

Investir dans notre avenir :

Fournir l'énergie pour la vie au Manitoba





Manitoba Hydro assure une présence dans tout le Manitoba, sur les terres des traités nos 1, 2, 3, 4 et 5, qui sont les territoires ancestraux des peuples Anishinaabe, Cri, Anishinew, Dakota et Dene, ainsi que la patrie des Métis de la rivière Rouge.

Nous reconnaissons également les terres ancestrales des Inuits dans le nord du Manitoba.

Nous reconnaissons ces terres et rendons hommage aux ancêtres de ces territoires. L'héritage du passé continue d'exercer une grande influence sur les relations de Manitoba Hydro avec les communautés autochtones aujourd'hui, et nous sommes déterminés à nouer et à maintenir des relations solides et mutuellement bénéfiques avec elles.

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Lettre de présentation du président de la Régie de l'hydro-électricité du Manitoba

Ministre des Finances
Palais législatif
Winnipeg, Manitoba
R3C 0V8

Le 31 juillet 2026

Monsieur le Ministre,

Je suis fier de vous présenter le 75^e rapport annuel de la Régie de l'hydro-électricité du Manitoba pour l'exercice clos le 31 mars 2026.

Au cours de la dernière année, Manitoba Hydro a réalisé d'énormes progrès sur plusieurs fronts, en s'appuyant sur la stratégie d'entreprise de la société et sur le Plan d'énergie abordable du Manitoba.

Voici des faits saillants :

Énergie éolienne détenue majoritairement par des Autochtones

Le service public a réalisé des progrès significatifs dans le renforcement de son approvisionnement en énergie éolienne détenue majoritairement par des Autochtones, conformément à la fois au Plan d'énergie abordable du Manitoba et à la Planification intégrée des ressources 2025 de Manitoba Hydro. Anciennement appelé « Appel énergétique : éolien appartenant majoritairement aux Autochtones », ce projet contribuera à favoriser la réconciliation économique et le développement au Manitoba, tout en renforçant l'offre d'énergie fiable et abordable de Manitoba Hydro.

Le projet a lancé une demande de fournisseurs qualifiés (DFQ) en octobre 2025. À la fin de l'exercice, un appel d'offres a été lancé aux promoteurs retenus. Les travaux à réaliser au cours de l'exercice 2026-2027 comprennent l'examen des soumissions reçues dans le cadre de l'appel d'offres et la sélection du premier promoteur retenu.

Investir pour garantir une énergie fiable et abordable

Manitoba Hydro a continué de réinvestir dans le système énergétique provincial afin de garantir à ses clients un service de gaz naturel et d'électricité sûr, fiable et abordable.

Cela comprend la construction de nouvelles capacités de production, la remise à neuf d'installations vieillissantes comme la centrale de Pointe-du-Bois, ainsi que le processus pluriannuel de modernisation de l'infrastructure de transmission par le remplacement des anciens équipements de notre système de courant continu haute tension (CCHT), qui constitue l'épine dorsale du système d'énergie électrique de notre province.

Au cours de la prochaine décennie, Manitoba Hydro investira près de 17 milliards de dollars pour soutenir ces travaux en cours, afin que nous puissions continuer à fournir de l'électricité fiable par l'intermédiaire de notre réseau provincial et répondre ainsi aux besoins de nos clients pendant encore de nombreuses années.

Notre conseil d'administration est également fier d'avoir participé à l'approbation de la Planification intégrée des ressources (PIR) 2025 de Manitoba Hydro en vue de sa présentation au gouvernement et de son dépôt ultérieur auprès de la Régie des services publics (RSP). Cette planification, qui s'inscrit également dans le cadre du Plan d'énergie abordable du Manitoba et du Chemin du Manitoba vers la carboneutralité, décrit les mesures que Manitoba Hydro peut prendre pour garantir un approvisionnement continu en énergie aux Manitobains, tant à court qu'à long terme.

La PIR énonce une proposition de plan de développement prévoyant non seulement la mise en place d'une centrale éolienne d'une puissance maximale de 600 mégawatts d'énergie éolienne détenue majoritairement par des Autochtones, mais aussi des objectifs ambitieux en matière d'économie d'énergie, de réduction de la demande, d'amélioration des installations hydro-électriques actuelles et d'ajout d'une capacité de production mobilisable de 750 mégawatts, sous la forme de nouvelles turbines à combustion. Ces turbines permettront de soutenir les nouvelles ressources éoliennes et d'offrir une capacité de production supplémentaire pendant les périodes de pointe hivernales, les périodes de sécheresse ou les situations d'urgence liées au réseau de transmission.

La RSP examinera la PIR au cours de l'exercice 2026-2027.



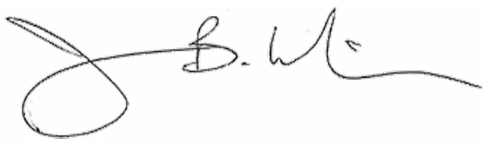
Davantage de contrôle pour les consommateurs grâce à un réseau plus moderne

Enfin, Manitoba Hydro continue de franchir des étapes importantes pour offrir un service exceptionnel aux Manitobains. Le service public a poursuivi la planification de la modernisation du réseau électrique grâce à de nouvelles technologies de pointe, telles que les compteurs intelligents et les technologies de réponse à la demande, qui promettent d'offrir aux clients un meilleur contrôle sur leurs factures d'énergie et une autonomie accrue dans la gestion active de leur consommation d'énergie.

Le service public a également réalisé des progrès importants pour s'adapter à la prolifération des véhicules électriques (VE) en amorçant les premières étapes de la mise en place d'un réseau de recharge entre Winnipeg et Thompson. En juin 2025, Manitoba Hydro a publié un appel d'offres portant sur le matériel de recharge, la conception et la construction du site ainsi que les services de gestion du réseau; l'appel d'offres a pris fin en août. Le service public prévoit que le premier site sera mis sous tension à l'automne 2026 et que le reste du réseau de recharge le sera d'ici le printemps 2027. Une fois achevé, ce projet passionnant contribuera à garantir la viabilité du transport électrifié dans le Nord, et pas seulement le long de la route 1.

Le prochain exercice sera marqué par de grands changements dans la province, et nous sommes convaincus que notre conseil d'administration et le service public sauront relever ces défis dans l'intérêt de tous les Manitobains. Au cours des prochains exercices, nous agissons avec intégrité, en faisant preuve de transparence et en assumant nos responsabilités envers les Manitobains que nous servons.

Je vous prie d'agréer l'expression
de mes sentiments distingués,



Jamie Wilson

Président, Régie de l'hydro-électricité du Manitoba



Régie de l'hydro-électricité du Manitoba, 2025-26



Jamie Wilson
Président



Nicole Chabot
Vice-présidente



Tom Akerstream



Vernon Kalmakoff



Angela Mathieson



Paul Moist



Eric Redhead



Mala Sachdeva



Leslie Turnbull



Daniel Vandal

Lettre aux clients d'Allan Danroth, président-directeur général de **Manitoba Hydro**

Fournir l'énergie qui alimente notre province

31 juillet 2026

Chez Manitoba Hydro, notre objectif est de vous fournir de l'énergie pour la vie de manière sécuritaire, fiable et abordable. C'est notre raison d'être, et nous y travaillons d'arrache-pied chaque jour.

L'exercice 2025-2026 nous a posé plusieurs défis. Sur les cinq dernières années, nous en avons connu quatre avec de faibles niveaux d'eau, ce qui en fait l'une des pires périodes de notre histoire en matière de débit d'eau. Nous avons également été touchés par de graves feux de forêt qui ont éclaté en mai et se sont poursuivis jusqu'aux premières chutes de neige. Nous avons également connu des pannes prolongées dues aux conditions météorologiques, qui ont eu des répercussions importantes sur certains clients du Nord.

Nous tirons des leçons de ces phénomènes météorologiques et continuons de nous y adapter, mais une incertitude persiste quant à ces événements, d'autant plus qu'ils ont des répercussions sur notre dotation, nos ressources et la continuité de nos services d'année en année.

Malgré ces défis, Manitoba Hydro a tout de même réalisé des progrès considérables dans la poursuite de son objectif visant à bâtir un avenir énergétique solide et à fournir à notre province une énergie sûre, fiable et abordable. Nous continuons de nous inspirer des six objectifs d'entreprise que nous avons lancés l'année dernière, ainsi que de nos valeurs fondamentales que sont la collaboration, l'harmonisation, la réinvention, le renforcement, la sûreté, la réconciliation, le respect de l'environnement et, nouvellement ajoutée cette année, la sécurité.

Notre stratégie et nos valeurs visent à trouver un équilibre entre la nécessité d'investir de manière proactive dans nos systèmes énergétiques et dans notre personnel, tout en reconnaissant que nous continuons de faire face à des défis opérationnels et financiers quotidiens liés à des priorités concurrentes, au vieillissement des infrastructures, au besoin de nouvelles ressources énergétiques, à l'évolution du paysage énergétique et du contexte de sécurité, ainsi qu'aux attentes en constante évolution de nos clients.

Voici certains des progrès que nous avons réalisés concernant nos six objectifs d'entreprise :

Améliorer notre santé financière

Au cours des deux dernières années, nous avons présenté à la Régie des services publics (RSP) des demandes détaillées de révision des tarifs d'électricité et de gaz dans le cadre de demandes d'approbation générale des tarifs, et ces démarches ont abouti à l'approbation d'augmentations modérées des tarifs du gaz naturel et de l'électricité pour une période de trois ans. Ces augmentations nous permettront de continuer à investir dans l'avenir énergétique du Manitoba, tout en assurant l'approvisionnement en énergie dont nos clients ont besoin au quotidien.

Nous continuons d'explorer des moyens d'accroître les flux de trésorerie de Manitoba Hydro, notamment en recherchant de nouvelles occasions d'échanges d'énergie lorsque cela est possible et en cernant des économies potentielles grâce à une évaluation continue de nos facteurs de coûts.

Bien que l'exercice 2025-2026 ait présenté des aspects positifs, il s'est avéré difficile sur le plan du bénéfice net. Les faibles précipitations et les faibles niveaux d'eau qui en ont résulté ont eu l'impact le plus important sur les résultats financiers de Manitoba Hydro, et nous avons maintenant connu des périodes de faible débit pendant quatre des cinq dernières années.

Ces faibles débits n'ont pas constitué un risque pour l'approvisionnement énergétique des Manitobains : nous avons géré de manière responsable les niveaux d'eau et les niveaux des réservoirs en vue des mois de pointe hivernaux en important de l'électricité de la façon la plus économique possible pour assurer la fiabilité de l'approvisionnement, bien que la volatilité du marché de l'énergie ait entraîné une hausse des coûts liés à ces achats auprès d'autres administrations pour répondre aux besoins de la population manitobaine.

Le manque de précipitations nous a également présenté un autre défi : les feux de forêt. Les feux de forêt généralisés et violents qui ont sévi au cours de cet exercice ont eu de graves répercussions sur de nombreux Manitobains, entraînant notamment la perte tragique d'un employé de Manitoba Hydro et de son épouse dans la région de Lac du Bonnet. Alors même que nous pleurons cette perte, bon nombre de nos employés ont travaillé de longues heures dans des conditions difficiles, au cours de la pire saison de feux de forêt jamais enregistrée. Ces mesures ont été prises pour protéger nos clients, préserver nos infrastructures, rétablir le service et contribuer à assurer la sécurité des Manitobains. Outre les répercussions physiques et psychologiques des feux de forêt, les coûts liés à la main-d'œuvre et au matériel nécessaires pour intervenir en cas d'incendie et pour remplacer ou réparer l'équipement endommagé par ceux-ci se sont élevés à plus de 50 millions de dollars.

Chaque fois que nous sommes confrontés à de tels défis, nous mettons à profit ce que nous avons appris et nous en sortons plus forts en tant qu'organisation. Et, forts des leçons tirées du passé, nous continuerons à les mettre en pratique en gardant à l'esprit la santé financière.

Planification des nouvelles ressources énergétiques

Notre PIR 2025 et le plan de développement qui l'accompagne, soumis au gouvernement provincial puis déposés auprès de la Régie des services publics (RSP) aux fins d'examen au cours du dernier exercice, visent à garantir que nous répondions aux besoins énergétiques futurs de la province. Le plan décennal donne la priorité à la conservation et à d'autres solutions axées sur le client, y compris les programmes d'efficacité énergétique, la réponse à la demande et les programmes de tarifs réduit. En ce qui concerne les nouvelles ressources énergétiques, la PIR recommande un portfolio équilibré qui reflète l'adhésion de Manitoba Hydro à la politique gouvernementale visant à atteindre la carboneutralité du réseau d'ici 2035.

L'un de nos projets de nouvelles ressources proposé, qui comporte trois turbines à combustion d'une puissance totale de 750 mégawatts à Brandon, fait actuellement l'objet d'un examen réglementaire. Ces turbines à combustion sont conçues pour fonctionner de manière intermittente pendant les périodes de pointe (comme les vagues de froid prolongées) et lors d'autres situations d'urgence du système (par exemple, en cas de panne de notre système de CCHT).

Elles contribueront également à compléter nos ressources hydro-électriques existantes, en servant de filet de sécurité pour les sources d'énergie plus intermittentes, comme l'énergie éolienne.

La sécurité énergétique et la flexibilité offertes par les turbines à combustion alimentées au gaz naturel permettent également de réduire, à l'avenir, la dépendance à l'égard des importations d'électricité, qui sont sujettes à des fluctuations et peuvent s'avérer coûteuses. Ces turbines seront alimentées par des combustibles à faibles émissions de carbone dès qu'ils seront disponibles, et les émissions restantes seront compensées par des crédits carbone. En parallèle, ces nouvelles ressources permettront l'électrification d'autres secteurs à fortes émissions de carbone, comme les transports et l'industrie, dans le cadre de la transition du Manitoba vers la carboneutralité.





Un autre projet de nouvelle ressource proposé, l'initiative de Manitoba Hydro visant à s'approvisionner en électricité à hauteur de 600 mégawatts auprès de parcs éoliens détenus majoritairement par des Autochtones, a franchi plusieurs étapes importantes au cours de l'année. En juin 2025, nous avons lancé une déclaration d'intérêt, dont la date limite était fixée au mois suivant. Nous avons ensuite lancé une demande de fournisseurs qualifiés (DFQ) en octobre 2025, qui s'est terminée en janvier 2026. En mars 2026, nous avons sélectionné les promoteurs à partir de l'appel d'offres et leur avons envoyé le premier appel d'offres. L'appel d'offres s'est terminé en juillet 2026.

Cette année, nous avons également entamé la construction d'une nouvelle ligne de transmission à partir de la centrale de Pointe-du-Bois, ce qui marque une étape importante dans le cadre du projet d'énergie renouvelable de Pointe-du-Bois. La ligne de transmission permettra d'accroître la fiabilité du réseau et d'améliorer le service offert aux clients de l'est du Manitoba. Nous poursuivons l'assemblage de huit nouveaux groupes électrogènes à la centrale de Pointe-du-Bois afin d'augmenter sa production et de tirer le meilleur parti de l'un de nos plus anciens actifs.

L'optimisation du rendement de nos actifs actuels constitue également un élément clé de notre Planification intégrée des ressources visant à répondre aux besoins énergétiques futurs du Manitoba.

Garantir la fiabilité du système de CCHT

Dans le cadre de la revitalisation de notre système, nous avons réalisé cette année des progrès considérables dans le cadre de notre programme de fiabilité du système de CCHT, en adoptant des mesures concrètes visant à renforcer notre réseau électrique.

Nos lignes de CCHT constituent l'épine dorsale du réseau de distribution d'électricité au Manitoba : elles acheminent l'électricité depuis les centrales du nord vers les centres urbains du sud, et nous permettent de répondre de manière fiable aux besoins énergétiques de notre province. Il est essentiel de réinvestir dans ce système et dans ses principaux éléments, dont bon nombre ont atteint ou dépassé leur durée de vie prévue, afin d'assurer un approvisionnement continu, sûr et fiable en électricité au Manitoba.

Au cours de la dernière année, nous avons entamé une collaboration avec un fournisseur d'équipement et un ingénieur-conseil, ce qui nous a permis de réserver une place dans leur calendrier de production et de travailler avec les deux pour élaborer les spécifications techniques des travaux liés au projet Bipolaire II. Ces travaux serviront de base à la phase initiale de conception et de planification du programme, qui prévoit le remplacement de l'équipement à l'intérieur des postes de conversion; nous entamerons bientôt le même processus sur Bipolaire I.

Nous menons également des négociations contractuelles et élaborons une entente-cadre avec le fournisseur d'équipement afin d'assurer la viabilité à long terme de l'ensemble du système de CCHT, ce qui garantit ainsi que nos investissements dans ces améliorations porteront leurs fruits pendant de nombreuses années.

Fournir des solutions modernes aux clients

Nous investissons également dans l'avenir du transport carboneutre dans la province. Au cours du présent exercice, nous avons commencé à installer des bornes de recharge pour véhicules électriques (VE) le long de la route 6, entre Winnipeg et Thompson, comblant ainsi une lacune importante dans le réseau de recharge de la province. Conformément au Plan d'énergie abordable du Manitoba, ces bornes de recharge relieront le nord du Manitoba au sud de la province et permettront aux propriétaires de VE d'effectuer ce trajet de près de 800 km tout au long de l'année. Nous prévoyons mettre en service la première station à l'automne 2026 et le reste du réseau de recharge d'ici le printemps 2027.

Au cours du dernier exercice, nous avons également établi un partenariat avec Efficacité Manitoba afin de mettre sur pied deux projets pilotes de gestion de la demande visant les thermostats résidentiels et la réduction de la consommation commerciale. Les deux projets devraient commencer à l'été 2026. Ces programmes aideront les clients à économiser de l'énergie et de l'argent, et à réduire la charge sur notre système. La technologie qui les fera fonctionner, un système de gestion des ressources énergétiques distribuées, jette les bases nécessaires à la mise en place future d'une « centrale virtuelle ». Des initiatives comme celles-ci nous aident à stabiliser la demande et à tirer le meilleur parti de nos actifs actuels alors que nous en construisons de nouveaux.

Nous continuons également à envisager la modernisation de notre réseau électrique, en commençant par la planification d'une infrastructure de mesure avancée (IMA). Il s'agit d'une technologie qui comprend les compteurs intelligents ainsi que l'équipement de données et de communications qui y sont associés; elle permettra aux clients de disposer de nouvelles données et de nouveaux outils pour mieux comprendre et mieux gérer leur consommation d'énergie.

Cette technologie est couramment utilisée partout en Amérique du Nord. Le Manitoba est l'une des dernières grandes administrations d'Amérique du Nord à ne pas être équipée de compteurs intelligents. En effet, certains services publics installent déjà des compteurs intelligents plus perfectionnés ainsi que la technologie de l'infrastructure de mesure avancée.

Avec le temps, l'infrastructure de mesure avancée proposera de nouvelles solutions pour rendre l'énergie plus abordable, dans le cadre du Plan d'énergie abordable du Manitoba, et contribuera à améliorer



les délais d'intervention en cas de panne. Les données que nous obtiendrons grâce à l'infrastructure de mesure avancée permettront d'améliorer l'efficacité de notre service public, de réduire les coûts, et d'accroître la sécurité de notre personnel sur le terrain.

Ensemble, ces investissements permettront de mettre en place un système de facturation plus moderne pour les clients, d'assurer la flexibilité de la charge électrique au Manitoba et de reporter de nouvelles mises à niveau de la production, de la transmission et de la distribution, ce qui nous aidera à maintenir l'électricité abordable.

Mettre à niveau le système SAP

La collecte d'un nombre accru de données est essentielle à bon nombre des améliorations dont nos clients bénéficieront au cours des prochaines années. Il est essentiel de veiller à ce que nous disposions des moyens nécessaires pour assurer la sécurité de ces données, et c'est l'une de nos valeurs fondamentales. L'un des meilleurs moyens de protéger nos données et nos technologies consiste à veiller à ce que nos plateformes et nos systèmes soient à l'épreuve du temps, capables d'assurer la continuité des activités de notre entreprise et de garantir un approvisionnement en énergie sécuritaire, fiable et abordable. Au cours de la dernière année, des progrès importants ont été réalisés dans la mise à jour du système SAP, un système central qui intervient dans 65 % des processus de gestion des affaires de Manitoba Hydro.

En 2025-2026, l'équipe de projet du système SAP de Manitoba Hydro est passée de la phase de conception à celle de développement et de mise en œuvre, un effort considérable qui a amené l'équipe à participer à plus de 400 ateliers et à collaborer avec des experts externes afin de développer nos nouveaux systèmes SAP et de tester des conceptions en vue du lancement prévu en 2026-2027. Je suis heureux de vous annoncer qu'au moment où j'écris ces lignes, notre projet de système SAP respecte la portée, les échéances et le budget prévus.

Améliorer l'expérience des employés

Les investissements dans notre main-d'œuvre sont essentiels pour l'avenir du secteur de l'énergie dans la province. Elles nous permettent d'attirer de nouveaux talents et une nouvelle expertise, tout en maintenant en poste nos employés actuels et en appuyant pleinement leur travail.

Cette année, nous avons remanié notre processus d'intégration des nouveaux employés afin de garantir une expérience uniforme dès le début, et nous nous sommes efforcés d'améliorer la transparence concernant la rémunération et les avantages sociaux des employés de Manitoba Hydro.

Notre engagement envers nos employés consiste notamment à nous assurer de bien comprendre ce qui compte pour eux. C'est pourquoi nous menons un sondage auprès du personnel de Manitoba Hydro afin de connaître leur expérience en milieu de travail. À intervalles réguliers, nous posons à nos employés des questions sur ce qui leur donne le sentiment d'être valorisés, sur leurs principaux facteurs de motivation, et sur les raisons pour lesquelles ils recommanderaient, ou non, à leurs proches de travailler chez Manitoba Hydro. De tels renseignements, et bien d'autres encore, nous permettent de mieux comprendre comment attirer et maintenir en poste les personnes talentueuses et dévouées dont nous avons besoin pour servir les Manitobains.

Au cours du dernier exercice, nous avons également mis davantage l'accent sur la santé et le bien-être globaux de nos employés. Cette année, nous avons mis en place de nouveaux programmes de soutien pour la gestion du poids et les soins liés à la ménopause. Nous avons également mis en place de nouvelles formations à l'intention des employés et des dirigeants, axées sur la compassion et la santé mentale, à la suite d'une série d'incidents graves, dont certains ont entraîné des décès.

Nous reconnaissons qu'il est normal que notre état de santé mentale varie d'un jour à l'autre. Cela revêt une importance particulière lorsque l'on considère les situations auxquelles nos employés peuvent être confrontés dans le cadre de leur travail. Lorsque nous sommes confrontés à des situations telles que les feux de forêt dans la province ou les phénomènes météorologiques extrêmes, avec tout le stress, les traumatismes et l'incertitude qui en découlent, il est important de prendre conscience des répercussions invisibles que ces événements peuvent avoir sur notre personnel. C'est pourquoi nous nous engageons à offrir aux employés de Manitoba Hydro des outils favorisant leur santé et leur bien-être général dans le cadre de leur ensemble de rémunération globale.

En tant que société reconnue depuis longtemps comme l'un des meilleurs employeurs du pays, nous sommes conscients que notre ensemble de rémunération globale joue un rôle déterminant pour attirer et maintenir en poste les talents dont nous avons besoin afin de mener à bien notre mission au service des Manitobains.

Nos valeurs fondamentales sont au cœur de notre travail et de notre stratégie

Nous continuons de nous inspirer de nos valeurs fondamentales que sont la sûreté, la réconciliation et le respect de l'environnement, mais cette année, nous y avons ajouté une autre valeur fondamentale : la sécurité.

La sécurité de notre personnel, de nos biens et de nos renseignements est essentielle pour réduire les risques auxquels sont exposés nos employés, nos clients et le public. Partout dans la province, nous constatons une hausse importante des menaces verbales et physiques à l'encontre de nos employés dans l'exercice de leurs fonctions, ainsi qu'une augmentation des vols, tant d'électricité que de matériaux, commis par des tiers dans nos installations. Par ailleurs, nos activités ne cessent de gagner en complexité, ce qui nous expose à de nouveaux risques. Cela signifie que nous avons dû renforcer notre dispositif de sécurité en créant des postes dédiés à la réduction de ces risques.

Notre chef de la sécurité dirige notre division Sécurité d'entreprise, qui a fait l'objet d'une refonte. Sous sa direction, nous avons entrepris un examen des mesures de sécurité physique dans l'ensemble de nos établissements et de nos chantiers, dans le but de renforcer la sûreté de nos employés et de nos clients, ainsi que de protéger nos actifs. Et comme les incidents liés à la cybersécurité constituent une préoccupation croissante dans notre secteur, nous continuons à renforcer nos capacités en matière de cybersécurité et nous concentrons sur l'atténuation des menaces susceptibles de compromettre la confidentialité, l'intégrité ou la disponibilité de nos données, de celles de nos clients et de nos actifs technologiques.

Nous avons continué à mettre en œuvre des mesures visant à renforcer la sécurité de nos employés, y compris ceux qui travaillent dans les bureaux et ceux qui assurent l'entretien de nos réseaux d'électricité et de gaz naturel. Cette année, nous avons simplifié la procédure de signalement des « incidents évités de justesse », c'est-à-dire des événements imprévus liés au travail qui auraient pu entraîner des blessures ou des dommages aux personnes, à l'équipement ou à l'environnement, mais qui ne l'ont pas fait. Notre division Sécurité, flotte et formation aux métiers a lancé une application conviviale qui permet à n'importe quel employé, où qu'il se trouve et en tout temps, de signaler ces incidents. Nous avons constaté une augmentation importante du nombre de signalements d'incidents évités de justesse en 2025-2026. Au premier trimestre de 2026, les employés ont signalé plus de deux fois plus d'incidents évités de justesse qu'en 2025.

Chaque rapport d'incident évité de justesse que nous recevons nous aide à mettre en lumière les risques. Cette augmentation du nombre d'incidents évités de justesse montre que les employés sont conscients de leur propre sécurité et de celle de leurs collègues au travail, et nous fournit des renseignements qui nous permettent de rendre le milieu de travail plus sécuritaire pour les autres employés. Nous devons tous y mettre du nôtre pour nous assurer de rentrer chez nous en toute sécurité à la fin de la journée. La déclaration des incidents évités de justesse n'en est qu'un aspect.

En matière de réconciliation, nous avons signé au cours de cet exercice un accord de collaboration (« travailler ensemble » – mâmawi-atoskêâtân) avec la Nation crie de Fisher River. Dans le cadre de cette entente, nous collaborerons avec la communauté afin de mettre sur pied des initiatives menées par la communauté visant à réduire la consommation d'énergie, à favoriser la production d'énergie et à élargir les possibilités économiques au sein de la communauté.

Nos dépenses directes auprès d'entreprises autochtones se sont élevées à 81,8 millions de dollars cette année.

Nous avons également intensifié notre programme de gestion de la végétation afin de prévenir les pannes de courant causées par les arbres dans toute la province; les entités appartenant à des Autochtones ont joué un rôle important dans ces travaux. Dans 12 communautés autochtones, la valeur contractuelle de ces travaux s'est élevée à 9,2 millions de dollars.

Nous sommes fiers d'avoir octroyé cette année nos bourses pour les projets de Manitoba Hydro à 19 Autochtones du Manitoba afin de soutenir leur formation, leurs études et leur emploi dans le cadre de nos projets. Les bénéficiaires représentaient un large éventail de Premières Nations de toute la province ainsi que la Fédération des Métis du Manitoba. Cette initiative s'inscrit dans le cadre de plusieurs programmes de formation des métiers destinés aux membres des Premières Nations et aux Métis, et nous sommes fiers d'annoncer que Manitoba Hydro compte actuellement 1 099 employés autochtones, ce qui représente 19,9 % de notre effectif.

Nous continuons d'offrir des initiatives et des activités de sensibilisation visant à approfondir les connaissances, la reconnaissance et la compréhension de nos employés à l'égard des nations autochtones du Manitoba. Comprendre le contexte historique de nos relations avec les communautés touchées par les projets hydro-électriques est un élément essentiel de la manière dont nous devons agir dans le futur. Nous sommes des Manitobains au service des Manitobains, et il est important que nous comprenions l'histoire et les points de vue de toutes les personnes avec lesquelles nous travaillons.

Autres éléments

À la fin du mois de mars, nous avons annoncé que les employés de Manitoba Hydro retourneraient au bureau quatre jours par semaine à compter du 6 octobre 2026, contre trois jours par semaine auparavant. Nous estimons que ce changement nous permettra de gagner en efficacité et en efficience, compte tenu des nombreuses tâches qui nous attendent. Par ailleurs, une présence accrue des employés au centre-ville de Winnipeg contribuera à stimuler l'activité économique et à renforcer l'esprit communautaire au cœur de la ville.

À cette fin, nous avons également inauguré, à la fin du mois d'août 2025, notre *Café 360* primé (qui met en vedette des restaurants locaux) et situé au rez-de-chaussée de l'édifice de notre siège social. Cet espace, ouvert au public, offre une autre option pour le déjeuner et le dîner à tous les résidents et travailleurs du centre-ville de Winnipeg, et il s'est avéré extrêmement populaire.

En conclusion

Enfin, je tiens à féliciter une fois de plus tous nos employés pour leur travail acharné cette année. Nous avons réalisé des progrès concrets dans la poursuite de tous nos objectifs d'entreprise, malgré les feux, les nombreuses audiences réglementaires et la Planification intégrée des ressources, sans oublier nos activités quotidiennes qui assurent l'approvisionnement en électricité et en gaz naturel dans la province. Je suis fier de tout ce que nous avons accompli cette année.

Alors que nous nous tournons vers le futur et que nous investissons dans l'avenir énergétique du Manitoba, nous devons continuer à trouver un équilibre entre la nécessité de faire preuve de prudence financière et de santé financière, d'une part, et la réalité de notre situation, d'autre part : comme tous les services publics, nous sommes confrontés à une hausse des coûts et à des besoins concurrents en matière d'investissements, tant dans les actifs que nous possédons déjà que dans ceux qui restent à construire.

Même en période difficile, nous ne devons pas perdre de vue ce qui nous attend, tant pour la province que pour notre service public. Chaque dollar que nous investissons dans les infrastructures et dans la réalisation de nos objectifs d'entreprise est un dollar qui assure la pérennité de notre fournisseur d'énergie pour les générations à venir.

Et dans un contexte où nous devons composer avec des incertitudes et que nous planifions nos investissements, nous continuerons de travailler en étroite collaboration avec le gouvernement et tous les autres intervenants afin de bâtir un avenir énergétique qui profite à tous les Manitobains. Nous nous réjouissons de vous servir aujourd'hui et pour de nombreuses années à venir.

Je vous prie d'agréer l'expression
de mes sentiments distingués,

Allan Danroth



Président-directeur général
Manitoba Hydro



Hauts dirigeants de Manitoba Hydro



Allan Danroth
MBA,
Président-directeur général



Hal Turner
Ing.,
Directeur des opérations



Alastair Fogg
Ing., CPA, CMA, MBA,
Vice-président et
directeur financier



Jeffrey Betker
B.A., B.Comm (Hons), MBA,
Vice-président, Relations avec
les autochtones, durabilité,
marketing et communications



Don Bjornson
B. Sc., LL.B.,
Avocat général et
secrétaire général



Dave Bowen
Ing.,
Vice-président, Planification
et livraison des actifs

Hauts dirigeants de Manitoba Hydro



Tanis Brako

B. Sc, Ing., MBA,
Chef de la sécurité



Alex Chiang

MBA,
Vice-président, Solutions offertes
et à l'expérience client



Jamie Hanly

CRHA,
Vice-présidente, Personnes,
sécurité, santé et bien-être



Quinn Menec

Ing., CMA, MBA,
Vice-président, Opérations



Kevin Sachvie

B.Comm (Hons),
Directeur principal, Stratégie
d'entreprise, risque et habilitation



Kyle Zevena

MCPM,
Vice-président, Numérique
et à la technologie

Profil de l'entreprise

Fondée en 1961, Manitoba Hydro est une corporation de la Couronne et l'un des plus grands services intégrés de distribution d'électricité et de gaz naturel au Canada. Nous sommes leaders dans la fourniture d'hydro-électricité et de gaz naturel qui alimentent notre province en énergie et favorisent notre croissance économique.

Nous nous engageons à agir à titre de conseiller de confiance en matière d'énergie et à fournir un service sûr, fiable et abordable à nos plus de 640 000 clients du service d'électricité et à nos plus de 300 000 clients du service de gaz naturel. Plus de 97 % de l'électricité produite au Manitoba provient d'une énergie hydroélectrique renouvelable, pratiquement sans émissions, produite par quelque 16 centrales hydro-électriques situées sur le fleuve Nelson et les rivières Winnipeg, Saskatchewan, Burntwood et Laurie.

Manitoba Hydro assure une présence dans tout le Manitoba, sur les terres des traités n^{os} 1, 2, 3, 4 et 5, qui sont les territoires ancestraux des peuples Anishinaabe, Cri, Anishinew, Dakota et Dene, ainsi que la patrie des Métis de la rivière Rouge. Nous reconnaissons également les terres ancestrales des Inuits dans le nord du Manitoba. Nous reconnaissons ces terres et rendons hommage aux ancêtres de ces territoires.

Nous sommes l'un des plus grands employeurs du Manitoba et nous sommes reconnus comme l'un des meilleurs. Nous mettons à profit nos relations avec nos clients et notre communauté avec la plus grande intégrité et dans le plus grand respect, tout en favorisant la croissance économique et sociale de notre province.

Nous commercialisons également de l'électricité dans quatre marchés de gros du Midwest des États-Unis et du Canada. La quasi-totalité de l'électricité produite chaque année par Manitoba Hydro est d'origine hydroélectrique et provient des ressources hydriques de la province. En fournissant des revenus supplémentaires, les exportations d'électricité contribuent au maintien des tarifs au Manitoba à un niveau inférieur à ce qu'ils seraient autrement.



Notre vision

Assurer l'avenir du Manitoba avec de l'énergie abordable et fiable.

Notre mission

Répondre aux besoins énergétiques de nos clients.

Nos valeurs fondamentales

- **Réconciliation** : Nous nous engageons en faveur de la réconciliation avec les Autochtones dans tous les aspects de ses activités.
- **Gestion de l'environnement** : Nous nous engageons à protéger et à préserver la santé des sols, de l'air et de l'eau.
- **Sûreté** : Nous veillons à ce que chaque personne rentre chez elle saine et sauve.
- **Sécurité** : Nous nous engageons à assurer la sécurité de nos actifs, de nos renseignements et de notre personnel.
- **Collaboration** : Nous travaillons ensemble au sein de Manitoba Hydro, ainsi qu'avec nos clients et les communautés de la province, pour cultiver la confiance, le respect et l'agilité.
- **Alignement** : Nous relient tout ce que nous faisons à la création de valeur pour nos clients, et au bien-être de nos gens, de nos communautés et de notre environnement.
- **Réinvention** : Nous nous mettons continuellement au défi de nous améliorer par l'évaluation et promouvons l'innovation pour un avenir plus fort.
- **Renforcement** : Nous habilitons nos employés afin qu'ils puissent contribuer pleinement, avec leur cœur, leurs mains et leur esprit, à la prospérité et l'avenir de Manitoba Hydro.

Gouvernance

Comme le prévoit la *Loi sur l'hydro-Manitoba*, Manitoba Hydro est gouvernée par la Régie de l'hydro-électricité du Manitoba.

Ce qui guide notre travail

La nature de nos activités et la localisation de nos opérations ont une incidence directe et quotidienne sur les personnes, les communautés et l'environnement. Faire preuve de respect et d'attention à l'égard de chacun est notre responsabilité aujourd'hui et à l'avenir.

En nous appuyant sur des valeurs fondamentales de sûreté, gestion de l'environnement et de réconciliation, nous menons nos activités de manière légale, responsable et éthique, tout en préservant et en renforçant la réputation d'honnêteté, d'intégrité et de bonne foi dont jouit Manitoba Hydro. La **sûreté** demeure notre priorité absolue dans tout ce que nous faisons.

Pour en savoir plus sur nos pratiques, veuillez consulter notre Rapport sur la durabilité 2024-2025, disponible à l'adresse suivante : hydro.mb.ca/fr/corporate/publications/#sustainability.

**Revenu intérieur total
(électricité et gaz) :**

2,35 \$
milliards

**Kilomètres de lignes
de transmission :**

~14 730

Revenus d'exportation :

569 \$
millions

Kilomètres de lignes de distribution :

~75 990

Dette totale :

26,55 \$
milliards

Capacité électrique totale :

6 116 MW

Total des actifs :

33,09 \$
milliards

Nombre de clients du gaz naturel :

303 196

**Bénéfice/perte net(te) attribuable
à Manitoba Hydro :**

(446 \$)
millions

**Kilomètres de conduites
principales de gaz naturel :**

11 445

Notre zone de service en km² :

650 000

**Nombre de collectivités
avec service de gaz naturel :**

135

Nombre de clients électriques :

640 248

**Nombre total d'employés
équivalent temps plein :**

5 653*

Programme d'intégrité de la Régie

Manitoba Hydro incite ses employés et d'autres personnes à s'exprimer sur des sujets qui les préoccupent sans crainte de représailles en utilisant le programme d'intégrité de la Régie.

Vous trouverez ci-dessous un résumé de toutes les divulgations reçues au cours de l'année 2025-2026 dans lesquelles sont allégués des actes répréhensibles, tels que définis dans la *Loi sur les divulgations faites dans l'intérêt public (protection des divulgateurs d'actes répréhensibles)* :

Nombre de divulgations reçues en 2025-2026 :	0
Nombre de divulgations en traitement depuis 2024-2025 :	1 *
Nombre de divulgations ayant fait l'objet de mesures :	0
Nombre de divulgations n'ayant pas fait l'objet de mesures :	0
Nombre d'enquêtes effectuées :	0
Nombre d'actes répréhensibles constatés :	0
Nombre d'actes répréhensibles non confirmés :	0
Nombre de divulgations reportées à 2026-2027 :	1 *

Description des actes répréhensibles et des mesures correctives :

Aucun acte répréhensible n'a été confirmé.
*La divulgation reçue a été transmise au bureau de l'Ombudsman du Manitoba en 2024-2025 et l'enquête est toujours en cours.

Rapport de performance – Cibles et performances

Mesure	Unité	Cible 2025-2026	Résultats 2025-2026
Potentiel de blessures graves ou de mortalité (PBGM)	nb.	0	11
Indice de durée moyenne des interruptions de service (IDMIS)	Minutes	254	466,6
Indice de fréquence moyenne des interruptions de service (IFMIS)	nb.	1,67	1,99
Score de confiance net (SCN)	%	-6	-10
Ratio emprunts/capitaux propres	%	85,1	87,0
Main-d'œuvre autochtone à l'échelle provinciale	%	21,0	19,9
Personnes handicapées	%	9,0	8,2
Minorités visibles	%	16,0	15,9
Femmes sur le marché du travail	%	30,0	24,4

Rapport sur le rendement –

Directives clés de la province

Manitoba Hydro travaille en étroite collaboration avec le gouvernement du Manitoba en appui aux directives et aux mandats qui bénéficient à l'ensemble des citoyens du Manitoba. Une lettre de mandat émise par le ministre des Finances à l'attention de la Régie de l'hydro-électricité du Manitoba le 4 décembre 2023 décrit les attentes du gouvernement à l'égard de la société.

Au cours de l'exercice 2025-2026, Manitoba Hydro a soutenu plusieurs priorités provinciales clés :

- Publication de la Planification intégrée des ressources (PIR) 2025 et dépôt de celle-ci auprès de la Régie des services publics; cette planification présente un plan de développement sur 10 ans conforme au Plan d'énergie abordable du Manitoba et aux objectifs du mandat.
- Poursuite de l'engagement en faveur de la réconciliation avec les peuples autochtones, conformément à notre énoncé d'engagement sur les relations avec les Autochtones.
- Mesures clés avancées prévues dans le cadre du Plan d'énergie abordable du Manitoba afin de répondre aux besoins énergétiques futurs, notamment l'acquisition d'une capacité de production éolienne d'une puissance maximale de 600 MW détenue majoritairement par des Autochtones, ainsi que la planification visant à soutenir cette production grâce à une capacité de production modulable de 750 MW, l'amélioration des actifs existants et l'élargissement des programmes d'efficacité énergétique, en collaboration avec Efficacité Manitoba.
- Poursuite des efforts visant à favoriser une structure de capital financièrement stable qui concilie l'accessibilité financière pour les clients, la fiabilité du réseau, et la préparation aux besoins énergétiques futurs. À la suite de la mise en œuvre d'un gel des tarifs en 2025, Manitoba Hydro a déposé une requête en majoration tarifaire triennale auprès de la Régie des services publics. Cette demande tenait compte de la réduction des dépenses de Manitoba Hydro découlant de la baisse des frais de garantie provinciale imposée par le gouvernement provincial et de l'élimination de l'Impôt sur le capital des corporations.
- Début de l'expansion du réseau de recharge pour véhicules électriques du Manitoba avec six stations de recharge rapide situées entre Winnipeg et Thompson, conformément au Plan d'énergie abordable du Manitoba.
- Poursuite des efforts visant à tirer parti de l'avantage du Manitoba en matière d'énergie propre pour en faire un moteur essentiel de notre économie.
- Investissement dans nos employés et poursuite des efforts visant à faire grandir la réputation de Manitoba Hydro en tant qu'entreprise où il fait bon travailler.

Manitoba Hydro travaille en étroite collaboration avec la province du Manitoba dans l'intérêt de tous les Manitobains, conformément à la *Loi sur l'Hydro-Manitoba* et à la *Loi sur la gouvernance et l'obligation redditionnelle des corporations de la couronne*. Manitoba Hydro continuera d'appuyer les priorités du gouvernement et les attentes décrites dans les lettres de mandat et les directives.

Manitoba Hydro continue de se conformer à toutes les directives actuellement en vigueur que le gouvernement du Manitoba a imposées à la Régie de l'hydro-électricité du Manitoba concernant ce qui suit :

- Réserve de 50 MW de puissance pour le développement possible de la ligne Kivalliq.
- Examen des principaux contrats d'achat ou d'exportation d'électricité.
- Propriété des actifs de propriété intellectuelle.
- Service électrique pour les opérations de cryptomonnaie.

Examen financier

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Management's Discussion & Analysis

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, 2026 (fiscal year 2026), 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 2026 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 563 732 residential and 76 516 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 303 196 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.

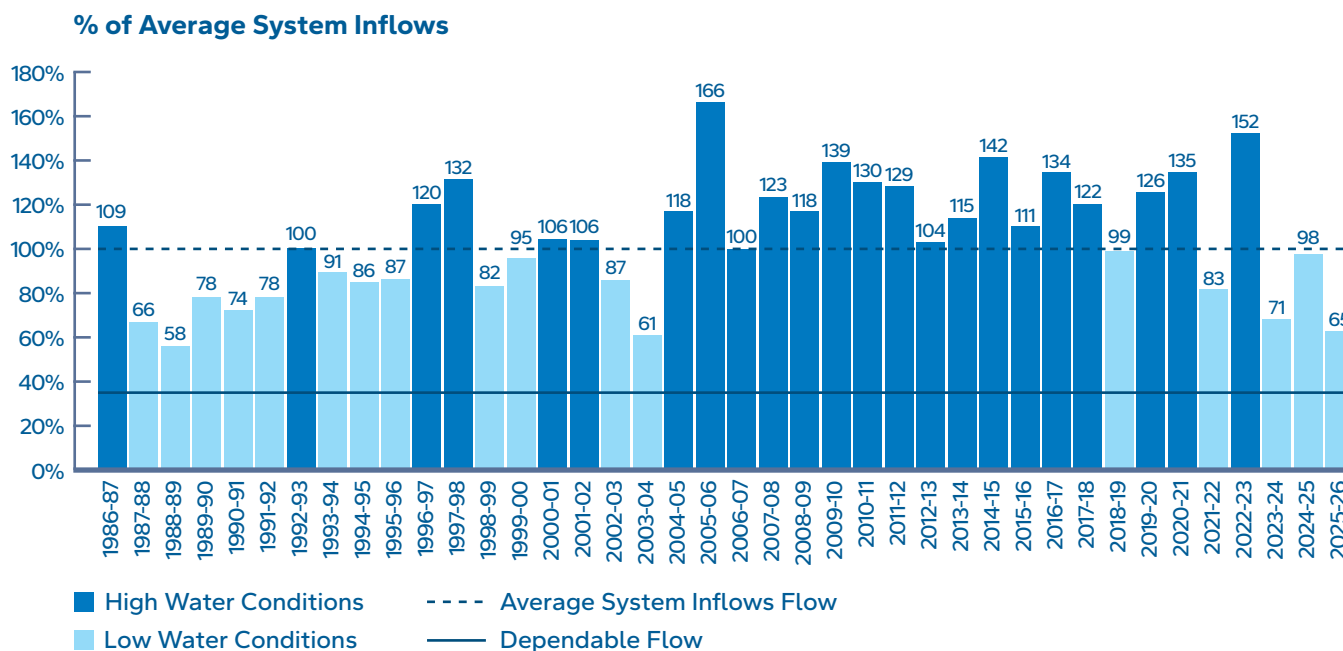
2025-26 Results at a Glance

Manitoba Hydro had a net loss attributable to consolidated operations of \$446 million for 2025-26, which was comprised of a net loss of \$455 million in the electric segment, a net loss of \$2 million in the natural gas segment and net income of \$11 million from subsidiaries in the other segment.

The \$446 million net loss for the year ended March 31, 2026 was a deterioration from the net loss of \$63 million in the previous fiscal year. Drought conditions over this past year were the main driver of the change in results. While 2024-25 experienced low water conditions, this past year saw significant drought conditions which required Manitoba Hydro to import large amounts of power and reduced the amount of energy available to export, thereby reducing net export revenue. Fiscal 2026 also saw an increase in operating and administrative costs and net finance expense.

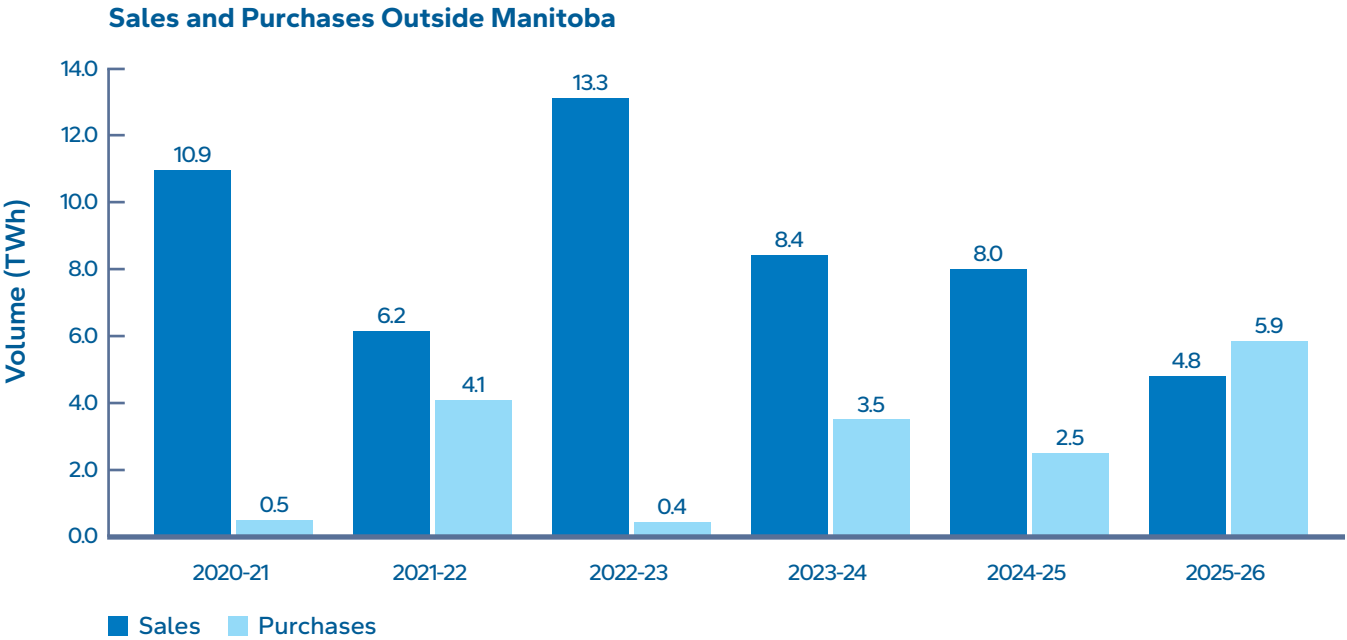
Sustained Drought Conditions

In 2025-26, Manitoba Hydro's operations were adversely affected by drought conditions, representing the third consecutive year, and the fourth occurrence in five years, of low water conditions. These conditions had a significant impact on net income, as projected net export revenues and earnings were based on assumptions of average water conditions. Given the inherent variability in annual water supply and the uncertainty associated with precipitation levels, the use of average water flow assumptions remains consistent with industry best practice.



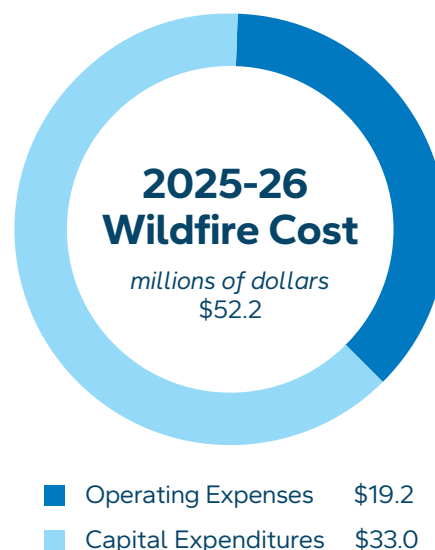
The continued impacts of low water conditions were reflected in below-average storage levels to start the 2025-26 fiscal year following low inflows in the prior year. Extreme low inflows continued through summer and fall 2025, which were amongst the lowest on record across much of the drainage basin supplying Manitoba Hydro. An increase in unplanned generating station outages along with decreased hydraulic inflows resulted in significantly lower hydraulic generation available.

This led to an increased reliance on imports to serve domestic load requirements and less energy available to export. The sustained drought conditions resulted in Manitoba Hydro becoming a net importer during the peak winter months, which is in contrast to other drought years in which the corporation remained a net exporter. Throughout this period Manitoba Hydro continued to responsibly manage water and conserve reservoir storage levels for winter peak months by minimizing opportunity sales and importing power in the most economical manner to ensure a reliable supply of power for Manitobans and to meet firm sale commitments over the winter months.



Unprecedented Wildfire Season

Extremely dry conditions during the 2025-26 fiscal year resulted in one of the worst wildfire seasons on record in Manitoba. The unprecedented wildfire season required Manitoba Hydro to invest in restoration efforts, including repairing and replacing damaged infrastructure, leading to higher operating and capital expenditures. In response to the emergency, Manitoba Hydro incurred higher external contract support, overtime and travel expenses to mobilize employees to assist with the restoration, which impacted operating and administrative expenses, with higher capital expenditures required to replace infrastructure damaged by the fires. Overall, the corporation spent approximately \$52 million in operating and capital costs associated with the wildfires.



Operating and Administrative Costs

In addition to the significant increase in operating and administrative expenses due to the unanticipated impact of wildfires, operating expenses were higher in 2025-26 in part due to the planned upgrade of Manitoba Hydro's legacy enterprise resource planning system, SAP ECC, to SAP S/4HANA Core by December 2026. The SAP ECC system, which is nearing end of life, is used for Manitoba Hydro's core functions, including payroll processing and other human resource activities, asset management, financial processes, supply chain and procurement. SAP S/4HANA Core is a shift from the current traditional information technology model, which was a physical on-premise infrastructure system, to a cloud-based modern digital and technology system.

While traditional, on-premise solutions are classified as capital projects, cloud-based solutions are not eligible for capitalization. Recognizing that the upgrade to SAP S/4HANA Core will provide benefits to Manitoba Hydro customers beyond the years it is implemented, Manitoba Hydro requested approval from the Public Utilities Board for a regulatory deferral account to smooth the rate impact to customers over a 10-year period. Approval was received this past year, which allows Manitoba Hydro to reflect the costs of this project following go-live.

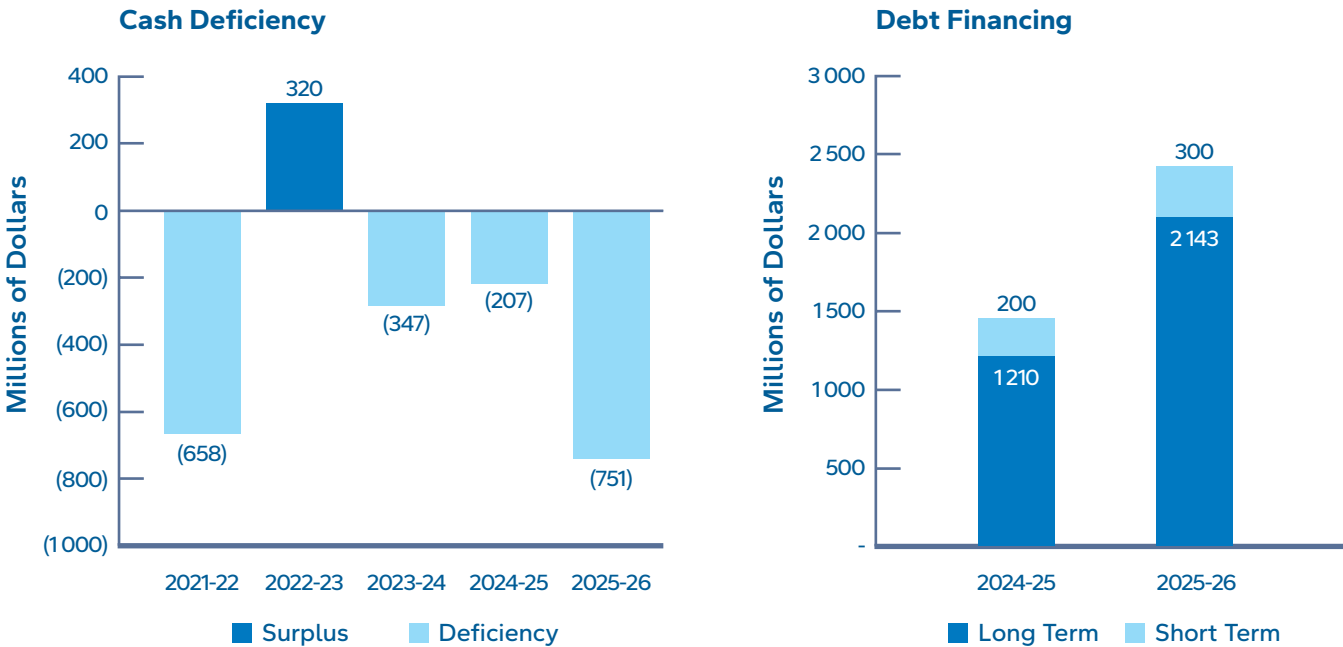
In addition to the increase in operating costs due to the wildfires and the SAP S/4HANA Core project, there has been an increase in wages and salaries as a result of negotiated settlements through collective bargaining, an increase in Manitoba Hydro's workforce required for critical work aligned with our enterprise strategy and an increase in vegetation management work to mitigate reliability and safety risks.

While Manitoba Hydro experienced higher operating and administrative costs this fiscal year for both unanticipated events and planned necessary increases, the corporation continued to prioritize cost control where possible.

Financing Costs

After considering the impacts of the sustained drought conditions, which resulted in lower net export revenues, and the increase in expenditures resulting from the unprecedented wildfire season, the corporation reported a cash deficiency from operations for a third year in a row.

To respond to the cash shortfall, Manitoba Hydro increased its long- and short-term debt to maintain liquidity and fund operations and necessary sustaining capital investments. In addition to the higher debt volumes, interest rates also increased this past year, foreign exchange impacts increased and there was additional accretion expense on an environmental obligation established in the prior year.



Rate Increases

In 2025-26, rate increases were granted for both the electric and natural gas segments. On March 19, 2026, the Public Utilities Board approved a 4.0% electric rate increase effective January 1, 2026, as well as subsequent electric rate increases of 3.5% in 2027 and 3.0% in 2028. On September 16, 2025, the Public Utilities Board finalized an interim gas general revenue increase of 4.5% effective November 1, 2024, along with a subsequent general gas revenue increase of 4.5% effective November 1, 2025, and a 4.0% general gas revenue increase effective November 1, 2026. The approvals will help protect the financial health of the corporation and help mitigate the effects of drought, while allowing the corporation to make essential investments to meet Manitoba's energy needs.

Financial Health

While Manitoba Hydro continued to face extreme dry weather and low water conditions, the corporation remained focused on strengthening its financial position.

In addition to the comprehensive applications submitted to the Public Utilities Board for natural gas and electricity rate increases, Manitoba Hydro has continued to explore ways to increase net income with the objective of improving the financial health of the corporation. This has included seeking new energy trading opportunities, where feasible, and identifying potential savings through ongoing evaluation of cost drivers. In addition, strategies around short-term borrowings have been put in place and are being further pursued to maximize the value of any temporary cash holdings.



Payments to Government and Efficiency Manitoba

Effective April 1, 2025, the Province of Manitoba announced the elimination of the corporation capital tax paid by Crown corporations and a further reduction in the provincial debt guarantee fee from 0.5% to 0.4%. These measures helped mitigate the financial impacts of sustained drought and wildfires, as well as sustaining operating and capital investments. In 2025-26, Manitoba Hydro incurred \$138 million in expenses paid to the Government of Manitoba in relation to debt guarantee fees and water rentals. Without the reduction in payments to government, Manitoba Hydro's net loss would have been approximately \$600 million.

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. In 2025-26, Manitoba Hydro incurred \$77 million in expenditures related to demand side management (DSM) programs delivered through Efficiency Manitoba.

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.

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025
Earnings before related party payments (Non-GAAP measure)	(231)	282
Less: Payments to parent and related parties		
Government of Manitoba	138	302
Efficiency Manitoba	77	43
Net loss attributable to Manitoba Hydro (per IFRS Statement of Loss)	(446)	(63)

Earnings include revenues from rate increases approved by the Public Utilities Board, 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.

Summary of Consolidated Results

Consolidated Statement of Income (Loss)

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

For the year ended March 31

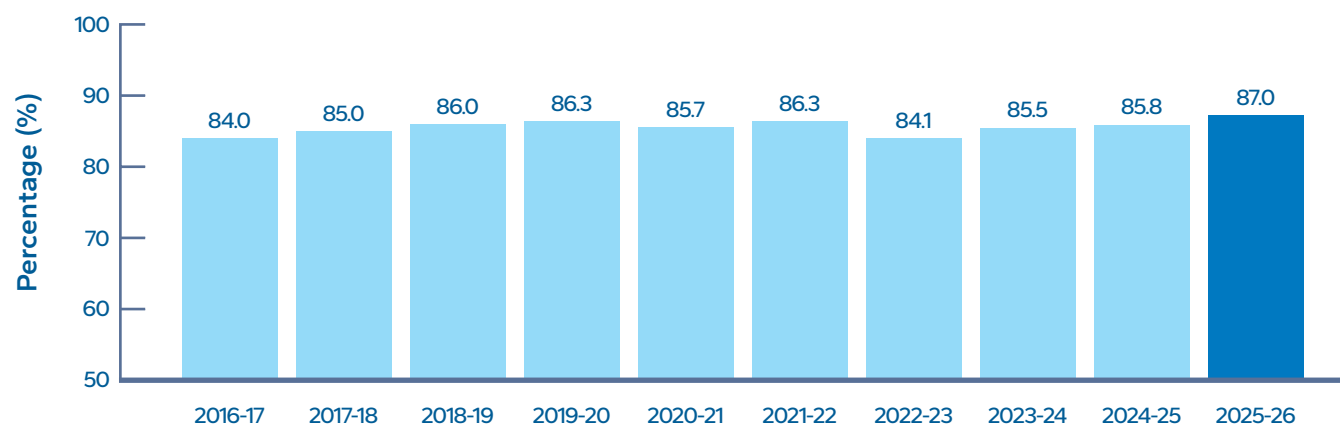
<i>(millions of dollars)</i>	Electric		Natural Gas		Other		Consolidated*		
	2026	2025	2026	2025	2026	2025	2026	2025	change
Revenues									
Manitoba	2 037	1 960	369	512	50	48	2 444	2 509	(65)
Extraprovincial	569	860	-	-	-	-	569	860	(291)
	2 606	2 820	369	512	50	48	3 013	3 369	(356)
Expenses	3 182	3 001	370	526	39	35	3 579	3 551	28
Net income (loss) before net movement in regulatory balances	(576)	(181)	(1)	(14)	11	13	(566)	(182)	(384)
Net movement in regulatory balances	119	129	(1)	(13)	-	-	118	116	2
Net income (loss)	(457)	(52)	(2)	(27)	11	13	(448)	(66)	(382)
Net income (loss) attributable to:									
Manitoba Hydro	(455)	(49)	(2)	(27)	11	13	(446)	(63)	(383)
Non-controlling interests	(2)	(3)	-	-	-	-	(2)	(3)	1
	(457)	(52)	(2)	(27)	11	13	(448)	(66)	(382)
Total assets and regulatory debits	32 179	31 299	1 000	959	150	137	33 090	32 157	933
Retained earnings (deficit)	2 744	3 199	(2)	-	117	106	2 969	3 415	(446)
Debt to capitalization ratio							87.0%	85.8%	

*Includes eliminations

The corporation reported its fourth net loss in five years, primarily due to continued drought conditions. As a result, retained earnings declined to \$2 969 million at the end of 2025-26, down from \$3 415 million the previous year. The reduction in retained earnings was driven by losses in both the electric and natural gas segments, with the natural gas segment moving into a net deficit position by the end of the fiscal year. These declines were partially offset in the other segment.

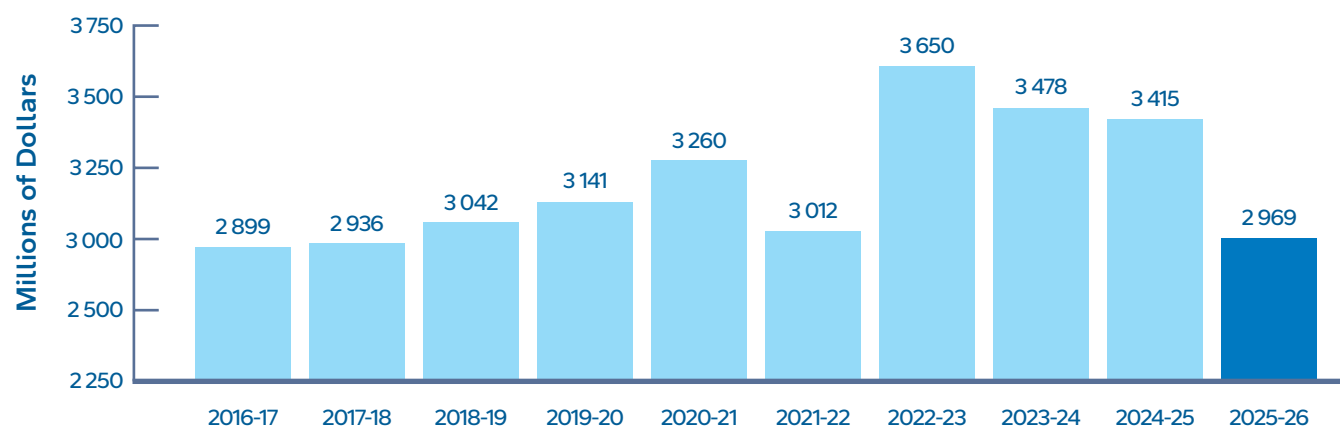
Manitoba Hydro's debt-to-capitalization ratio was 87.0% for 2025-26, an increase of 1.2% over the prior year. The change is largely attributable to the impact of sustained drought conditions. Net debt increased as a result of new financing required to address the shortfall in operating cash flows and capitalization was lower due to a decrease in retained earnings.

Debt to Capitalization



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

Retained Earnings



Comparison to Budget

Consolidated net loss attributable to Manitoba Hydro 2025-26 was \$666 million lower than budgeted net income of \$220 million.

For the year ended March 31

<i>(millions of dollars)</i>	Actuals	Budget	Variance to budget
Revenues			
Domestic			
Electric	1 986	2 009	(23)
Gas	366	646	(280)
Extraprovincial	569	867	(298)
Other	92	68	24
	3 013	3 590	(577)
Expenses			
Finance expense	1 071	1 055	(16)
Operating and administrative	989	902	(87)
Depreciation and amortization	649	674	25
Cost of gas sold	167	481	314
Water rentals and assessments	59	76	17
Fuel and power purchased	529	182	(347)
Capital and other taxes	58	59	1
Other expenses	110	125	15
Finance income	(53)	(48)	5
	3 579	3 506	(73)
Net income (loss) before net movement in regulatory balances	(566)	84	(650)
Net movement in regulatory balances	118	144	(26)
Net income (loss)	(448)	228	(676)
Net income (loss) attributable to:			
Manitoba Hydro	(446)	220	(666)
Non-controlling interests	(2)	8	(10)
	(448)	228	(676)

The budget assumed a return to average water conditions for 2025-26 which did not materialize. Drought conditions and unplanned generating station outages led to an increased reliance on imports, which resulted in lower net exports (extraprovincial revenue net of fuel and power purchased and water rentals).

Domestic electric revenue was below budget largely due to a decrease in consumption driven by lower heating and cooling loads, lower customer growth and customer usage.

Operating and administrative expenses were higher than budget due to work that was accelerated on the SAP S/4HANA Core project, unplanned costs associated with wildfire response and support, higher employee benefits costs largely driven by increased pension costs and an actuarial valuation loss on the long-term disability liability and increased vegetation management to mitigate reliability and safety risks.

Consolidated Statement of Financial Position

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

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	\$ change	% change
Current assets	2 355	1 874	481	26
Property, plant and equipment	27 168	26 865	303	1
Non-current assets	1 673	1 619	54	3
Total assets	31 196	30 358	838	
Regulatory deferral balances	1 893	1 799	94	5
Total assets and regulatory deferral balances	33 089	32 157	932	
Current liabilities	2 553	2 104	449	21
Long-term debt	24 743	23 944	799	3
Non-current liabilities	2 803	2 826	(23)	(1)
Total liabilities	30 099	28 874	1 225	
Equity	2 891	3 160	(269)	(9)
Total liabilities and equity	32 990	32 034	956	
Regulatory deferral balances	99	123	(24)	(20)
Total liabilities, equity and regulatory deferral balances	33 089	32 157	932	

Current assets increased \$481 million largely due to an increase in prefunding cash on hand. Manitoba Hydro has a practice of maintaining a six-month prefunded cash balance for expected operational, capital and financing cash requirements. As such, in the final quarter of 2025-26 the corporation strategically increased the prefunded cash balance operating cash flows and the use of long- and short-term debt to anticipate significant expected cash outflows in the first quarter of 2026-27, which included planned debt retirements.

Property, plant and equipment increased by \$303 million related to additions, improvements and replacement of existing infrastructure as many of the corporation's assets were installed several decades ago and are now experiencing degradation and obsolescence.

Non-current assets increased from prior year, largely as a result of payments made to secure spots in manufacturing schedules for major projects.

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 by the regulator in establishing rates charged to customers. Regulatory deferral debit balances increased \$94 million primarily due to the establishment of the SAP S/4HANA Core project deferral and the annual growth in the deferrals for demand side management (DSM), deferred losses on disposal of property, plant and equipment and ineligible overhead.

Current liabilities increased by \$449 million, primarily due to an increase in notes payables, as the corporation used short-term debt to help fund operations as a result of operating cash shortfalls caused by drought, an increase in current portion of long-term debt based on the timing of expected debt maturities and an increase in trade payables.

Long-term debt increased \$799 million, primarily to address a shortfall from operating cash flows due to the impacts of drought, as well as to fund new capital requirements and refinance upcoming debt maturities. During the year, the corporation refinanced \$1 188 million in debt while receiving proceeds from net debt of \$2 143 million.

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.

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	change
Cash and cash equivalents, beginning of year	1 073	780	293
Cash provided by operating activities	196	434	(238)
Cash used for investing activities	(947)	(641)	(306)
Cash provided by financing activities	1 247	500	747
Cash and cash equivalents, end of year	1 569	1 073	496

The net increase in cash and cash equivalents is further analyzed in the table below. 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.

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	change
Cash Inflows			
Cash collected from customers	3 015	3 300	(285)
Cash Outflows			
Cash paid to suppliers and employees	(1 834)	(1 878)	44
Net interest paid	(985)	(988)	3
Capital expenditures	(898)	(614)	(284)
Other investing	(49)	(27)	(22)
	(3 766)	(3 507)	(259)
Cash Deficiency from Operations	(751)	(207)	(544)
Financing Activities			
Proceeds from debt financing	2 443	1 410	1 033
Maturing debt which has been refinanced	(1 188)	(900)	(288)
Other	(8)	(10)	2
	1 247	500	747
Net change in cash	496	293	203

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 2025-26 was \$196 million, a decrease of \$238 million from the prior year. This reflects the deterioration in the net loss from the prior year and its impact on cash flows, as well as the investments made in the SAP S/4HANA Core project that flow through operating cash flows, in contrast to capital project spending that flows through investing cash flows. The corporation collected \$3 015 million in cash from customers during the year, down from \$3 300 million in the prior year, whereas the corporation paid \$1 834 million (2025 - \$1 878 million) to suppliers and employees and \$985 million (2025 - \$988 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 the capacity of existing facilities and maintain and improve service, reliability, safety and environmental requirements.

Cash flow used in investing activities in 2025-26 was \$947 million, compared to \$641 million in 2024-25. The increase was primarily due to higher additions to property, plant and equipment in the current year as a result of emergency wildfire response work and investments in sustaining capital projects, partially offset by 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, 2026, the corporation had \$700 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 Manitoba Hydro-Electric Board).

Cash provided from financing activities in 2025-26 was \$1 247 million, compared to \$500 million in 2024-25. The change in cash flows from financing activities is due to increased borrowings as a result of a shortfall from operating cash flows. The proceeds received are comprised primarily of long-term debt (net of maturities) through advances from the Province of Manitoba. Proceeds from financing arranged by the corporation amount to \$2 143 million compared to \$1 210 million in the previous year. Maturities of long-term debt were \$1 188 million compared to \$900 million in the prior year.

Proceeds from short-term borrowings (net of maturities) amounted to \$300 million (2025 - \$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 4.08% during 2025-26 (excluding the provincial debt guarantee fee of 0.4%) with a weighted average term to maturity of 16.2 years. The WAIR of all outstanding debt at March 31, 2026 (excluding the provincial debt guarantee fee) was 3.64% compared to 3.68% in the prior year.

The corporation reported a net deficit of \$751 million when comparing cash flows from operations net of cash flows for investing activities. This represents a deterioration from the net cash deficit of \$207 million in the prior year, largely due to lower cash collected from customers as a result of lower net exports due to continued drought conditions and an increase in capital expenditures in 2025-26. 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 \$455 million in 2025-26 compared to a net loss of \$49 million in the previous fiscal year. The deterioration of the net loss was primarily driven by lower extraprovincial revenues and higher fuel and power purchase costs (imports). The increase in operating and administrative costs and higher net finance expense further deteriorated the net loss, partially offset by higher domestic revenue.

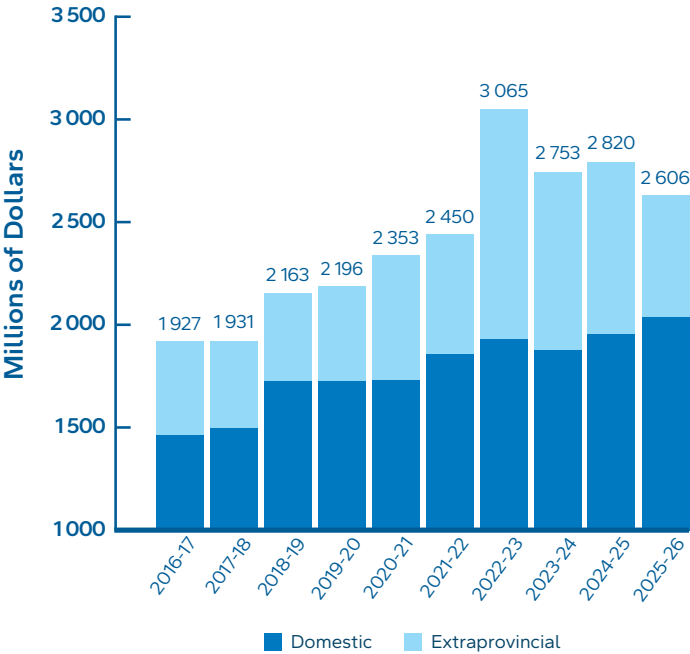
Electric Revenues

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

Electric Revenues
For the year ended March 31



Total electric revenues were \$2 606 million, a decrease of \$214 million or 7.6% from the previous year. This was the result of a \$291 million decrease in extraprovincial revenues, partially offset by an increase of \$66 million in domestic revenue. The decrease in extraprovincial revenue was primarily due to lower dependable sales resulting from the expiration of a contract with Northern States Power and lower opportunity sales driven by continued drought conditions and the decision to responsibly manage water throughout the year. The increase in domestic revenue was attributable to customer growth, higher heating and cooling loads, and a 4.0% rate increase approved by the Public Utilities Board effective January 1, 2026.

The breakdown of electric revenues is as follows:

Electric Revenues and kWh Sales

For the year ended March 31

	2026 (millions of dollars)	2025	\$ change	% change	2026 (millions of kWh)	2025	% change
Domestic							
Electricity sales							
Residential	884	846	38	4.5	8 360	8 099	3.2
Commercial	682	660	22	3.3	7 329	7 189	1.9
Industrial	420	414	6	1.4	7 322	7 312	0.1
Domestic revenue	1 986	1 920	66	3.4	23 011	22 600	1.8
Other revenue	51	40	11	27.5			
	2 037	1 960	77	3.9	23 011	22 600	1.8
Extraprovincial							
Dependable	495	754	(259)	(34.4)	4 237	6 141	(31.0)
Opportunity	47	75	(28)	(37.3)	608	1 830	(66.8)
Other	27	31	(4)	(12.9)	-	-	-
Extraprovincial revenue	569	860	(291)	(33.8)	4 845	7 971	(39.2)
	2 606	2 820	(214)	(7.6)	27 856	30 571	(8.9)

Revenues from electricity sales in Manitoba totaled \$1 986 million in 2025-26, an increase of \$66 million from the previous year. Electricity consumption in Manitoba was 23 011 million kilowatt-hours, 411 million kilowatt-hours higher than the previous year. The increase in consumption was primarily driven by weather impacts that resulted from colder weather than the prior year and customer growth in all classes. In addition to consumption increases, revenue was higher as a result of the electric rate increase of 4.0% effective January 1, 2026.

Revenues from sales to residential customers for 2025-26 amounted to \$884 million, an increase of \$38 million, or 4.5%, from the previous year. The increase was primarily attributable to higher heating and cooling degree days compared to prior year, higher customer growth of 7 394 customers (to 563 732 at March 31, 2026) and the impacts of the January 1, 2026 rate increase.

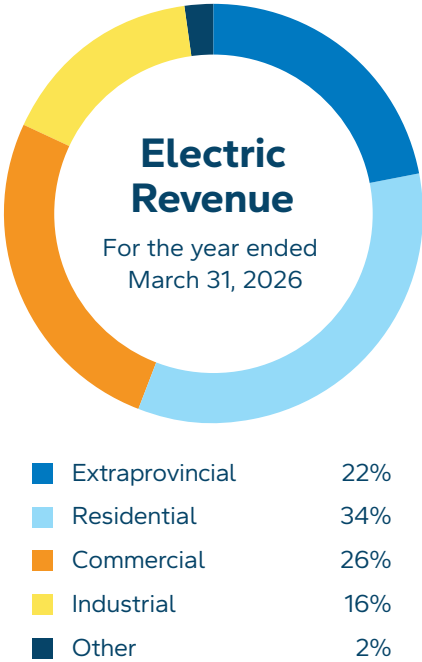
Revenues from commercial customers amounted to \$682 million in 2025-26, an increase of \$22 million, or 3.3%, from the previous year. The increase was primarily attributable to customer growth of 731 customers (to 76 057 at March 31, 2026), the impact of the January 1, 2026 rate increases, weather impacts and higher customer usage.

Revenues from industrial customers amounted to \$420 million, an increase of \$6 million, or 1.4%, from the previous year. The increase was mainly attributable to customer growth (increase of six customers to 459 at March 31, 2026) and the impact of the January 1, 2026 rate increases, partially offset by a decrease in customer usage.

Other revenues amounted to \$51 million, an increase of \$11 million, or 27.5%, from the previous year. The increase was mainly the result of a legal settlement related to Bipole III in the current year.

Extraprovincial revenues totaled \$569 million in 2025-26, a decrease of \$291 million from the previous year. The decrease is largely related to lower dependable revenues due to the expected expiration of a long-term power sale contract with Northern States Power in April 2025, partially offset by a new dependable summer-only sale that commenced this year.

This resulted in a decrease of 1 904 GWh or 31% lower than prior year. In addition, opportunity revenues decreased \$28 million from the prior year as a result of the impacts of drought. Opportunity volumes decreased by 1 222 GWh, or 67%, though the lost volumes were partially offset by more favourable prices. Of the total extraprovincial revenues, \$394 million, or 69%, was derived from the U.S. market, \$164 million, or 29%, was from sales to Canadian markets and \$11 million, or 2%, was related to arbitrage opportunities between wholesale energy markets.



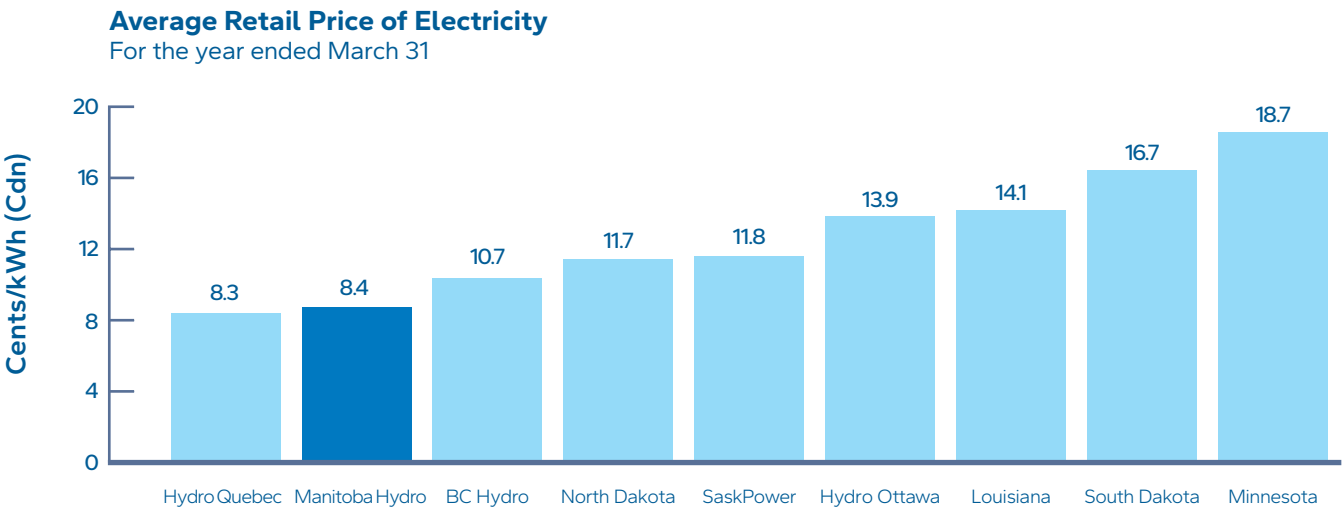
Electric Rates

Effective January 1, 2026, electricity rates for most Manitoba Hydro customers increased by 4.0%, as approved by the Public Utilities Board of Manitoba (PUB) on an interim basis. Rates for customers in the Diesel zone were maintained at current levels at that time. On March 19, 2026, the PUB granted final approval of this increase, along with additional increases of 3.5% for fiscal year 2027 and 3.0% for fiscal year 2028, with impacts to vary by customer class.

Electric Rate Increases

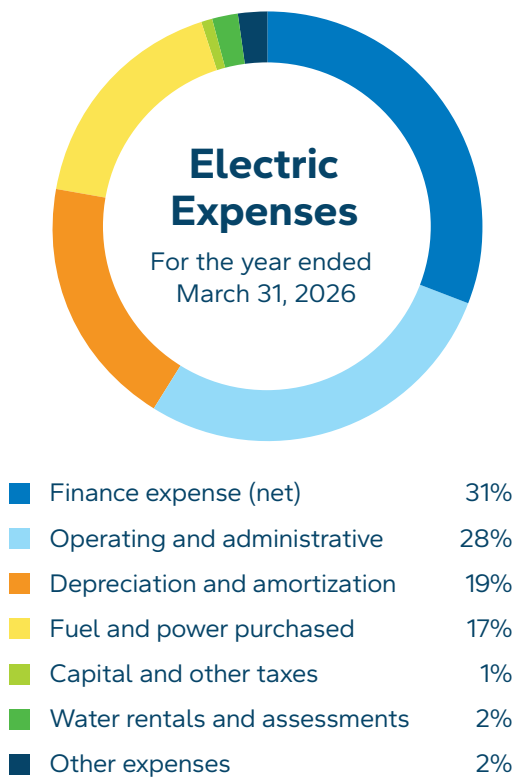
Effective	Percentage Increase
January 1, 2026	4.00%
January 1, 2027	3.50%
January 1, 2028	3.00%

Despite these increases, Manitoba Hydro's domestic electricity rates continue to be among the lowest overall in North America. This is illustrated in the accompanying chart, which was excerpted from other utilities' annual reports, Hydro Quebec 2025 Report Comparison of Electricity Prices, United States Department of Energy and Edison Electric Institute publications.



Electric Expenses

Electric expenses totaled \$3 182 million for 2025-26, an increase of \$181 million, or 6.0%, from the previous year. The increase in expenses was primarily driven by higher fuel and power purchases. Manitoba Hydro was required to make increased power purchases at higher market prices to address the decreased hydraulic generation available this past year as a result of the drought conditions. Operating and administrative costs were also higher primarily due to the unprecedented wildfire season, as well as the acceleration of the SAP S/4HANA Core project, which are subsequently deferred through net movement.



The breakdown of electric expenses is as follows:

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	\$ change	% change
Finance expense	1 026	1 036	(10)	(1.0)
Operating and administrative	890	755	135	17.9
Depreciation and amortization	611	607	4	0.7
Capital and other taxes	40	166	(126)	(75.9)
Fuel and power purchased	530	241	289	119.9
Water rentals and assessments	59	69	(10)	(14.5)
Other expenses	66	171	(105)	(61.4)
Corporate allocation	10	10	-	-
Finance income	(50)	(54)	4	(7.4)
	3 182	3 001	181	6.0

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 \$1 026 million in 2025-26, a decrease of \$10 million, or 1.0%, from the previous year. The decrease was primarily due to the reduction of the Provincial Guarantee Fee from 0.5% to 0.4%, lower interest expense as a result of lower rates on long- and short-term debt, and an increase in capitalized interest, partially offset by higher debt balances as well as an increase in accretion expenses.

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 2025-26, operating and administrative expenses for electric operations amounted to \$890 million, an increase of \$135 million, or 17.9%, compared to 2024-25. The increase in operating and administrative expenses was primarily driven by costs associated with the SAP S/4HANA Core project; impacts of the unprecedented wildfire season, which resulted in higher external contract support, overtime and travel expenses to mobilize employees and increased vegetation management work to mitigate reliability and safety risks.

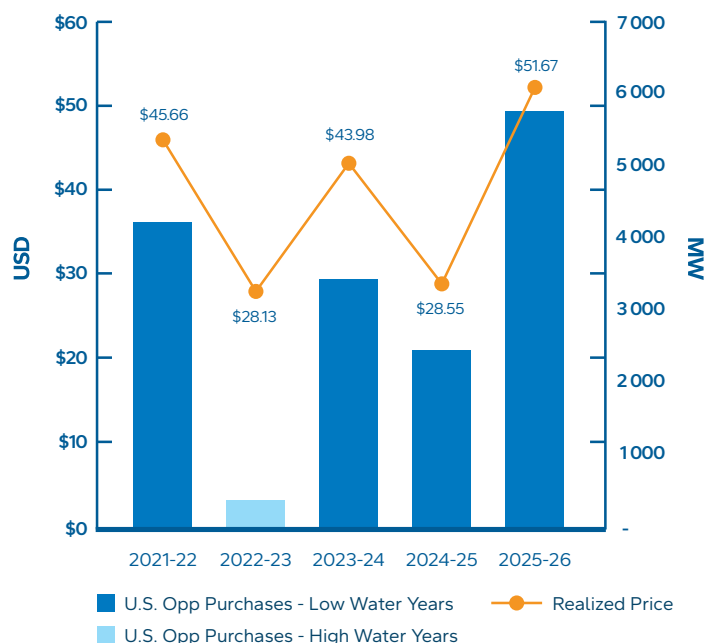
Depreciation and amortization includes depreciation of property, plant and equipment and amortization of intangible assets as well as any gains or losses on disposal of assets. Depreciation and amortization expense amounted to \$611 million in 2025-26, an increase of \$4 million, or 0.7%, from the previous year. The increase is primarily due the additions of new plant placed in-service during the year, partially offset by lower losses on retirements or disposals of property, plant and equipment.

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 \$40 million in 2025-26, a decrease of \$126 million, or 75.9%, compared to prior year. The decrease is primarily due to the elimination of the corporation capital tax for crown corporations by the Province of Manitoba effective April 1, 2025.

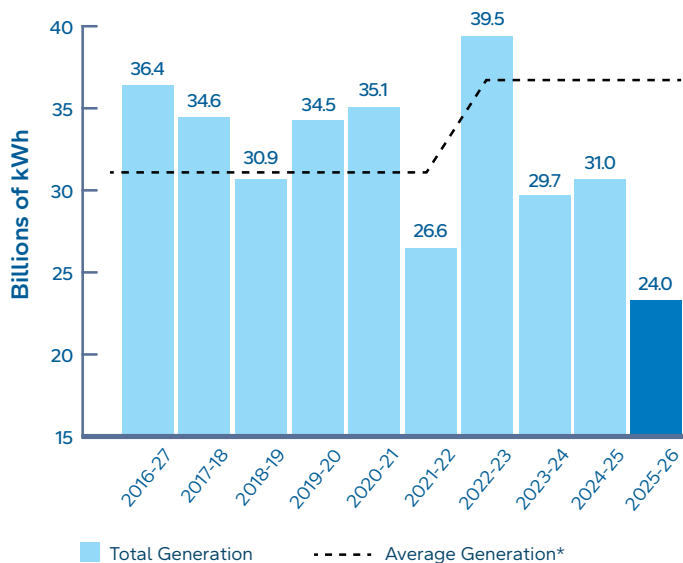
Fuel and power purchased includes purchased electrical energy from external Canadian and U.S. suppliers, wind power purchased from the independently-owned St. Leon and St. Joseph wind farms, transmission charges and fuel for the thermal generating station and remote diesel sites. Fuel and power purchases 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 \$530 million in 2025-26, an increase of \$289 million, or 119.9%, from 2024-25. The increase was primarily due to higher volumes of energy imports required, at significantly higher market prices than seen in the prior year. Low reservoir storage levels at the start of 2025-26, combined with well-below-average precipitation throughout the year, resulted in drought conditions and the need to purchase more energy volumes to serve firm load requirements. This was further impacted by unplanned generation outages that reduced hydraulic generation. Opportunity purchase volumes were 3 405 GWh, or 137.4%, higher than the prior year resulting in an increase of \$136 million. Recognizing the price risk associated with an increase in power purchases, the corporation partially mitigated pricing risk by placing financial hedges and mitigated congestion impacts on prices through the purchase of financial transmission rights.

U.S. Opportunity Purchases
For the year ended March 31



Hydraulic Generation
For the year ended March 31



* 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.



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 \$59 million in 2025-26 compared to \$69 million in the prior year, a decrease of 14.5%. The decrease in water rentals and assessments is due to decreased hydraulic generation, which was 24 billion kilowatt-hours in 2025-26 compared to 31.0 billion kilowatt-hours in the previous year, a decrease of 22.6%.

Other expenses include expenditures associated with demand side management (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 Efficiency Manitoba Inc., a separate Crown Corporation devoted to energy conservation. The majority of other expenses are deferred and subsequently amortized through net movement in regulatory balances. Other expenses amounted to \$66 million in 2025-26, a decrease of \$105 million, or 61.4%, compared to the previous year. The decrease was largely due to the environmental obligations established in 2024-25. Expenditures made in the current period were applied against these obligations, rather than being recorded as expenses. There were also higher costs in the prior year associated with the revaluation of the preferred distribution obligation. The decreases were partially offset by higher regulatory costs associated with the work on the electric general rate application and Integrated Resource Plan (IRP) Recommended Development Review, as well as higher DSM costs associated with Efficiency Manitoba programs.

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.

Net movement in regulatory balances decreased \$10 million, primarily due to lower deferrals of site remediation costs primarily as a result of the deferral of long-term environmental obligations established in the prior year and a lower revaluation of the preferred distribution obligation in the current year. This was partially offset by the deferral of the SAP S/4HANA Core project costs in 2025-26 and lower amortization.

Net Regulatory Deferral Balance Continuity

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	change
Balance April 1	1 605	1 476	
Additions			
Preferred distributions obligation	2	22	(20)
Demand side management	56	53	3
Site remediation	2	96	(94)
Ineligible overhead	20	20	-
Loss on disposals	23	28	(5)
SAP S/4HANA Core	59	-	59
Regulatory	6	-	6
Other	4	-	4
Amortization	(53)	(90)	37
Net movement in regulatory balances	119	129	(10)
Balance March 31	1 724	1 605	119

Electric Capital Expenditures

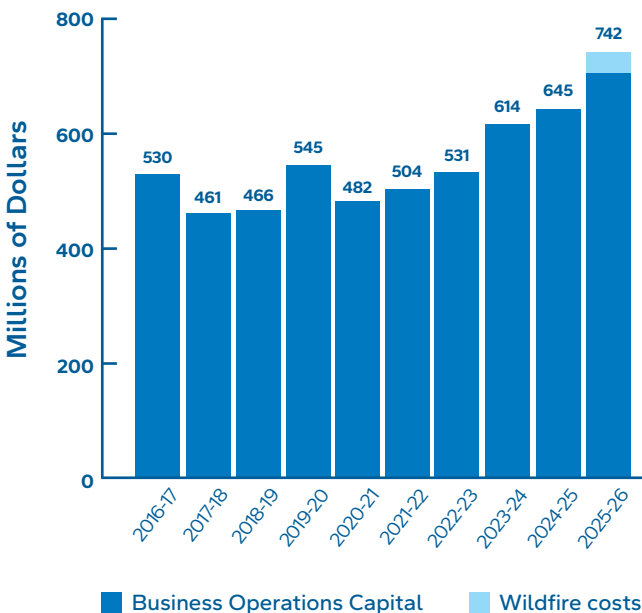
The electric capital expenditure program relates to investments in major new generation and transmission facilities, as well as investments for Business Operations Capital, which includes the sustainment of Manitoba Hydro's assets, fulfilling customer requests, fleet, information technology and facilities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

Expenditures for capital construction totaled \$824 million in 2025-26 compared to \$596 million during the previous fiscal year, which reflects a \$131 million increase in spending on major projects. This increase was largely driven by \$81 million for the Dispatchable Capacity project and HVDC program, compared to a \$49 million credit in 2024-25 for the Keeyask Generating Station project largely due to settled contract disputes in September 2024.

Capital expenditures required for additions, improvements and replacements of existing infrastructure (excluding the HVDC program) amounted to \$742 million, an increase of \$97 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 2025-26 is primarily related to sustainment work, including emergency wildfire replacements and R44H Radisson to Henday 230 kV transmission line.

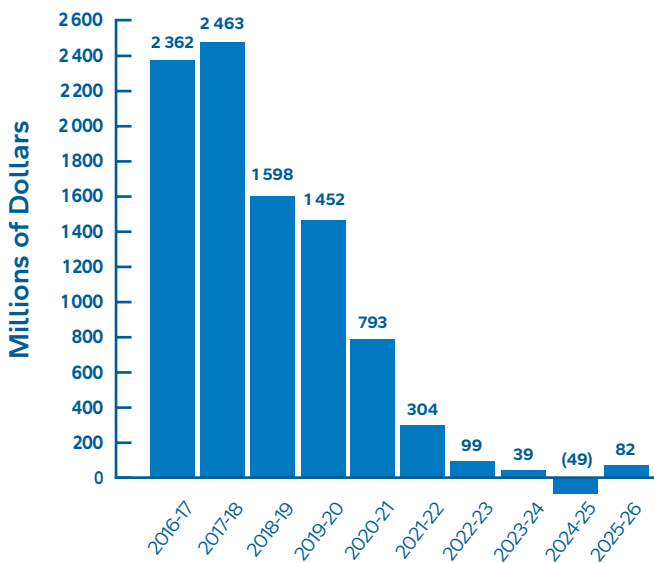
Business Operations Capital

For the year ended March 31



Major New Generation & Transmission

For the year ended March 31



Wuskwatim Power Limited Partnership (WPLP)

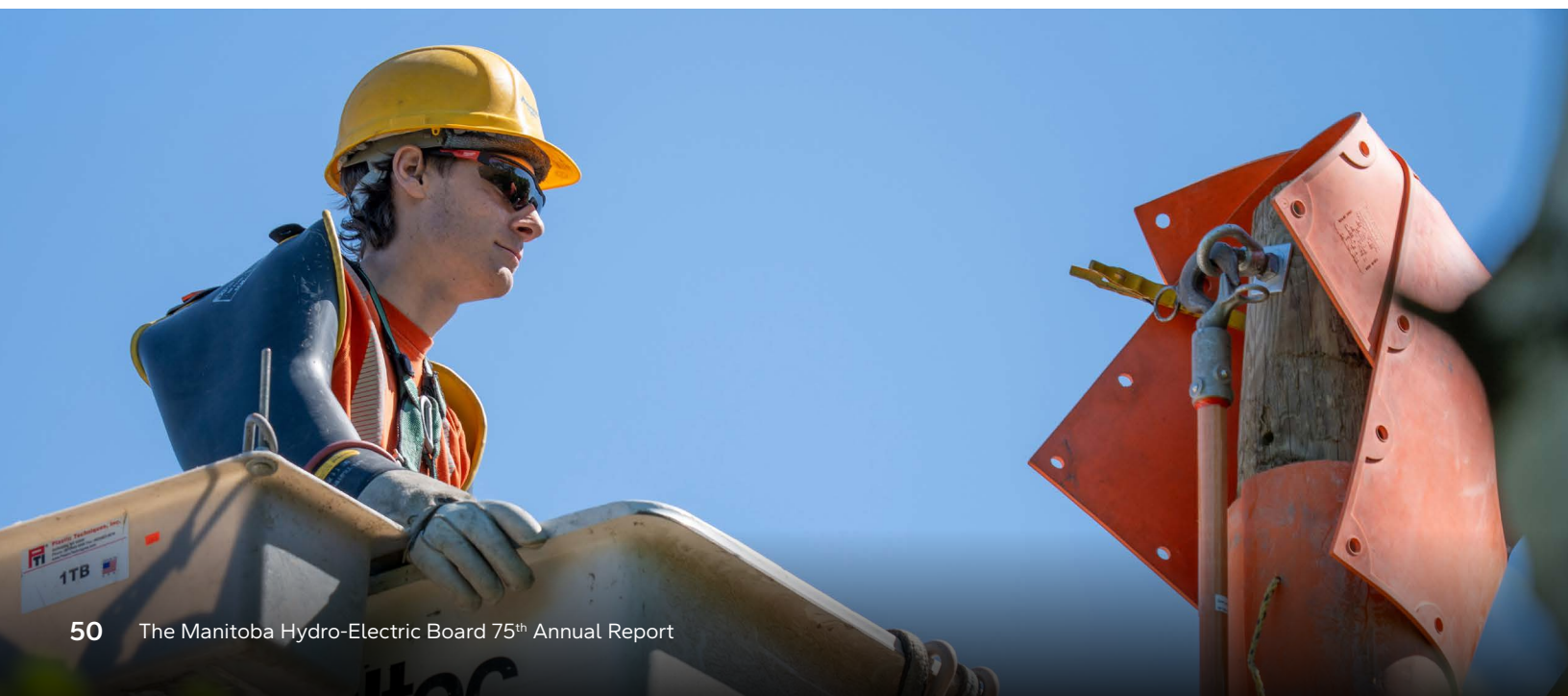
The WPLP owns and operates the Wuskwatim Generating Station and related works, excluding the transmission facilities. The WPLP has two limited partners, Manitoba Hydro and Taskinighap Power Corporation (TPC), which is owned beneficially by Nisichawayasihk Cree Nation, and a General Partner which is a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

The WPLP reported a net loss of \$7 million for 2025-26 compared to a net loss of \$9 million in 2024-25. Manitoba Hydro's 67% share of the loss was \$5 million (2025—\$6 million net loss) and TPC's 33% share of the loss was \$2 million (2024—\$3 million net loss). The improvement in the net loss was primarily related to lower operating and administrative expenses partially offset by lower revenues due to continued drought conditions.

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) and are preferred unit holders of the KHLP receiving preferred distributions annually from the KHLP. The General Partner is a wholly-owned subsidiary of Manitoba Hydro.

The KHLP reported a net loss for 2025-26 of \$75 million (2025—net loss of \$24 million) which is fully attributable to Manitoba Hydro in 2025-26. The deterioration in KHLP's net loss was primarily related to lower revenues due to continued drought conditions partially offset by a lower revaluation of the preferred distributions obligation in the current year.



Natural Gas Segment

The natural gas segment (Centra) had a net loss of \$2 million in 2025-26, compared to a net loss of \$27 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 a general revenue increase of 4.5% effective November 1, 2025, colder weather and customer growth.

Overall, the gross margin, after considering the net movement in Purchase Gas Variance Accounts (PGVA), improved significantly from the prior year as a result of the non-gas rate increase, which helped address the financial health of the natural gas segment.

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	\$ change	% change
Gross margin				
Gas revenues	367	510	(143)	(28.0)
Cost of gas sold	167	352	(185)	(52.6)
Gross margin	200	158	42	26.6
PGVA	24	4	20	500.0
Gross margin after net movement in PGVAs	176	154	22	14.3

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.

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 Public Utilities Board 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. Final approval was granted on September 16, 2025, in Board Order 120/25, providing Centra Gas a general revenue increase of 4.5% effective November 1, 2024, another 4.5% general revenue increase effective November 1, 2025 and a 4.0% general revenue increase effective November 1, 2026.

General Gas Revenue Increases

Effective	Percentage Increase
November 1, 2024	4.50%
November 1, 2025	4.50%
November 1, 2026	4.00%

Natural gas revenues decreased significantly from the prior year primarily driven by the removal of the federal carbon charge (FCC) effective April 1, 2025. Prior to this, the FCC was collected from customers based on the volume of gas consumed and was remitted to the federal government. The FCC was included as revenue in the prior year but completely offset through the cost of gas.

When excluding the impact of the FCC, revenues from the sale and distribution of natural gas during 2025-26 were \$357 million, an increase of \$56 million from the previous year. The increase is primarily due to higher gas commodity rates, colder winter weather, customer growth and the impact of the 4.5% gas revenue increase effective November 1, 2025. Natural gas deliveries were 2 149 million cubic metres in 2025-26 compared to 2 091 million cubic metres in 2024-25.

The breakdown of natural gas revenue is as follows:

Natural Gas Revenues

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	\$ change	% change
Residential	173	149	24	16.1
Large general service	111	91	20	22.0
Large commercial and industrial	30	23	7	30.4
Small general service	31	26	5	19.2
Interruptible	8	6	2	33.3
Transportation service and other	4	6	(2)	(33.3)
Federal carbon charge	10	209	(199)	(95.2)
Revenue from sale and distribution of natural gas	367	510	(143)	(28.0)
Other revenue	2	2	-	-
	369	512	(143)	(27.9)

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

<i>(millions of dollars)</i>	2026	2025	\$ change	% change
Cost of gas sold				
Purchased costs	157	143	14	9.8
PGVA	24	4	20	500.0
WACOG	181	147	34	23.1
Federal carbon charge	10	209	(199)	(95.2)
	191	356	(165)	(46.3)

The cost of gas purchased during 2025-26 was \$157 million, an increase of \$14 million from the previous year. This increase was primarily driven by higher market prices and an increase in 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 2025-26, the total of actual cost of gas purchased combined with the FCC represents total cost of gas sold of \$167 million compared to \$352 million for 2024-25.

The gross margin, after considering the net movement in PGVAs, is \$176 million for 2025-26 compared to \$154 million for 2024-25, which is an increase of \$22 million primarily due to the general revenue increase of 4.5% effective November 1, 2025, 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 2025-26 are as follows:

- May 1, 2025 12.4% increase
- August 1, 2025 5.5% decrease
- November 1, 2025 0.1% decrease
- February 1, 2026 1.1% 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, which includes the costs of distributing and transporting natural gas, and is intended to provide Centra Gas with sufficient net income to invest in the natural gas delivery system.

Centra also offers a fixed rate service that 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, 2026, there were approximately 90 customers on Centra's fixed rate service. Total natural gas deliveries under this service were approximately 1.8 million cubic metres.

Natural Gas Expenses

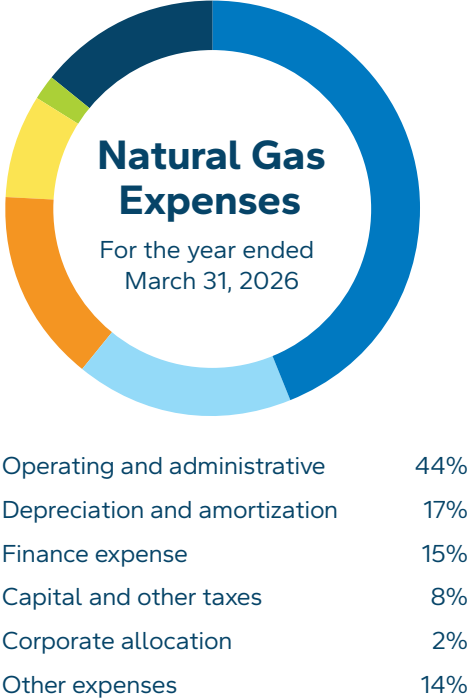
Expenses attributable to the natural gas operations, excluding cost of gas sold, amounted to \$203 million in 2025-26, which was \$29 million higher than the previous year. The increase is primarily due to higher other expenses as well as an increase in operating and administrative costs.

Natural Gas Expenses

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	\$ change	% change
Operating and administrative	88	85	3	3.5
Depreciation and amortization	34	32	2	6.3
Finance expense	31	30	1	3.3
Capital and other taxes	17	19	(2)	(15.8)
Other expenses	29	4	25	625.0
Corporate allocation	4	4	-	-
	203	174	29	16.1

Operating and administrative expenses increased \$3 million, or 3.5%, primarily due to costs associated with the SAP S/4HANA Core project in the current year and higher employee-related costs. There were also higher costs for distribution maintenance, including auditing requirements related to the gas service riser project, vegetation management increases related to addressing a backlog of work and additional maintenance requirements. This was partially offset by a cost driver change resulting from directive 8 of Public Utilities Board Order 120/25 (Final Order on the 2024-25 Gas GRA). Costs previously allocated to the gas line of business using the % Activity (9%) or Hybrid (6%) drivers are now allocated using the three-factor driver (6%), which equally weights activity charges, asset values and revenue, resulting in lower costs allocated to gas in the current year. The costs associated with the SAP S/4HANA Core project are subsequently deferred through net movement and therefore have no impact on the net loss in the current year.



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 increased \$2 million, or 6.3%, from the previous year. The increase is primarily due to the additions of new plant in-service during the year.

Finance expense increased \$1 million, or 3.3%, from the prior year. The increase is largely due to an increase in long- and short-term debt balances, partially offset by the impact of the decrease in the provincial debt guarantee fee from 0.5% to 0.4%.

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 \$17 million in 2025-26, a decrease of \$2 million, or 10.5%, compared to prior year. The decrease is primarily due to the elimination of the corporation capital tax for crown corporations by the Province of Manitoba, effective April 1, 2025.

Other expenses increased \$25 million, or 625.0%, primarily due to higher demand side management (DSM) expenditures associated with Efficiency Manitoba costs in the current year compared to the previous year, which included federal funding for natural gas program expenditures and thereby reduced other expenses in the prior year, along with higher participation in EM programs in 2025-26 as a result of program enhancements. Excluding the impact of the federal funding, other expenses increased \$4 million, or 16.6%, compared to the prior year.

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 \$12 million was primarily the result of increased spending in DSM, the change in the PGVA balance due to lower purchased gas costs compared to amounts recovered from customers and costs incurred for the acceleration of SAP S/4HANA Core.

Net regulatory deferral balance continuity

For the year ended March 31

<i>(millions of dollars)</i>	2026	2025	change
Balance April 1	71	84	
Additions			
Purchased Gas Variance Accounts	(24)	(4)	(20)
Demand side management	28	(1)	29
Site Remediation	-	3	(3)
Regulatory	1	1	-
Loss on disposals	6	4	2
SAP S/4HANA Core	4	-	4
Other	(1)	1	(2)
Amortization	(15)	(17)	2
Net movement in regulatory balances	(1)	(13)	12
Balance March 31	70	71	(1)

Natural Gas Capital Expenditures

The natural gas capital expenditure program relates to new business, system improvements and other expenditures to meet the needs of natural gas customers. Capital expenditures in the natural gas sector were \$66 million in 2025-26, an increase of \$19 million compared to the previous fiscal year. This increase was primarily driven by the South Loop System Upgrade project, station replacement activities, increased customer service requests and ongoing system betterment work.

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.

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, 2026 compared to the previous fiscal year:

For the year ended March 31

<i>(millions of dollars)</i>	MHI		MHUS		Minell		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
Revenues	41	39	9	9	-	-	50	48
Expenses	28	25	9	9	2	1	39	35
Net income (loss)	13	14	-	-	(2)	(1)	11	13



Risk Management

As the sole provider of electricity and natural gas to Manitobans, Manitoba Hydro prioritizes robust and 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 faces drives the need for our strategic direction. Manitoba Hydro's Enterprise Risk Management (ERM) program is built to ensure risks inherent in our 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 supports 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. This approach is essential for achieving our mission to meet the energy needs of our customers. Our enterprise goals and objectives are one of the mechanisms to mitigate these risks and ensure we continue to empower Manitoba's future with safe, reliable and affordable energy.

RISK	RISK DESCRIPTION	MITIGATION MEASURES
Business Continuity	Risk that severe events disrupt or stop our operations.	• Ongoing business continuity planning and crisis response planning for critical and essential services, critical personnel, critical resources. • Robust planning to ensure operational continuity during major system implementations (e.g. SAP S/4HANA Core) and workforce-related events. • 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, enhanced threat detection 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.
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.
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 Greenhouse Gas assessment of plans and inventory management. • Complete provincial and federal regulatory compliance filings.

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/4HANA 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. • Develop and implement Enterprise Technology plan for aligning technology investments with enterprise goals. • Continue to enhance capability & capacity within Procurement operations to enable strategic and business objectives.
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, affordable energy to all Manitobans while prioritizing environmental stewardship and connecting with the communities we serve. Safety, environmental stewardship, reconciliation and security are foundational values integrated into our daily operations and strategic planning process. • Ongoing Customer Journey Optimization initiative. • Execute on Safety Culture Enhancement Project. • Ongoing development and implementation of an Enterprise Privacy Program.
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 that Manitoba systems remain reliable and interconnected with the regional systems. • Manitoba Hydro has a Strategic Asset Management Plan to address aging assets and will continue to mature the asset management system to optimize lifecycle costs (capital + O&M) in addressing those assets. • Execute the HVDC Reliability Program. • Manitoba Hydro has developed the 2025 Integrated Resource Plan (IRP) which includes both electrical and natural gas systems and builds on learnings from the 2023 IRP to ensure readiness for the energy future.

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 2025-26, water conditions have improved during the first quarter as favourable snowpack, spring runoff and above-normal precipitation increased hydraulic inflows, resulting in water levels that were slightly above average at quarter end. Annual hydraulic generation is dependent on summer and fall rainfall conditions; as a result, there remains uncertainty as to the impact of water flow conditions on the corporation's 2026-27 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 on general inflation for common goods, 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 are putting upward pressure on fuel costs along with supply chain issues, creating higher bids for work 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 2026-27 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 very close to the approved budget. However, as summer and fall precipitation levels have material impacts on hydraulic generation and net income, the outlook for 2026-27 will continue to evolve.

Management's Report

For the year ended March 31, 2026

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 30, 2026.

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:

A handwritten signature in black ink, appearing to read 'Allan Danroth', with a long horizontal flourish extending to the right.

Allan Danroth,
President & Chief Executive Officer

A handwritten signature in black ink, appearing to read 'A. Fogg', with a long horizontal flourish extending to the right.

Alastair Fogg
Vice President and Chief Financial Officer

Winnipeg, Canada
June 30, 2026



KPMG LLP

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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, 2026
- the consolidated statement of loss for the year then ended
- the consolidated statement of comprehensive income (loss) for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(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, 2026, 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Winnipeg, Canada

June 30, 2026

Consolidated Statement of Income (Loss)

For the year ended March 31

<i>(millions of Canadian dollars)</i>	Notes	2026	2025
Revenues			
Domestic			
Electric		1 986	1 920
Gas		366	508
Extraprovincial	5	569	860
Other	6	92	81
		3 013	3 369
Expenses			
Finance expense	7	1 071	1 079
Operating and administrative	8	989	853
Depreciation and amortization	9	649	642
Cost of gas sold		167	352
Water rentals and assessments		59	69
Fuel and power purchased	10	529	240
Capital and other taxes	11	58	186
Other expenses	12	110	188
Finance income		(53)	(58)
		3 579	3 551
Net loss before net movement in regulatory balances		(566)	(182)
Net movement in regulatory balances	20	118	116
Net loss		(448)	(66)
Net loss attributable to:			
Manitoba Hydro		(446)	(63)
Non-controlling interests	29	(2)	(3)
		(448)	(66)

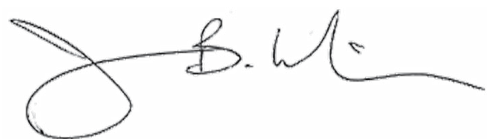
The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at March 31

<i>(millions of Canadian dollars)</i>	Notes	2026	2025
Assets			
Current Assets			
Cash and cash equivalents	13	1 569	1 073
Investments	17	13	13
Accounts receivable and accrued revenue	14	577	598
Prepaid expenses		34	35
Inventory	15	162	155
		2 355	1 874
Property, Plant and Equipment			
	16	27 168	26 865
Non-Current Assets			
Long-term investments	17	261	277
Goodwill		107	107
Intangible assets	18	952	968
Other non-current assets	19	353	267
		1 673	1 619
Total assets before regulatory deferral balance		31 196	30 358
Regulatory deferral balance	20	1 893	1 799
Total assets and regulatory deferral balance		33 089	32 157

On behalf of the Board of Directors:



Jamie Wilson
Chair of the Board



Mala Sachdeva CPA, CA
Chair of the Audit & Finance Committee

	Notes	2026	2025
Liabilities and Equity			
Current Liabilities			
Accounts payable and accrued liabilities	22	462	418
Current portion of long-term debt	21	1 104	996
Accrued interest		147	136
Notes payable	23	698	400
Other liabilities	24	142	154
		2 553	2 104
Long-Term Debt			
	21	24 743	23 944
Non-Current Liabilities			
Other non-current liabilities	25	1 117	1 131
Employee future benefits	26	712	809
Deferred revenue	27	884	787
Provisions	28	90	99
		2 803	2 826
Total liabilities		30 099	28 874
Equity			
Retained earnings		2 969	3 415
Accumulated other comprehensive loss		(119)	(298)
Equity attributable to Manitoba Hydro		2 850	3 117
Non-controlling interests	29	41	43
Total equity		2 891	3 160
Total liabilities and equity before regulatory deferral balance		32 990	32 034
Regulatory deferral balance	20	99	123
Total liabilities, equity and regulatory deferral balance		33 089	32 157

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

Consolidated Statement of Cash Flows

For the year ended March 31

<i>(millions of Canadian dollars)</i>	Notes	2026	2025
Operating Activities			
Net loss		(448)	(66)
Net movement in regulatory balances	20	(118)	(116)
Add back:			
Depreciation and amortization	9	649	642
Finance expense	7	1 071	1 079
Finance income		(53)	(58)
Adjustments for non-cash items		23	-
Adjustments for changes in non-cash working capital accounts			
Accounts receivable and accrued revenue		2	(69)
Accounts payable and accrued liabilities		43	(38)
Other		12	48
Interest received		45	50
Interest paid		(1 030)	(1 038)
Cash provided by operating activities		196	434
Investing Activities			
Additions to property, plant and equipment		(997)	(697)
Additions to intangible assets		(18)	(26)
Contributions received		117	109
Cash received from long-term investments		14	14
Cash paid for mitigation obligations		(17)	(28)
Cash paid for major development obligations		(9)	(8)
Cash paid for transmission rights obligations		(20)	(21)
Other		(17)	16
Cash used for investing activities		(947)	(641)

	Notes	2026	2025
Financing Activities			
Proceeds from long-term debt	21	2 143	1 210
Retirement of long-term debt	21	(1 188)	(900)
Repayments from investment entities	19	1	-
Proceeds from notes payable	23	300	200
Cash paid for preferred distributions obligation		(7)	(4)
Repayment of lease liabilities		(2)	(6)
Cash provided by financing activities		1 247	500
Net change in cash and cash equivalents		496	293
Cash and cash equivalents, beginning of year		1 073	780
Cash and cash equivalents, end of year		1 569	1 073

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

Consolidated Statement of Comprehensive Income (Loss)

For the year ended March 31

<i>(millions of Canadian dollars)</i>	Notes	2026	2025
Net loss		(448)	(66)
Other comprehensive income (loss)			
Items that will not be reclassified to income			
Net gains (losses) on pension assets and liabilities	26	147	(28)
Asset ceiling remeasurement on pensions	26	(14)	4
Items that will be reclassified to income			
Cash flow hedges - unrealized foreign exchange gains (losses) on debt	30(c)	27	(63)
Cash flow hedges - unrealized fair market value gains (losses) on commodity derivatives	30(c)	(5)	11
Items that have been reclassified to income			
Cash flow hedges - realized foreign exchange losses on debt	30(c)	24	32
		179	(44)
Comprehensive loss		(269)	(110)
Comprehensive loss attributable to:			
Manitoba Hydro		(267)	(107)
Non-controlling interests		(2)	(3)
		(269)	(110)

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

Consolidated Statement of Changes in Equity

<i>(millions of Canadian dollars)</i>	Retained earnings	Accumulated other comprehensive income (loss)	Manitoba Hydro	Non-controlling interests	Total equity
Balance as at April 1, 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
Net loss	(446)	-	(446)	(2)	(448)
Other comprehensive income	-	179	179	-	179
Comprehensive (loss) income	(446)	179	(267)	(2)	(269)
Balance as at March 31, 2026	2 969	(119)	2 850	41	2 891

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 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 30, 2026.

(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 non-current assets (Note 3 (p) and 19);
- 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 replaced by permanent guidance on rate-regulated accounting from the IASB (Note 4).

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
Major capital project deferral	2	years
Preferred distributions obligation	106	years
SAP S/4HANA Core	10	years
Cloud computing arrangements	6	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 and 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 and 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
Transmission lines	12-90 years
Substations	15-65 years
Distribution systems	8-80 years
Other	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 at year-end 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
Land easements	75 years
Transmission rights	19-40 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 assets under construction and development 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.

(I) 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) 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.

(iii) 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.

(iv) 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.

(v) **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, non-current assets 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. Twelve-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 twelve-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 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, 2026, 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*. The amendments clarify the classification of certain financial assets including additional guidance on assessing whether contractual cash flow characteristics are consistent with basic lending arrangements. In addition, the amendments introduce new accounting requirements for settlement of financial instruments through electronic payments. 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.

Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 7 and IFRS 9)

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 – *Contracts Referencing Nature-dependent Electricity*. These narrow-scope changes aim to improve the accounting for nature-dependent electricity contracts, such as those commonly structured as power purchase agreements (PPAs). These amendments clarify how the own-use requirements apply to contracts for purchasing renewable electricity whose output depends on nature, expand hedge accounting by allowing qualifying nature-dependent electricity contracts to be designated as hedging instruments, and introduce new IFRS 7 disclosure requirements 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.

Regulatory Asset and Regulatory Liabilities (IFRS 20)

In May 2026, the IASB issued IFRS 20 *Regulatory Assets and Regulatory Liabilities* (IFRS 20), which replaces IFRS 14 *Regulatory Deferral Accounts*. IFRS 20 introduces a new accounting model under which a company subject to rate regulation that meets the scope criteria recognizes regulatory assets and regulatory liabilities. Regulatory assets and regulatory liabilities are presented separately from other assets and liabilities in the statement of financial position. Movements in regulatory assets and regulatory liabilities give rise to regulatory income and regulatory expense.

Regulatory income minus regulatory expense is presented separately in the statement of financial performance, immediately below revenue. The new accounting model aligns the total income recognized in a period under IFRS Accounting Standards with the total allowed compensation the company is entitled to earn for regulatory goods or services supplied in the period. As a result, the model is expected to provide users with more complete financial information about companies subject to rate regulation. The standard is effective for reporting periods beginning on or after January 1, 2029. Earlier application is permitted, subject to the endorsement of the Accounting Standards Board of Canada. The standard can be applied using either a retrospective or modified retrospective approach. The corporation is currently assessing the impact of this standard on its consolidated financial statements.

Note 5 Extraprovincial revenue

<i>(millions of Canadian dollars)</i>	2026	2025
Dependable sales	495	754
Opportunity sales	47	75
Other	27	31
	569	860

Dependable sales are sourced from Manitoba Hydro's energy supply, which primarily includes hydraulic generation, 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.

Extraprovincial revenue from sales to the U.S. totaled \$394 million (2025—\$685 million). The average effective exchange rate for the year was \$1.00 U.S. = \$1.38 Canadian (2025—\$1.00 U.S. = \$1.39 Canadian).

Note 6 Other revenue

<i>(millions of Canadian dollars)</i>	2026	2025
Consulting, technology and maintenance services	40	39
Customer and developer contributions	18	17
Miscellaneous revenue	34	25
	92	81

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 (2025—\$2 million).

Note 7 Finance expense

<i>(millions of Canadian dollars)</i>	2026	2025
Interest on debt	927	902
Provincial debt guarantee fee	96	118
Accretion	59	56
Interest capitalized	(31)	(24)
Foreign exchange loss	20	26
Other	-	1
	1 071	1 079

The Provincial debt guarantee fee during the year was 0.40% (2025—0.50%) of the corporation's total outstanding debt guaranteed by the Province of Manitoba, which includes all notes payable and long-term debt with the exception of Manitoba Hydro-Electric Board Bonds. Interest was capitalized during the year at a weighted average rate of 3.97% (2025—4.08%).

Note 8 Operating and administrative

<i>(millions of Canadian dollars)</i>	2026	2025
Salaries and benefits	607	566
External services	276	194
Materials, motor vehicles and supplies	68	60
Other	38	33
	989	853

Additional salaries and benefits are included in other expenses (Note 12) in the amount of \$7 million (2025—\$4 million).

Note 9 Depreciation and amortization

<i>(millions of Canadian dollars)</i>	2026	2025
Depreciation of property, plant and equipment (Note 16)	611	600
Amortization of intangible assets (Note 18)	16	15
Loss on retirement or disposal of property, plant and equipment	22	27
	649	642

Note 10 Fuel and power purchased

<i>(millions of Canadian dollars)</i>	2026	2025
Wind purchases	77	80
Power purchases	388	105
Transmission charges	43	44
Thermal fuel purchases	21	11
	529	240

Included in transmission charges above is amortization of transmission rights of \$20 million (Note 18) (2025—\$20 million). Included in power purchases are gains on financial transmission rights of \$43 million (2025—less than \$1 million losses).

Note 11 Capital and other taxes

<i>(millions of Canadian dollars)</i>	2026	2025
Corporate capital tax	-	131
Property tax and grants in lieu of tax	43	41
Payroll tax	15	14
	58	186

Note 12 Other expenses

<i>(millions of Canadian dollars)</i>	2026	2025
Demand side management expenses	84	52
Consulting, technology and maintenance expenses	15	13
Preferred distributions obligation (Note 25)	2	22
Site remediation costs (Note 28)	(1)	77
Miscellaneous	10	24
	110	188

Of the total other expenses, \$95 million (2025—\$174 million) are subsequently deferred in regulatory deferral balances through net movement in regulatory balances (Note 20).

Note 13 Cash and cash equivalents

<i>(millions of Canadian dollars)</i>	2026	2025
Temporary investments	201	555
Cash	1 363	518
Restricted cash	5	-
	1 569	1 073

Temporary investments consist of cash invested with the Province of Manitoba and have a maturity of less than 30 days. Restricted cash relates to deposits held for letter of guarantees for customer contracts.

Note 14 Accounts receivable and accrued revenue

<i>(millions of Canadian dollars)</i>	2026	2025
Trade accounts receivable (Note 30 (a))	306	346
Other receivables (Note 30 (a))	153	103
Accrued revenue	137	143
Current portion of loans and other receivables (Note 19)	16	16
Taxes receivable	9	9
Fair value of forward contracts (Note 30 (c))	4	23
ECL allowance (Note 30 (a))	(48)	(42)
	577	598

Included in other receivables is \$94 million (2025—\$59 million) in government grant receivables.

Note 15 Inventory

<i>(millions of Canadian dollars)</i>	2026	2025
Materials and supplies	128	121
Natural gas	21	21
Fuel	13	13
	162	155

Inventory recognized as an expense during the year was \$49 million (2025—\$45 million) of which \$30 million (2025—\$28 million) was natural gas released from storage and is reflected in cost of gas sold.

Note 16 Property, plant and equipment

<i>(millions of Canadian dollars)</i>	Generation	Transmission lines	Substations	Distribution systems	Other	Construction in progress	Total
Cost or deemed cost							
Balance, April 1, 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
Additions	68	23	42	279	75	457	944
Disposals and/ or retirements	(6)	(2)	(18)	(43)	(42)	-	(111)
Assets placed in service *	69	12	60	57	37	(235)	-
Transfers to (from) PP&E	-	-	15	(15)	-	-	-
Balance, March 31, 2026	15 065	3 393	6 245	5 222	1 529	922	32 376
Accumulated depreciation							
Balance, April 1, 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
Depreciation expense	212	42	157	120	80	-	611
Disposals and/ or retirements	(3)	(1)	(14)	(28)	(35)	-	(81)
Transfers to (from) PP&E	-	-	3	(3)	-	-	-
Balance, March 31, 2026	1 835	370	1 502	1 005	496	-	5 208
Net book value							
Balance, March 31, 2025	13 308	3 031	4 790	4 028	1 008	700	26 865
Balance, March 31, 2026	13 230	3 023	4 743	4 217	1 033	922	27 168

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

Included in additions is interest capitalized during construction of \$28 million (2025—\$21 million).

As at March 31, 2026 “Other” includes right-of-use assets related to leases of land and buildings, information technology equipment and machinery with a net book value of \$9 million (2025—\$12 million). For the year ended March 31, 2026, the corporation recorded no additions (2025—\$5 million) and depreciation expense of \$3 million (2025—\$2 million) related to right-of-use assets.

Note 17 Long-term investments

<i>(millions of Canadian dollars)</i>	2026	2025
Canadian investments	102	102
U.S. investments	179	198
Discount on purchase of long-term investments	(7)	(10)
	274	290
Less: current portion	(13)	(13)
	261	277

As at March 31, 2026 sinking fund investments totaled \$101 million (2025—\$100 million) and long-term investments set aside for the purpose of hedging the foreign exchange impact of a long-term obligation totaled \$173 million (2025—\$190 million).

Canadian investments consist of Canadian bonds which have a weighted average term to maturity of three years (2025—four years) and an effective yield to maturity of 3.71% (2025—3.71%). U.S. investments consist of U.S. T-bills and bonds which have a weighted average term to maturity of six years (2025—six years) and an effective yield to maturity of 4.57% (2025—4.61%).

The investment income for the year related to the Canadian investments was \$4 million (2025—\$4 million) and the investment income for the year related to the U.S. investments was \$8 million (2025—\$6 million).

Note 18 Intangible assets

<i>(millions of Canadian dollars)</i>	Computer application development	Land easements	Transmission rights	Under development	Total
Cost or deemed cost					
Balance, April 1, 2024	179	217	803	18	1 217
Additions	9	3	-	15	27
Retirements	(25)	-	(1)	-	(26)
Assets placed in service*	11	-	-	(11)	-
Balance, March 31, 2025	174	220	802	22	1 218
Additions	7	3	1	10	21
Retirements	(12)	-	-	-	(12)
Assets placed in service*	3	1	-	(4)	-
Balance, March 31, 2026	172	224	803	28	1 227
Accumulated amortization					
Balance, April 1, 2024	140	21	78	-	239
Amortization	12	3	20	-	35
Retirements	(23)	-	(1)	-	(24)
Balance, March 31, 2025	129	24	97	-	250
Amortization	13	3	20	-	36
Retirements	(11)	-	-	-	(11)
Balance, March 31, 2026	131	27	117	-	275
Balance, March 31, 2025	45	196	705	22	968
Balance, March 31, 2026	41	197	686	28	952

* 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 (2025—less than \$1 million).

Note 19 Other non-current assets

<i>(millions of Canadian dollars)</i>	2026	2025
Loan to Wuskwatim investment entity (Note 29)	214	204
Prepaid expenses	77	-
Contract receivables and other	73	74
Loans to Keeyask Cree Nations	18	18
ECL allowance (Note 30 (a))	(13)	(13)
	369	283
Less: current portion (Note 14)	(16)	(16)
	353	267

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).

Prepaid expenses include payments made to secure a spot in manufacturing schedules with vendors related to major projects.

Note 20 Regulatory deferral balances

<i>(millions of Canadian dollars)</i>	March 31, 2025	Balances arising in the year	Recovery / reversal	March 31, 2026	Remaining recovery / reversal period <i>(years)</i>
Regulatory deferral debit balances					
Electric					
DSM programs	247	56	(48)	255	1 - 10
Site remediation	167	2	(14)	155	1 - 15
Change in depreciation method	326	-	(11)	315	4 - 119
Deferred ineligible overhead	189	20	(7)	202	26 - 34
Keeyask in-service deferral	103	-	(1)	102	105
Acquisition costs	4	-	-	4	6 - 9
Affordable Energy Fund	4	-	-	4	*
Loss on retirement or disposal of assets	83	23	(4)	102	25 - 57
Regulatory costs	4	5	(2)	7	2 - 3
Conawapa	290	-	(12)	278	23
Preferred distributions obligation (Note 25)	286	3	(3)	286	105
SAP S/4HANA Core	-	59	-	59	10
Cloud computing arrangements	-	4	-	4	5 - 6
Gas					
DSM programs	49	28	(9)	68	1 - 10
Deferred taxes	7	-	(2)	5	4
Site remediation	9	-	(1)	8	1 - 15
Loss on retirement or disposal of assets	11	6	(1)	16	1 - 5
Change in depreciation method	17	-	(1)	16	5 - 48
Regulatory costs	3	1	(1)	3	1 - 4
SAP S/4HANA Core	-	4	-	4	10
	1 799	211	(117)	1 893	
Regulatory deferral credit balances					
Electric					
Major capital project deferral	98	-	(49)	49	2
Gas					
PGVA	25	(157)	182	50	**
	123	(157)	133	99	
Net movement in regulatory balances		368	(250)	118	

* 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.

<i>(millions of Canadian dollars)</i>	March 31, 2024	Balances arising in the year	Recovery / reversal	March 31, 2025	Remaining recovery / reversal period <i>(years)</i>
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	106
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	

* 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.

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.

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 and continues through the 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, as affirmed by PUB Order 43/26.

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.

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.

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 PUB, in Order 43/26, directed that the preferred distributions deferral be amortized over 106 years commencing April 1, 2025.

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.

SAP S/4HANA Core represents the costs incurred to upgrade the corporation's enterprise resource planning system from the existing SAP ECC platform, which is nearing end of life, to SAP S/4HANA Core, under a cloud computing arrangement. The upgrade is necessary to support the corporation's core business processes, including finance, human resources, supply chain and procurement. By direction of the PUB in Order 43/26, the SAP S/4HANA Core implementation costs are to be amortized over 10 years commencing when the project is placed into service.

Cloud computing arrangements represent costs incurred in respect of small-scale software solutions that are hosted in cloud-based environments and support specific business functions. By direction of the PUB in Order 43/26, cloud computing costs are to be amortized over six years commencing April 1, 2025.

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

Major capital project deferral represents amounts collected from customers during the 2020-22 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. The PUB, in Order 101/23, directed that the major capital project deferral be amortized over two 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.

Note 21 Long-term debt

<i>(millions of Canadian dollars)</i>	Advances from the Province	Manitoba Hydro- Electric Board Bonds	Other*	Total
Balance, April 1, 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
Balance, March 31, 2025	24 884	108	(52)	24 940
Issues	2 167	-	(24)	2 143
Maturities	(1 188)	-	-	(1 188)
Foreign exchange adjustments	(52)	-	-	(52)
Amortization of net premiums and transaction costs	-	-	4	4
	25 811	108	(72)	25 847
Less: current portion	(1 104)	-	-	(1 104)
Balance, March 31, 2026	24 707	108	(72)	24 743

* 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 \$2 143 million (2025—\$1 210 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 \$1 104 million (2025—\$996 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 (2025—\$49 million) issued for mitigation projects.

Debt principal amounts (excluding 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	2026 Total
2027	762	2.4%	342	4.1%	1 104
2028	1 284	2.9%	-	-	1 284
2029	960	3.4%	558	2.4%	1 518
2030	640	2.5%	-	-	640
2031	1 096	7.0%	-	-	1 096
	4 742	4.9%	900	2.5%	5 642
2032-2036	4 239	3.9%	-	-	4 239
2037-2041	2 005	4.3%	-	-	2 005
2042-2046	2 338	3.9%	-	-	2 338
2047-2051	5 139	3.2%	-	-	5 139
2052-2056	2 925	3.7%	-	-	2 925
2057-2121	3 631	3.4%	-	-	3 631
	25 019	3.6%	900	2.5%	25 919

During the 2025-26 fiscal year, the corporation had one dual currency bond with the principal amount repayable in Canadian currency and interest payments denominated in U.S. currency. This dual currency bond matured in December 2025 in the amount of \$130 million Canadian. As a result, no dual currency bonds are included in the maturity table above (2025—one dual currency bond maturing 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. = \$1.39 Canadian (2025—\$1.00 U.S. = \$1.44 Canadian).

Note 22 Accounts payable and accrued liabilities

(millions of Canadian dollars)

	2026	2025
Trade and other payables	333	270
Employee payroll and benefit accruals	84	74
Taxes payable	39	67
Water rentals and assessments	6	7
	462	418

Note 23 Notes payable

<i>(millions of Canadian dollars)</i>	Total
Balance, April 1, 2024	200
Issues	5 060
Maturities	(4 860)
Balance, March 31, 2025	400
Issues	6 733
Maturities	(6 435)
Balance, March 31, 2026	698

Notes payable at March 31, 2026 had a weighted average term to maturity of 41 days (2025—13 days) and a weighted average interest rate of 2.33% (2025—2.75%). 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 with third party banks 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. At March 31, 2026, the corporation has nine letters of credit totalling \$102 million outstanding, bearing interest between 0.25% and 1.00% which are set to mature and renew annually (2025—ten letters of credit totalling \$78 million, bearing interest between 0.50% and 1.00%).

Note 24 Other liabilities

<i>(millions of Canadian dollars)</i>	2026	2025
Current portion of other non-current liabilities (Note 25)	102	105
Current portion of deferred revenue (Note 27)	22	20
Current portion of provisions (Note 28)	18	29
	142	154

The current portion of other non-current liabilities consists of the current portions of the mitigation liability of \$24 million (2025—\$25 million), major development liability of \$32 million (2025—\$31 million), transmission rights liability related to the Great Northern Transmission Line of \$20 million (2025—\$21 million), perpetual obligation to the City of Winnipeg for the acquisition of Winnipeg Hydro of \$16 million (2025—\$16 million), refundable advances from customers of \$4 million (2025—\$3 million), preferred distributions obligation of \$5 million (2025—\$7 million) and the lease liability of \$1 million (2025—\$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 environmental obligations.

Note 25 Other non-current liabilities

<i>(millions of Canadian dollars)</i>	2026	2025
Mitigation liability	180	187
Major development liability	184	189
Preferred distributions obligation	311	302
Perpetual obligation	215	215
Transmission rights liability	174	195
Refundable advances from customers	107	103
Fair value of long-term derivative contracts (Note 30)	35	30
Lease liability	10	12
Other	3	3
	1 219	1 236
Less: current portion (Note 24)	(102)	(105)
	1 117	1 131

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. Manitoba Hydro incurred accretion of \$12 million (2025—\$11 million), recorded as finance expense, and depreciation of \$14 million (2025—\$14 million) related to these long-term agreements. Payments made during the year totaled \$26 million (2025—\$38 million), including \$17 million (2025—\$28 million) in cash payments applied against the long-term liability and \$9 million (2025—\$10 million) related to program costs incurred during the year for which no long-term obligation has been recognized.

In recognition of future mitigation payments, the corporation has a liability recorded of \$180 million (2025—\$187 million). The net decrease in the liability is primarily the result of payments made during the 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 \$185 million (2025—\$189 million) to reflect these agreements. Manitoba Hydro incurred accretion of \$9 million (2025—\$9 million), recorded as finance expense, and depreciation of \$5 million (2025—\$5 million) related to these long-term agreements. Payments made during the year totaled \$9 million (2025—\$8 million) and were applied against the long-term obligation.

The discount rates used to determine the present value of the major development obligations range from 3.45% to 5.05%.

Preferred distributions obligation

The preferred distributions obligation represents the estimated future preferred distribution payment stream to the Keeyask Cree Nations (KCN) arising from the outstanding preferred units of the KHLP. 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 \$10 million (2025—\$12 million) relates primarily to leases for a subsidiary company head office, land, buildings, technology equipment and machinery.

In addition to the \$3 million (2025—\$4 million) cash outflow recorded in operating and administrative expenses (Note 8), there is a \$2 million (2025—\$2 million) cash outflow for principal and interest of lease liabilities.

Note 26 Employee future benefits

<i>(millions of Canadian dollars)</i>	2026	2025
Net pension liability	418	521
Other employee future benefits liability	294	288
	712	809

Pension plans

Manitoba Hydro

Manitoba Hydro and its employees participate in the Civil Service Superannuation Plan (the Plan) established under *The Civil Service Superannuation Act* (CSSA) of the Province of Manitoba. Pension benefits are based on years of service and the average earnings of an employee's five best years. As a non-matching employer, Manitoba Hydro is required by the Civil Service Superannuation Board (CSSB) to contribute approximately 50% of pension disbursements made to retired employees. These contributions are funded through the Manitoba Hydro Pension Fund (MHPF), which is administered separately. Both Manitoba Hydro and employees contribute a prescribed percentage of pensionable earnings in accordance with the CSSA. The corporation expects to contribute \$44.8 million to the MHPF in fiscal 2027.

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 this enhancement through contributions based on 0.50% of pensionable earnings to a separate trust account that is managed by the CSSB. The EHBP assets are co-mingled with the Civil Service Superannuation Fund (CSSF) assets for investment purposes. The corporation expects to contribute \$2.8 million to this plan in fiscal 2027.

Effective January 1, 2025, Manitoba Hydro established a Supplemental Executive Retirement Plan (SERP) to provide pension benefits beyond those provided under the CSSA and EHBP and in excess of limits permitted under the *Income Tax Act* Canada (ITA). The SERP is an unregistered, unfunded defined benefit plan, with benefits determined using a pre-defined formula based on credited service and average annual salary.

Centra

Former Centra employees are entitled to pension benefits earned under the curtailed Centra pension plans which are Registered Pension Trusts as defined in the ITA. The Master Trust is made up of three individual plans:

- Centra Gas Manitoba Inc. Pension Plan for Salaried Employees,
- Centra Gas Manitoba Inc. Union Employees' Pension Plan, and
- 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 benefits are fully provided for at retirement based on the actuarial valuation dated December 31, 2024. No special payments are required in fiscal 2027. The plans are registered with the Pension Commission of Manitoba and governed by the rules and regulations of The Pension Benefits Act (PBA) of Manitoba. The Master Trust assets are held in trust with State Street Trust Company of Canada with the CSSB acting as investment manager.

Manitoba Hydro Utility Services (MHUS) and Manitoba Hydro International (MHI)

MHUS and MHI employees are eligible for pension benefits under the Plan. As prefunding employers under the CSSA, MHUS and MHI are required to match employee contributions at prescribed rates. Pension expense is recognized when contributions are made. As the Plan is part of a multi-employer defined benefit plan that does not allocate assets or liabilities to individual participating employers, Manitoba Hydro accounts for MHUS and MHI pensions as defined contribution plans, with no pension asset or obligation recorded on its consolidated financial statements.

Winnipeg Hydro

Former employees of Winnipeg Hydro continue to earn benefits under the Winnipeg Civic Employee Benefits Program (WCEBP), a multi-employer defined benefit plan, which Manitoba Hydro became a participating employer upon acquiring Winnipeg Hydro. The WCEBP provides pension benefits based on years of service and the average earnings of the five best years. Manitoba Hydro does not report a pension asset or obligation on its consolidated financial statements for the former Winnipeg Hydro employees. 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 limits Manitoba Hydro's exposure to future unfunded liabilities. Contributions are accounted for as 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, 2025, with the next actuarial valuations for all plans scheduled for December 31, 2026.

These valuations incorporate management's assumptions and take into consideration the long-term nature of the pension plans. Demographic assumptions are selected by the actuary, while economic assumptions such as the discount rate are determined by the corporation's management in consultation with the actuary. 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:

<i>(millions of Canadian dollars)</i>	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans		Total	
	2026	2025	2026	2025	2026	2025	2026	2025
Plan assets at fair value								
Balance at beginning of year	1 198	1 124	57	49	146	140	1 401	1 313
Return on assets, excluding interest income	59	62	4	4	7	8	70	74
Interest income, net investment management fees	55	54	3	2	6	7	64	63
Employer contributions	41	40	2	3	-	-	43	43
Benefit payments and refunds	(86)	(82)	(2)	(1)	(8)	(9)	(96)	(92)
	1 267	1 198	64	57	151	146	1 482	1 401
Pension obligation								
Balance at beginning of year	1 722	1 599	61	53	113	104	1 896	1 756
Interest cost	80	78	3	2	5	5	88	85
Current service cost	47	42	3	2	-	-	50	44
Benefit payments and refunds	(87)	(82)	(2)	(1)	(8)	(9)	(97)	(92)
Actuarial losses arising from changes in financial assumptions	(68)	99	(3)	6	(6)	13	(77)	118
Actuarial (gains) losses arising from changes in demographic assumptions	-	(14)	-	(1)	-	-	-	(15)
	1 694	1 722	62	61	104	113	1 860	1 896
Asset ceiling	-	-	-	-	(40)	(26)	(40)	(26)
Net pension (liability) asset	(427)	(524)	2	(4)	7	7	(418)	(521)

The total net experience gains on all pension fund assets for the fiscal year ended March 31, 2026 was \$70 million (2025—\$74 million). The MHPF earned a return for the fiscal year ended March 31, 2026 of 10.5% (2025—10.6% return). The Centra curtailed plan assets earned a return for the year ended March 31, 2026 of 10.3% (2025—10.6% return). The weighted average term to maturity on fixed income investments is 10.0 years (2025—10.1 years).

Investment income earned on the EHBP funds is based on the market rate of return earned by the CSSF. For the year ended December 31, 2025, the CSSF earned a positive rate of return of 11.9% (2024—16.3%) on fund assets.

The most recent actuarial valuations for going concern funding purposes were prepared as at December 31, 2024 at which date the Manitoba Hydro Plan was 85% and the EHBP was 108% funded. Although Manitoba Hydro is required to report on the funded status of these plans, per the CSSA the Manitoba Hydro Plan and EHBP are exempt from the funding and solvency test funding requirements of PBA. The Centra curtailed pension plans are subject to solvency testing for funding purposes with the latest valuation taking place as at December 31, 2024. The Centra Salaried, Union and Rural plans were 131%, 161% and 147% funded, respectively, at that date. With plan assets sufficient to cover accrued liabilities on a solvency basis, the next review date is not required until three fiscal years after the last valuation.

The corporation recognized experience and actuarial gains on pensions totaling \$17 million (2025—\$130 million) and remeasurements due to the effect of the asset ceiling on Centra assets of \$40 million (2025—\$26 million) in AOCI as at March 31, 2026.

The corporation's pension expense, recognized in operating and administrative costs, and net gains and losses on pension assets and liabilities, recognized in other comprehensive income, for each of the pension benefit plans are as follows:

	Manitoba Hydro Plan		EHBP		Centra curtailed pension plans	
<i>(millions of Canadian dollars)</i>	2026	2025	2026	2025	2026	2025
Operating & administrative costs:						
Current service cost	47	42	3	2	-	-
Interest income, net investment mngt fees	(55)	(54)	(3)	(2)	(6)	(7)
Interest on obligation	80	78	3	2	5	5
Administrative fees	1	1	-	-	-	1
Total expense	73	67	3	2	(1)	(1)
<i>(millions of Canadian dollars)</i>	2026	2025	2026	2025	2026	2025
Other comprehensive income (loss):						
Remeasurements						
Return on assets, excluding interest income	59	62	4	4	7	8
Actuarial loss (gain)	68	(85)	3	(5)	6	(13)
Asset ceiling remeasurement on pensions	-	-	-	-	(14)	4
Total net income recognized in other comprehensive income (loss)	127	(23)	7	(1)	(1)	(1)

Pension expense for the former Winnipeg Hydro employees is equal to employer contributions to the WCEBP, totalling \$1 million (2025—\$1 million) for the year reflecting a blended pension rate approximating 10.00% of pensionable earnings as of September 1, 2019. Pension expense for MHUS and MHI equals employer contributions and is expensed during the year. The amounts are not material.

Asset allocation

Under the provisions of the Plan, Manitoba Hydro assets and employee contributions are pooled and invested in accordance with the investment governance framework and policies established by the CSSB. Manitoba Hydro does not administer, control or influence the management of plan assets.

Certain plan assets reported by the CSSB are measured using significant unobservable inputs and are therefore classified as Level 3 under IFRS 13 *Fair Value Measurement*. Fair value information is provided to Manitoba Hydro by the CSSB.

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

	MHPF		Centra curtailed pension plans	
	2026	2025	2026	2025
Equities	58%	55%	57%	54%
Bonds and debentures	16%	16%	16%	16%
Real estate	9%	11%	9%	11%
Infrastructure	9%	10%	9%	10%
Private credit	5%	5%	6%	6%
Short-term investments	3%	3%	3%	3%
	100%	100%	100%	100%

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

MHPF	2026				2025			
<i>(millions of Canadian dollars)</i>	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	5	-	-	5	8	-	-	8
Short-term	-	47	-	47	-	40	-	40
Fixed income	-	199	-	199	-	192	-	192
Equities	595	86	-	681	522	78	-	600
Real estate	-	-	116	116	-	-	132	132
Private equity	-	-	44	44	-	-	40	40
Private credit	-	-	65	65	-	-	65	65
Infrastructure	-	-	108	108	-	-	120	120
Forwards				(2)				(2)
Accruals				4				3
	600	332	333	1 267	530	310	357	1 198

See Note 30 for a description of the hierarchy levels.

Centra Gas	2026				2025			
<i>(millions of Canadian dollars)</i>	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash	1	-	-	1	1	-	-	1
Short-term	-	6	-	6	-	5	-	5
Fixed income	-	23	-	23	-	24	-	24
Equities	69	10	-	79	63	9	-	72
Real estate	-	-	14	14	-	-	16	16
Private equity	-	-	6	6	-	-	5	5
Private credit	-	-	8	8	-	-	8	8
Infrastructure	-	-	14	14	-	-	15	15
	70	39	42	151	64	38	44	146

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:

	2026	2025
Discount rate - pensions Manitoba Hydro	5.10%	4.66%
Discount rate - pensions Centra	4.93%	4.52%
Discount rate - other benefits	4.34 - 5.17%	4.07 - 4.70%
Rate of compensation increase, including merit and promotions	0.00 - 4.64%	0.00 - 4.64%
Long-term inflation rate	2.00%	2.10%

Sensitivity of assumptions

The sensitivities of the actuarial assumptions used to measure the defined benefit obligations are presented 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%	(96)	(5)	(5)
	- 0.50%	107	6	5
Inflation rate	+ 0.10%	1	-	1
	- 0.10%	(1)	-	(1)
Wage rate	+ 0.10%	3	-	-
	- 0.10%	(3)	-	-

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 independently.

Other employee future benefits

Manitoba Hydro and its subsidiaries also provide 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:

<i>(millions of Canadian dollars)</i>	2026	2025
Balance at beginning of year	288	272
Interest cost	9	9
Current service cost	18	17
Benefit payments	(26)	(25)
Actuarial loss from changes in financial assumptions	(3)	-
Remeasurement loss from changes in financial assumptions	8	15
Benefits liability	294	288

Key management personnel

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. Executive compensation consists of a base salary, in addition to non-cash benefits, employer contributions to the corporation's defined benefit pension plan, SERP and other post-employment benefits.

Key management personnel compensation is as follows:

<i>(millions of Canadian dollars)</i>	2026	2025
Salaries and other short-term employee benefits	4	3
Post-employment benefits	1	1
	5	4

Note 27 Deferred revenue

<i>(millions of Canadian dollars)</i>	2026	2025
Contributions in aid of construction	791	726
Government grants	109	76
Deferred revenue	6	5
	906	807
Less: current portion (Note 24)	(22)	(20)
	884	787

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:

<i>(millions of Canadian dollars)</i>	2027	2028	2029	2030	2031	2032 and thereafter	Total
Contributions from customers and developers	17	17	16	16	16	709	791

Note 28 Provisions

<i>(millions of Canadian dollars)</i>	Mitigation provisions	Decommissioning obligations	Environmental Obligations	Affordable Energy Fund	Legal and other provisions	Total
Balance, April 1, 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
Provisions made	-	-	(1)	-	1	-
Provisions used	-	(1)	(16)	-	(1)	(18)
Accretion	1	-	3	-	-	4
Revaluations	-	(6)	-	-	-	(6)
Balance, March 31, 2026	30	-	69	4	5	108

<i>(millions of Canadian dollars)</i>	2026	2025
Analyzed as:		
Current (Note 24)	18	29
Non-current	90	99
	108	128

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). There are other mitigation issues, the outcomes of which are not determinable at this time.

Discount rates used to determine the present value of mitigation related provisions were 2.60% to 4.65% (2025—4.10% to 4.70%).

Decommissioning obligations

The corporation recognized a decommissioning obligation for the removal and disposal of PCB contaminated fluid in equipment maintained enterprise-wide by the corporation. The obligation was fulfilled during the year (2025—estimated undiscounted cash flows required to settle the obligation was \$7 million with a discount rate of 2.46%).

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 (2025—\$10 million), which are expected to be incurred by 2029. The discount rate used to determine the present value of the environmental obligation was 3.10% (2025—2.55%).

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 \$79 million (2025—\$91 million), which are expected to be incurred by 2046. The discount rates used to determine the present value of these obligations were 3.03% to 3.79% (2025—2.55% to 3.17%).

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 (2025—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 \$41 million (2025—\$43 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 2025-26 is \$2 million (2025—\$3 million loss).

In accordance with the partnership agreements, Manitoba Hydro provides debt financing to TPC for investment in WPLP (Note 19). As at March 31, 2026, Manitoba Hydro has provided advances to TPC of \$88 million (2025—\$88 million). In addition, Manitoba Hydro provides advances on future WPLP distributions to NCN. As at March 31, 2026, Manitoba Hydro has provided advances to NCN of \$8 million (2025—\$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.

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

<i>(millions of Canadian dollars)</i>	2026	2025
WPLP		
Current assets	106	109
Non-current assets	1 402	1 409
Current liabilities	23	24
Non-current liabilities	1 360	1 363
Revenue	85	86
Net loss	(7)	(9)

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 non-current assets, 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:

		2026		2025	
(millions of Canadian dollars)	Level	Carrying value	Fair value	Carrying value	Fair value
Amortized cost					
Cash and cash equivalents	*	1 569	1 569	1 073	1 073
Accounts receivable and accrued revenue	*	561	561	582	582
Non-current assets (including current portion)	2	369	365	283	288
Long-term investments (including current portion)	2	274	281	290	299
Other financial liabilities					
Accounts payable and accrued liabilities	*	462	462	418	418
Notes payable	*	698	698	400	400
Long-term debt (including current portion)	2	25 847	23 541	24 940	23 542 **
Mitigation liability (including current portion)	2	180	210	187	228
Major development liability (including current portion)	2	184	192	189	206
Preferred distributions obligation (including current portion)	2	311	306	302	327
Perpetual obligation (including current portion)	2	215	310	215	334
Transmission rights liability (including current portion)	2	174	149	195	166

* 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 other receivables (non-energy), along with the related expected credit loss allowance, are presented in the following table:

<i>(millions of Canadian dollars)</i>	Manitoba	Extraprovincial	Other	ECL allowance	2026	2025
Under 30 days	190	19	42	(1)	250	266
31 to 60 days	20	-	1	(1)	20	20
61 to 90 days	10	-	10	(1)	19	10
Over 90 days	67	-	100	(45)	122	111
Total accounts receivable	287	19	153	(48)	411	407

The ECL allowance for trade receivables is based on an amount equal to lifetime expected credit losses. The ECL allowance for other receivables (non-energy) is assessed on an individual basis, taking into account the specific facts and circumstances of each receivable.

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

<i>(millions of Canadian dollars)</i>	2026	2025
Balance, April 1	42	40
Loss allowance	16	11
Write-offs	(11)	(9)
Recoveries	1	-
Balance, March 31	48	42

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 2025-26, the corporation has recorded an ECL allowance to \$13 million (2025—\$13 million) related to non-current assets (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, to ensure a six-month prefunded cash balance to cover operating, capital, and financing cash requirements. Cash receipts and disbursements are closely monitored as well as short-term debt balances and forecasted cash requirements. 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).

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:

<i>(millions of Canadian dollars)</i>	Carrying value	2027	2028	2029	2030	2031	2032 and thereafter
Long-term investments							
Canadian investments	101	-	-	-	101	-	-
U.S. investments	173	13	12	24	21	21	82
	274	13	12	24	122	21	82

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:

<i>(millions of Canadian dollars)</i>	Carrying value	2027	2028	2029	2030	2031	2032 and thereafter
Financial liabilities							
Accounts payable and accrued liabilities	462	462	-	-	-	-	-
Notes payable	698	698	-	-	-	-	-
Long-term debt*	25 994	2 095	2 211	2 413	1 496	1 933	33 952
Mitigation liability	180	25	15	15	15	10	472
Major development liability	184	32	9	9	8	8	529
Preferred distributions obligation	311	5	8	8	8	9	2 957
Perpetual obligation	215	16	16	16	16	16	16 **
Transmission rights liability	174	20	19	18	17	16	111
Lease liability	10	2	2	2	2	1	3
	28 228	3 355	2 280	2 481	1 562	1 993	38 040

* 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, 2026, unrealized foreign exchange translation gains of \$27 million (2025—loss of \$63 million) were recognized in OCI and net losses of \$24 million (2025—\$32 million) were reclassified from OCI into net income.

The following table summarizes the corporation's hedging instruments as at March 31, 2026:

(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	900	-	900	Long-term debt	60

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 accumulated amount of fair value adjustments on the corporation's hedged item (forecast export revenues) recognized in AOCI as at March 31, 2026 was \$60 million (2025—\$112 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 \$4 million is included in accounts receivable and accrued revenue (2025—\$22 million) and classified as Level 2 fair value measurements. The notional amount related to these forward contracts is \$363 million (2025—\$614 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, 2026, 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 (2025—\$4 million), while OCI would increase (decrease) by \$63 million (2025—\$98 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, 2026, an increase or decrease of 1% in the interest rate would reduce or increase net income, respectively, by \$2 million (2025—\$5 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, 2026, the corporation has unsettled commodity derivative contracts with a fair value of less than \$1 million included in receivables (2025—\$1 million) and \$35 million included in other non-current liabilities (2025—\$30 million). The derivative financial instruments are classified as Level 2 fair value measurements. For the year ended March 31, 2026, unrealized fair market value loss on fixed-price commodity derivatives of \$5 million (2025—gains of \$11 million) were recognized in OCI and less than \$1 million (2025—less than \$1 million) of hedge ineffectiveness was reclassified from OCI to net income. As at March 31, 2026, the corporation has recognized fair market value losses on fixed-price commodity derivatives totaling \$35 million (2025—\$30 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. Legislated targets were repealed with the enactment of *The Budget Implementation and Tax Statutes Amendment Act* (Bill 37) in November 2024. As a result, there are no legislated debt to capitalization targets in place as at March 31, 2026 and 2025. Manitoba Hydro continues to conduct a review of its financial targets.

The corporation defines its debt to capitalization ratio as follows:

<i>(in millions of Canadian dollars)</i>	2026	2025
Long-term debt (Note 21)	24 743	23 944
Less: Sinking fund investments (Note 17)	(101)	(100)
Current portion of long-term debt (Note 21)	1 104	996
Notes payable (Note 23)	698	400
Less: Cash and cash equivalents (Note 13)	(1 569)	(1 073)
Net debt	24 875	24 167
Retained earnings	2 969	3 415
Accumulated other comprehensive loss	(119)	(298)
Contributions in aid of construction (Note 27)	791	726
Major capital deferral (Note 20)	49	98
Non-controlling interest (Note 29)	41	43
Total capitalization	3 731	3 984
Debt to capitalization ratio	87.0%	85.8%

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, 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. 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.

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.

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*.

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- and short-term debt—the corporation obtains the majority of its long- and short-term debt through advances from the Province of Manitoba (Notes 21 and 23);
- Sinking fund balances—the corporation invests sinking fund balances associated with future debt retirements with the Province of Manitoba (Note 17);
- 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 (2025—\$1.67 per MWh) totaling \$42 million (2025—\$53 million);
- Taxes—amounts are paid to the Province of Manitoba for payroll tax (Note 11) and provincial sales tax, all of which are incurred in the normal course of business. In the prior year, amounts were also paid for corporate capital tax. Effective April 1, 2025, the Province of Manitoba announced the elimination of the Corporation Capital Tax paid by Crown corporations.
- 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 \$1 361 million (2025—\$1 534 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 2040. In addition, other outstanding commitments principally for construction are approximately \$2.8 billion (2025—\$2.1 billion).

As at March 31, 2026, total future minimum lease payments committed under property leases without a right-of-use asset and corresponding lease liability amounted to \$9 million (2025—\$10 million).

Manitoba Hydro provides guarantees to counterparties for natural gas purchases which totaled \$40 million at March 31, 2026 (2025—\$40 million), and mature on October 31, 2027. Letters of credit in the amount of \$102 million (2025—\$78 million) have been issued for construction and energy related transactions with maturities until 2049.

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.

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 Manitoba Hydro International Ltd. (MHI), Manitoba Hydro Utility Services Ltd. (MHUS), and Minell Pipelines Ltd. (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, 2026 and 2025 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)	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Revenues										
External revenue	2 606	2 820	367	510	40	39	-	-	3 013	3 369
Intersegment revenue	-	-	2	2	10	9	(12)	(11)	-	-
	2 606	2 820	369	512	50	48	(12)	(11)	3 013	3 369
Expenses										
Finance expense	1 026	1 036	31	30	1	-	13	13	1 071	1 079
Operating and administrative	890	755	88	85	20	20	(9)	(7)	989	853
Depreciation and amortization	611	607	34	32	3	2	1	1	649	642
Cost of gas sold	-	-	167	352	-	-	-	-	167	352
Water rentals and assessments	59	69	-	-	-	-	-	-	59	69
Fuel and power purchased	530	241	-	-	-	-	(1)	(1)	529	240
Capital and other taxes	40	166	17	19	1	1	-	-	58	186
Other expenses	66	171	29	4	17	16	(2)	(3)	110	188
Finance income	(50)	(54)	-	-	(3)	(4)	-	-	(53)	(58)
Corporate allocation	10	10	4	4	-	-	(14)	(14)	-	-
	3 182	3 001	370	526	39	35	(12)	(11)	3 579	3 551
Net income (loss) before net movement in regulatory deferral balances	(576)	(181)	(1)	(14)	11	13	-	-	(566)	(182)
Net movement in regulatory deferral balances	119	129	(1)	(13)	-	-	-	-	118	116
Net Income (Loss)	(457)	(52)	(2)	(27)	11	13	-	-	(448)	(66)
Net income (loss) attributable to:										
Manitoba Hydro	(455)	(49)	(2)	(27)	11	13	-	-	(446)	(63)
Non-controlling interests	(2)	(3)	-	-	-	-	-	-	(2)	(3)
	(457)	(52)	(2)	(27)	11	13	-	-	(448)	(66)
Total assets before regulatory deferral balances	30 406	29 596	880	863	150	137	(240)	(238)	31 196	30 358
Total regulatory deferral debit balances	1 773	1 703	120	96	-	-	-	-	1 893	1 799
Total liabilities	29 464	28 257	831	813	32	30	(228)	(226)	30 099	28 874
Total regulatory deferral credit balances	49	98	50	25	-	-	-	-	99	123
Retained earnings	2 744	3 199	(2)	-	117	106	110	110	2 969	3 415

10-Year Financial Statistics

For the year ended March 31

(millions of Canadian dollars)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenues										
Domestic Electric	1 986	1 920	1 847	1 903	1 834	1 714	1 702	1 707	1 464	1 419
Gas	366	508	505	656	542	416	388	365	343	342
Extraprovincial	569	860	872	1 131	585	611	468	430	437	460
Other	92	81	74	145	79	80	71	74	86	106
	3 013	3 369	3 298	3 835	3 040	2 821	2 629	2 576	2 330	2 327
Expenses										
Finance expense	1 071	1 079	1 042	1 031	1 068	846	838	778	641	645
Operating and administrative	989	853	802	694	660	608	579	576	586	608
Depreciation and amortization	649	642	651	658	605	563	512	496	430	402
Cost of gas sold	167	352	333	523	405	277	238	212	196	183
Water rentals and assessments	59	69	62	84	101	128	126	113	126	131
Fuel and power purchased	529	240	348	138	394	184	98	136	130	132
Capital and other taxes	58	186	184	175	179	167	163	155	146	135
Other expenses	110	188	374	98	91	80	104	130	548	104
Finance income	(53)	(58)	(62)	(56)	(24)	(24)	(43)	(31)	(23)	(17)
	3 579	3 551	3 734	3 345	3 479	2 829	2 615	2 565	2 780	2 323
Net income (loss) before net movement in regulatory balances	(566)	(182)	(436)	490	(439)	(8)	14	11	(450)	4
Net movement in regulatory balances	118	116	278	165	180	125	85	107	479	55
Net Income (Loss)	(448)	(66)	(158)	655	(259)	117	99	118	29	59
Net income (loss) attributable to:										
Manitoba Hydro	(446)	(63)	(157)	638	(248)	119	99	121	37	71
Non-controlling interests	(2)	(3)	(1)	17	(11)	(2)	-	(3)	(8)	(12)
	(448)	(66)	(158)	655	(259)	117	99	118	29	59
Assets										
Property, plant and equipment	27 168	26 865	26 727	26 474	26 376	26 023	25 190	23 627	21 979	19 757
Sinking fund investments	101	100	100	-	-	-	-	-	-	-
Current and other assets	3 927	3 393	3 020	3 486	3 394	3 438	2 937	2 672	2 146	2 015
Regulatory deferral debits	1 893	1 799	1 679	1 450	1 368	1 254	1 179	1 132	1 044	566
	33 089	32 157	31 526	31 410	31 138	30 715	29 306	27 431	25 169	22 338
Liabilities and Equity										
Long-term debt	24 743	23 944	23 644	23 097	23 617	23 065	21 950	21 303	18 200	16 102
Current and other liabilities	4 472	4 143	3 791	3 819	3 709	3 731	3 744	2 686	3 671	3 157
Deferred revenue	884	787	702	637	607	579	549	522	769	642
Regulatory deferral credits	99	123	119	168	251	317	367	405	76	77
Non-controlling interests	41	43	46	344	325	323	302	254	205	170
Retained earnings	2 969	3 415	3 478	3 650	3 012	3 260	3 141	3 042	2 936	2 899
Accumulated other comprehensive income (loss)	(119)	(298)	(254)	(305)	(383)	(560)	(747)	(781)	(688)	(709)
	33 089	32 157	31 526	31 410	31 138	30 715	29 306	27 431	25 169	22 338
Cash Flows										
Operating activities	196	434	607	1 068	135	248	327	82	(229)	508
Financing activities	1 247	(641)	(954)	(314)	599	1 067	1 647	2 244	2 868	1 866
Investing activities	(947)	500	38	(748)	(793)	(1 099)	(1 948)	(2 068)	(2 643)	(2 682)
Financial Indicators										
Debt to capitalization ratio ¹	87%	86%	86%	84%	86%	86%	86%	86%	85%	84%

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

Net Exports	(19)	551	462	909	90	299	244	181	181	197
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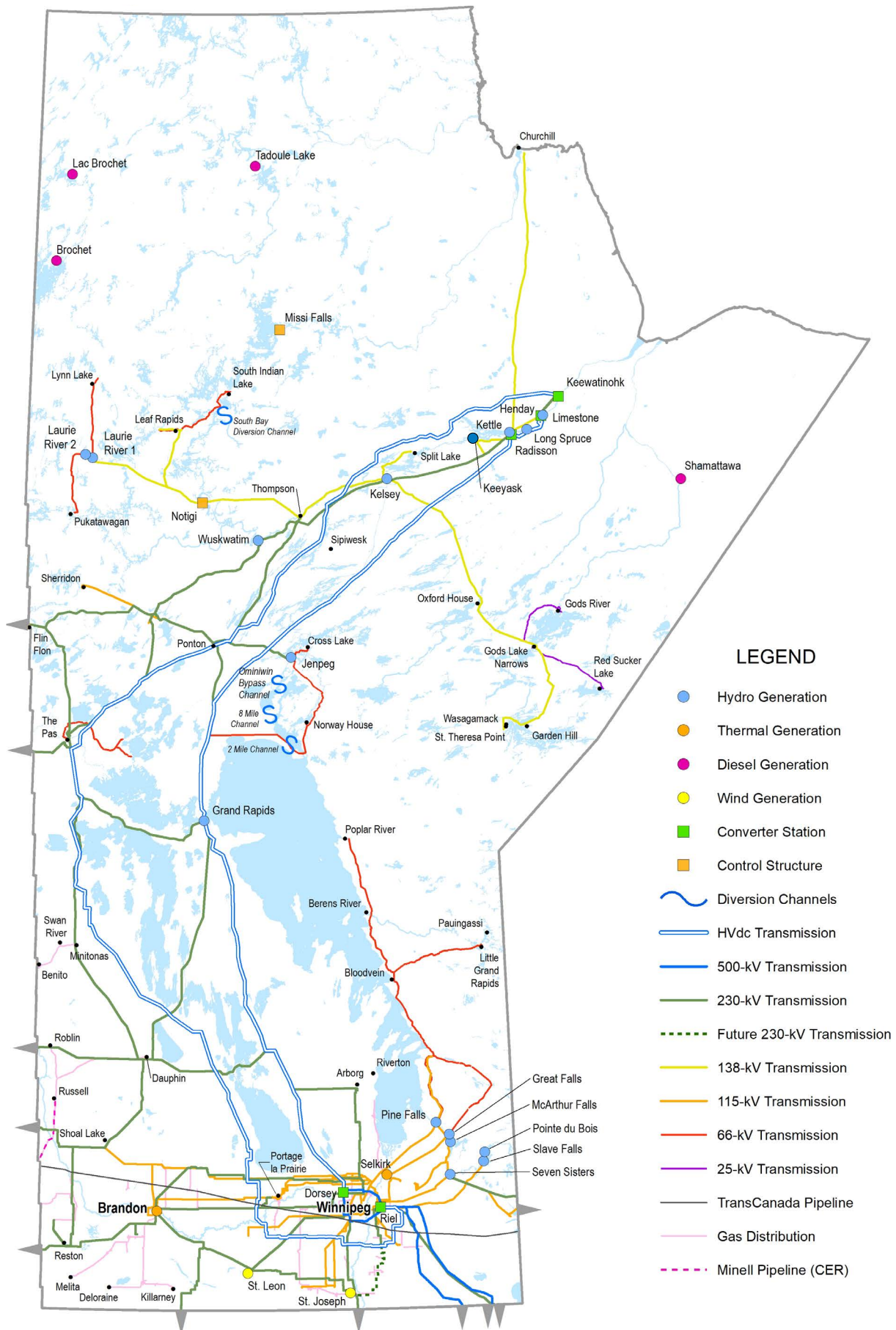
10-Year Operating Statistics

For the year ended March 31

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Electric System Capability										
Capability (000 kW)	6 116	6 074	6 121	6 054	5 860	5 608	5 615	5 561	5 648	5 679
Manitoba firm peak demand (000 kW)	5 096	5 111	4 573	4 761	4 785	4 888	4 692	4 911	4 735	4 801
Percent change	(0.3)	11.8	(3.9)	(0.5)	(2.1)	4.2	(4.5)	3.7	(1.4)	7.6
Electric System Supply										
Total energy supplied (millions of kWh)										
Generation	24 414	30 991	29 799	39 534	26 628	35 189	34 542	30 928	34 613	36 433
Isolated systems	17	17	16	17	17	16	15	15	14	15
	24 431	31 008	29 815	39 551	26 645	35 205	34 557	30 943	34 627	36 448
Electric Load at Generation (millions of kWh)										
Integrated system	26 124	25 688	25 034	26 064	25 711	24 706	25 097	25 750	25 644	25 144
Isolated system	17	17	16	17	17	16	15	15	14	15
	26 141	25 705	25 050	26 081	25 728	24 722	25 112	25 765	25 658	25 159
Percent change	1.7	2.6	(4.0)	1.4	4.1	(1.6)	(2.5)	0.4	2.0	2.4
Electric System Deliveries (millions of kWh)										
Energy delivered in Manitoba										
Residential	8 360	8 099	7 836	8 203	8 226	8 019	7 695	8 001	7 636	7 250
Commercial / Industrial	14 651	14 501	14 160	14 464	14 347	13 682	14 307	14 769	14 869	14 716
	23 011	22 600	21 996	22 667	22 573	21 701	22 002	22 770	22 505	21 966
Extraprovincial	4 845	7 971	8 382	13 325	6 205	10 908	9 629	6 267	9 448	11 272
	27 856	30 571	30 378	35 992	28 778	32 609	31 631	29 037	31 953	33 238
Gas Deliveries (millions of cubic metres)										
	2 149	2 091	2 029	2 225	2 111	2 059	2 147	2 229	2 048	1 986
Electric Customers										
Residential	563 732	556 338	548 977	542 268	535 212	528 391	521 498	515 354	509 465	503 167
Commercial / Industrial	76 516	75 779	75 085	74 021	73 342	72 600	71 992	71 441	70 797	70 271
	640 248	632 117	624 062	616 289	608 554	600 991	593 490	586 795	580 262	573 438
Gas Customers										
	303 196	300 789	298 639	296 138	293 256	290 502	287 714	284 996	281 990	279 268
Full Time Equivalent (FTE) ¹										
	5 653	5 490	5 362	5 143	4 962	4 954	5 393	5 475	5 998	6 411

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, 2026

Nelson River	61.81 %	Saskatchewan River	3.79 %	Thermal	0.67 %
Billion kWh generated	19.3	Billion kWh generated	1.2	Billion kWh generated	0.2
Limestone	16.86 %	Grand Rapids	3.79 %	Brandon	0.67 %
Kettle	16.17 %			Selkirk	0.00 %
Long Spruce	13.41 %	Laurie River	0.13 %		
Keeyask	10.06 %	Billion kWh generated	0.0	Purchases (excl. wind)	18.87 %
Kelsey	5.31 %	Laurie River 1	0.05 %	Billion kWh purchased	5.9
Jenpeg	0.00 %	Laurie River 2	0.07 %		
				Wind	2.81 %
Winnipeg River	8.55 %	Burntwood River	3.36 %	Billion kWh purchased	0.9
Billion kWh generated	2.7	Billion kWh generated	1.0		
Seven Sisters	2.38 %	Wuskwatim	3.36 %		
Great Falls	1.95 %				
Pine Falls	1.57 %				
Pointe du Bois	0.61 %				
Slave Falls	1.12 %				
McArthur	0.93 %				

Centrales et capacités de Manitoba Hydro

Pour l'exercice clos le 31 mars 2026

Capacités interconnectées

Station	Emplacement	Nombre d'unités	Capacité nette (MW)
<i>Hydraulique</i>			
Great Falls	Rivière Winnipeg	6	115,0
Seven Sisters	Rivière Winnipeg	6	168,0
Pine Falls	Rivière Winnipeg	6	97,0
McArthur	Rivière Winnipeg	8	55,0
Pointe-du-Bois	Rivière Winnipeg	16	34,0
Slave Falls	Rivière Winnipeg	8	68,0
Grand Rapids	Rivière Saskatchewan	4	480,0
Keeyask	Fleuve Nelson	7	617,0
Kelsey	Fleuve Nelson	7	294,0
Kettle	Fleuve Nelson	12	1 220,0
Jenpeg	Fleuve Nelson	6	101,0
Long Spruce	Fleuve Nelson	10	1 000,0
Limestone	Fleuve Nelson	10	1 400,0
Rivière Laurie (2)	Rivière Laurie	3	10,0
Wuskwatim	Rivière Burntwood	3	210,0
<i>Thermique</i>			
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

Capacité de production totale	6 116
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