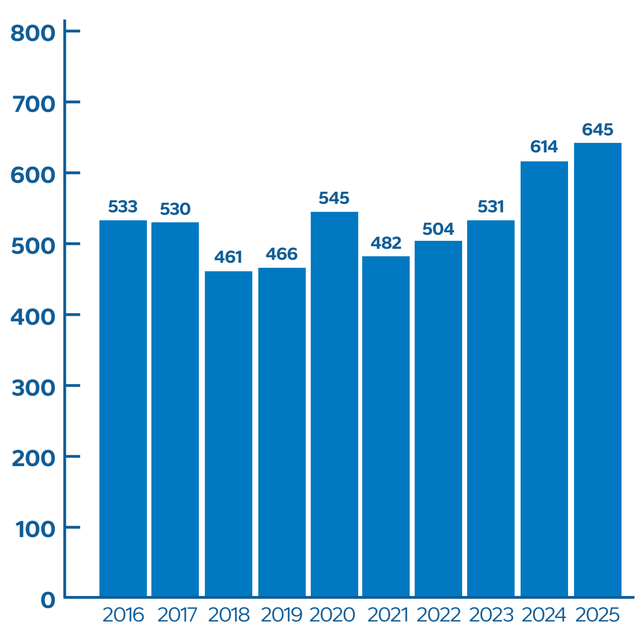
Electric Capital Expenditures

The electric capital expenditure program relates to investments in major new generation and transmission facilities, as well as investments for the sustainment of Manitoba Hydro's assets, fulfilling customer requests, fleet, IT, and facilities requirements.

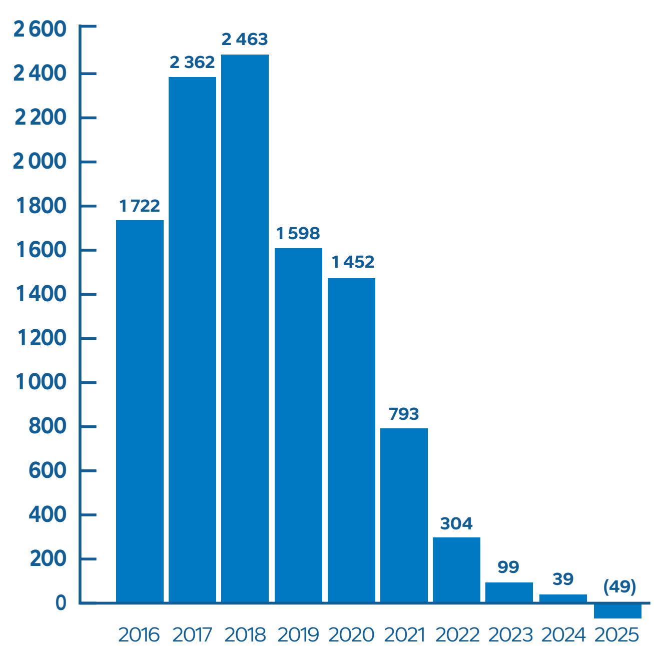
Expenditures for capital construction totaled $596 million in 2024-25 compared to $653 million during the previous fiscal year. This includes an $88 million decrease in spending on new major generation and transmission facilities, largely driven by a $59 million credit related to the Keeyask Generating Station, which resulted from settled contract disputes in September 2024.

Capital expenditures required for additions, improvements and replacements of existing infrastructure amounted to $645 million, an increase of $31 million compared to the previous fiscal year. Manitoba Hydro is investing in the replacement and refurbishment of existing assets to address asset degradation and obsolescence given that many of the corporation's assets were installed several decades earlier. The increase in capital expenditures in fiscal 2024-25 is related in part to the Enterprise Polychlorinated Biphenyl (PCB) project, Slave Falls 7 Bay Sluiceway Concrete Restoration project, and the Kettle Unit 5 Stator Overhaul project. Inflationary pressures have also had a significant impact on overall capital spending levels as increases seen in materials, equipment and services required for Manitoba Hydro's capital projects have been much higher than anticipated and well beyond the general inflationary impacts seen on general costs.

Business Operations Capital
For the year ended March 31
millions of dollars



Major New Generation & Transmission
For the year ended March 31
millions of dollars



Wuskwatim Power Limited Partnership (WPLP)

The WPLP owns and operates the Wuskwatim Generating Station and related works, excluding the transmission facilities. The WPLP has two limited partners, Manitoba Hydro and Taskinigahp Power Corporation (TPC), which is owned beneficially by Nisichawayasihk Cree Nation, and a General Partner which is a wholly-owned subsidiary of Manitoba Hydro.

The WPLP reported a net loss of $9 million for 2024-25 compared to net income of $9 million in 2023-24. Manitoba Hydro's 67% share of the loss was $6 million (2024 - $6 million net income) and TPC's 33% share of the loss was $3 million (2024 - $3 million net income).

Keeyask Hydropower Limited Partnership (KHLP)

The KHLP was formed to carry on the business of developing, owning and operating the Keeyask Generating Station and related works excluding the transmission facilities but including all dams, dikes, channels, excavations and roads. Manitoba Hydro, Cree Nation Partners (owned beneficially by Tataskweyak Cree Nation and War Lake), FLCN Keeyask Investments Inc. (owned beneficially by Fox Lake) and York Factory First Nation Limited Partnership (owned beneficially by York Factory) are limited partners of KHLP. The four First Nations are referred to as the Keeyask Cree Nations (KCN). The General Partner is a wholly-owned subsidiary of Manitoba Hydro.

In 2023-24, Manitoba Hydro and the KCN executed a restated and amended Joint Keeyask Development Agreement (JKDA). Following the updates to the JKDA, the KCN elected to convert their common units to preferred units at final closing on July 31, 2023. The KCN now receives a preferred distribution, as defined in the amended JKDA, on an annual basis. Manitoba Hydro's common equity ownership of the KHLP increased from 82.5% to 100% at final closing.

The KHLP reported a net loss for 2024-25 of $24 million (2024 – $329 million) which is fully attributable to Manitoba Hydro in 2024-25. In 2023-24, $4 million of the $329 million loss was attributable to the KCN, with the remaining $325 million attributable to Manitoba Hydro. The improvement in KHLP's net loss was primarily due to the prior year's recognition of the preferred distributions obligation, along with increased revenues in the current year which resulted from higher volumes and rates.

Natural Gas Segment

The net loss in the natural gas segment was $27 million in 2024-25 compared to a net loss of $34 million in the previous fiscal year. The improvement in net loss over the previous year was primarily attributable to higher gross margin due to the impact of the November 1, 2024 interim natural gas rate increase and colder winter weather, partially offset by higher operating and administrative expenses largely due to increased employee related expenditures, including wages and salaries. Overall, the gross margin, after considering the net movement in Purchase Gas Variance Accounts (PGVA), was not sufficient to cover non-gas costs.

For the year ended March 31

	2025	2024	change
	millions of dollars		
Gross margin			
Gas revenues	**510**	508	2
Cost of gas sold	**352**	333	19
Gross margin	**158**	175	(17)
PGVA	**4**	34	(30)
Gross margin after net movement in PGVAs	**154**	141	13

Natural Gas Revenues and Cost of Gas

For the natural gas segment, customer classes are distinguished based on the level of annual consumption and include residential, large and small general service, large commercial and industrial as well as interruptible and transportation service. Interruptible customers may have service interrupted periodically upon notice in exchange for a reduced rate. Transportation service customers purchase their own gas commodity and pipeline transportation upstream of Manitoba and pay only for the delivery of natural gas on Centra's distribution system.

Natural gas revenues include a significant increase over the prior year related to the federal carbon charge (FCC). The FCC is collected from customers based on the volume of gas consumed and is remitted to the federal government and therefore has no impact on net income. On March 14, 2025, the federal government announced that the FCC would be eliminated effective April 1, 2025.

On October 7, 2024, Centra filed a General Rate Application requesting approval of a general revenue increase of 4.5%, effective November 1, 2024. The PUB approved the increase on an interim basis in Order 125/24. The interim rate increase was required to protect the long-term financial health of Centra. The interim approval will be subject to a full public review of Centra's General Rate Application filed in 2024-25 which will continue through the first quarter of 2025-26.

Revenues from the sale and distribution of natural gas during 2024-25 were $301 million, excluding the FCC of $209 million, a decrease of $44 million from the previous year. The decrease is primarily due to lower gas commodity rates, partially offset by colder winter weather, customer growth and the impact of the November 1, 2024 interim rate increase. Natural gas deliveries were 2 091 million cubic metres in 2024-25 compared to 2 029 million cubic metres in 2023-24.

The breakdown of natural gas revenue is as follows:

Natural Gas Revenues

For the year ended March 31

	2025	2024	% change
	millions of dollars		
Residential	**149**	163	(8.6)
Large general service	**91**	107	(15.0)
Large commercial and industrial	**23**	32	(28.1)
Small general service	**26**	28	(7.1)
Interruptible	**6**	8	(25.0)
Transportation service and other	**6**	7	(14.3)
Federal carbon charge	**209**	163	28.2
Revenue from sale and distribution of natural gas	**510**	508	0.4
Other revenue	**2**	2	-
	512	510	0.4

The actual cost of gas purchased is comprised of all expenses incurred in the procurement and delivery of natural gas to the Manitoba marketplace, including commodity supply, transportation and storage costs either from Western Canada or U.S. sources. In addition to purchasing and delivering the majority of natural gas consumed by Centra's customers, Centra also made deliveries to customers purchasing gas from natural gas brokers and to transportation service customers.

Cost of Gas Sold

For the year ended March 31

	2025	2024	change
	millions of dollars		
Cost of gas sold			
Purchased costs	**143**	170	(27)
PGVA	**4**	34	(30)
WACOG	**147**	204	(57)
Federal carbon charge	**209**	163	46
	356	367	(11)

The cost of gas purchased during 2024-25 was $143 million, a decrease of $27 million from the previous year. This decrease was primarily driven by lower market prices partially offset by higher purchased volumes due to the impact of colder winter weather. The differences between the cost of gas embedded in customer rates (WACOG) and the actual cost of gas purchased are accumulated in the Purchased Gas Variance Accounts (PGVA), which ensures that only the actual cost of gas is ultimately passed on to customers. Any differences in these accounts are either refunded to, or collected from, customers in future rates.

For income statement purposes the actual cost of gas purchased is adjusted in the net movement in regulatory balances for the impact of the PGVA accounts. For 2024-25, the total of actual cost of gas purchased combined with the FCC represents total cost of gas sold of $352 million compared to $333 million for 2023-24.

The gross margin after considering the net movement in PGVAs is $154 million for 2024-25 compared to $141 million for 2023-24, which is an increase of $13 million primarily due to the interim general rate increase, colder winter weather and customer growth.

Natural Gas Rates

In accordance with Centra's quarterly rate-setting methodology, annualized bill impacts for a typical residential customer resulting from Primary Gas and Gas Commodity rate changes for natural gas supplied during 2024-25 are as follows:

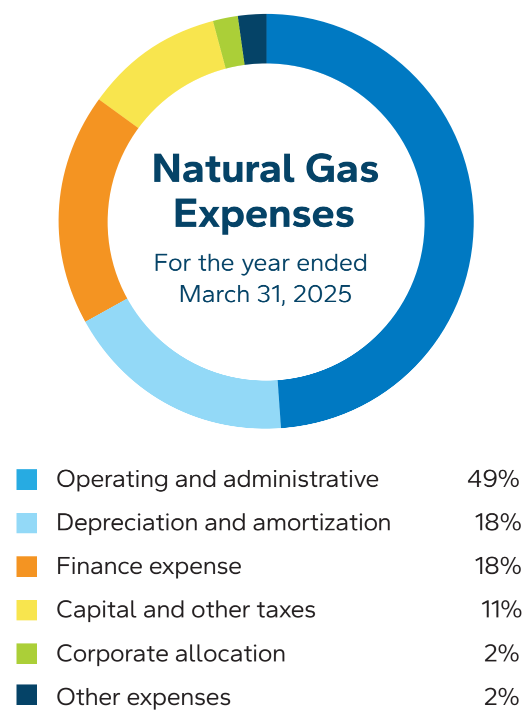
- May 1, 2024 — 1.7% increase
- August 1, 2024 — 4.6% decrease
- November 1, 2024 — 6.1% decrease
- February 1, 2025 — 2.6% increase

The changes in natural gas rates reflect the fluctuations in market prices for natural gas purchased by Centra. The quarterly rate-setting process ensures that the cost of gas purchased from the market is passed through directly to customers, without markup or profit. Differences in the actual cost of gas and those charged to customers is eventually refunded to or collected from customers in future rates. The fluctuations in natural gas prices ultimately impact the bills paid by customers, however, these rises and falls do not translate into additional earnings for Centra Gas. The non-gas margin charged on customer bills is the only mechanism for the recovery of operating costs and is meant to provide Centra Gas with sufficient net income to invest in the natural gas delivery system.

Centra also offers a fixed rate service which allows customers to fix their Gas Commodity rates for terms of up to five years. The fixed rate service is offered to residential and commercial customers. At March 31, 2025 there were approximately 110 customers on Centra's fixed rate service. Total natural gas deliveries under this service were approximately 2.2 million cubic metres.

Natural Gas Expenses

Expenses attributable to the natural gas operations, excluding cost of gas sold, amounted to $174 million in 2024-25, which was $19 million lower than the previous year. The decrease is primarily due to lower other expenses and a reduction in the corporate allocation, partially offset by higher operating and administrative expenses. Other expenses decreased largely due to the receipt of federal funding in 2024-25 related to natural gas DSM program expenditures from prior years. Additionally, while further site remediation costs were recognized in 2024-25 to increase the environmental obligation related to the Sutherland location (originally established in 2023-24), the increase in costs was lower than the amount recognized in the prior year. The reduction in corporate allocation reflects the full year impact of sinking fund investments designated for retiring acquisition debt, as well as a change in the allocation between the electric and natural gas segments. Operating and administrative expenses increased primarily due to higher employee related expenditures, including wages and salaries as well as higher costs for cloud computing arrangement projects and Software as a Service, and subscription services in the current year.



Natural Gas Expenses

For the year ended March 31

	2025	2024	% change
	millions of dollars		
Operating and administrative	**85**	81	4.9
Depreciation and amortization	**32**	33	(3.0)
Finance expense	**30**	29	3.4
Capital and other taxes	**19**	18	5.6
Other expenses	**4**	26	(84.6)
Corporate allocation	**4**	6	(33.3)
	174	193	(9.8)

Natural Gas Net Movement in Regulatory Balances

The natural gas net movement in regulatory balances captures the timing differences between financial reporting under IFRS and those amounts approved by the Public Utilities Board for rate-setting purposes. The change in the net movement in regulatory balances of $5 million was primarily the result of the change in the PGVA balance due to lower purchased gas costs compared to amounts recovered from customers, partially offset by decreased spending on DSM largely due to the receipt of federal funding as well as lower site remediation costs.

Net regulatory deferral balance continuity

	2025	2024	change
	millions of dollars		
Balance April 1	**84**	102	
Additions			
Purchased Gas Variance Accounts	**(4)**	(34)	30
Demand side management	**(1)**	19	(20)
Site Remediation	**3**	6	(3)
Regulatory	**1**	1	-
Loss on disposals	**4**	5	(1)
Other	**1**	1	-
Amortization	**(17)**	(16)	(1)
Net movement in regulatory balances	**(13)**	(18)	5
Balance March 31	**71**	84	(13)

Natural Gas Capital Expenditures

The natural gas capital expenditure program relates to new business, system improvement and other expenditures to meet the needs of natural gas customers. Capital expenditures in the natural gas sector were $47 million in 2024-25, a decrease of $3 million compared to the previous fiscal year.

Other Segment

In addition to Centra, Manitoba Hydro has the following wholly-owned subsidiaries involved in energy-related business enterprises:

Manitoba Hydro International Ltd. (MHI) provides innovative consulting, operations, maintenance and project management services world-wide, either exclusively or through partnerships. MHI provides research and development services and products to the power system and telecommunication sectors. In July 2024, Manitoba Hydro announced the international consulting business of MHI, operating under Manitoba Hydro International Utility Services, would resume operations, offering energy management consulting and services to utilities and organizations worldwide, and sharing Manitoba Hydro's expertise globally.

Manitoba Hydro Utility Services Ltd. (MHUS) provides meter reading and related services to Manitoba Hydro, Centra and other utilities.

Minell Pipelines Ltd. (Minell) operates a 70-kilometre natural gas transmission pipeline between Moosomin, Saskatchewan and Russell, Manitoba, used exclusively to transport natural gas on behalf of Centra.

The following table provides a summary of the financial results of the subsidiary companies excluding Centra for the fiscal year ended March 31, 2025 compared to the previous fiscal year:

	MHI		MHUS		Minell		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	millions of dollars							
Revenues	**39**	38	**9**	8	**0**	0	**48**	46
Expenses	**25**	25	**9**	8	**1**	1	**35**	34
Net income (loss)	**14**	13	**-**	-	**(1)**	(1)	**13**	12

Risk Management

Manitoba Hydro is solely responsible for the provision of electricity and natural gas to Manitobans and as such is focused on effective risk management, ensuring the cost and effort associated with risk mitigation is balanced against the potential impacts to rates and services. Responsibility for managing risks at Manitoba Hydro has been distributed across the enterprise.

Enterprise Risk Overview

The risks and uncertainties that Manitoba Hydro currently face also drive the need for our updated strategy. This strategy will be executed in an evolving energy landscape where the degree and pace of change is unknown, and uncertainty exists. Manitoba Hydro's Enterprise Risk Management (ERM) program is built to ensure these risks and the risks inherent in its business are clearly understood, actively monitored, and effective mitigation plans are put in place to support the successful execution of strategy.

Manitoba Hydro's ERM program strategically manages Manitoba Hydro's enterprise risks through an integrated, forward-looking, standardized approach. ERM drives consistency and organizational alignment around risk management through the implementation of defined risk management policies and procedures, allowing risks to be aggregated and understood at an enterprise-wide level. ERM will also support the continued development of a risk-informed decision-making culture across all work levels, where each area not only manages known risks but considers risk holistically across the enterprise, implementing common risk language and risk-based tools and processes.

The following table shows Manitoba Hydro's Top Enterprise Risks. Our strategic planning framework integrates risk considerations throughout the planning stages and informs strategic decisions and updates to strategy.

RISK	RISK DESCRIPTION	MITIGATION MEASURES
Financial Health	Risk that our financial resilience and self-sufficiency become challenged.	• Manitoba Hydro performs ongoing drought mitigation measures and has a Drought Management Plan to reduce the impacts to financial performance. • Pursue opportunities to reduce debt in the capital structure over time, pursue rate increases as required and implement effective cost management strategies to allow Manitoba Hydro to operate in a self-sufficient manner. • Continue to engage with the provincial government to ensure sufficient access to borrowing authority for low-cost debt financing. • Maintain appropriate reserves for solvency and liquidity. • Engage with the federal government regarding opportunities and challenges as they relate to the energy transition and maximize federal support, where appropriate.
System Reliability	Risk that we are unable to meet reliability expectations in delivery of energy both now and into the future.	• Manitoba Hydro recognizes that a balanced approach is needed to maintain safety, reliability, sustainability, and affordability. • Maintain strong relationships with neighbouring utilities, transmission planners and operators, reliability coordinators, and reliability organizations to ensure the Manitoba systems remain reliable and interconnected with the regional systems. • Manitoba Hydro has a Strategic Asset Management Plan to address ageing assets and will continue to mature the asset management system to optimize lifecycle costs (capital + O&M) in addressing those assets. • Executing the HVDC Modernization Project. • Manitoba Hydro is developing a 2025 Integrated Resource Plan (IRP) including both electrical and natural gas systems and building on learnings from the 2023 IRP to ensure readiness for the energy future.
Legislation & Regulatory	Risk that we are unable to meet new or amended legislation and regulations.	• Manitoba Hydro has a defined role in energy related discussions as part of a whole of government approach and continuously monitors and engages in these discussions across all levels of government. • Monitor and develop strategies in response to government policies and programs impacting energy resources. • Complete GHG assessment of plans and inventory management.

RISK	RISK DESCRIPTION	MITIGATION MEASURES
Strategic Execution	Risk that our systems (people, process, data, and technology) are unable to deliver on strategy.	• Implement SAP S/4 HANA Core and retire redundant systems. • Continue to execute on Strategic Workforce Planning enterprise initiative along with enhancements to policies, processes, performance management, and training and development. • Develop and roll out an Enterprise adoption plan for strategy, planning and foundational values.
Business Continuity	Risk that severe events disrupt or stop our operations.	• Ongoing business continuity planning for critical and essential services, critical personnel, critical resources. • Ongoing system to capture critical business capabilities and perform frequent hazard risk assessments. • Manitoba Hydro has an Enterprise Technology Security Program in place that is focused on minimizing cyber-attacks through multiple levels of protection. • Continuous review of key systems and processes and third-party security assessments are undertaken to further improve protection against potential cyber security event(s). • Manitoba Hydro has a Climate Change, Opportunities, Risks and Adaptation working group to provide direction on comprehensive climate change risk assessments and to explore adaptation options to increase resiliency throughout the enterprise to inform and guide adaptation investment.
Social License to Operate	Risk that we are not viewed as a trusted partner on key energy matters.	• Manitoba Hydro is committed to delivering safe, reliable energy to all Manitobans while prioritizing environmental stewardship and connecting with the communities we serve. Safety, environmental stewardship, and reconciliation are core values integrated into our daily operations and strategic planning process. • Ongoing development and launch of a research-based energy communications campaign, by engaging customers on affordability, reliability, and energy transition, to increase trust. • Ongoing Customer Journey Optimization initiative. • Execute on Safety Culture Enhancement Project. • Development and implementation of an Enterprise Privacy Program.

Financial Outlook

Manitoba Hydro's net income is highly dependent on several uncontrollable factors. One of the most significant is water flow conditions which is monitored and managed daily. Coming out of the drought experienced in 2024-25, spring precipitation has been well below average to begin the fiscal year. Annual hydraulic generation is dependent on summer and fall rainfall conditions so there remains uncertainty as to the impact of water flow conditions on the corporation's 2025-26 financial results.

Other key uncontrollable factors that can impact the corporation's net income are inflationary cost pressures and interest rates. Despite the downward trend to core inflation, elements of Manitoba Hydro's core business such as labour wages, the cost to repair and maintain fleet vehicles, construction materials, external construction services, travel and specialized equipment remain elevated pending the impacts of U.S. tariffs and unresolved international trade deals between the U.S. and its trading partners which could put upward pressure on the corporation's operating and capital costs. Additionally, ongoing geopolitical conflicts continue to create supply chain issues, creating higher bids for work, increased transportation costs and longer lead times.

Recognizing the need for Manitoba Hydro to refinance approximately $1 billion in debt per year over the coming years, long-term interest rates have resisted falling with the recent interest rate cuts by the Bank of Canada.

A relatively flat electricity spot market price forecast was included in the 2025-26 budget. Spot prices are difficult to predict and can fluctuate for many reasons such as spikes in demand due to extreme weather, very high or very low wind generation, and generation and transmission outages.

Based on spring system inflows and assuming normal precipitation for the remainder of the year, hydraulic generation is projected to be below the approved budget. However, as summer and fall precipitation levels have material impacts on hydraulic generation and net income, the outlook for 2025-26 will continue to evolve.

Management's Report

For the year ended March 31, 2025

The accompanying consolidated financial statements have been prepared by management of the Manitoba Hydro-Electric Board (the corporation), who are responsible for the integrity, consistency and reliability of the information presented. The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The preparation of the consolidated financial statements necessarily involves the use of estimates and assumptions based on management's judgments, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances. The preparation of the consolidated financial statements includes information regarding the estimated impact of future events and transactions. Actual results in the future may differ from the present assessment of this information because future events and circumstances may not occur as expected. The consolidated financial statements have been prepared within reasonable limits of materiality in light of information available up to June 27, 2025.

In meeting its responsibility for the reliability of financial information, management maintains and relies on a comprehensive system of internal controls, which is designed to provide reasonable assurance that the corporation's assets are safeguarded and appropriately accounted for, that financial information is relevant, reliable and accurate, and that transactions are properly authorized and executed. The system includes formal policies and procedures as well as the appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function evaluates the effectiveness of these controls and reports its findings to management and the Audit & Finance Committee of the Board of Directors.

The Board of Directors, through the Audit & Finance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit & Finance Committee, which is comprised of outside and unrelated directors, meets periodically with management, the internal auditors and the external auditors to satisfy itself that each group has properly discharged its responsibility with respect to internal controls and financial reporting. The Audit & Finance Committee reviews the consolidated financial statements and management's discussion and analysis and recommends their approval to the Board of Directors. The external auditors have full and open access to the Audit & Finance Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of the financial reporting and the effectiveness of the system of internal controls.

The consolidated financial statements were reviewed by the Audit & Finance Committee, and on their recommendation, were approved by the Board of Directors. The consolidated financial statements have been examined by KPMG LLP, independent external auditors appointed by the Lieutenant Governor in Council. The external auditor's responsibility is to express their opinion on whether the consolidated financial statements are fairly presented in accordance with IFRS Accounting Standards. The Independent Auditor's Report outlines the scope of their examination and their opinion.

On behalf of management:

Allan Danroth,
President & Chief Executive Officer

Alastair Fogg
Vice President and Chief Financial Officer

Winnipeg, Canada
June 27, 2025

KPMG LLP
1900 – 360 Main Street
Winnipeg MB R3C 3Z3
Canada
Telephone (204) 957-1770
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Manitoba Hydro-Electric Board

Opinion

We have audited the consolidated financial statements of Manitoba Hydro-Electric Board (the "Entity"), which comprise the consolidated statement of financial position as at March 31, 2025, the consolidated statements of loss, comprehensive income (loss), changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

June 27, 2025

Consolidated Statement of Loss

For the year ended March 31

(millions of Canadian dollars)	Notes	**2025**	2024
Revenues			
Domestic			
Electric		**1 920**	1 847
Gas		**508**	505
Extraprovincial	5	**860**	872
Other	6	**81**	74
		3 369	3 298
Expenses			
Finance expense	7	**1 079**	1 042
Operating and administrative	8	**853**	802
Depreciation and amortization	9	**642**	651
Cost of gas sold		**352**	333
Water rentals and assessments		**69**	62
Fuel and power purchased	10	**240**	348
Capital and other taxes	11	**186**	184
Other expenses	12	**188**	374
Finance income		**(58)**	(62)
		3 551	3 734
Net loss before net movement in regulatory balances		**(182)**	(436)
Net movement in regulatory balances	20	**116**	278
Net loss		**(66)**	(158)
Net loss attributable to:			
Manitoba Hydro		**(63)**	(157)
Non-controlling interests	29	**(3)**	(1)
		(66)	(158)

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

Consolidated Statement of Financial Position

As at March 31

(millions of Canadian dollars)	Notes	**2025**	2024
Assets			
Current Assets			
Cash and cash equivalents	13	**1 073**	780
Investments	17	**13**	14
Accounts receivable and accrued revenue	14	**598**	506
Prepaid expenses		**35**	35
Inventory	15	**155**	163
		1 874	1 498
Property, Plant and Equipment	16	**26 865**	26 727
Non-Current Assets			
Long-term investments	17	**277**	277
Goodwill		**107**	107
Intangible assets	18	**968**	978
Loans and other receivables	19	**267**	260
		1 619	1 622
Total assets before regulatory deferral balance		**30 358**	29 847
Regulatory deferral balance	20	**1 799**	1 679
Total assets and regulatory deferral balance		**32 157**	31 526

On behalf of the Board of Directors:

Ben Graham
Chair of the Board

Jamie Wilson
Chair of the Audit & Finance Committee

	Notes	**2025**	2024
Liabilities and Equity			
Current Liabilities			
Accounts payable and accrued liabilities	22	**418**	456
Current portion of long-term debt	21	**996**	903
Accrued interest		**136**	134
Notes payable	23	**400**	200
Other liabilities	24	**154**	177
		2 104	1 870
Long-Term Debt	21	**23 944**	23 644
Non-Current Liabilities			
Other non-current liabilities	25	**1 131**	1 127
Employee future benefits	26	**809**	744
Deferred revenue	27	**787**	702
Provisions	28	**99**	50
		2 826	2 623
Total liabilities		**28 874**	28 137
Equity			
Retained earnings		**3 415**	3 478
Accumulated other comprehensive loss		**(298)**	(254)
Equity attributable to Manitoba Hydro		**3 117**	3 224
Non-controlling interests	29	**43**	46
Total equity		**3 160**	3 270
Total liabilities and equity before regulatory deferral balance		**32 034**	31 407
Regulatory deferral balance	20	**123**	119
Total liabilities, equity and regulatory deferral balance		**32 157**	31 526

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

Consolidated Statement of Cash Flows

For the year ended March 31

(millions of Canadian dollars)	Notes	**2025**	2024
Operating Activities			
Net loss		**(66)**	(158)
Net movement in regulatory balances	20	**(116)**	(278)
Add back:			
Depreciation and amortization	9	**642**	651
Finance expense	7	**1 079**	1 042
Finance income		**(58)**	(62)
Adjustments for non-cash items		**-**	251
Adjustments for changes in non-cash working capital accounts			
Accounts receivable and accrued revenue		**(69)**	65
Prepaid expenses		**-**	(3)
Accounts payable and accrued liabilities		**(38)**	45
Other		**48**	21
Interest received		**50**	38
Interest paid		**(1 038)**	(1 005)
Cash provided by operating activities		**434**	607
Investing Activities			
Additions to property, plant and equipment		**(697)**	(756)
Additions to intangible assets		**(26)**	(15)
Contributions received		**109**	82
Cash received from (paid for) long-term investment		**14**	(190)
Cash paid for mitigation obligations		**(28)**	(58)
Cash paid for major development obligations		**(8)**	(11)
Cash paid for transmission rights obligations		**(21)**	(21)
Other		**16**	15
Cash used for investing activities		**(641)**	(954)

	Notes	**2025**	2024
Financing Activities			
Proceeds from long-term debt	21	**1 210**	1 450
Retirement of long-term debt	21	**(900)**	(1 463)
Advances from (to) investment entities	19	**-**	4
Proceeds from notes payable	23	**200**	150
Sinking fund investment withdrawals	17	**-**	246
Sinking fund investment purchases	17	**-**	(346)
Cash paid for preferred distributions obligation		**(4)**	-
Repayment of lease liabilities		**(6)**	(3)
Cash provided by financing activities		**500**	38
Net change in cash and cash equivalents		**293**	(309)
Cash and cash equivalents, beginning of year		**780**	1 089
Cash and cash equivalents, end of year		**1 073**	780

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

Consolidated Statement of Comprehensive Income (Loss)

For the year ended March 31

(millions of Canadian dollars)	Notes	**2025**	2024
Net loss		**(66)**	(158)
Other comprehensive income (loss)			
Items that will not be reclassified to income			
Net (losses) gains on pension assets and liabilities	26	**(28)**	52
Asset ceiling remeasurement on pensions	26	**4**	(29)
Items that will be reclassified to income			
Cash flow hedges - unrealized foreign exchange losses on debt	30(c)	**(63)**	-
Cash flow hedges - unrealized fair market value gains on commodity derivatives	30(c)	**11**	3
Items that have been reclassified to income			
Cash flow hedges - realized foreign exchange losses on debt	30(c)	**32**	25
		(44)	51
Comprehensive loss		**(110)**	(107)
Comprehensive loss attributable to:			
Manitoba Hydro		**(107)**	(106)
Non-controlling interests		**(3)**	(1)
		(110)	(107)

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

Consolidated Statement of Changes in Equity

(millions of Canadian dollars)	Notes	Retained earnings	Accumulated other comprehensive income (loss)	**Manitoba Hydro**	Non-controlling interests	Total equity
Balance as at April 1, 2023		3 650	(305)	**3 345**	344	3 689
Net loss		(157)	-	**(157)**	(1)	(158)
Other comprehensive income		-	51	**51**	-	51
Comprehensive income (loss)		(157)	51	**(106)**	(1)	(107)
Acquisition of non-controlling interest	29	(15)	-	**(15)**	(297)	(312)
Balance as at March 31, 2024		3 478	(254)	**3 224**	46	3 270
Net loss		(63)	-	**(63)**	(3)	(66)
Other comprehensive loss		-	(44)	**(44)**	-	(44)
Comprehensive loss		(63)	(44)	**(107)**	(3)	(110)
Balance as at March 31, 2025		**3 415**	**(298)**	**3 117**	**43**	**3 160**

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

Note 1 Reporting entity

The Manitoba Hydro-Electric Board and the Manitoba Power Commission were amalgamated in 1961 by enactment of *The Manitoba Hydro Act* to form a Crown corporation in the Province of Manitoba named Manitoba Hydro-Electric Board (Manitoba Hydro or the corporation). As a Crown corporation, Manitoba Hydro is not subject to income taxes under Section 149(1)(d) of the *Income Tax Act* (Canada). Manitoba Hydro's mandate is to provide for the continuance of a supply of energy adequate for the needs of the province and to engage in and to promote economy and efficiency in the development, generation, transmission, distribution, supply and end-use of energy. The head office of the corporation is located at 360 Portage Avenue, Winnipeg, Manitoba.

These consolidated financial statements include the accounts of Manitoba Hydro and its wholly-owned subsidiaries including Centra Gas Manitoba Inc. (Centra), Minell Pipelines Ltd. (Minell), Manitoba Hydro International Ltd. (MHI), Manitoba Hydro Utility Services Ltd. (MHUS) and 6690271 Manitoba Ltd. (a subsidiary that was formed to participate in the development of a new transmission line in the U.S.). These consolidated financial statements also include Manitoba Hydro's 67% common ownership interest in the Wuskwatim Power Limited Partnership (WPLP) and its 100% common ownership interest in the Keeyask Hydropower Limited Partnership (KHLP). For purposes of consolidation, all significant intercompany accounts and transactions have been eliminated.

Note 2 Basis of presentation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS).

These consolidated financial statements were approved for issue by the Manitoba Hydro-Electric Board on June 27, 2025.

(b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the following material items in the consolidated statement of financial position:

- Financial instruments accounted for in accordance with the financial instrument categories defined in Note 3(n) and (o);
- Employee future benefits defined in Note 3(k); and
- Provisions defined in Note 3(l).

(c) Functional and presentation currency

The consolidated financial statements are presented in millions of Canadian dollars, the functional currency of the corporation.

(d) Use of estimates and judgment

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgements that affect amounts reported as assets, liabilities, income and expenses.

Areas of significant management estimates and judgments are outlined in the following summary and material accounting policies included in Note 3:

- Accrued revenue for domestic electricity and natural gas deliveries not yet billed at year-end (Note 3 (b));
- Determination of borrowing costs that are directly attributable to the acquisition of a qualifying asset (Note 3 (d) and (g));
- Useful life estimates for depreciable and amortizable assets and methodology used (Notes 3 (g) and (i), 16 and 18);
- Determination of cash generating unit as it pertains to impairment testing (Note 3 (h) and (j));
- Determination of expected credit loss allowance for loans and other receivables (Note 3 (p) and 19);
- Recognition of regulatory deferral accounts and amounts expected to be recovered or refunded in future rates (Note 20);
- Measurement of accrued liabilities (Note 22);
- Measurement of other non-current liabilities and underlying estimates of future cash flows (Note 25);
- Measurement of employee future benefits and underlying actuarial assumptions (Notes 3(k) and 26);
- Measurement of provisions and underlying estimates of future cash flows (Notes 3(l) and 28);
- Fair value measurement of financial instruments (Notes 3 (n) and (o) and 30); and
- Identification and reporting of operating segments (Note 34).

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Note 3 Material accounting policies

(a) Regulatory deferral accounts

In January 2014, the International Accounting Standards Board (IASB) issued an interim standard, IFRS 14 *Regulatory Deferral Accounts* (IFRS 14), which provides guidance on accounting for the effects of rate regulation under IFRS. This guidance allows entities that conduct rate-regulated activities to continue to recognize regulatory deferral accounts in accordance with their previous accounting standards. This interim standard was effective for financial reporting periods beginning on or after January 1, 2016. The corporation elected to adopt IFRS 14 in its consolidated financial statements. The interim standard is only intended to provide temporary guidance until the IASB completes its comprehensive project on rate-regulated activities. IFRS 14 remains in force until either repealed or replaced by permanent guidance on rate-regulated accounting from the IASB.

Regulatory deferral account balances usually represent timing differences between the recognition of items of income or expenses for regulatory purposes and the recognition of those items for financial reporting purposes. Regulatory deferral account balances arising from rate-regulated activities are recognized and measured separately if they do not meet the criteria to be recognized as an asset or liability in accordance with other standards. The balances are recorded as regulatory deferral balances when there is sufficient evidence that they will be recovered or refunded in future rates. Sufficient evidence includes approvals by the regulator and past practice. These amounts would otherwise have been included in the determination of net income in the year they are incurred.

Under rate regulation, the prices charged for the sale of electricity and natural gas within Manitoba are subject to review and approval by the Public Utilities Board of Manitoba (PUB). The rate-setting process is designed such that rates charged to electricity and natural gas customers recover costs incurred by Manitoba Hydro in providing electricity and natural gas service plus a sufficient contribution to retained earnings.

The following regulatory deferral account balances are amortized on a straight-line basis using the specified periods:

Demand side management (DSM) programs	10	years
Site remediation costs	15	years
Deferred taxes	30	years
Acquisition costs	30	years
Regulatory costs	1-5	years
Ineligible overhead	34	years
Conawapa	30	years
Keeyask in-service deferral	106	years
Loss on retirement or disposal of assets	5-58	years
Change in depreciation method	5-120	years
Bipole III deferral	5	years
Major capital project deferral	2	years
Impact of 2014 depreciation study	5	years

(b) Revenue recognition

The corporation assesses each contract with the customer to identify distinct good(s) and service(s) and the related performance obligation(s). Where the corporation determines that goods and services are not distinct, they are combined until they are distinct. If multiple distinct goods/services are substantially the same and have the same pattern of transfer to the customer, they would be treated as one performance obligation. Revenue is recognized when the control of the goods or services has been transferred to the customer at a point in time or over time.

Domestic electricity and natural gas revenues are recognized upon delivery to the customer and charged in accordance with rates approved by the PUB. Accrued revenues are recorded based on an estimated amount of electricity and natural gas delivered and not yet billed at year-end. Domestic electricity and natural gas contracts include a single performance obligation that represents a promise to transfer to the customer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. The corporation's performance obligation is satisfied over time when the electricity or natural gas is received and consumed by the customer.

Extraprovincial contracts may include multiple distinct goods including electricity, capacity and renewable energy credits (RECs). Electricity and capacity both represent a promise to transfer to the customer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer (customer simultaneously receives and consumes benefits as the corporation performs) and result in a single performance obligation. Control is transferred and revenue is recognized upon the delivery of energy to the customer. RECs sourced from wind energy purchases or generated by the corporation's facilities are a separate performance obligation with revenue recognized at a point in time. Control is transferred and revenue is recognized when title to the credits is transferred to the customer. The costs the corporation incurs to obtain or fulfill a contract with a customer are not significant.

Consulting, technology and maintenance services and other miscellaneous revenue is recognized when services are provided or goods are shipped to the customer. Revenue from fixed price contracts is recognized over time under the percentage-of-completion method. The percentage of completion is determined by comparing the costs incurred at the consolidated statement of financial position date to the total estimated costs, which include costs incurred plus anticipated costs for completing a contract.

Revenue from contract modifications such as change orders and claims is recognized to the extent that the contract modifications have been approved by the customer and the amount can be measured reliably. In cases where the contract modification is approved, but the price has not been finalized, the contract modification is accounted for using variable consideration as it is in addition to the agreed upon performance obligation outlined in the original contract.

Non-refundable contributions in aid of construction received from customers are recorded as deferred revenue. The deferred revenue is initially recorded at the amount of cash contributions received and recognized as revenue on a straight-line basis over the estimated lives of the contracts with customers. Where contracts with customers are perpetual and the related contributed asset is used to provide ongoing goods or services to customers, the life of the contract is estimated to be equivalent to the useful life of the related asset for which the contribution was received.

Non-refundable contributions in aid of construction received from developers are recorded as deferred revenue and amortized into other revenue over the life of the related asset for which the contribution was received.

(c) Cost of gas

Natural gas is recorded at purchased cost upon delivery to gas customers.

(d) Finance expense and finance income

Finance expense includes interest on short and long-term borrowings and the provincial debt guarantee fee paid to the Province of Manitoba, foreign exchange gains and losses, the mark to market of foreign exchange forward contracts, accretion expense on provisions and other long-term liabilities, offset by interest capitalized for those qualifying assets under construction. Foreign exchange gains and losses include amounts that had been recognized in other comprehensive income and reclassified from equity to net income in the same periods during which the hedged forecast cash flows (being U.S. export revenues) affect net income. All borrowing costs are recognized using the effective interest rate method. Finance income includes interest earned on loans and advances to investment entities, temporary investments, and long-term investments.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and have maturities of three months or less.

(f) Inventory

Materials, supplies, fuel and natural gas inventories are valued at the lower of average cost and net realizable value. Replacement cost is used as management's best estimate of the net realizable value for materials and supplies and fuel inventory.

Materials, supplies, fuel and natural gas are charged to inventory when purchased and not immediately required for use. These inventories are expensed or capitalized when used. Those materials, supplies and fuel purchased for immediate use are expensed directly.

(g) Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, contracted services, applicable mitigation costs, direct labour and interest applied at the weighted average cost of debt outstanding during the period. Interest is allocated to construction until a capital project becomes operational or a decision is made to abandon, cancel or indefinitely defer construction. Once the transfer to in-service property, plant and equipment is made, interest allocated to construction ceases and depreciation and interest charged to operations commences.

Depreciation is calculated on a straight-line basis using the average life group (ALG) procedure applied using the whole-life technique. Generating station components are depreciated over the lesser of the service life of the components and the remaining life of the associated generating station.

Generation	10 - 125 years	(2024: 4 – 125 years)
Transmission lines	12 – 90 years	(2024: 10 – 85 years)
Substations	15 – 65 years	(2024: 15 – 65 years)
Distribution systems	8 – 80 years	(2024: 10 - 75 years)
Other	5 – 100 years	(2024: 5 – 100 years)

The estimated service lives of the assets are based upon depreciation studies conducted periodically by the corporation. A depreciation study was completed in 2024-25.

The net gain or loss on retirement of these assets is charged to depreciation in the period incurred and then subsequently deferred in regulatory deferral balances through net movement. When the costs of removing an asset from service are incurred to facilitate the installation of a new asset, the costs to remove the asset from service are added to the costs of the new asset. When an asset is retired from service and not replaced with a similar asset, the costs of removing the asset from service are treated similarly to the net gain or loss on retirement of assets.

A reasonable estimate of the present value of the future cash flows required to retire an asset from service is recorded when the recognition criteria for a provision (Note 3(l)(i)) are met. An equivalent amount is added to the carrying cost of the related asset and is amortized over the asset's remaining service life. The discount rate used to measure the cash flows is based on a risk-free rate that reflects current market assessments of the time value of money, consistent with the nature and timing of the obligation.

(h) Goodwill

Goodwill represents the amount of the corporation's investments in Centra and Winnipeg Hydro over and above the fair market value of the identified net assets acquired. The goodwill balance is evaluated annually to determine whether any impairment has occurred.

(i) Intangible assets

Intangible assets include computer application development costs, land easements and transmission rights. Intangible assets are recorded at cost less accumulated amortization. The cost of computer application development includes software, direct charges for labour, materials, contracted services and interest during development applied at the weighted average cost of debt outstanding during the period. Computer application development also consists of cloud computing costs, including configuration and customization costs, that meet the relevant capitalization criteria. The relevant capitalization criteria includes, but is not limited to control, future economic benefit and identifiability. The corporation's intangible assets have finite useful lives and are amortized over their useful lives on a straight-line basis with the amortization included in depreciation and amortization expense.

The expected useful lives are as follows:

Computer application development	5 - 12 years	(2024: 5 - 11 years)
Land easements	75 years	(2024: 75 years)
Transmission rights	19 - 40 years	(2024: 1 – 40 years)

Transmission rights are amortized over the contractual period of the right plus a one-term renewal. The estimated service lives of computer application development and land easements are based upon depreciation studies conducted periodically by the corporation. A depreciation study was completed in 2024-25.

(j) Impairment of non-financial assets

Non-financial assets subject to impairment testing include goodwill, intangible assets and property, plant and equipment. The corporation tests goodwill and material intangible assets under construction at least annually for impairment. Assets subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment test is performed by comparing the carrying amount of the asset or cash generating unit (CGU) to its recoverable amount. The recoverable amount is calculated as the higher of the fair value less costs to sell and the present value of the future cash flows from an asset or CGU. The corporation has determined its CGUs to be at the segment level. This is the lowest level for which there are separately identifiable cash flows as rates for electricity and natural gas revenue are set by the PUB at the segment level. An impairment would be recognized as a charge against operations in the year of impairment if the carrying amount exceeds the recoverable amount.

(k) Employee future benefits

Manitoba Hydro provides future benefits, including pension and other benefits, to both existing and retired employees.

The costs and obligations of defined benefit pension plans and other benefits are determined by an independent actuary using the accrued benefit actuarial cost method and reflect management's best estimate of future compensation increases, service lives and inflation. Pension expense consists of the cost of pension benefits earned during the year and net interest income or expense. Interest expense on the accrued benefit obligation for the period and interest income on plan assets for the period are determined by applying the discount rate used to measure the accrued benefit obligation at the beginning of the annual reporting period, taking into account any changes during the period as a result of contributions and benefit payments.

Experience gains or losses on the assets and actuarial gains or losses on the obligation are recognized in other comprehensive income (OCI) in the period in which they occur. Past service costs, which arise when a change is made to plan benefits, are recognized immediately in profit or loss.

When there is a surplus in a defined benefit plan, the net defined benefit asset is measured at the lower of: a) the surplus in the defined benefit plan, and b) the asset ceiling, determined as the present value of economic benefit available in the form of refunds from the plan or reductions in future contributions, using the applicable discount rate.

Other unfunded non-pension future benefits earned by employees include vacation, vested sick leave, severance and retirement health plans. Where applicable, the future costs of these benefits are determined by an independent actuary and reflect management's best estimates.

(l) Provisions

In accordance with International Accounting Standards (IAS) 37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is required to be recognized where there is a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which are uncertain.

(i) Decommissioning obligations

Decommissioning obligations and former asset retirement obligations are legal and constructive obligations associated with the retirement of long-lived assets. The provisions are estimated by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance expense.

(ii) Affordable Energy Fund

The Affordable Energy Fund was determined based on Provincial Legislation. The timing of disbursements is uncertain due to the unpredictability of future customer participation.

(iii) Mitigation

Provisions arising from Manitoba Hydro's mitigation program are recognized when there is an expectation that expenditures will be incurred to address the adverse effects of past hydroelectric development on Indigenous and other communities. These provisions are based on management's best estimate of the consideration required to settle the obligation. The corporation reviews its estimates of future mitigation expenditures on an ongoing basis.

(iv) Major development

Provisions arising from Manitoba Hydro's major development projects are recognized when there is an expectation that expenditures will be incurred to address project-related adverse effects on Indigenous and other communities. These provisions are based on management's best estimate of the consideration required to settle the obligation. The corporation reviews its estimates of future major development expenditures on an ongoing basis.

(v) Environmental obligations

Environmental obligations arising from a past event are accrued when it is probable that a present legal or constructive obligation will require the corporation to incur environmental expenditures at a future date.

(vi) Other provisions

Other provisions have been established for obligations identified, which require recognition in the financial statements due to the likelihood of settlement and the presence of an obligation, either from past events or constructive in nature.

(m) Government grants

Government grants are recognized when there is reasonable assurance they will be received and the corporation will comply with the conditions associated with the grant. Government grants that compensate the corporation for expenses incurred are recognized in profit or loss in the same period in which the expenses are recognized. Grants that compensate the corporation for the cost of an asset are recorded as deferred revenue and recognized in other revenue over the service life of the related asset.

(n) Non-derivative financial instruments

All financial instruments are measured at fair value on initial recognition as of the trade date. Financial assets are classified into one of the following categories: amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Financial liabilities are classified at amortized cost or fair value through profit or loss.

Amortized cost
The corporation's cash and cash equivalents, trade accounts receivable and accrued revenue, loans and other receivables, and long-term investments are initially recorded at fair value and subsequently measured at amortized cost, if the financial assets are held in order to collect contractual cash flows, and those cash flows are solely payments of principal and interest on the principal outstanding. Interest income is calculated using the effective interest method and is recognized in net income. Changes in fair value are recognized in net income when the financial asset is derecognized or reclassified to another measurement category. All financial assets measured at amortized cost are subject to impairment measurement at the end of the reporting period as described below.

Long-term debt, trade payables and accrued liabilities, notes payable, accrued interest and other liabilities, except for derivative liabilities classified and measured at fair value through profit or loss, are initially recognized at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method of amortization.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced with substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability is recorded at fair value. The differences in the respective carrying amounts are recognized as gains or losses in net income.

At fair value through other comprehensive income
Financial assets that are held within a business model for the collection of contractual cash flows and for selling, where cash flows are solely payments of principal and interest, are classified as fair value through other comprehensive income. Financial assets are initially recorded at fair value and are subsequently measured at fair value with unrealized gains and losses recognized in other comprehensive income. Interest income, impairment gains and losses and foreign exchange gains and losses are recognized in net income. Once the financial asset is derecognized or reclassified, fair value losses previously recorded in other comprehensive income, are reclassified to net income. Interest income from these financial assets is recognized as other income using the effective interest method. The corporation does not have any financial assets classified at fair value through other comprehensive income.

At fair value through profit or loss
Financial instruments classified as fair value through profit or loss are subsequently measured at fair value with changes in fair value recognized in the consolidated statement of income in the period in which they arise.

(o) Derivative financial instruments

The corporation's derivative assets and liabilities are classified and measured at fair value through profit or loss with changes in the fair value of the financial derivative instrument recognized in net income, where hedge accounting is not applied.

Foreign exchange forward contracts are transacted to mitigate annual net income impacts due to foreign exchange rate fluctuations related to a portion of U.S. long-term debt balances, for which hedge accounting is not applied. As well, the corporation mitigates price risk of electricity market sales and purchases through its limited use of derivative financial instruments such as contracts for differences, forward contracts, options and financial transmission rights.

The change in fair value of derivative financial instruments reflects changes in foreign exchange rates and in electricity prices, with discount rates applied for time value. Changes in fair value of unsettled positions are recognized in net income or in accumulated other comprehensive income (AOCI) for cash flow hedges if the derivative instruments are accounted for as hedging instruments. The corporation does not engage in derivative trading or speculative activities.

(p) Impairment of financial assets

The corporation uses the expected credit loss (ECL) model for calculating impairment and recognizes ECL as a loss allowance for financial assets measured at amortized cost. ECLs are a probability-weighted estimate of credit losses and measured as the present value of all cash shortfalls and discounted at the effective interest rate of the financial asset. Lifetime ECLs result from all possible default events over the expected life of the financial instrument. 12-month ECLs result from default events that are possible within the 12 months after the reporting date.

For trade receivables, the corporation applies the simplified approach and uses a provision matrix, which is based on the corporation's historical credit loss experience for trade receivables, current market conditions and any insights into future economic conditions to estimate and recognize lifetime ECL. Trade and other receivables are assessed for impairment on a collective basis with special consideration for risk factors associated with each customer group.

Loans and receivables are measured at 12-month ECLs unless there has been a significant increase in credit risks since initial recognition. When determining whether the credit risk has increased significantly since initial recognition, the corporation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis and includes forward looking information. The corporation assumes that the credit risk on specific loans and receivables has increased significantly if it is more than 30 days past due or pursuant to borrower specific relative criteria as identified by the corporation.

(q) Hedges

The corporation has formally designated and documented cash flow hedges, establishing economic relationships between forecasted transactions and various hedging instruments. To hedge foreign currency risk, long-term cash flow hedges have been established between U.S. long-term debt balances and future U.S. export revenues as well as between U.S. interest payments on dual currency bonds and future U.S. export revenues. Foreign currency gains and losses of U.S. long-term debt balances are recognized in other comprehensive income and in long-term debt on the statement of financial position. Once the U.S. export revenues designated as being hedged are recognized in earnings, the accumulated gains and losses recorded in other comprehensive income are reclassified to finance expense. The change in fair value method is used to measure ineffectiveness on a quarterly basis. Any potential source of ineffectiveness would come from the initial difference in the timing of the forecasted hedged item and the timing of the hedging instrument, minimal changes caused by the discounting of rate changes and changes in the timing of the forecasted transaction subsequent to the inception of the hedging relationship. The amount of ineffectiveness, if any, is recorded in net income and is equal to the excess of the cumulative change in the fair value (discounted cash flows) of the hedging instrument over the cumulative change in the fair value (discounted cash flows of the hedged item).

On a limited basis, cash flow hedges of electricity price risk have also been established between contracts for differences and/or options and future U.S. electricity sales. The estimated fair value of a hypothetical derivative is used in the hedge effectiveness assessment to match the price, quantity and timing of the future U.S. electricity sales. The effective portion of the change in the fair value of the hedging instruments is initially recognized in other comprehensive income. Once the forecasted transactions are recognized, the accumulated gains and losses recorded in other comprehensive income are reclassified to export revenues. Hedge effectiveness testing is performed at the inception of the hedge and on an ongoing basis. Any ineffective portions of the cash flow hedges are immediately recorded in export revenues. The sources of hedge ineffectiveness are a result of location differences. The fair value of the hedged item and the hedging instrument are based on forward energy prices however they are priced at different locations. The difference in the energy price of the locations is a result of congestion and transmission losses between the two nodes.

(r) Foreign currency translation

Revenues and expenses resulting from transactions in foreign currencies are translated to Canadian dollar equivalents at exchange rates approximating those in effect at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the reporting date. Translation gains and losses are credited or charged to finance expense in the current period except for long-term debt obligations in hedging relationships with future export revenues. Translation gains and losses for long-term debt obligations in hedging relationships with future export revenues are recorded in OCI until such time that the hedged export revenues are realized, at which time accumulated exchange gains and losses are credited or charged to finance expense.

(s) Non-controlling interests

Non-controlling interests represent the outstanding ownership interests attributable to third parties in the corporation's limited partnerships. The portion of the equity not owned by the corporation is reflected as non-controlling interests within the equity section of the consolidated statement of financial position. The portion of the net income or net loss attributable to the parent and non-controlling interests is reported on the consolidated statement of income.

Note 4 Accounting changes

(a) Current accounting changes

The following new interpretations and amendments have been applied in preparing these consolidated financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1 relating to the classification of liabilities as current or non-current (the 2020 amendments). Specifically, the amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current - that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. In October 2022, the IASB issued further amendments to improve the information a company provides about long-term debt with covenants (the 2022 amendments). The 2020 amendments and the 2022 amendments were effective for annual reporting periods beginning on or after January 1, 2024, and have been applied retrospectively as applicable. The adoption of the amendments did not have a material impact on the corporation's consolidated financial statements.

(b) Future accounting changes

The following new interpretations and amendments to existing standards have been issued but are not yet effective for the year ended March 31, 2025 and have not been applied in preparing these consolidated financial statements.

Classification and Measurement of Financial Instruments (Amendments to IFRS 7 and IFRS 9)

In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7* which relates to classification of financial assets and accounting for settlement by electronic payments in the context of the classification and measurement requirements in IFRS 9. The potential impact may include, but is not limited to, a change in timing of recognition and derecognition of financial instruments in situations where settlement of a financial instrument with another takes more than a day. Similarly, a change may be required for entities that derecognize both trade payable and cash on the payment initiation date even if the creditor has not yet received the cash. However, an accounting policy choice is available for derecognizing certain financial liabilities that are settled using an electronic payment system, subject to certain criteria being met. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The corporation is currently assessing the impact of these amendments on the corporation's consolidated financial statements.

Annual Improvements to IFRS Accounting Standards, Volume 11

In July 2024, the IASB finalized *Annual Improvements to IFRS Accounting Standards – Volume 11*, which included amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments are effective for annual reporting periods starting on or after January 1, 2026. The changes are part of the IASB's annual improvements project which aims to make necessary but non-urgent changes to IFRS Standards. The corporation is currently evaluating the potential impact of these proposed amendments on the consolidated financial statements. Based on a preliminary assessment, it is anticipated that the proposed amendments will not have a material impact, as these changes mainly involve clarifications and minor corrections to existing Standards.

Contracts for Renewable Electricity (Amendments to IFRS 7 and IFRS 9)

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 – *Contracts for Renewable Electricity*, which introduce narrow-scope changes to improve the accounting for nature-dependent electricity contracts, such as those commonly structured as power purchase agreements (PPAs). These amendments are intended to ensure that financial statements more faithfully reflect the effects of such contracts, particularly where the volume of electricity delivered varies based on factors like weather conditions. The amendments clarify the application of the 'own-use' requirements in IFRS 9, permit the use of hedge accounting for qualifying contracts, and introduce additional disclosure requirements under IFRS 7 related to the financial impact and risk exposures arising from these contracts. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The corporation is currently evaluating the impact of the amendments on its consolidated financial statements.

Presentation and Disclosure in Financial Statements (IFRS 18)

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which will replace IAS 1 *Presentation of financial statements* and IAS 7 *Statement of cash flows.* IFRS 18 introduces significant changes to the presentation of the financial statements, including the requirement to classify income and expenses into three categories in the statement of profit or loss: operating, investing, and financing. It also introduces a newly-defined subtotal for operating profit, which will serve as the starting point for the statement of cash flows under the indirect method. The standard requires entities to disclose management-defined performance measures (MPMs) in a single note and provides enhanced guidance on the aggregation and disaggregation of information presented in the financial statements. While the implementation of IFRS 18 will not affect the corporation's net profit, it may result in significant changes to the format and content of the primary financial statements and related disclosures. The standard is effective for annual periods beginning on or after January 1, 2027, with early application permitted. The corporation is currently assessing the impact of this standard on the corporation's consolidated financial statements.

Rate-Regulated Accounting Exposure Draft

In January 2021, the IASB published the Exposure Draft Regulatory Assets and Regulatory Liabilities, which is likely to become IFRS 20 *Regulatory Assets and Regulatory Liabilities*. The IASB proposes an accounting model under which an entity subject to rate regulation that meets the scope criteria would recognize regulatory assets and liabilities. If finalized as a new IFRS Standard, the IASB's proposal would replace the interim standard IFRS 14 *Regulatory Deferral Accounts*. The Exposure Draft was open for comment until July 2021, after which the IASB completed its review of the feedback received and agreed with the proposed plan for redeliberation which was completed in July 2024. Under the current proposal, an entity would apply the final IFRS Standard retrospectively to annual reporting periods beginning 18 to 24 months after the new IFRS Standard is issued. The final standard is expected to be issued in the latter half of 2025. The corporation is currently awaiting the final IFRS Standard and continues to assess the impact of the current proposal on the corporation's consolidated financial statements.

Note 5 Extraprovincial revenue

(millions of Canadian dollars)	**2025**	2024
Dependable sales	**754**	740
Opportunity sales	**75**	107
Other	**31**	25
	860	872

Dependable sales are sourced from Manitoba Hydro's hydraulic energy available during lowest water conditions and typically with duration of greater than six months. Opportunity sales are based on excess energy, are generally over shorter periods and are transacted primarily in markets operated by an independent system operator such as the Midcontinent Independent System Operator.

The majority of extraprovincial revenue is from sales to the U.S. The average effective exchange rate for the year was $1.00 U.S. = $1.39 Canadian (2024 – $1.00 U.S. = $1.35 Canadian).

Note 6 Other revenue

(millions of Canadian dollars)	**2025**	2024
Consulting, technology and maintenance services	**39**	37
Customer and developer contributions	**17**	15
Miscellaneous revenue	**25**	22
	81	74

Consulting, technology and maintenance services consist of professional consulting, operations, maintenance and project management services provided to energy sectors world-wide.

Customer and developer contributions are the recognition of deferred revenue related to contributions in aid of construction (Note 27) and the recovery of period costs from customers.

The corporation leases out land, buildings and telecommunication apparatus. The corporation has classified these leases as operating leases, as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Included in miscellaneous revenue is operating lease income of $2 million (2024 - $2 million).

The following table provides the maturity analysis of undiscounted lease payments to be received after the reporting date:

(millions of Canadian dollars)	2026	2027	2028	2029	2030 and thereafter	Total
Undiscounted lease payments - operating	1	1	1	1	4	8

Note 7 Finance expense

(millions of Canadian dollars)	**2025**	2024
Interest on debt	**902**	863
Provincial debt guarantee fee	**118**	117
Accretion	**56**	52
Interest capitalized	**(24)**	(19)
Foreign exchange loss	**26**	21
Other	**1**	8
	1 079	1 042

The Provincial debt guarantee fee during the year was 0.50% of the corporation's total outstanding debt guaranteed by the Province of Manitoba (2024 – 0.50%). Interest was capitalized during the year at a weighted average rate of 4.08% (2024 – 4.03%).

Note 8 Operating and administrative

(millions of Canadian dollars)	**2025**	2024
Salaries and benefits	**566**	542
External services	**194**	174
Materials, motor vehicles and supplies	**60**	55
Other	**33**	31
	853	802

Additional salaries and benefits are included in other expenses (Note 12) in the amount of $4 million (2024 – $3 million).

Included in operating and administrative are expenses relating to short-term leases of $4 million (2024 - $3 million), low-value asset leases of less than $1 million (2024 – less than $1 million) and variable lease payments not included in the measurement of lease liabilities of less than $1 million (2024 - $4 million).

Note 9 Depreciation and amortization

(millions of Canadian dollars)	**2025**	2024
Depreciation of property, plant and equipment (Note 16)	**600**	605
Amortization of intangible assets (Note 18)	**15**	16
Loss on retirement or disposal of property, plant and equipment	**27**	30
	642	651

Note 10 Fuel and power purchased

(millions of Canadian dollars)	**2025**	2024
Wind purchases	**80**	71
Power purchases	**105**	216
Transmission charges	**44**	44
Thermal fuel purchases	**11**	17
	240	348

Included in transmission charges above is amortization of transmission rights of $20 million (Note 18) (2024 - $20 million). Included in power purchases are gains or losses on financial transmission rights.

Note 11 Capital and other taxes

(millions of Canadian dollars)	**2025**	2024
Corporate capital tax	**131**	131
Property tax and grants in lieu of tax	**41**	40
Payroll tax	**14**	13
	186	184

Note 12 Other expenses

(millions of Canadian dollars)	**2025**	2024
Demand side management expenses	**52**	63
Consulting, technology and maintenance expenses	**13**	16
Corporate initiatives and restructuring costs	**-**	9
Preferred distributions obligation (Note 25)	**22**	264
Site remediation costs (Note 28)	**77**	6
Miscellaneous	**24**	16
	188	374

Of the total other expenses, $174 million (2024 – $357 million) are subsequently deferred in regulatory deferral balances through net movement in regulatory balances (Note 20).

Note 13 Cash and cash equivalents

(millions of Canadian dollars)	**2025**	2024
Temporary investments	**555**	484
Cash	**518**	296
	1 073	780

Temporary investments consist of cash invested with the Province of Manitoba and have a maturity of less than 30 days.

Note 14 Accounts receivable and accrued revenue

(millions of Canadian dollars)	**2025**	2024
Trade accounts receivable (Note 30(a))	**346**	295
Accrued revenue	**143**	148
Other receivables	**103**	72
Fair value of forward contracts (Note 30(c))	**23**	6
Current portion of loans and other receivables (Note 19)	**16**	17
Taxes receivable	**9**	8
ECL allowance (Note 30(a))	**(42)**	(40)
	598	506

Included in other receivables is $59 million (2024 - $32 million) in government grant receivables.

Note 15 Inventory

(millions of Canadian dollars)	**2025**	2024
Materials and supplies	**121**	111
Natural gas	**21**	39
Fuel	**13**	13
	155	163

Inventory recognized as an expense during the year was $45 million (2024 – $37 million).

Note 16 Property, plant and equipment

(millions of Canadian dollars)	Generation	Transmission lines	Substations	Distribution systems	Other	Construction in progress	Total
Cost or deemed cost							
Balance, April 1, 2023	14 665	3 252	5 969	4 414	1 349	459	30 108
Additions	154	30	43	247	68	354	896
Disposals and/ or retirements	(11)	1	(5)	(42)	(43)	-	(100)
Assets placed in service*	51	22	37	55	49	(214)	-
Transfers to (from) PP&E	-	-	(3)	(5)	(13)	-	(21)
Balance, March 31, 2024	14 859	3 305	6 041	4 669	1 410	599	30 883
Additions	38	18	42	247	65	357	767
Disposals and/ or retirements	(7)	(1)	(8)	(51)	(40)	-	(107)
Assets placed in service*	44	38	68	82	24	(256)	-
Transfers to (from) PP&E	-	-	3	(3)	-	-	-
Balance, March 31, 2025	**14 934**	**3 360**	**6 146**	**4 944**	**1 459**	**700**	**31 543**
Accumulated depreciation							
Balance, April 1, 2023	1 210	242	1 048	757	377	-	3 634
Depreciation expense	214	45	163	106	77	-	605
Disposals and/ or retirements	(6)	-	(1)	(24)	(37)	-	(68)
Transfers to (from) PP&E	-	-	(8)	(1)	(6)	-	(15)
Balance, March 31, 2024	1 418	287	1 202	838	411	-	4 156
Depreciation expense	210	42	158	114	76	-	600
Disposals and/ or retirements	(2)	-	(5)	(35)	(36)	-	(78)
Transfers to (from) PP&E	-	-	1	(1)	-	-	-
Balance, March 31, 2025	**1 626**	**329**	**1 356**	**916**	**451**	**-**	**4 678**
Net book value							
Balance, March 31, 2024	13 441	3 018	4 839	3 831	999	599	26 727
Balance, March 31, 2025	**13 308**	**3 031**	**4 790**	**4 028**	**1 008**	**700**	**26 865**

*Represents projects that were in construction in progress at the beginning of the year.

Included in additions is interest capitalized during construction of $21 million (2024 – $17 million).

As at March 31, 2025 "Other" includes right-of-use assets related to leases of land and buildings, information technology equipment and machinery with a net book value of $12 million (2024 - $9 million). For the year ended March 31, 2025 the corporation recorded additions of $5 million (2024 – $5 million) and depreciation expense of $2 million (2024 - $2 million) related to right-of-use assets.

Note 17 Long-term investments

(millions of Canadian dollars)	**2025**	2024
Canadian investments	**102**	102
U.S. investments	**198**	201
Discount on purchase of long-term investments	**(10)**	(12)
	290	291
Less: current portion	**(13)**	(14)
	277	277

Effective November 2022, the requirement for Manitoba Hydro to make annual sinking fund payments under Bill 36 – *The Manitoba Hydro Amendment and Public Utilities Board Amendment Act* was repealed. Although no longer legislatively required, Manitoba Hydro made sinking fund payments totaling $346 million during 2023-24. No sinking fund payments were made in 2024-25. As at March 31, 2025 sinking fund investments totaled $100 million (2024 - $100 million) and long-term investments set aside for the purpose of hedging the foreign exchange impact of a long-term obligation totaled $190 million (2024 - $191 million).

Canadian investments have a weighted average term to maturity of 4 years (2024 – 5 years) and an effective yield to maturity of 3.71% (2024 – 3.71%). U.S. investments have a weighted average term to maturity of 6 years (2024 – 7 years) and an effective yield to maturity of 4.61% (2024 – 4.69%).

The investment income for the year related to the Canadian investments was $4 million (2024 – $1 million) and the investment income for the year related to the U.S. investments was $6 million (2024 – $3 million).

Note 18 Intangible assets

(millions of Canadian dollars)	Computer application development	Land easements	Transmission rights	Under development	Total
Cost or deemed cost					
Balance, April 1, 2023	179	215	801	13	1 208
Additions	4	2	2	8	16
Retirements	(7)	-	-	-	(7)
Assets placed in service*	3	-	-	(3)	-
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
Balance, March 31, 2024	179	217	803	18	1 217
Additions	9	3	-	15	27
Retirements	(25)	-	(1)	-	(26)
Assets placed in service*	11	-	-	(11)	-
Revaluations	-	-	-	-	-
Transfers to (from) intangibles	-	-	-	-	-
Balance, March 31, 2025	**174**	**220**	**802**	**22**	**1 218**
Accumulated amortization					
Balance, April 1, 2023	134	18	58	-	210
Amortization	13	3	20	-	36
Retirements	(7)	-	-	-	(7)
Balance, March 31, 2024	140	21	78	-	239
Amortization	12	3	20	-	35
Retirements	(23)	-	(1)	-	(24)
Balance, March 31, 2025	**129**	**24**	**97**	**-**	**250**
Net book value					
Balance, March 31, 2024	39	196	725	18	978
Balance, March 31, 2025	**45**	**196**	**705**	**22**	**968**

*Represents projects that were in “Under development” at the beginning of the year.

Computer application development is comprised of internally developed and externally acquired intangible assets. Included in additions is interest capitalized during development of less than $1 million (2024 – less than $1 million).

Note 19 Loans and other receivables

(millions of Canadian dollars)	**2025**	2024
Loan to Wuskwatim investment entity (Note 29)	**204**	194
Contract receivables and other	**74**	77
Loans to Keeyask Cree Nations	**18**	18
ECL allowance (Note 30(a))	**(13)**	(12)
	283	277
Less: current portion (Note 14)	**(16)**	(17)
	267	260

The loans accrue interest at varying rates, a portion of which are fixed and a portion floating. Accrued interest related to loans receivable is included in the loan balances above and is recognized in finance income.

Manitoba Hydro has provided advances to the Keeyask Cree Nations (KCN) related to the KHLP. These advances plus interest and fees are repayable over a term of 30 years by the KCN through their preferred distributions from the KHLP (Note 25).

Note 20 Regulatory deferral balances

(millions of Canadian dollars)	March 31, 2024	Balances arising in the year	Recovery / reversal	**March 31, 2025**	Remaining recovery / reversal period
					(years)
Regulatory deferral debit balances					
Electric					
DSM programs	240	53	(46)	**247**	1 - 10
Site remediation	79	96	(8)	**167**	1 - 15
Change in depreciation method	338	-	(12)	**326**	4 - 119
Deferred ineligible overhead	175	20	(6)	**189**	26 - 34
Keeyask in-service deferral	103	-	-	**103**	105
Acquisition costs	5	-	(1)	**4**	6 - 9
Affordable Energy Fund	4	-	-	**4**	**
Loss on retirement or disposal of assets	57	28	(2)	**83**	25 - 57
Regulatory costs	6	-	(2)	**4**	2 - 3
Conawapa	303	-	(13)	**290**	23
Preferred distributions obligation (Note 25)	264	22	-	**286**	*
Gas					
DSM programs	61	(1)	(11)	**49**	1 - 10
Deferred taxes	9	1	(3)	**7**	4
Site remediation	7	3	(1)	**9**	1 - 15
Loss on retirement or disposal of assets	8	4	(1)	**11**	1 - 5
Change in depreciation method	18	-	(1)	**17**	5 - 48
Regulatory costs	2	1	-	**3**	1 - 4
	1 679	227	(107)	**1 799**	
Regulatory deferral credit balances					
Electric					
Major capital project deferral	98	-	-	**98**	2
Gas					
PGVA	21	(143)	147	**25**	***
	119	(143)	147	**123**	
Net movement in regulatory balances		370	(254)	**116**	

* These amounts will be recovered or refunded in future rates in periods to be determined at a future regulatory proceeding.
** The Affordable Energy Fund is amortized to the consolidated statement of income at the same rate as the provision (Note 28) is drawn down.
*** The PGVA is recovered or refunded in future rates.

(millions of Canadian dollars)	March 31, 2023	Balances arising in the year	Recovery / reversal	**March 31, 2024**	Remaining recovery / reversal period
					(years)
Regulatory deferral debit balances					
Electric					
DSM programs	289	44	(93)	**240**	1 - 10
Site remediation	64	21	(6)	**79**	1 - 15
Change in depreciation method	341	3	(6)	**338**	5 - 117
Deferred ineligible overhead	160	20	(5)	**175**	27 - 34
Keeyask in-service deferral	86	18	(1)	**103**	106
Acquisition costs	6	-	(1)	**5**	7 - 10
Affordable Energy Fund	4	-	-	**4**	**
Loss on retirement or disposal of assets	77	24	(44)	**57**	26 - 58
Regulatory costs	4	3	(1)	**6**	1 - 5
Conawapa	316	-	(13)	**303**	24
Preferred distributions obligation (Note 25)	-	264	-	**264**	*
Gas					
DSM programs	51	19	(9)	**61**	1 - 10
PGVA	13	191	(204)	**-**	***
Deferred taxes	11	1	(3)	**9**	5
Site remediation	1	6	-	**7**	1 - 15
Loss on retirement or disposal of assets	7	5	(4)	**8**	1 - 5
Change in depreciation method	18	-	-	**18**	5 - 51
Regulatory costs	2	1	(1)	**2**	1 - 5
	1 450	620	(391)	**1 679**	
Regulatory deferral credit balances					
Electric					
DSM deferral	49	-	(49)	**-**	-
Bipole III deferral	20	-	(20)	**-**	-
Major capital project deferral	98	-	-	**98**	2
Gas					
PGVA	-	21	-	**21**	***
Impact of 2014 depreciation study	1	-	(1)	**-**	-
	168	21	(70)	**119**	
Net movement in regulatory balances		599	(321)	**278**	

* These amounts will be recovered or refunded in future rates in periods to be determined at a future regulatory proceeding.

** The Affordable Energy Fund is amortized to the consolidated statement of income at the same rate as the provision (Note 28) is drawn down.

*** The PGVA is recovered or refunded in future rates.

The balances arising in the year consist of additions to regulatory deferral balances. The recovery/reversal of regulatory deferral balances consists of amounts recovered from customers in rates through the amortization of existing regulatory balances or rate riders and amounts deemed no longer recoverable through rates by order of the PUB. The net impact of these transactions results in the net movement in regulatory deferral balances on the consolidated statement of income.

Balances arising in the year include less than $1 million (2024 – $1 million) for carrying costs on deferred taxes, the Affordable Energy Fund and the PGVA.

The regulatory deferral debit balances of the corporation consist of the following:

DSM program expenditures are incurred for energy conservation programs to encourage residential, commercial and industrial customers to use energy more efficiently. Manitoba Hydro has transitioned certain DSM programs to Efficiency Manitoba Inc. (Note 32) and continues to fund these programs. Expenditures related to these programs are included in this deferral balance. By direction of the PUB in Order 101/23, the offsetting DSM deferral account debit and credit balances were written-off in 2023-24.

Site remediation expenditures are incurred for the remediation of contaminated sites, including corporate facilities, diesel generating sites, and locations associated with past hydroelectric development.

Change in depreciation method represents the cumulative estimated annual difference in depreciation expense between the ASL method of depreciation as applied by Manitoba Hydro prior to its transition to IFRS and the ELG method as applied by Manitoba Hydro under IFRS until March 31, 2023, at which time it transitioned from ELG to ALG. Amortization commenced in 2023-24 through application of regulatory depreciation rates which recover the regulatory deferral balance over the remaining life of the plant, equipment and intangible components contributing to the deferral account balance.

Deferred ineligible overhead is the cumulative estimated annual difference in overhead capitalized for financial reporting purposes under IFRS and overhead capitalized for rate setting purposes.

Keeyask in-service deferral represents the difference in depreciation expense and interest expense between the method applied by the corporation under IFRS for financial reporting purposes and the per unit of output method used for rate-setting purposes. As per Board Order 101/23, the Keeyask in-service deferral is to be amortized over 106 years commencing September 1, 2023.

Acquisition costs relate to costs associated with the acquisition of Centra and Minell (July 1999) and Winnipeg Hydro (September 2002).

The Affordable Energy Fund relates to future DSM expenditures in connection with *The Winter Heating Cost Control Act*. The intent of the Affordable Energy Fund is to provide funding for projects that would not otherwise be funded by DSM programs.

Loss on retirement or disposal of assets is the net asset retirement losses for those assets retired prior to or subsequent to reaching their expected service life. The portion of the account pertaining to previously deferred terminal losses deemed non-recoverable by the PUB in Order 101/23 was written-off in 2023-24.

Regulatory costs are those incurred as a result of electric and gas regulatory hearings and other regulatory applications and compliance matters.

Conawapa relates to the one-time transfer of historical costs incurred in relation to the Conawapa Generating Station project which has been discontinued.

Preferred distributions obligation represents the future preferred distribution payment stream associated with Keeyask (Note 25). The deferral includes both the initial recognition and the annual revaluation of the obligation. The amount and amortization period will be confirmed at a future regulatory proceeding.

Deferred taxes reflect the taxes paid by Centra (July 1999) as a result of its change to non-taxable status upon acquisition by Manitoba Hydro.

The regulatory deferral credit balances of the corporation consist of the following:

DSM deferral represents the differences between actual and planned spending on electric programs for the 2013 to 2017 fiscal years. The cumulative differences have been recorded as a regulatory deferral credit balance with an offsetting balance recorded as a regulatory deferral debit balance. By direction of the PUB in Order 101/23, the offsetting DSM deferral account debit and credit balances were written-off in 2023-24.

Bipole III deferral represents amounts collected from customers during the 2013 to 2017 fiscal years which were set aside to mitigate rate increases when Bipole III came into service.

Major capital project deferral represents amounts collected from customers during the 2020 to 2022 fiscal years which were set aside to aid in mitigating future rate increases when the Keeyask Generating Station and other major capital projects come into service. By direction of the PUB in Order 101/23, the major capital project deferral is to be amortized over 2 years commencing April 1, 2025.

Purchased gas variance accounts are maintained to recover/refund differences between the actual cost of gas and the cost of gas incorporated into rates charged to customers as approved by the PUB. Purchased gas variance accounts are reflected as a regulatory debit or credit depending if the amounts represent a recovery from or a refund to the customers, respectively, and are recovered or refunded through customer rates over a period determined by the PUB.

Impact of 2014 depreciation study represents the cumulative unamortized difference in depreciation between the ASL method based on the 2010 depreciation study and the ASL method based on the 2014 depreciation study.

Note 21 Long-term debt

(millions of Canadian dollars)	Advances from the Province	Manitoba Hydro-Electric Board Bonds	Other*	Total
Balance, April 1, 2023	24 422	118	20	24 560
Issues	1 512	-	(62)	1 450
Maturities	(1 463)	-	-	(1 463)
Foreign exchange adjustments	2	-	-	2
Amortization of net premiums and transaction costs	-	-	(2)	(2)
Balance, March 31, 2024	24 473	118	(44)	24 547
Issues	1 219	-	(9)	1 210
Maturities	(890)	(10)	-	(900)
Foreign exchange adjustments	82	-	-	82
Amortization of net premiums and transaction costs	-	-	1	1
	24 884	108	(52)	24 940
Less: current portion	(996)	-	-	(996)
Balance, March 31, 2025	**23 888**	**108**	**(52)**	**23 944**

* Other includes adjustments to carrying value of dual currency bonds, transaction costs and debt discounts and premiums.

During the year, the corporation issued long-term financing of $1 210 million (2024 – $1 450 million). The current year financing was in the form of provincial advances at fixed and floating interest rates.

Included in the current portion of long-term debt are $996 million (2024 – $903 million) of debt maturities.

Long-term debt is guaranteed by the Province of Manitoba, with the exception of Manitoba Hydro-Electric Board Bonds in the amount of $49 million (2024 – $59 million) issued for mitigation projects.

Debt principal amounts (excluding adjustments to the carrying value of dual currency bonds, transaction costs, debt discounts and premiums) and related yields are summarized by fiscal years of maturity in the following table:

(millions of Canadian dollars)

Years of maturity	Canadian	Canadian yields	U.S.	U.S. yields	**2025 Total**
2026	450	6.2%	546	5.4%	**996**
2027	762	2.4%	353	4.5%	**1 115**
2028	1 284	2.9%	-	-	**1 284**
2029	960	3.4%	575	2.7%	**1 535**
2030	740	3.1%	-	-	**740**
	4 196	3.1%	1 474	3.1%	**5 670**
2030-2035	3 336	4.5%	-	-	**3 336**
2036-2040	2 070	4.4%	-	-	**2 070**
2041-2045	1 513	4.0%	-	-	**1 513**
2046-2050	6 327	3.3%	-	-	**6 327**
2051-2055	2 495	3.6%	-	-	**2 495**
2056-2121	3 581	3.3%	-	-	**3 581**
	23 518	3.5%	1 474	3.1%	**24 992**

Included in the above Canadian maturity amounts is one (2024 – one) dual currency bond with the principal amount repayable in Canadian currency and interest payments denominated in U.S. currency. The one dual currency bond matures in the 2025-26 fiscal year in the amount of $130 million Canadian (2024 – one dual currency bond matures in 2025-26 in the amount of $130 million). U.S. debt is translated into Canadian dollars at the exchange rate prevailing at the consolidated statement of financial position date, $1.00 U.S. = $1.44 Canadian (2024 – $1.00 U.S. = $1.36 Canadian).

Note 22 Accounts payable and accrued liabilities

(millions of Canadian dollars)	**2025**	2024
Trade and other payables	**270**	322
Employee payroll and benefit accruals	**74**	68
Taxes payable	**67**	60
Water rentals and assessments	**7**	6
	418	456

Note 23 Notes payable

(millions of Canadian dollars)	**Total**
Balance, April 1, 2023	**50**
Issues	**2 316**
Maturities	**(2 166)**
Balance, March 31, 2024	**200**
Issues	**5 060**
Maturities	**(4 860)**
Balance, March 31, 2025	**400**

Notes payable at March 31, 2025 had a weighted average term to maturity of 13 days (2024 – 14 days) and a weighted average interest rate of 2.75% (2024 – 4.95%). The Manitoba Hydro Act grants the corporation the authority to raise money for temporary purposes by way of overdraft, line of credit, or loan, or otherwise upon the credit of the corporation. The Lieutenant Governor in Council has granted authority to the corporation to issue promissory notes upon the credit of the corporation for an amount up to a maximum of $500 million of principal outstanding at any one time, as well as to borrow money for temporary purposes by way of advances from the Province of Manitoba up to a maximum of $500 million of principal outstanding at any one time. The corporation was also granted authority to maintain credit facilities up to a maximum of $250 million of principal outstanding at any one time. Principal and interest for money raised in the corporation's name is guaranteed by the Province of Manitoba.

Note 24 Other liabilities

(millions of Canadian dollars)	**2025**	2024
Current portion of other non-current liabilities (Note 25)	**105**	103
Current portion of deferred revenue (Note 27)	**20**	17
Current portion of provisions (Note 28)	**29**	57
	154	177

The current portion of other non-current liabilities consists of the current portions of the mitigation liability of $25 million (2024 – $29 million), major development liability of $31 million (2024 – $27 million), transmission rights liability related to the Great Northern Transmission Line of $21 million (2024 – $21 million), perpetual obligation to the City of Winnipeg for the acquisition of Winnipeg Hydro of $16 million (2024 – $16 million), refundable advances from customers of $3 million (2024 – $4 million), preferred distributions obligation of $7 million (2024 – $4 million) and the lease liability of $2 million (2024 – $2 million).

The current portion of deferred revenue represents customer contributions in aid of construction and advance payments from customers for extraprovincial sales, software maintenance and international consulting work.

The current portion of provisions includes amounts established for the decommissioning obligation for the removal and disposal of polychlorinated biphenyl (PCB) contaminated fluid in the corporation's equipment as well as amounts related to environmental obligations.

Note 25 Other non-current liabilities

(millions of Canadian dollars)	**2025**	2024
Mitigation liability	**187**	204
Major development liability	**189**	186
Preferred distributions obligation	**302**	272
Perpetual obligation	**215**	215
Transmission rights liability	**195**	200
Refundable advances from customers	**103**	100
Fair value of long-term derivative contracts (Note 30)	**30**	41
Lease liability	**12**	9
Other	**3**	3
	1 236	1 230
Less: current portion (Note 24)	**(105)**	(103)
	1 131	1 127

Mitigation

Manitoba Hydro's mitigation program addresses past, present and ongoing adverse effects of historical hydroelectric development. The mitigation program, established in the late 1970s to address project impacts through alleviation of adverse effects, remedial works and residual compensation, grew out of the experience of planning and development of the Lake Winnipeg Regulation and Churchill River Diversion Projects. The Northern Flood Agreement, signed December 16, 1977, created a process that addressed ongoing mitigation and compensation for adverse effects of hydroelectric development in five signatory Indigenous communities. The mitigation program was expanded to address impacts arising from all past hydroelectric developments (prior to the Wuskwatim generating station), particularly for Indigenous people residing or engaged in resource harvesting in the project areas, and it is essential for operating and future development purposes. Expenditures recorded or settlements reached to mitigate the impacts of historical hydroelectric development amounted to $28 million during the year (2024 – $116 million). Payments made during the year totaled $38 million (2024 – $67 million).

In recognition of future mitigation payments, the corporation has a liability recorded of $187 million (2024 – $204 million). The net decrease in the liability is primarily the result of payments made during the year. There are other mitigation issues, the outcomes of which are not determinable at this time.

Included in mitigation liabilities were obligations assumed on behalf of the Province of Manitoba with respect to certain northern development projects. The corporation had assumed obligations totaling $148 million for which water power rental charges were fixed until March 31, 2001. As of March 31, 2024, the outstanding obligation was $9 million, which was fully settled during the 2024-25 fiscal year.

The discount rates used to determine the present value of mitigation obligations range from 3.65% to 8.50%.

Major development

Beginning with the development of the Wuskwatim generating station, project-related adverse effects are identified and addressed during project planning (including the environmental assessment process), which is done in advance of project construction. As such, mitigation measures are built into project design where possible. The costs for these mitigation measures, as well as any residual compensation requirements, are therefore accounted for in the capital cost estimates for each individual project.

Programs and adverse effects agreements have been negotiated to mitigate and compensate for all anticipated project-related impacts for major new generation and transmission development projects including Wuskwatim, Keeyask, Bipole III and the Manitoba-Minnesota transmission line. The corporation has recorded a liability of $189 million (2024 – $186 million) to reflect these agreements. These expenditures are included in the costs of the associated projects and amortized over the life of the assets. Payments made during the year totaled $8 million (2024 – $12 million).

The discount rates used to determine the present value of the major development obligations range from 2.95% to 5.05%.

Preferred distributions obligation

The preferred distributions obligation represents the estimated future preferred distribution payment stream to the KCN following their conversion of common units to preferred units in 2023-24 (Note 29). The distributions are made annually in August.

The discount rate used to determine the present value of the preferred distributions obligation was 4.65%.

Any of the four First Nations of the KCN that holds preferred units can put all their units back to Manitoba Hydro for an amount equal to their final closing cash paid, adjusted annually for inflation.

Perpetual obligation

Effective September 3, 2002, the corporation acquired the net assets of Winnipeg Hydro from the City of Winnipeg. The obligation represents the net present value of payments to the City of Winnipeg of $16 million per annum in perpetuity.

The discount rate used to determine the present value of the perpetual obligation was 7.45%.

Transmission rights liability

Pursuant to an energy sale agreement Manitoba Hydro is obligated to pay a monthly fee from June 2020 to May 2040 related to transmission rights (Note 18) obtained as a result of the in-service of the Great Northern Transmission Line.

The discount rate used to determine the present value of the obligation was 2.37%.

Refundable advances from customers

Advances from customers are required whenever the costs of extending service exceed specified construction allowances. Certain of these advances may be refunded over a limited period of time as new customers begin to receive service or other contractual obligations are fulfilled. If contractual obligations are not fulfilled, these advances are reclassified to deferred revenue.

Lease liability

The lease liability of $12 million (2024 - $9 million) relates primarily to leases for a subsidiary company head office, land, buildings, technology equipment and machinery.

In addition to the $4 million (2024 - $7 million) cash outflow recorded in operating and administrative expenses (Note 8), there is a $2 million (2024 - $2 million) cash outflow for principal and interest of lease liabilities.

Note 26 Employee future benefits

(millions of Canadian dollars)	**2025**	2024
Net pension liability	**521**	472
Other employee future benefits liability	**288**	272
	809	744

Pension plans

Manitoba Hydro

Manitoba Hydro and its employees are participating members of the Civil Service Superannuation Plan (the Plan) established under *The Civil Service Superannuation Act (CSSA)* of the Province of Manitoba. Manitoba Hydro employees are eligible for pension benefits based on years of service and on the average earnings of the five best years. As a non-matching employer, the provisions of the CSSA require the corporation to contribute approximately 50% of the pension disbursements made to retired employees. Manitoba Hydro provides its portion of pension benefits through a separately administered fund, the Manitoba Hydro Pension Fund (MHPF). Manitoba Hydro and employees make contributions based on a percentage of pensionable earnings in accordance with the CSSA. The corporation expects to pay $38 million in contributions to this defined benefit plan in fiscal 2026.

Manitoba Hydro employees with pensionable service after June 1, 2006 are eligible for an additional pension benefit under the Enhanced Hydro Benefit Plan (EHBP). The EHBP improves the pension formula used to calculate pension benefits. Manitoba Hydro funds the enhanced pension benefit through contributions based on 0.50% of pensionable earnings to a separate trust account that is managed by the Civil Service Superannuation Board (CSSB). The EHBP funds are co-mingled with the Civil Service Superannuation Fund (CSSF) assets for investment purposes. The corporation expects to pay $3 million in contributions to this defined benefit plan in fiscal 2026.

Centra

The former employees of Centra are entitled to pension benefits earned under the Centra curtailed pension plans. The Centra curtailed pension plans are Registered Pension Trusts as defined in the *Income Tax Act (Canada)*. The Master Trust is made up of three individual plans including the Centra Gas Manitoba Inc. Pension Plan for Salaried Employees, the Centra Gas Manitoba Inc. Union Employees' Pension Plan and the Centra Gas Manitoba Inc. (Rural) Local 681 Pension Plan. Centra is required to make special payments to the plans at amounts considered necessary to ensure that the benefits will be fully provided for at retirement as determined in the actuarial valuation dated December 31, 2023. The corporation does not expect to make any special payments to these defined benefit plans in fiscal 2026. The plans are registered with the Pension Commission of Manitoba and subject to the rules and regulations of *The Pension Benefits Act of Manitoba*. The Master Trust assets are held in trust with State Street Trust Company of Canada. The CSSB acts as the investment manager.

Manitoba Hydro Utility Services

MHUS employees are eligible for pension benefits under the Plan. As a prefunding employer under the CSSA, MHUS is required to match employee contributions at a prescribed rate. MHUS' pension expense is recognized at the time contributions are made. Manitoba Hydro does not carry a pension asset or obligation on its consolidated financial statements related to MHUS.

Manitoba Hydro International

Prior to January 2, 2025, MHI sponsored a defined contribution group registered retirement plan, under which it matched 100% of the employee contributions at prescribed contribution rates. Pension benefit costs were recognized as pension expense as services were rendered, and no pension asset or obligation related to the defined contribution plan was reported on Manitoba Hydro's consolidated financial statements.

Effective January 2, 2025, MHI employees became eligible for pension benefits under a multi-employer defined benefit pension plan governed by the CSSA, with MHI participating as a prefunding employer. MHI is required to match employee contributions at prescribed contribution rates, with expenses recognized as contributions are made. As the plan is a multi-employer defined benefit plan that does not allocate its assets and liabilities to individual participating employers, Manitoba Hydro accounts for the plan as a defined contribution plan. As a result, no pension asset or obligation related to MHI employees is recognized on Manitoba Hydro's consolidated financial statements.

Winnipeg Hydro

The former employees of Winnipeg Hydro continue to earn benefits under the Winnipeg Civic Employee Benefits Program (WCEBP), a multi-employer plan in which Manitoba Hydro became a participating employer upon the acquisition of Winnipeg Hydro. The WCEBP is a defined benefit plan that provides pension benefits based on years of service and on the average earnings of the five best years. Manitoba Hydro does not report a pension asset or obligation on its consolidated financial statements related to the former employees of Winnipeg Hydro. The WCEBP is governed by an independent board of trustees and a trust agreement that limits Manitoba Hydro's contribution rates. The structure of the trust agreement also limits Manitoba Hydro's exposure to future unfunded liabilities. Contributions to the plan are accounted for similar to a defined contribution plan.

An independent actuary calculates the pension liabilities for the Manitoba Hydro Plan, the EHBP, and the Centra curtailed plans as at December 31 each year for expense recognition purposes. The most recent actuarial valuations were completed as at December 31, 2024, with the next actuarial valuations for all plans scheduled for December 31, 2025.

These valuations incorporate management's assumptions and take into consideration the long-term nature of the pension plans. The actuary selects the demographic assumptions. The corporation's management in consultation with the actuary determines the economic assumptions such as discount rate. The accrued benefit actuarial cost method with salary projection is used to determine the pension benefit obligation and current service cost.

The following table presents information pertaining to the Manitoba Hydro Plan, the EHBP and the Centra curtailed plans that are recognized in the consolidated financial statements:

	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans		Total	
(millions of Canadian dollars)	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Plan assets at fair value								
Balance at beginning of year	**1 124**	1 065	**49**	43	**140**	135	**1 313**	1 243
Return on assets	**116**	105	**6**	5	**15**	13	**137**	123
Employer contributions	**40**	35	**3**	2	**-**	-	**43**	37
Benefit payments and refunds	**(82)**	(81)	**(1)**	(1)	**(9)**	(8)	**(92)**	(90)
	1 198	1 124	**57**	49	**146**	140	**1 401**	1 313
Pension obligation								
Balance at beginning of year	**1 599**	1 560	**53**	49	**104**	103	**1 756**	1 712
Interest cost	**78**	76	**2**	2	**5**	5	**85**	83
Current service cost	**42**	38	**2**	2	**-**	-	**44**	40
Benefit payments and refunds	**(82)**	(81)	**(1)**	(1)	**(9)**	(8)	**(92)**	(90)
Actuarial losses arising from changes in financial assumptions	**99**	6	**6**	1	**13**	4	**118**	11
Actuarial (gains) losses arising from changes in demographic assumptions	**(14)**	-	**(1)**	-	**-**	-	**(15)**	-
	1 722	1 599	**61**	53	**113**	104	**1 896**	1 756
Asset ceiling	**-**	-	**-**	-	**(26)**	(29)	**(26)**	(29)
Net pension (liability) asset	**(524)**	(475)	**(4)**	(4)	**7**	7	**(521)**	(472)

The total net experience gains on all pension fund assets for the fiscal year ended March 31, 2025 was $74 million (2024 – $63 million). The return on pension fund assets for the MHPF for the fiscal year ended March 31, 2025 was 10.6% (2024 – 10.8% return). The return for the Centra curtailed plan fund assets for the year ended March 31, 2025 was 10.6% (2024 – 10.7% return). The weighted average term to maturity on fixed income investments is 10.1 years (2024 – 10.1 years).

The investment income earned on the EHBP funds is based on the market rate of return that is earned by the CSSF. For the year ended December 31, 2024, the CSSF earned a positive rate of return of 16.3% (2023 – 10.9%) on fund assets.

The most recent actuarial valuations for the pension plans for going concern funding purposes were prepared as at December 31, 2023 at which date the Manitoba Hydro Plan was 91% and the EHBP was

99% funded. Although Manitoba Hydro is required to report on the funded status of these plans, the Manitoba Hydro Plan and EHBP under *The Civil Service Superannuation Act* are exempt from the funding and solvency test funding requirements of *The Pension Benefits Act.* The Centra curtailed pension plans are subject to solvency testing for funding purposes with the latest valuation taking place as at December 31, 2023. The Centra Salaried, Union and Rural plans were 120%, 143% and 135% funded, respectively, at that date. With the plan assets sufficient to cover the accrued liabilities on a solvency basis, the next review date is not required until three fiscal years after the last review date.

The corporation has recognized experience and actuarial losses on pensions totaling $130 million (2024 - $102 million) and remeasurements due to the effect of the asset ceiling on the Centra assets of $26 million (2024 - $29 million) in AOCI as at March 31, 2025.

The corporation's pension expense related to each of the pension benefit plans is as follows:

	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans	
(millions of Canadian dollars)	**2025**	2024	**2025**	2024	**2025**	2024
Current service cost	**42**	38	**2**	2	**-**	-
Interest on assets	**(57)**	(54)	**(3)**	(2)	**(7)**	(7)
Interest on obligation	**78**	76	**2**	2	**5**	5
Administrative fees	**4**	4	**-**	-	**1**	1
	67	64	**1**	2	**(1)**	(1)

Pension expense for the former Winnipeg Hydro employees is equal to employer contributions to the WCEBP. Total contributions to the WCEBP during the year amounted to $1 million (2024 – $1 million) and reflects a blended pension rate approximating 10.00% of pensionable earnings as of September 1, 2019. Pension expense for MHUS and MHI is equal to the employer contributions and is expensed during the year. The amounts are not material.

Benefit plan asset allocation

The following is a summary of the asset mix of the plans' investments at fair value:

	MHPF		Centra curtailed pension plans	
	2025	2024	**2025**	2024
Equities	**55%**	55%	**54%**	55%
Bonds and debentures	**16%**	16%	**16%**	16%
Real estate	**11%**	12%	**11%**	12%
Infrastructure	**10%**	10%	**10%**	10%
Private credit	**5%**	6%	**6%**	6%
Short-term investments	**3%**	1%	**3%**	1%
	100%	100%	**100%**	100%

The composition and fair value of the pension plan assets as at March 31 are as follows:

MHPF	**2025**				2024			
(millions of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Cash	**8**	**-**	**-**	**8**	1	-	-	1
Short-term	**-**	**40**	**-**	**40**	-	20	-	20
Fixed income	**-**	**192**	**-**	**192**	-	181	-	181
Equities	**522**	**78**	**-**	**600**	503	81	-	584
Real estate	**-**	**-**	**132**	**132**	-	-	136	136
Private equity	**-**	**-**	**40**	**40**	-	-	30	30
Private credit	**-**	**-**	**65**	**65**	-	-	60	60
Infrastructure	**-**	**-**	**120**	**120**	-	-	109	109
Forwards				**(2)**				-
Accruals				**3**				3
	530	**310**	**357**	**1 198**	504	282	335	1 124

See Note 30 for a description of the hierarchy levels.

Centra Gas	**2025**				2024			
(millions of Canadian dollars)	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Cash	**1**	**-**	**-**	**1**	-	-	-	-
Short-term	**-**	**5**	**-**	**5**	-	3	-	3
Fixed income	**-**	**24**	**-**	**24**	-	22	-	22
Equities	**63**	**9**	**-**	**72**	62	10	-	72
Real estate	**-**	**-**	**16**	**16**	-	-	17	17
Private equity	**-**	**-**	**5**	**5**	-	-	4	4
Private credit	**-**	**-**	**8**	**8**	-	-	8	8
Infrastructure	**-**	**-**	**15**	**15**	-	-	14	14
	64	**38**	**44**	**146**	62	35	43	140

See Note 30 for a description of the hierarchy levels.

Assumptions

The significant actuarial assumptions adopted in measuring the corporation's pension and other employee benefit obligations are as follows:

	2025	2024
Discount rate - pensions Manitoba Hydro	**4.66%**	4.90%
Discount rate - pensions Centra	**4.52%**	4.85%
Discount rate - other benefits	**4.07 - 4.70%**	4.73 - 4.91%
Rate of compensation increase, including merit and promotions	**0.00 - 4.64%**	0.00 - 4.44%
Long-term inflation rate	**2.10%**	2.20%

Sensitivity of assumptions

The sensitivities of the actuarial assumptions used to measure the defined benefit obligations are set out below:

(millions of Canadian dollars)

Assumption	Change in assumption	Impact on Manitoba Hydro Plan	Impact on EHBP	Impact on Centra curtailed pension plans
Discount rate	+ 0.50%	(102)	(5)	(6)
	- 0.50%	115	6	6
Inflation rate	+ 0.10%	1	-	1
	- 0.10%	(1)	-	(1)
Wage rate	+ 0.10%	4	-	-
	- 0.10%	(4)	-	-

The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another.

Other employee future benefits

Manitoba Hydro also provides some unfunded non-pension employee future benefits including banked incidental days, vacation days, long-term disability, workers compensation, retiree health spending, sick leave vesting and severance.

The following table presents information concerning other employee future benefits:

(millions of Canadian dollars)	**2025**	2024
Balance at beginning of year	**272**	258
Interest cost	**9**	8
Current service cost	**17**	14
Benefit payments	**(25)**	(24)
Actuarial loss from changes in financial assumptions	**-**	13
Remeasurement loss from changes in financial assumptions	**15**	3
Benefits liability	**288**	272

Key management personnel

The key management personnel of the corporation have been defined as members of the Manitoba Hydro-Electric Board and Manitoba Hydro's executives. The directors' fees are authorized by the Lieutenant Governor in Council. Manitoba Hydro's executives receive a base salary, in addition to non-cash benefits, employer contributions to the corporation's post-employment defined pension plan and other post-employment benefits.

Key management personnel compensation is as follows:

(millions of Canadian dollars)	**2025**	2024
Salaries and other short-term employee benefits	**3**	4
Post-employment benefits	**1**	1
	4	5

Note 27 Deferred revenue

(millions of Canadian dollars)	**2025**	2024
Contributions in aid of construction	**726**	667
Government grants	**76**	47
Deferred revenue	**5**	5
	807	719
Less: current portion (Note 24)	**(20)**	(17)
	787	702

Contributions in aid of construction are required from customers and developers whenever the costs of extending service exceed specified construction allowances.

Revenue from contracts with customers and developers expected to be recognized in future periods related to performance obligations that are unsatisfied or partially satisfied at the reporting date are as follows:

(millions of Canadian dollars)	2026	2027	2028	2029	2030	2031 and thereafter	Total
Contributions from customers and developers	16	15	15	15	15	650	726

Note 28 Provisions

(millions of Canadian dollars)	Mitigation provisions	Decommissioning obligations	Environmental Obligations	Affordable Energy Fund	Legal and other provisions	Total
Balance, April 1, 2023	27	18	-	4	37	86
Provisions made	-	-	6	-	12	18
Provisions used	-	(1)	-	-	(4)	(5)
Accretion	1	-	-	-	-	1
Revaluations	-	(1)	-	-	8	7
Balance, March 31, 2024	28	16	6	4	53	107
Provisions made	-	-	74	-	-	74
Provisions used	-	(2)	-	-	(49)	(51)
Accretion	1	-	-	-	-	1
Revaluations	-	(7)	3	-	1	(3)
Balance, March 31, 2025	**29**	**7**	**83**	**4**	**5**	**128**

(millions of Canadian dollars)	**2025**	2024
Analyzed as:		
Current (Note 24)	**29**	57
Non-current	**99**	50
	128	107

Mitigation

A provision has been recognized for certain mitigation related obligations arising from ongoing adverse effects of past hydroelectric development. The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date. Once a final settlement is reached, these obligations will be transferred to other non-current liabilities (Note 25).

Discount rates used to determine the present value of mitigation related provisions were 4.10% to 4.70% (2024 – 4.55% to 4.65%).

Decommissioning obligations

The corporation recognizes a decommissioning obligation for the removal and disposal of PCB contaminated fluid in equipment maintained enterprise-wide by the corporation. The estimated undiscounted cash flows required to settle the decommissioning obligation are approximately $7 million (2024 – $16 million), which are expected to be incurred by 2027.

No funds are being set aside to settle the decommissioning obligation. The discount rate used to determine the fair market value of the decommissioning obligation was 2.46% (2024 – 4.18%).

Environmental obligations

A provision has been recognized for the site remediation of a contaminated site associated with the natural gas segment. The estimated undiscounted cash flows required to settle the environmental obligation are approximately $10 million (2024 – $7 million), which are expected to be incurred by 2029. The discount rate used to determine the present value of the environmental obligation was 2.55% (2024 - 4.00%).

Provisions have been recognized for the site remediation of contaminated sites associated with past hydroelectric development. The estimated undiscounted cash flows required to settle these environmental obligations are approximately $91 million (2024 – nil), which are expected to be incurred by 2045. The discount rates used to determine the present value of these obligations were 2.55% to 3.17% (2024 – nil).

Affordable Energy Fund

In accordance with the requirements of *The Winter Heating Cost Control Act*, Manitoba Hydro established an Affordable Energy Fund in the initial amount of $35 million for the purpose of providing funding for projects that would not otherwise be funded by DSM programs. Expenditures of less than $1 million (2024 – less than $1 million) during the year were charged to operations with the regulatory deferral balance and the provision reduced accordingly.

Legal and other provisions

Legal and other provisions have been established for obligations, which require recognition in the financial statements due to the likelihood of settlement and the presence of an obligation, either from past events or constructive in nature. These include amounts related to contractual disputes that are expected to be settled in the coming year.

Note 29 Non-controlling interests

Manitoba Hydro has entered into the WPLP with Taskinigahp Power Corporation (TPC) to carry on the business of developing, owning and operating the Wuskwatim Generating Station. TPC is owned beneficially by Nisichawayasihk Cree Nation (NCN). The generating station and associated transmission assets were placed into service during the 2012-13 year.

The 33% ownership interest of TPC in the WPLP of $43 million (2024 – $46 million) is represented as a non-controlling interest within the equity section of the consolidated statement of financial position. TPC's portion of the net loss of the WPLP during 2024-25 is $3 million (2024 – $3 million income).

In accordance with the partnership agreements, Manitoba Hydro provides debt financing to TPC for investment in WPLP (Note 19). As at March 31, 2025, Manitoba Hydro has provided advances to TPC of $88 million (2024 – $88 million). In addition, Manitoba Hydro provides advances on future WPLP distributions to NCN. As at March 31, 2025, Manitoba Hydro has provided advances to NCN of $8 million (2024 – $8 million). The advances plus interest are repayable by TPC through its share of distributions from the WPLP. In exchange for forgiveness of the advances and interest, TPC has the option to put all their units back to Manitoba Hydro at any time up to June 29, 2062.

Manitoba Hydro also entered into the KHLP with Tataskweyak Cree Nation (TCN) and War Lake First Nation (War Lake) operating as Cree Nation Partners (CNP), York Factory First Nation (York Factory) and Fox Lake Cree Nation (Fox Lake) to carry on the business of developing, owning and operating the Keeyask Generating Station. Cree Nation Partners Limited Partnership (CNPLP) is owned beneficially by TCN and War Lake through CNP, FLCN Keeyask Investments Inc. (FLCNKII) is owned beneficially by Fox Lake and York Factory First Nation Limited Partnership (YFFNLP) is owned beneficially by York Factory. The four First Nations are referred to as the Keeyask Cree Nations (KCN). The generating station was placed into service during the 2020-21 and 2021-22 fiscal years.

During 2023-24, the KCN converted their common units to preferred units in exchange for a future preferred distribution payment stream (Note 25). As a result, Manitoba Hydro's common ownership interest in the KHLP increased from 82.5% to 100%, facilitated by the settlement of the KCN loans (originally financed by Manitoba Hydro under the partnership agreements) and the establishment of a long-term obligation for preferred distributions. No portion of KHLP's net loss for 2024-25 is attributable to non-controlling interests (2024 - $4 million was attributable to non-controlling interests).

Summarized financial information before intercompany eliminations for WPLP are as follows:

(millions of Canadian dollars)	**2025**	2024
WPLP		
Current assets	**109**	113
Non-current assets	**1 409**	1 416
Current liabilities	**24**	24
Non-current liabilities	**1 363**	1 366
Revenue	**86**	103
Net income (loss)	**(9)**	8

Note 30 Financial instruments

The carrying amounts of certain financial instruments, such as cash and cash equivalents, trade accounts receivable and accrued revenue, trade accounts payable and accrued liabilities, and notes payable, approximate fair value due to their short-term nature. For other instruments, including loans and other receivables, long-term investments, long-term debt, and other non-current liabilities, the fair value amounts are based on current market conditions and the terms of the instruments.

The carrying amounts and fair values of the corporation's non-derivative financial instruments are as follows:

		2025		2024		
(millions of Canadian dollars)	Level	Carrying value	Fair value	Carrying value	Fair value	
Amortized cost						
Cash and cash equivalents	*	**1 073**	**1 073**	780	780	
Accounts receivable and accrued revenue	*	**582**	**582**	489	489	
Loans and other receivables (including current portion)	2	**283**	**288**	277	266	
Long-term investments (including current portion)	1	**290**	**299**	291	295	
Other financial liabilities						
Accounts payable and accrued liabilities	*	**418**	**418**	456	456	
Notes payable	*	**400**	**400**	200	200	
Long-term debt (including current portion)	2	**24 940**	**23 542**	24 547	22 419	**
Mitigation liability (including current portion)	2	**187**	**228**	204	232	
Major development liability (including current portion)	2	**189**	**206**	186	190	
Preferred distributions obligation (including current portion)	2	**302**	**327**	272	252	
Perpetual obligation (including current portion)	2	**215**	**334**	215	326	
Transmission rights liability (including current portion)	2	**195**	**166**	200	168	

* carried at values that approximate fair value

** the fair value of long-term debt is unhedged and excludes the Provincial debt guarantee fee.

The fair value measurement of financial instruments is classified in accordance with a hierarchy of three levels, based on the type of inputs used in making these measurements:

Level 1 - Quoted prices in active markets for identical assets and liabilities;
Level 2 - Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly; and
Level 3 - Inputs for the asset or liability that are not based on observable market data.

Fair value Level 2 measurements are derived from quoted market yields at the close of business on the consolidated statement of financial position date for similar instruments available in the capital market. There are nominal amounts measured at Level 3 that are based on internally developed valuation models and consistent with valuation models developed by other market participants in the wholesale power markets.

Financial risks

During the normal course of business, Manitoba Hydro is exposed to a number of financial risks including credit and liquidity risks and market risk resulting from fluctuations in foreign currency, interest rates and commodity prices. Risk management policies, processes and systems have been established to identify and analyze financial risks faced by the corporation and its subsidiaries, to set risk tolerance limits, establish controls and to monitor risk and adherence to policies. An integrated risk management plan has been developed and reviewed by the Manitoba Hydro-Electric Board to ensure the adequacy of the risk management framework in relation to the risks faced by the corporation. The nature of the financial risks and Manitoba Hydro's strategy for managing these risks have not changed significantly from the prior year.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Manitoba Hydro is exposed to credit risk related to cash in banks, temporary investments, pension fund investments, and long-term investments. The corporation limits its exposure to credit risk by only investing in government-guaranteed bonds, highly rated investments and well-diversified investment portfolios. Long-term investments (comprised of Canadian and U.S. denominated highly rated fixed income instruments) are held to collect contractual cash flows and are measured at amortized cost using the effective interest rate method. The credit profile, currency, magnitude, and maturities have been selected to broadly align with the timing and amounts of expected payments on liabilities related to debt instruments held, as well as payments for the transmission rights liability.

The corporation is also exposed to credit risk related to domestic and export energy sales. Credit risk related to domestic receivables is mitigated by the large and diversified electric and natural gas customer base. Customers participating in residential financing programs are subject to credit reviews and must meet specific criteria before they are approved for a residential loan or financing. Credit risk in the export power market is mitigated by establishing credit requirements, conducting standard credit reviews of all counterparties and setting and monitoring exposure limits for each of these counterparties. Letters of credit and netting provisions are also in place to further mitigate credit risk. The maximum exposure to credit risk related to domestic and export energy sales is the carrying value of the related receivables.

The values of the corporation's aged trade accounts receivable and related expected credit loss allowance are presented in the following table:

(millions of Canadian dollars)	Manitoba	Extraprovincial	ECL allowance	**2025**	2024
Under 30 days	223	25	(1)	**247**	195
31 to 60 days	20	-	(1)	**19**	18
61 to 90 days	9	-	(1)	**8**	9
Over 90 days	69	-	(39)	**30**	33
Total accounts receivable	321	25	(42)	**304**	255

The ECL allowance for trade receivables is based on an amount equal to lifetime expected credit losses.

Reconciliation between the opening and closing ECL allowance balances for trade accounts receivable is as follows:

(millions of Canadian dollars)	**2025**	2024
Balance, April 1	**40**	36
Loss allowance	**11**	11
Write-offs	**(9)**	(8)
Recoveries	**-**	1
Balance, March 31	**42**	40

In accordance with partnership agreements, the corporation has advanced equity loans to Indigenous partners. These loans plus interest are secured by their ownership investment units in the Wuskwatim Generating Station as described in Note 29.

In 2024-25, the corporation adjusted the ECL allowance to $13 million (2024 – $12 million) related to loans and other receivables (Note 19).

(b) Liquidity risk

Liquidity risk refers to the risk that Manitoba Hydro will not be able to meet its financial obligations as they come due. The corporation meets its financial obligations when due through cash generated from operations, short-term borrowings and long-term borrowings advanced from the Province of Manitoba. Cash receipts and disbursements are closely monitored as well as short-term debt balances and forecasted cash requirements.

The following is an analysis of the carrying amounts of long-term investments and their maturity profile as at the consolidated statement of financial position date:

(millions of Canadian dollars)	Carrying value	2026	2027	2028	2029	2030	2031 and thereafter
Long-term investments							
Canadian investments	100	-	-	-	-	100	-
U.S. investments	190	13	13	13	24	-	127
	290	13	13	13	24	100	127

The following is an analysis of the contractual undiscounted cash flows payable under financial and other liabilities as at the consolidated statement of financial position date:

(millions of Canadian dollars)	Carrying value	2026	2027	2028	2029	2030	2031 and thereafter	
Financial liabilities								
Accounts payable and accrued liabilities	418	418	-	-	-	-	-	
Notes payable	400	400	-	-	-	-	-	
Long-term debt*	25 076	2 012	2 042	2 139	2 358	1 512	32 717	
Mitigation liability	187	25	15	15	15	15	481	
Major development liability	189	30	10	10	10	8	559	
Preferred distributions obligation	302	7	8	8	8	8	3 023	
Perpetual obligation	215	16	16	16	16	16	16	**
Transmission rights liability	195	21	20	19	18	17	131	
Lease liability	12	2	2	2	2	2	5	
	26 994	2 931	2 113	2 209	2 427	1 578	36 932	

* The carrying value includes current portion and accrued interest, but excludes the Provincial debt guarantee fee.

** Per year in perpetuity.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Manitoba Hydro is exposed to three types of market risk: foreign exchange risk, interest rate risk and commodity price risk associated with the price of electricity and natural gas. Manitoba Hydro continually monitors its exposure to these risks and may use hedges or derivative contracts to manage these risks.

(i) Foreign exchange risk

Manitoba Hydro has exposure to U.S. dollar foreign exchange rate fluctuations primarily through the sale and purchase of electricity in the U.S. and through borrowing in U.S. markets. This exposure is managed through a long-term natural hedge between U.S. dollar cash inflows from export revenues and U.S. dollar cash outflows for long-term coupon and principal payments.

To mitigate annual net income impacts due to foreign exchange rate fluctuations, long-term cash flow hedges have been established between U.S. long-term debt balances and future U.S. export revenues as well as between U.S. interest payments on dual currency bonds and future U.S. export revenues. Accordingly, translation gains and losses for U.S. long-term debt obligations in effective hedging relationships with future export revenues, are recognized in OCI until future hedged U.S. export revenues are realized, at which time the associated gains or losses in AOCI are recognized in finance expense. For the year ended March 31, 2025, unrealized foreign exchange translation losses of $63 million (2024 – gains of less than $1 million) were recognized in OCI and net losses of $32 million (2024 – $27 million) were reclassified from OCI into net income.

The following table summarizes the corporation's hedging instruments as at March 31, 2025:

(millions of Canadian dollars)	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item where the hedging instrument is located	Change in value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Cash flow hedges: U.S. debt	1 474	-	1 474	Long-term debt	110
Dual currency bond interest payments	8	-	-	-	2

The following table summarizes the corporation's hedging instruments as at March 31, 2024:

(millions of Canadian dollars)	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument		Line item where the hedging instrument is located	Change in value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Cash flow hedges: U.S. debt	1 839	-	1 839	Long-term debt	78
Dual currency bond interest payments	17	-	-	-	4

The accumulated amount of fair value adjustments on the corporation's hedged item (forecast export revenues) recognized in AOCI as at March 31, 2025 was $112 million (2024 - $82 million).

In addition, the corporation utilizes foreign exchange forward contracts to hedge U.S. long-term debt balances, for which hedge accounting is not applied. The monthly foreign exchange revaluation of these U.S. long-term debt balances and the mark to market of the foreign exchange forward contracts are both recorded in finance expense. The fair value of these forward contracts of $22 million is included in accounts receivable and accrued revenue (2024 – $3 million) and classified as Level 2 fair value measurements. The notional amount related to these forward contracts is $614 million (2024 – $488 million).

In addition to economic hedging relationships, cross currency swap arrangements transacted by the Province of Manitoba on the corporation's behalf are utilized to manage exchange rate exposures and as a means to capitalize on favourable financing terms in either U.S. or Canadian capital markets. Cross currency agreements represent an exchange of principal and/or interest flows denominated in one currency for principal and/or interest flows denominated in another. Such transactions effectively amend the terms of the original debt obligation with the Province of Manitoba with the swapped debt arrangement.

As at March 31, 2025, a change in the Canadian dollar of plus (minus) $0.10 relative to the U.S. dollar would decrease (increase) net income by $4 million (2024 – $4 million), while OCI would increase (decrease) by $98 million (2024 – $133 million).

(ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Manitoba Hydro is exposed to interest rate risk associated with temporary investments, floating rate short-term and long-term debt, and fixed rate long-term debt maturing within 12 months.

To mitigate the interest rate risk arising from the significant level of new capital borrowing requirements, the interest rate risk on the existing debt portfolio has been reduced by decreasing the percentage of floating rate debt within the existing debt portfolio and by selecting debt maturities that upon refinancing will not compete with new borrowing requirements.

Interest rate swap agreements transacted by the Province of Manitoba on the corporation's behalf are utilized to manage the fixed and floating interest rate mix of the total debt portfolio, interest rate exposure and related overall cost of borrowing. Interest rate swap agreements represent an agreement between two parties to periodically exchange payments of interest without the exchange of the principal amount upon which payments are based. The Province of Manitoba may also enter into forward start interest rate swap arrangements where the agreement to exchange interest payments commences at some future date. In either swap arrangement, the terms of the debt advanced by the Province of Manitoba to the corporation are amended by the swap.

As at March 31, 2025, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by $5 million (2024 – $2 million), with no impact to OCI.

(iii) Commodity price risk

The corporation is exposed to commodity price risk on market sales and purchases of electricity and delivered natural gas purchases as a result of market price volatility. Long-term contracts are in place to reduce exposure to price variation. The corporation also mitigates electricity price risk with the limited use of derivative financial instruments.

At March 31, 2025, the corporation has unsettled commodity derivative contracts with a fair value of $1 million included in receivables (2024 – $3 million) and $30 million included in other non-current liabilities (2024 - $41 million). The derivative financial instruments are classified as Level 2 fair value measurements. For the year ended March 31, 2025, unrealized fair market value gains on fixed-price commodity derivatives of $11 million (2024 – $2 million) were recognized in OCI and less than $1 million (2024 – $1 million) of hedge ineffectiveness was reclassified from OCI to net income. As at March 31, 2025, the corporation has recognized fair market value losses on fixed-price commodity derivatives totaling $30 million (2024 – $41 million) in AOCI.

(d) Climate change risk

Manitoba Hydro's business is sensitive to weather and climate, which is projected to change in the future. Climate change risks and opportunities can be characterized as either Physical (such as increasing temperature and changing precipitation patterns) or Transitional (such as changes in policy, technology, and markets) as society shifts to a lower carbon economy. Potential impacts associated with Physical risk include changes in hydropower generation, electrical and natural gas demand, infrastructure design, and daily operations which are largely linked to environmental conditions such as temperature, wind speed, precipitation, floods, hydrologic drought, and wildfire. Potential impacts associated with Transitional risk include restrictions on the use of fossil-fuel fired electricity generation, changes in technology for producing and delivering energy, increased electrical demand (coincident with decreased natural gas demand) due to decarbonization and carbon pricing, and changes in the market cost of electricity.

Quantifying financial aspects of climate change impacts can be complex due to several factors. Acute weather events (such as a widespread snowstorm) can result in a large financial impact; however, natural variability in the climate system creates challenges in attributing individual events to climate change. In contrast, chronic changes in the climate system (such as slow onset temperature increase) may be more easily attributed to climate change but result in financial impacts that span multiple fiscal years. Additional complexities include uncertainty in future climate projections, investment in adaptation measures to increase resilience, policy uncertainty, technological uncertainty, and accounting for opportunities that may arise as a result of climate change. Manitoba Hydro continues to monitor its exposure to these risks and the related financial impact.

Note 31 Capital management

Manitoba Hydro manages its capital structure to ensure that there is sufficient equity to absorb the financial effects of adverse circumstances and to ensure continued access to stable low-cost funding for capital projects and ongoing operational requirements.

The corporation monitors its capital structure on the basis of its debt to capitalization ratio. Previously, under *The Manitoba Hydro Amendment and Public Utilities Board Amendment Act* (Bill 36), the rates charged by Manitoba Hydro were to provide sufficient revenues to enable the corporation to achieve a debt to capitalization ratio of 80% by March 31, 2035 and 70% by March 31, 2040. However, these legislated targets were repealed with the enactment of *The Budget Implementation and Tax Statutes Amendment Act* (Bill 37), which received Royal Assent on November 8, 2024. As a result, there are currently no legislated debt to capitalization targets. Manitoba Hydro is currently in the process of conducting a financial target review.

The corporation defines its debt to capitalization ratio as follows:

(in millions of Canadian dollars)	**2025**	2024
Long-term debt (Note 21)	**23 944**	23 644
Less: Sinking fund investments (Note 17)	**(100)**	(100)
Current portion of long-term debt (Note 21)	**996**	903
Notes payable (Note 23)	**400**	200
Less: Cash and cash equivalents (Note 13)	**(1 073)**	(780)
Net debt	**24 167**	23 867
Retained earnings	**3 415**	3 478
Accumulated other comprehensive loss	**(298)**	(254)
Contributions in aid of construction (Note 27)	**726**	667
Major capital deferral (Note 20)	**98**	98
Non-controlling interest (Note 29)	**43**	46
Total capitalization	**3 984**	4 035
Debt to capitalization ratio	**85.8%**	85.5%

Manitoba Hydro issues debt for its capital requirements under the authority of *The Manitoba Hydro Act, The Appropriation Act* and *The Financial Administration Act*. *The Manitoba Hydro Act* grants the corporation the power to issue up to $500 million of short-term promissory notes guaranteed by the provincial government. Manitoba Hydro submits annual requests under *The Appropriation Act* for the necessary borrowing authority for new capital requirements. Authority to refinance any maturing long-term debt is provided through *The Financial Administration Act.* The majority of Manitoba Hydro's long-term debt is obtained through advances from the Province of Manitoba.

Note 32 Related parties

Manitoba Hydro is a Crown corporation controlled by the Province of Manitoba. As a result, the corporation has a related party relationship with all entities that are controlled, jointly controlled or significantly influenced by the Province of Manitoba. However, as permitted by IAS 24 *Related Party Disclosures,* the corporation is exempt from disclosure requirements relating to transactions with the Province of Manitoba and any other entity that is a related party because the Province of Manitoba has control, joint control or significant influence over both the corporation and the other entity.

Significant transactions with the Province of Manitoba and other related provincial entities consist of:

- Long-term debt – the corporation obtains the majority of its long-term debt through advances from the Province of Manitoba (Note 21);
- Provincial debt guarantee fee – the corporation pays the Province of Manitoba an annual fee on the outstanding debt (Note 7);
- Water rentals – amounts are paid to the Province of Manitoba for the use of water resources in the operation of the corporation's hydroelectric generating stations. Water rental rates during the year were $1.67 per MWh (2024 – $1.67 per MWh) totaling $53 million (2024 – $51 million);
- Taxes – amounts are paid to the Province of Manitoba for corporate capital tax, payroll tax (Note 11) and provincial sales tax, all of which are incurred in the normal course of business;
- Sale of electricity and natural gas – energy sales to related parties; and
- Payments to Efficiency Manitoba Inc. for DSM programs (Note 20).

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

Note 33 Commitments and contingencies

Manitoba Hydro has energy purchase commitments of $1 534 million (2024 – $1 635 million) that relate to future purchases of wind generated electricity, natural gas (including transportation and storage contracts) and electricity. Commitments are primarily for transmission right access which expire in 2041, wind and solar purchases which expire in 2040 and natural gas purchases which expire in 2041. In addition, other outstanding commitments principally for construction are approximately $2 126 million (2024 – $2 001 million).

As at March 31, 2025, total future minimum lease payments committed under property leases without a right-of-use asset and corresponding lease liability amounted to $10 million (2024 – $5 million).

Due to the size, complexity and nature of Manitoba Hydro's operations, various legal, environmental and operational matters are pending. Management believes that any settlements related to these matters will not have a material adverse effect on Manitoba Hydro's consolidated financial position or results of operations.

Manitoba Hydro may provide guarantees to counterparties for natural gas purchases. At March 31, 2025, there is an outstanding guarantee totaling $40 million (2024 – $40 million) which matures October 31, 2025. Letters of credit in the amount of $78 million (2024 – $105 million) have been issued for construction and energy related transactions with maturities until 2049.

Note 34 Segmented information

Operating segments are reported consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operations, has been identified as the President and Chief Executive Officer. The corporation is managed as three segments, electricity operations, natural gas operations and other, based on how financial information is produced internally for the purposes of making operating decisions.

Segment descriptions

Electric Operations
Electric operations derives its revenue from the sale of electricity in both Manitoba and to the export markets. Manitoba Hydro's electric operations also includes subsidiaries WPLP, KHLP and 6690271 Manitoba Ltd. Electricity is sold in Manitoba to residential, commercial and industrial customers while extraprovincial sales of electricity are to the U.S. and Canadian markets. Domestic electricity sales are regulated by the PUB.

Natural Gas Operations
The operations of Centra make up the entire natural gas operations segment. Centra is regulated by the PUB and generates revenue through the sale and distribution of natural gas to residential, commercial and industrial customers throughout Manitoba.

Other Segment
The other segment includes the operations of all other subsidiaries of the corporation, including MHI, MHUS, and Minell.

MHI derives its revenue by providing professional consulting, operations, maintenance and project management services to energy sectors world-wide, either exclusively or through partnerships. MHI also provides research and development services and products to the electrical power system industry.

MHUS generates revenue by providing meter reading, interactive voice response systems and contracted services primarily to Manitoba Hydro and Centra.

Minell operates a pipeline transmission system extending from Moosomin, Saskatchewan to Russell, Manitoba and is regulated by the Canada Energy Regulator. Revenues are derived through the rentals of Minell's gas transmission facilities to Centra as they are used solely for the transportation of natural gas on behalf of Centra.

Segmented results

Results by operating segment for the years ended March 31, 2025 and 2024 are shown below. Intersegment eliminations are presented to reconcile segment results to the corporation's consolidated totals. Eliminations have been made for intersegment transactions and balances.

	Electric operations		Natural gas operations		Other segment		Intercompany eliminations		Total	
(in millions of Canadian dollars)	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
Revenues										
External revenue	**2 820**	2 753	**510**	508	**39**	37	**-**	-	**3 369**	3 298
Intersegment revenue	**-**	-	**2**	2	**9**	9	**(11)**	(11)	**-**	-
	2 820	2 753	**512**	510	**48**	46	**(11)**	(11)	**3 369**	3 298
Expenses										
Finance expense	**1 036**	996	**30**	29	**-**	-	**13**	17	**1 079**	1 042
Operating and administrative	**755**	708	**85**	81	**20**	17	**(7)**	(4)	**853**	802
Depreciation and amortization	**607**	614	**32**	33	**2**	3	**1**	1	**642**	651
Cost of gas sold	**-**	-	**352**	333	**-**	-	**-**	-	**352**	333
Water rentals and assessments	**69**	62	**-**	-	**-**	-	**-**	-	**69**	62
Fuel and power purchased	**241**	350	**-**	-	**-**	-	**(1)**	(2)	**240**	348
Capital and other taxes	**166**	166	**19**	18	**1**	-	**-**	-	**186**	184
Other expenses	**171**	332	**4**	26	**16**	21	**(3)**	(5)	**188**	374
Finance income	**(54)**	(55)	**-**	-	**(4)**	(7)	**-**	-	**(58)**	(62)
Corporate allocation	**10**	12	**4**	6	**-**	-	**(14)**	(18)	**-**	-
	3 001	3 185	**526**	526	**35**	34	**(11)**	(11)	**3 551**	3 734
Net income (loss) before net movement in regulatory deferral balances	**(181)**	(432)	**(14)**	(16)	**13**	12	**-**	-	**(182)**	(436)
Net movement in regulatory deferral balances	**129**	296	**(13)**	(18)	**-**	-	**-**	-	**116**	278
Net Income (Loss)	**(52)**	(136)	**(27)**	(34)	**13**	12	**-**	-	**(66)**	(158)
Net income (loss) attributable to:										
Manitoba Hydro	**(49)**	(135)	**(27)**	(34)	**13**	12	**-**	-	**(63)**	(157)
Non-controlling interests	**(3)**	(1)	**-**	-	**-**	-	**-**	-	**(3)**	(1)
	(52)	(136)	**(27)**	(34)	**13**	12	**-**	-	**(66)**	(158)
Total assets before regulatory deferral balances	**29 596**	29 157	**863**	827	**137**	117	**(238)**	(254)	**30 358**	29 847
Total regulatory deferral debit balances	**1 703**	1 574	**96**	105	**-**	-	**-**	-	**1 799**	1 679
Total liabilities	**28 257**	27 593	**813**	763	**30**	23	**(226)**	(242)	**28 874**	28 137
Total regulatory deferral credit balances	**98**	98	**25**	21	**-**	-	**-**	-	**123**	119
Retained earnings	**3 199**	3 248	**-**	27	**106**	93	**110**	110	**3 415**	3 478

Financial Statistics

For the year ended March 31

(millions of Canadian dollars)	**2025**	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Domestic Electric	**1 920**	1 847	1 903	1 834	1 714	1 702	1 707	1 464	1 419	1 399
Gas	**508**	505	656	542	416	388	365	343	342	353
Extraprovincial	**860**	872	1 131	585	611	468	430	437	460	415
Other	**81**	74	145	79	80	71	74	86	106	91
	3 369	3 298	3 835	3 040	2 821	2 629	2 576	2 330	2 327	2 258
Expenses										
Finance expense	**1 079**	1 042	1 031	1 068	846	838	778	641	645	620
Operating and administrative	**853**	802	694	660	608	579	576	586	608	614
Depreciation and amortization	**642**	651	658	605	563	512	496	430	402	394
Cost of gas sold	**352**	333	523	405	277	238	212	196	183	181
Water rentals and assessments	**69**	62	84	101	128	126	113	126	131	126
Fuel and power purchased	**240**	348	138	394	184	98	136	130	132	117
Capital and other taxes	**186**	184	175	179	167	163	155	146	135	123
Other expenses	**188**	374	98	91	80	104	130	548	104	114
Finance income	**(58)**	(62)	(56)	(24)	(24)	(43)	(31)	(23)	(17)	(23)
	3 551	3 734	3 345	3 479	2 829	2 615	2 565	2 780	2 323	2 266
Net income (loss) before net movement in regulatory balances	**(182)**	(436)	490	(439)	(8)	14	11	(450)	4	(8)
Net movement in regulatory balances	**116**	278	165	180	125	85	107	479	55	47
Net Income (Loss)	**(66)**	(158)	655	(259)	117	99	118	29	59	39
Net income (loss) attributable to:										
Manitoba Hydro	**(63)**	(157)	638	(248)	119	99	121	37	71	49
Non-controlling interests	**(3)**	(1)	17	(11)	(2)	-	(3)	(8)	(12)	(10)
	(66)	(158)	655	(259)	117	99	118	29	59	39
Assets										
Property, plant and equipment	**26 865**	26 727	26 474	26 376	26 023	25 190	23 627	21 979	19 757	17 208
Sinking fund investments	**100**	100	-	-	-	-	-	-	-	-
Current and other assets	**3 393**	3 020	3 486	3 394	3 438	2 937	2 672	2 146	2 015	2 085
Regulatory deferral debits	**1 799**	1 679	1 450	1 368	1 254	1 179	1 132	1 044	566	486
	32 157	31 526	31 410	31 138	30 715	29 306	27 431	25 169	22 338	19 779
Liabilities and Equity										
Long-term debt	**23 944**	23 644	23 097	23 617	23 065	21 950	21 303	18 200	16 102	14 201
Current and other liabilities	**4 143**	3 791	3 819	3 709	3 731	3 744	2 686	3 671	3 157	2 799
Deferred revenue	**787**	702	637	607	579	549	522	769	642	535
Regulatory deferral credits	**123**	119	168	251	317	367	405	76	77	52
Non-controlling interests	**43**	46	344	325	323	302	254	205	170	140
Retained earnings	**3 415**	3 478	3 650	3 012	3 260	3 141	3 042	2 936	2 899	2 828
Accumulated other comprehensive income (loss)	**(298)**	(254)	(305)	(383)	(560)	(747)	(781)	(688)	(709)	(776)
	32 157	31 526	31 410	31 138	30 715	29 306	27 431	25 169	22 338	19 779
Cash Flows										
Operating activities	**434**	607	1 068	135	248	327	82	(229)	508	489
Financing activities	**(641)**	(954)	(314)	599	1 067	1 647	2 244	2 868	1 866	2 120
Investing activities	**500**	38	(748)	(793)	(1 099)	(1 948)	(2 068)	(2 643)	(2 682)	(2 148)
Financial Indicators										
Debt to capitalization ratio[1]	**86%**	86%	84%	86%	86%	86%	86%	85%	84%	83%

[1] The calculation for the debt to capitalization ratio is disclosed in Note 31 of the consolidated financial statements.

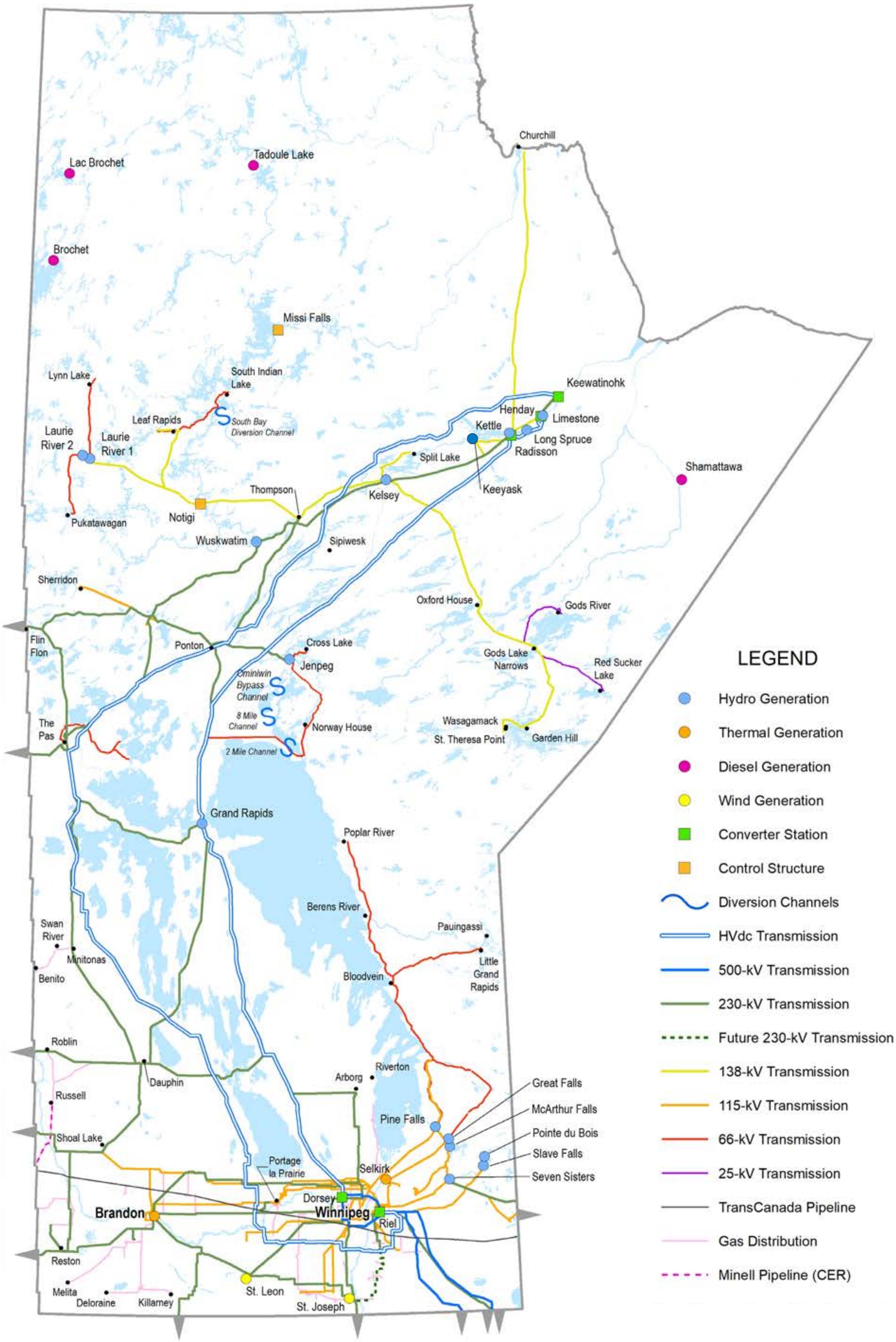
Operating Statistics

For the year ended March 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Electric System Capability										
Capability (000 kW)	**6 074**	6 121	6 054	5 860	5 608	5 615	5 561	5 648	5 679	5 680
Manitoba firm peak demand (000 kW)	**5 111**	4 573	4 761	4 785	4 888	4 692	4 911	4 735	4 801	4 460
Percent change	**11.8**	(3.9)	(0.5)	(2.1)	4.2	(4.5)	3.7	(1.4)	7.6	(4.9)
Electric System Supply										
Total energy supplied (millions of kWh)										
Generation	**30 991**	29 799	39 534	26 628	35 189	34 542	30 928	34 613	36 433	34 990
Isolated systems	**17**	16	17	17	16	15	15	14	15	14
	31 008	29 815	39 551	26 645	35 205	34 557	30 943	34 627	36 448	35 004
Electric Load at Generation (millions of kWh)										
Integrated system	**25 688**	25 034	26 064	25 711	24 706	25 097	25 750	25 644	25 144	24 566
Isolated system	**17**	16	17	17	16	15	15	14	15	14
	25 705	25 050	26 081	25 728	24 722	25 112	25 765	25 658	25 159	24 580
Percent change	**2.6**	(4.0)	1.4	4.1	(1.6)	(2.5)	0.4	2.0	2.4	(3.3)
Electric System Deliveries (millions of kWh)										
Energy delivered in Manitoba										
Residential	**8 099**	7 836	8 203	8 226	8 019	7 695	8 001	7 636	7 250	7 181
Commercial / Industrial	**14 501**	14 160	14 464	14 347	13 682	14 307	14 769	14 869	14 716	14 473
	22 600	21 996	22 667	22 573	21 701	22 002	22 770	22 505	21 966	21 654
Extraprovincial	**7 971**	8 382	13 325	6 205	10 908	9 629	6 267	9 448	11 272	10 281
	30 571	30 378	35 992	28 778	32 609	31 631	29 037	31 953	33 238	31 935
Gas Deliveries (millions of cubic metres)	**2 091**	2 029	2 225	2 111	2 059	2 147	2 229	2 048	1 986	1 846
Electric Customers										
Residential	**556 338**	548 977	542 268	535 212	528 391	521 498	515 354	509 465	503 167	497 699
Commercial / Industrial	**75 779**	75 085	74 021	73 342	72 600	71 992	71 441	70 797	70 271	69 935
	632 117	624 062	616 289	608 554	600 991	593 490	586 795	580 262	573 438	567 634
Gas Customers	**300 789**	298 639	296 138	293 256	290 502	287 714	284 996	281 990	279 268	276 858
Full Time Equivalent (FTE) [1]	**5 490**	5 362	5 143	4 962	4 954	5 393	5 475	5 998	6 411	6 410

[1] FTEs include all permanent, seasonal and part-time staff, as well as employees of subsidiaries. It is derived by calculating total straight time hours paid in the year divided by 1 916 hours per FTE.

Major Electric & Natural Gas Facilities



Sources of Electrical Energy Generated & Purchased

For the year ended March 31, 2025

Nelson River	**74.13**	**%**
Billion kWh generated	**25.5**	
Limestone	20.32	%
Kettle	19.20	%
Long Spruce	16.15	%
Keeyask	11.93	%
Kelsey	6.20	%
Jenpeg	0.33	%

Winnipeg River	**8.81**	**%**
Billion kWh generated	**3.0**	
Seven Sisters	2.72	%
Great Falls	1.89	%
Pine Falls	1.73	%
Pointe du Bois	0.35	%
Slave Falls	1.21	%
McArthur	0.92	%

Saskatchewan River	**3.82**	**%**
Billion kWh generated	**1.3**	
Grand Rapids	3.82	%

Laurie River	**0.07**	%
Billion kWh generated	**0.0**	
Laurie River 1	0.03	%
Laurie River 2	0.04	%

Burntwood River	**3.14**	**%**
Billion kWh generated	**1.1**	
Wuskwatim	3.14	%

Thermal	**0.09**	**%**
Billion kWh generated	**0.0**	
Brandon	0.09	%
Selkirk	0.00	%

Purchases (excl. wind)	**7.20**	**%**
Billion kWh purchased	**2.5**	

Wind	**2.72**	**%**
Billion kWh purchased	**0.9**	

Manitoba Hydro Generating Stations & Capabilities

For the year ended March 31, 2025

Interconnected Capabilities

Station	Location	Number of units	Net Capability (MW)
Hydraulic			
Great Falls	Winnipeg River	6	**137.0**
Seven Sisters	Winnipeg River	6	**168.0**
Pine Falls	Winnipeg River	6	**88.0**
McArthur	Winnipeg River	8	**55.0**
Pointe du Bois	Winnipeg River	16	**34.0**
Slave Falls	Winnipeg River	8	**68.0**
Grand Rapids	Saskatchewan River	4	**480.0**
Keeyask	Nelson River	7	**617.0**
Kelsey	Nelson River	7	**286.0**
Kettle	Nelson River	12	**1 220.0**
Jenpeg	Nelson River	6	**62.0**
Long Spruce	Nelson River	10	**994.0**
Limestone	Nelson River	10	**1 400.0**
Laurie River (2)	Laurie River	3	**10.0**
Wuskwatim	Burntwood River	3	**208.0**
Thermal			
Brandon		2	**235.0**
Selkirk		2	**0.0**

Isolated Capabilities

Diesel	
Brochet	**2.6**
Lac Brochet	**2.1**
Shamattawa	**4.5**
Tadoule Lake	**2.3**

Total Generating Capability	**6 074**

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